

Consolidated Non-Financial Statement ("NFS")

2021

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

We are #SDGsContributors

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LETTER TO SHAREHOLDERS AND STAKEHOLDERS

Dear shareholders, dear stakeholders,

2021 was still affected by the pandemic crisis, and the energy price market we operate in suffered an unprecedented blow. This made the excessive dependence of our energy system on gas even more evident, and has shown how essential it is to make the energy transition towards the real prospect of sustainable development, combating climate change.

ERG has shown it is ready to play its part in this challenging scenario. After the industrial transformation from oil to green that began in 2008, in line with the 2021-2025 Business Plan, the Group undertook an important asset rotation process to complete its evolution towards a pure renewable business model.

Following completion of the sale of the hydroelectric assets and that scheduled for the third quarter of 2022 for thermoelectric assets, the Group will become a 100% green operator with an installed capacity of 2,510 MW and a portfolio of assets diversified both technologically and geographically, in addition to a projects pipeline for 3,500 MW in wind, solar and storage, in both Italy and other European countries.

This is a decisive turning point in our history, albeit one in line with the past: a past in which we were pioneers in the energy transition process and in which we confirm our role as protagonists in the global decarbonisation process today.

Still under the banner of continuity, this time in terms of values and leadership model, in April 2021 the Board of Directors appointed Paolo Merli, former General Manager and CFO of the Group, as the new Chief Executive Officer, who was joined by a new management team, mostly grown in-house. Our constant commitment is to guide ERG towards achieving the ambitious growth targets set out in the business plan, demonstrating strong capacity for implementation in 2021.

In line with the "3 R" strategy - Repositioning Portfolio, Reinforcing Organisation, Rotating Invested Capital - ERG has achieved important results in the development of its RES portfolio with an increased installed capacity in wind and solar power of 309 MW in 2021, of which 77 MW in the UK and France from organic developments and 232 MW (of which 79 MW in solar) through M&A transactions in France and Germany.

2021 saw the Group enter new areas such as Sweden, with the acquisition of a Ready to Build wind project for 62 MW

now under construction, and Spain thanks to the agreement for the acquisition of 92 MW of solar, a transaction finalised on 1 February 2022, and co-development with Renenergetica on Greenfield projects in the photovoltaic and wind sectors.

During the year, agreements were finalised for the acquisition of 386 MW overall, equal to 55% of the total M&A target of the 2021-2025 plan, and there was strong progress in the repowering and greenfield project in Italy with 240 MW authorised and awarded in auctions.

The first wind farms in the UK began operation in Craiggore and Evishagaran, County Londonderry, Northern Ireland, in December 2021 with capacities of 23.5 MW and 46.8 MW, respectively. This is an important first step on the development path envisaged for this country, which plays a key role in our growth strategy.

In line with our target of 80% quasi-adjusted EBITDA, we further securitised our revenues through new PPAs totalling 0.7 Terawatt hours (TWh), including the main one in Italy with TIM and another with ENGIE in France for the withdrawal of renewable energy produced by five ERG wind farms located in the country, and two in Northern Ireland with ElectroRoute Energy Supply Ltd. for our Evishagaran and Craiggore wind farms.

In order to finance our growth, we completed the placement of a third Green Bond for EUR 500,000,000 with a 10-year fixed-rate maturity, issued as part of the Euro Medium Term Notes (EMTN) Programme of EUR 3 billion intended for wind and solar projects in the European countries where ERG operates.

In addition, as part of our ongoing quest for innovation and scouting for opportunities in the technology sector to support growth in RES, the Group entered the storage market with the launch of its first projects after winning the capacity market auction held by Terna in Italy. These two plants have a total installed capacity of 22 MW in the Centre-South Area and Sicily with 10 MW and 12 MW, respectively.

This also includes the multi-year cooperation agreement between ERG and the Italian Institute of Technology (IIT) aimed at accelerating the digitisation process in the renewable energy sector.

The Group's transparency in reporting all the results achieved during the year was awarded the Oscar di Bilancio 2021 for the

category “Medium and small-sized listed companies”; the award is promoted by FERPI (Federazione Relazioni Pubbliche Italiana), Borsa Italiana and Università Bocconi. The award recognised ERG’s effective and transparent communication in both the Consolidated Financial Statements and in the Non-Financial Statement, which is accompanied by the “Executive Summary” that successfully describes the Group’s approach to the most relevant sustainability issues in just a few pages.

Economic and financial results were also very positive, with an adjusted EBITDA reaching EUR 580 million thanks to the significant increase in volumes in wind and hydroelectric power in Italy in a favourable price scenario and the contribution of new wind farms abroad. EBITDA was well above the guidance range, which was revised upwards on all three occasions when the results were presented, the last of which was in November 2021. Net profit amounted to EUR 202 million, a significant increase compared to the previous year, due in part to lower depreciation as a result of the extension of the useful life of certain assets, and lower financial expenses.

Huge efforts have also been made in terms of investments, which quadrupled from the previous year to EUR 648 million in 2021 compared to EUR 156 million in 2020.

Consistent with the Group’s mission to “keep growing in RES acting as #SDGsContributor”, ERG’s expansion phase is also continuing today thanks to the financial resources from divestment of the hydroelectric and thermoelectric assets, which will be used to give new impetus to growth in the sector, as highlighted in the update to the strategic plan presented in March 2022.

We have set ourselves an ambitious target for the end of the period: EUR 2.9 billion in investments, of which 2.8 billion are earmarked for the development of RES to reach an installed capacity of 4.6 GW by the end of 2026, with an increase of 2.2 GW in capacity of which approximately 650 MW in solar and the first 50 MW in electrochemical storage.

The expected EBITDA in 2026 is roughly EUR 560 million, 85-90% quasi-regulated, through the participation in competitive auctions for the award of CFDs or long-term energy sale contracts at pre-established prices and PPAs.

As far as guidance is concerned, the EBITDA for 2022 (no longer including the result of the thermoelectric assets being sold) is estimated in the range of EUR 400 to EUR 430 million, capital expenditure is forecast to be between EUR 420 and EUR 480 million. Net financial debt is expected to be between EUR 750 and EUR 850 million (EUR 2,051 million at the end of 2021). In

light of the Group’s financial strength, and also as a result of the resources deriving from disposals as well as the positive growth prospects, the new Business Plan envisages an increase in the dividend from EUR 0.75 to EUR 0.90 per share over the five-year period of the Plan.

Our ESG strategy based on the four pillars of Planet, Engagement, People and Governance is closely linked and integrated into the business model, and has also achieved important objectives. In particular, within the Planet pillar, the carbon index decreased by 20%. Our commitment to combating climate change was also recognised by the Science Based Targets Initiative which certified the emission reduction targets reflected in the 2021-2025 Business Plan, and by the Carbon Disclosure Project which confirmed our positioning in the “Leadership” bracket.

At the end of December, the commissioning of the UK parks of Evishagaran and Craiggore enabled us to offer our first community benefits, in line with our “1% for community” objective. At the same time, the next generation was involved in education programmes focusing on a sustainable business model and renewable sources, working with 5,832 students through the initiatives “VaiColVento”, “Festival della Scienza”, the “Role Model” programmes and the first “Beyond net zero” hackathon.

Important progress was made in the People pillar, particularly in relation to Diversity & Inclusion with the approval of the D&I Policy and the increase in the percentage of women among Key Leaders (14% @2021 vs 9% @2020). In addition, we have worked to increase the incidence of the female gender with 60% of new entrants in the year being women.

As far as the Governance pillar is concerned, following renewal of the Board of Directors in April 2021, the remuneration policy for the three-year period was also renewed to include the definition of ESG objectives and targets linked to both LTI and MBO plans, thus immediately implementing the targets defined for the “sustainability incentive” line.

Our ESG strategy received important recognition during the year: ERG is now part of the S&P Global Clean Energy Index and is among the most significant companies in the ISS ESG global ranking, which assigned us the “A-” Corporate Rating, with the Group in first place in the “Electric Utilities” sector.

Lastly, ERG was included in the MIB ESG index, the first index dedicated to the 40 most important Italian companies issuing securities, for its commitment to sustainability.

ERG has also been included in Bloomberg’s Gender Equality Index (GEI) that includes more than 400 companies in 45 countries

around the world, thanks in particular to the effectiveness of our initiatives aimed at fostering gender diversity among our people in Italy and abroad, guaranteeing equal pay as well as the utmost clarity and quality in data reporting.

The Group's commitment to promoting sustainability within the supply chain has seen ERG join the CDP (Carbon Disclosure Project) "Suppliers Engagement Leaderboard", which groups together companies with the best performance at global level in creating a sustainable supply chain. Amongst more than 13,000 companies assessed in 2021, ERG is among the 8% of companies receiving an "A" rating - the highest on the scale created based on CDP's "Climate Change" questionnaire.

The new 2022-2026 ESG Plan includes 16 well-defined targets which are measurable through constantly monitored KPIs, in line with 14 of the UN's 17 Sustainable Development Goals.

In particular, ERG has set itself the ambitious goal of becoming Net Zero by 2040 and reaffirms its strong commitment to the circular economy applied to all the dismantling activities of our plants. In the Engagement pillar, we will continue our commitment to supporting our local areas by allocating at

least 1% of our turnover to the local communities where we are present. We will also lay the foundations for the ERG Academy, which will have educational programmes for the Next Generations on Sustainability and Renewable Energy and will also include all the training content for our people. In the People pillar, a key point of our strategy focuses on Diversity&Inclusion because we want to continue working towards a more international and inclusive ERG. In the Governance pillar, the commitment to having best-in-class governance continues with the inclusion of ESG targets in the MBO/LTI remuneration systems. We aim to guarantee increasingly green financial strategies, with 90% "green" loans.

In an extraordinary and uncertain scenario like today's, ERG maintains a far-sighted and confident vision of the future: a result not only of the solidity of its business model but above all of the commitment, firmness and passion of its people who share and represent its values, which have always been the Group's true strength. This is a unique and precious resource that ERG knows it can count on to tackle the momentous challenge of combating climate change and the ecological transition in which we want to continue to play a leading role.

We are #SDGsContributors

Edoardo Garrone
Chairman



Paolo Merli
Chief Executive Officer



WE ARE ERG

#VALUES

Edoardo Garrone establishes ERG in Genoa.



1938

Production begins at the ISAB refinery in Priolo.



1975

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



2000

ERG sells 49% of the ISAB refinery to LUKOIL.



2008

ERG becomes the leading wind power operator in Italy with 1,087 MW of installed capacity, and among the top ten in Europe (overall 1,340 MW). It purchases a company for the running and maintenance activities of the wind farms. ERG sells the ISAB refinery and completes its exit from refining.



2013

ERG enters the hydroelectric business with the purchase of the Terni Complex, with plants in Umbria, Marche and Lazio (527 MW). ERG acquires 6 wind farms in France (64 MW) and builds 3 wind farms in Poland totalling 82 MW. Installed wind capacity at year end totals 1,506 MW.



2015

ERG enters the solar sector: 30 photovoltaic plants acquired for 89 MW in operation. Definitive exit from the oil sector with the sale of TotalErg. Installed wind capacity at year end totals 1,822 MW.



2018

ERG enters the solar sector in Germany: co-development agreement with AREAM (600 MW). Installed wind capacity at year end is 1,967 MW.



2020

1947



Production begins at the refinery in Genoa San Quirico.

1997



ERG is listed on the Italian Stock Exchange.

2006



ERG enters the renewable energy sector by acquiring EnerTAD.

2010



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

2014



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

2017



ERG continues to grow in the wind sector: 48 MW in operation in Germany 16 MW in operation in France. Installed wind capacity at the end of 2017 totals 1,814 MW.

2019



With the acquisition of 51 MW, total photovoltaic capacity increases to 141 MW. ERG's wind power business grows in Germany (52 MW) and France (34 MW); over 180 MW under construction in the UK. Installed wind capacity at the end of 2019 totals 1,929 MW.

2021



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

ERG IN 2021

APRIL

21 April – ERG enters the "S&P Global Clean Energy Index", among the 82 leading international companies in the production of green energy and with high ESG standards.

26 April – The ERG Shareholders' Meeting approves the **Financial Statements** at 31 December 2020, it resolves to pay a dividend of EUR 0.75 per share, confirms Edoardo Garrone as Chairman and approves the Multi-annual Incentive Plan (LTI 2021-2023 System). The new Board of Directors and the new CEO, Paolo Merli, are appointed.

27 April – ERG signs a co-development agreement with Renergetica on photovoltaics and wind power in Spain.

MAY

10 May – Entry into the Swedish wind market: acquisition of a 62 MW ready-to-build wind farm.

14 May – The ERG Board of Directors approves the 2021-2025 Business Plan and ESG Plan, confirming the objective of continuing growth in renewables under the banner of sustainability. ERG and TIM sign the largest long-term agreement in Italy for the supply of electricity from renewable sources.

21 May – Fitch Rating confirms ERG's BBB- rating with stable outlook.

JUNE

24 June – ERG enters the photovoltaic market in France, acquiring a wind and solar portfolio for about 80 MW.

JULY

21 July – Long-term agreement for two Power Purchase Agreements (PPAs) for the supply of renewable energy produced by two wind farms in Northern Ireland.

AUGUST

2 August – ERG signs agreement for the sale of the Hydro portfolio to ENEL (closing on 3 January 2022), a first step in ERG's further transformation towards a pure Wind & Solar model.

5 August – Science Based Targets Initiative certifies the emissions reduction targets included in the 2021-2025 Business Plan. ISS ESG assigns ERG the Corporate Rating "A-", positioning it at the top of the world ranking in the "Electric Utilities" sector.

6 August – Agreement with ISAB (Lukoil group) for the modification and extension to 2032 of the supply contract for the entire energy needs of the ISAB refinery in Priolo Gargallo.

SEPTEMBER

8 September – Placement of a third Green Bond for EUR 500 million completed.

28 September – ERG wins an auction in Italy for the first time with 3 repowering projects for a total of 143 MW.

OCTOBER

1 October – ERG acquires wind farms in Germany for a total of 55 MW.

Five-year PPA signed with Engie for the withdrawal of renewable energy produced by 5 wind farms in France.

19 October – ERG joins the new MIB ESG Index, dedicated to the 40 most important Italian listed issuers that stand out for their best practices in the field of sustainability.

28 October – ERG grows in France, acquiring wind and solar power plants totalling 97 MW.

NOVEMBER

26 November – ERG wins the 2021 Financial Statements Oscar for the category "Medium and small listed companies", which also rewards the Group for its transparent and ESG-oriented communications.

DECEMBER

9 December – CDP confirms ERG's "A-" rating in the Climate Change programme and its position in the "Leadership" bracket.

29 December – ERG starts up 3 wind farms in the United Kingdom and France for a total of 77 MW.

WE ARE ERG #VALUES



"ERG was a forerunner of the energy transition: we turned towards more sustainable development when we started our business transformation from oil to green, directing our line of action towards renewables when this market was still undergoing its initial development. We have therefore shown that the transition to a sustainable business model is possible and profitable, if approached with determination and pragmatism".

Edoardo Garrone
Chairman of the Board



From a personal point of view, I was given an important confirmation: only if the company's founding values are rooted in its people it is possible to generate change. In our history we have overcome the effects of a world war, economic and oil crises, we have faced the pandemic challenge and we are ready, well in advance, for the challenge par excellence, that of combating climate change. I can say that this has been possible thanks to the vision and trust of our People who have embraced and supported the change".

Alessandro Garrone
Executive Deputy Chairman



"In line with the Group's mission, ERG's strategy will continue to be focused on growth in renewables through a policy of geographical and technological diversification and the progressive securing of revenues.

The ERG Group's plan for further growth in the RES sector is therefore perfectly in line with the European Union's choice to make the decarbonisation of the economy the distinctive development model in global competition in this century".

Paolo Merli
Chief Executive Officer

ERG's WHY



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



We are #SDGsContributors, our development model is focused on contributing to the achievement of the Sustainable Development Goals set by the UN.

Our mission: keep growing in RES acting as #SDGs



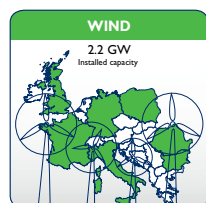
ERG GROUP

The ERG Group is a major independent operator in the production of electricity from renewable sources such as wind, solar, hydroelectric and high-efficiency, low environmental impact cogenerative thermoelectric power plants.

ERG Group's industrial and commercial processes are managed by its subsidiary ERG Power Generation S.p.A., which provides:

- centralised Energy Management & Sales activities for all the generation technologies in which the ERG Group operates;
- the Operation and Maintenance activities of its Italian wind farms and solar plants and part of the plants in France and Germany, as well as the Priolo CCGT plant and the Terni Hydroelectric Complex plants.

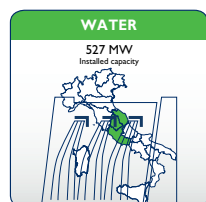
With 3,425 MW of installed capacity, ERG Power Generation S.p.A. also operates, directly or through its subsidiaries, in the following Electricity generation sectors:



Wind

ERG is active in the generation of electricity from wind sources, with 2,198 MW of installed power. ERG is the leading wind power operator in Italy and one of the top ten in Europe. The wind farms are mainly concentrated in Italy

(1,093 MW), but with a significant and growing presence also abroad (1,105 MW operational), mainly in France (502 MW), Germany (327 MW), Poland (82 MW), Romania (70 MW) Bulgaria (54 MW) and the UK (70 MW).

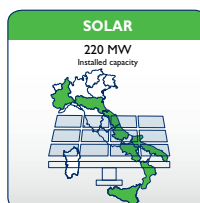


Hydroelectric

ERG is active in the generation of electricity from hydroelectric sources through an integrated portfolio of assets consisting of 19 power plants, 7 dams, 3 reservoirs and one pumping station, located in the Umbria, Marche and Lazio regions, linked by a network of rivers and canals of over 150 km

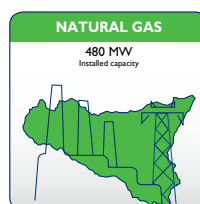
with a capacity of 527 MW.

It should be noted that on 2 August 2021 the Group reached an agreement with Enel Produzione for the sale of hydroelectric plants. This transaction was concluded on 3 January 2022.



Solar

ERG operates in the generation of electricity from solar power with 220 MW of installed capacity, of which 141 MW in Italy, with 33 photovoltaic plants located in 9 regions, and 79 MW in France with 9 plants acquired in the year.



Thermoelectric

ERG is active in the generation of electricity from thermoelectric sources through the CCGT plant (480 MW) at the industrial site in Priolo Gargallo (SR), Sicily. This is a high-efficiency, low environmental impact cogenerative power plant (HEC), which uses combined cycle

technology fuelled with natural gas. It entered into commercial operation in April 2010 along with other ancillary plants for the production of steam and, to a lesser extent, of other utilities. It should be noted that on 9 February 2022 the Group reached an agreement with Enel Produzione for the sale of hydroelectric plants. The transaction is expected to be concluded in the third quarter of 2022.

(1) Maintenance of the plants of the Terni Hydroelectric Complex is managed by the staff of the subsidiary ERG Hydro.

TOTAL: 3,425 MWWind: **2,198 MW** (1,093 MW Italy and 1,105 MW abroad)Solar: **220 MW** (141 MW Italy and 79 MW abroad)Hydroelectric: **527 MW**Thermoelectric: **480 MW**Under construction/RtB: **474 MW**UK: **179 MW**Poland: **60 MW**France: **20 MW**Italy: **153 MW**Sweden: **62 MW****FRANCE**

Wind: 502 MW

Solar: 79 MW

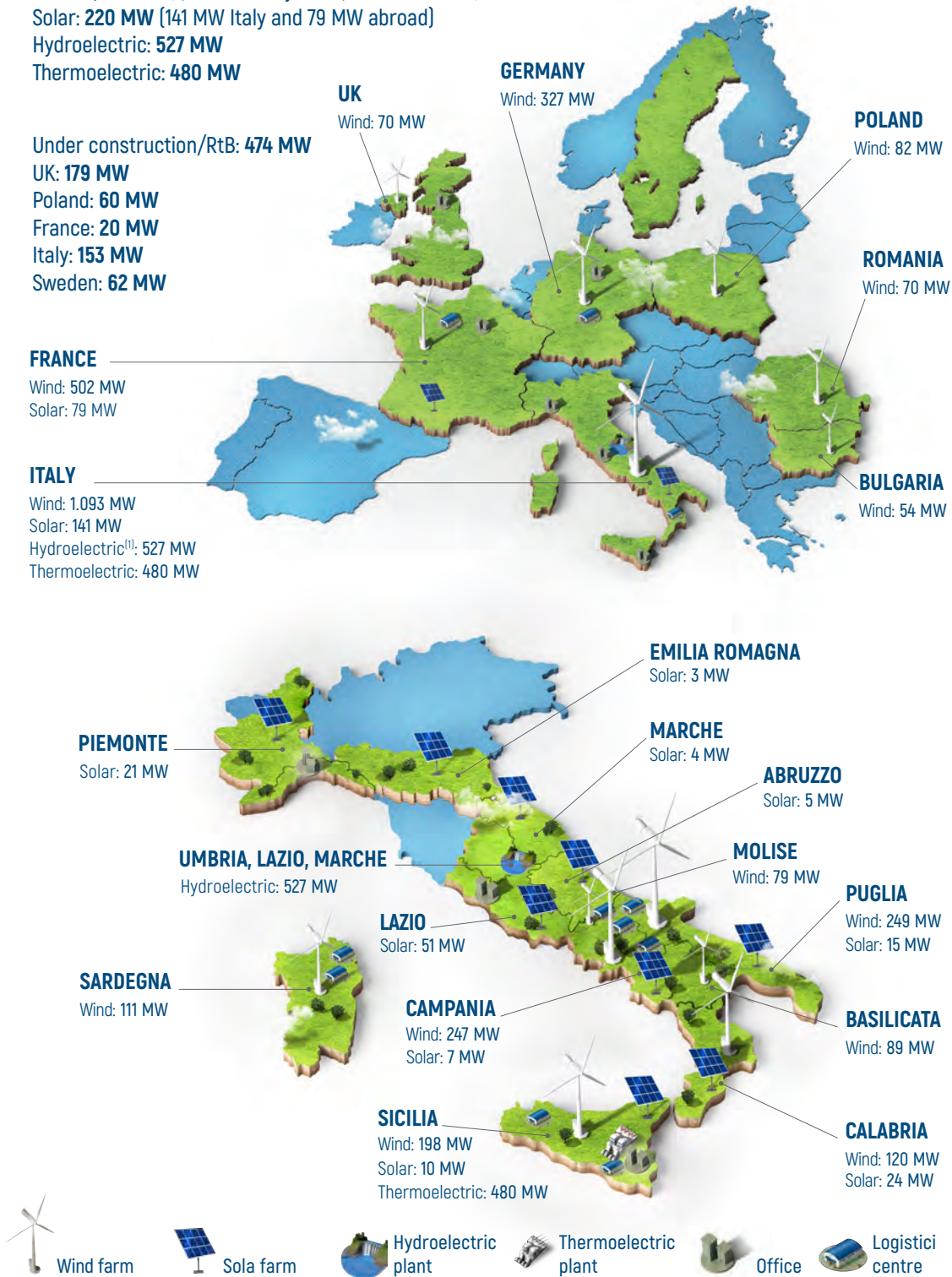
ITALY

Wind: 1,093 MW

Solar: 141 MW

Hydroelectric^(*): 527 MW

Thermoelectric: 480 MW



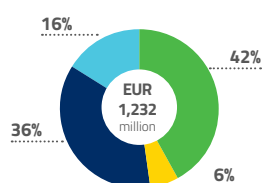
FINANCIAL HIGHLIGHTS



ECONOMIC DATA

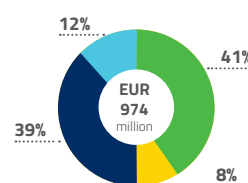
Adjusted revenue

2021



VS

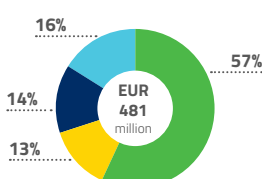
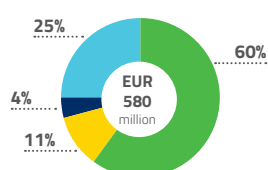
2020



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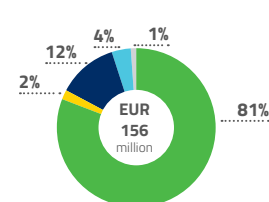
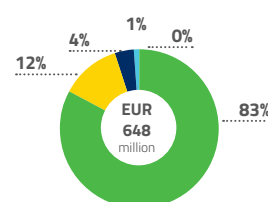
+26%

EBITDA



+21%

Capital expenditure



+316%

Net financial indebtedness

EUR 2,051 million

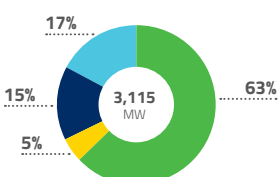
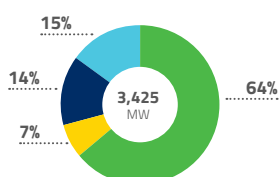
EUR 1,439 million

+43%



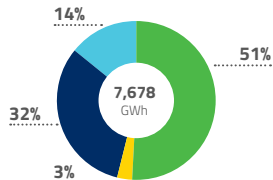
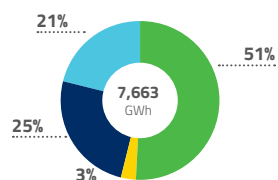
OPERATING DATA

Installed capacity



+10%

Energy production



0%

Employees at year end

808

784

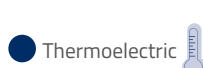
+3%



Wind



Solar



Thermolectric



Hydroelectric

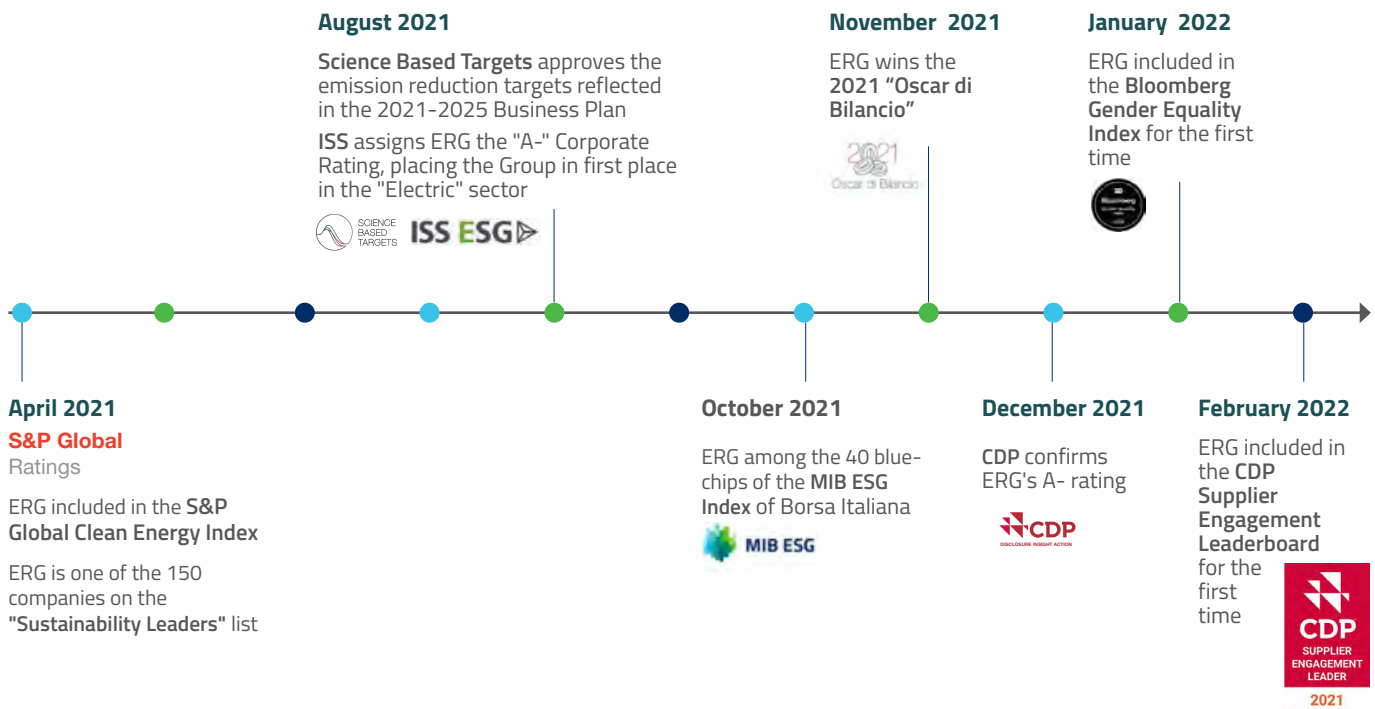
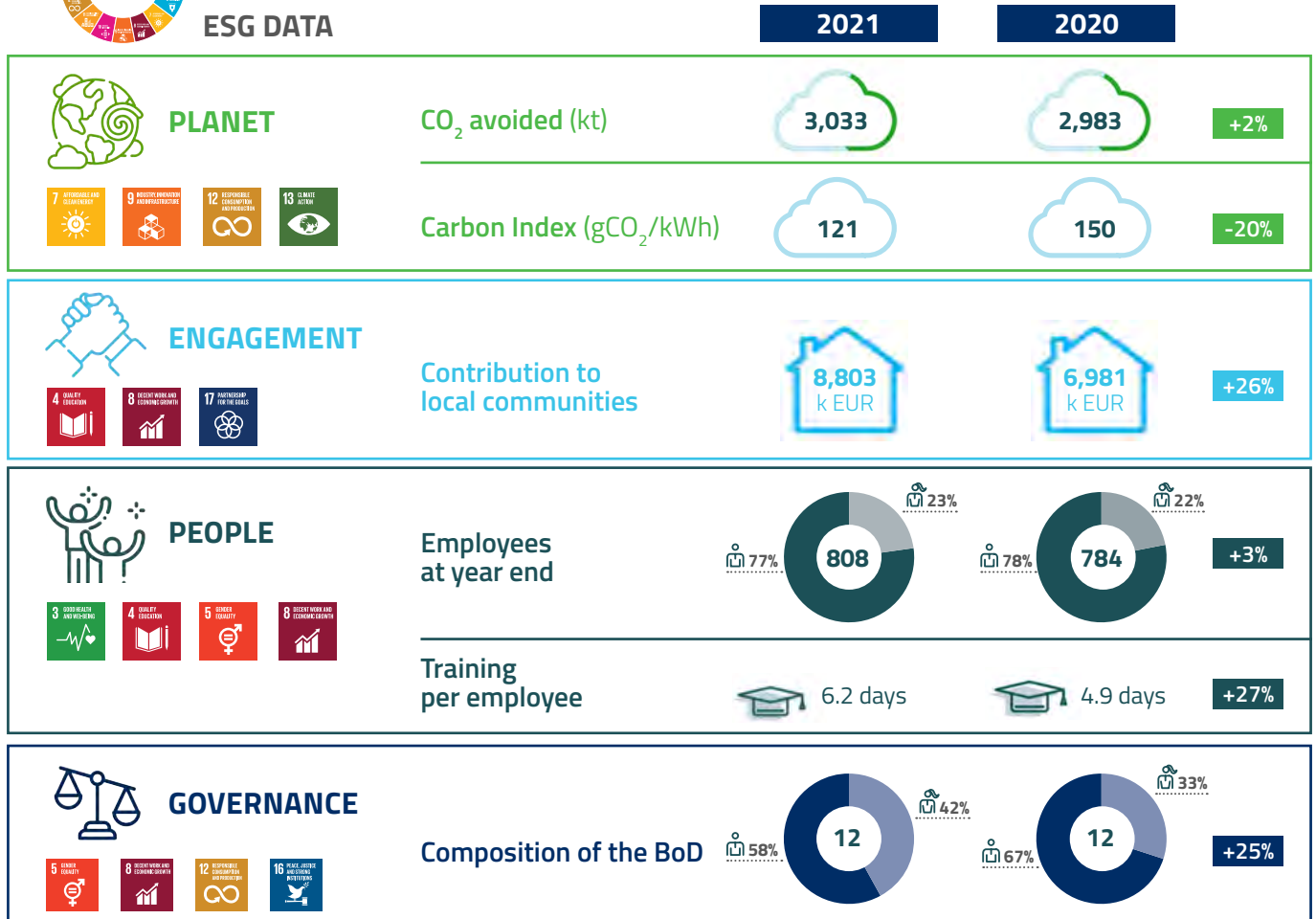


Corporate

KEY ESG INDICATORS AND RECOGNITIONS



ESG DATA



THE ERG GROUP STRATEGY

THE TRANSFORMATION INTO A PURE "WIND & SOLAR" MODEL

ERG has radically changed its business portfolio, anticipating long-term energy scenarios and achieving a leading position in renewables not only in the Italian market but also in Europe. Following the start of ERG's industrial transformation from Oil to Green in 2008, the Company has become a leading independent producer of electricity from renewable sources in Europe.

In line with the third R of the 2021-2025 business plan, the Group has undertaken a major Asset Rotation project in order to complete its transformation towards a pure "Wind & Solar" business model, reaffirming its leading role in the Energy Transition process and in the decarbonisation process, also envisaged in the ESG plan.

On 3 January 2022, ERG finalised the sale of the hydroelectric assets to Enel Produzione, with which it subsequently reached an

agreement to sell the CCGT plant in Priolo Gargallo. With regard to these sales, thanks to fruitful cooperation with the trade unions and the willingness of the buyer, ERG reached an innovative agreement for the electricity sector that guarantees jobs and other important protections for all the workers who are part of the sold Company. On 1 February 2022, the acquisition of 92 MW of Solar PV in Spain was completed. Following these important transactions, the Group is a 100% Renewable operator with an installed capacity of 2,510 MW and a portfolio of assets diversified both technologically and geographically, to which a pipeline of approximately 3,450 MW is added in Wind, Solar and also Storage, both in Italy and in other countries in Europe.

The financial resources deriving from the disposal of hydroelectric and thermoelectric assets will give new impetus to growth as will be highlighted in the update to the Business Plan.



BUSINESS PLAN

Following the sale of the hydroelectric business and the reaching of an agreement for the sale of the thermoelectric business, which is expected to be finalised in the third quarter of 2022, the Board of Directors of ERG approved a new 2022-2026 Business Plan aimed at reinvesting resources from disposals and confirming the growth strategy in renewables through a policy of geographic and technological diversification and the gradual securing of revenues. The objective in the 2022-2026 period is to increase the installed capacity by approximately 2,200 MW, of which approximately 650 MW in Solar, and the first 50 MW in electrochemical storage through three channels:

- 1. Greenfield and co-Development:** ERG intends to continue its growth strategy through the organic development of proprietary pipelines and co-development agreements in Italy and in the main European reference countries.
- 2. Repowering of its plants in Italy and abroad:** in view of technological developments in the wind and solar sector, ERG aims to repower assets currently equipped with outdated technologies, with latest generation technologies aimed at significantly increasing production, taking advantage of the quality of the most productive sites. The revenues of the new wind farms will be secured through participation in the auction system or through long-term contracts known as PPAs.
- 3. M&A:** ERG intends to seize opportunities for growth in renewables in the countries of interest to ERG, leveraging the financial resources deriving from asset rotation, the experience acquired during its transformation process and the synergies resulting from the consolidation with its portfolio.

The 2022-2026 Business Plan incorporates the ESG Plan, aligned with the *Sustainable Development Goals* of the United Nations, which confirms the Group's mission to *keep growing in RES acting as #SDGsContributor*.

The new plan will involve a new organisation and targeted re-skilling activities, and will also be backed by a solid financial structure.

The action plan for the 2022-2026 period will continue to be based on:



1. Portfolio Repositioning: repositioning of the portfolio on a "quasi-regulated" basis with greater installed capacity in pure RES technologies (Wind & Solar), revenues secured through CfD and PPAs (Power Purchase Agreements) and increased geographical and technological diversification.

- 2. Reinforcing Organisation:** strengthening of the organisation, particularly in the areas of Business Development, Construction and Sales.
- 3. Rotating Invested Capital:** the sale of the hydroelectric business was completed on 3 January 2022. On 9 February, an agreement was reached with Enel Produzione for the sale of the CCGT plant in Priolo, which is expected to be finalised in the third quarter of 2022. The financial resources deriving from asset rotation will be allocated to growth in RES technologies (Wind & Solar).

The objective at the end of the plan is to achieve an installed capacity of 4.6 GW, with an increase of 2.2 GW, through:

- projects currently under construction in the UK, Poland, France and Sweden and Repowering in Italy: +0.5 GW;
- repowering projects in wind in Italy and abroad: +0.2 GW (on a differential basis);
- new (greenfield) projects in wind and solar: +0.5 GW;
- M&A transactions for around 1 GW (of which around 0.1 already finalised at the beginning of 2022).

Expected EBITDA in 2026 is roughly EUR 560 million, 85-90% quasi regulated, through the participation in competitive auctions for the award of CfDs or long-term energy sale contracts at

pre-established prices, PPAs (Power Purchase Agreements). The capital expenditure relating to the strategy outlined amounted to approximately EUR 2.9 billion, of which EUR 2.8 billion intended for growth in renewable sources, and debt at the end of 2026 of EUR 2.1 billion, compared to EUR 2.0 billion at the end of 2021. ERG has a solid financial structure capable of sustaining growth with

the objective of maintaining the Investment Grade BBB rating by the Fitch rating agency. In light of the Group's financial strength, and also as a result of the resources deriving from disposals, as well as the positive growth prospects, the new Business Plan envisages an increase in the dividend from EUR 0.75 to 0.90 per share over the five-year period of the Plan.



"Safeguarding the planet requires concrete action with significant interventions. We are aware that we are drivers and determinants for the success of this very important challenge. Together with my team, we are working daily to grow the ERG Group in the renewable energy sector".

Corrado Bosio
Business Development, Mergers & Acquisitions

2021-2025 BUSINESS PLAN – RESULTS TO DATE

In 2021, well in advance of the provisions of the **2021-2025 Business Plan** approved by the Board of Directors and presented to the Financial Community in May, ERG achieved important results in its strategic path to decarbonise and grow the RES portfolio. The Group's installed capacity in Wind and Solar power increased by 309 MW in 2021, of which:








- 77 MW in the UK and France from organic developments;
- 232 MW (of which 79 MW in solar) through mergers and acquisitions (M&A) in France and Germany.

In addition, 2021 saw the entry into wind power in Sweden, with the acquisition of a "ready to build" project for 62 MW now under

construction, and in Spain, with the signing of an agreement for the acquisition of 92 MW of solar, which was then finalised on 1 February 2022.

In total, we finalised agreements for the acquisition of 386 MW in 2021, of which 170 MW in Solar, already representing 55% of the overall M&A target of the Plan.

There was also strong progress in the repowering and greenfield project in Italy in 2021, with 240 MW authorised and awarded at auction. The objective of "securing revenues" was also implemented through the signing of long-term contracts for a total of approximately 0.7 TWh, of which approximately 0.3 GWh in Italy, 0.2 GWh in France and 0.3 GWh in Northern Ireland.

	OBJECTIVES OF THE 2021-2025 BP	RESULTS TO DATE
 RES portfolio growth	+1.5 GW through Repowering, Greenfield and M&A	<ul style="list-style-type: none"> ▪ +386 MW¹ M&A equal to 55% of the M&A target of BP 21-25 ▪ +77 MW built in the UK and France ▪ +240 MW awarded at auction in Italy
 Securing revenues	80% regulated	<ul style="list-style-type: none"> ▪ PPAs signed in Northern Ireland, Italy and France
 Geographical diversification	Increased geographical diversification	<ul style="list-style-type: none"> ▪ 9-10 countries reached Sweden and Spain added, and the first MW installed in the UK
 Solar as strategic activity	+0.5 GW of solar	<ul style="list-style-type: none"> ▪ +170 MW¹ in solar
 Investment in innovation	Search for opportunities in the Storage and Hydrogen sectors	<ul style="list-style-type: none"> ▪ Launch of the first Storage projects with capacity market auction award
 Asset Rotation for Conventional Sources	Asset rotation opportunities	<ul style="list-style-type: none"> ▪ Hydro closing on 3/1/22, CCGT signed on 9/2/22
 Incorporation of ESG matters	ESG plan	<ul style="list-style-type: none"> ▪ ESG 21-25 integrated in the ERG strategy approved, D&I policy issued. ERG included in: S&P Global Clean Energy Index, MIB ESG and Bloomberg Gender Equality Index.

(1) 80 MW Joran (o/w 22 PV) – France; 152 MW Ventoux (o/w 57 MW PV) – France/Germany; 62 MW Erik – Sweden; 92 MW Valencia (100% PV) – Spain.

Assessment of investments according to ESG principles

Until recently, investment assessments focused on analysing risk and return: economic factors were the preferred viewpoint. Following the evolution of the economic world, which now also considers non-financial criteria in the assessment of companies, and the even greater transformation of our business model towards the ESG world, we have integrated these criteria into the assessment of investments.

With very broad options and very diverse factors to be taken into

account, we focused on those elements that can be traced to the "Four Pillars" of the ESG Plan (Planet, Engagement, People and Governance), in line with the mandatory issues under Italian Legislative Decree no. 254/2016 and with the EU GREEN Taxonomy. We have developed a framework to analyse the contribution of relevant investments for the ESG Plan with an analysis methodology based on the qualitative assessment of 16 topics.

ESG topics assessed in investments



Every investment is assessed based on specific applicable ESG issues. Each point of the analysis that does not meet our standards generates a yellow or red dot which is specifically analysed, assessed (if possible identifying its economic impact) and discussed

in the Investment Committee.

In 2021, all the investments of any amount assessed at ERG were analysed according to ESG parameters and given the "green light".



"We are committed to translating everyone's ideas and contributions into inclusion, to passionately supporting the process towards achieving increasingly sustainable development, fostering innovation and change, and always putting people and the environment we live in at the centre. Our approach to sustainability is well represented in the ESG Plan, an integral part of ERG's strategy, where our targets are aligned with 14 of the 17 UN SDGs".

Emanuela Delucchi
ESG, IR & Communication

THE NEW 2022-2026 ESG PLAN: ESG AT THE HEART OF THE STRATEGY

ERG's ESG strategy is based on four "pillars" which are closely related and integrated into our business model:

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

The 2022-2026 ESG plan sets out 16 well-defined objectives that are measurable through constantly monitored indicators to

guarantee a tangible contribution to the creation of value over time for all our stakeholders and reaching 14 of the 17 SDGs established by the United Nations, incorporated in management's short and long-term incentive system.

Of these, eight are considered priority and strategic and will be the distinctive elements of our ESG plan. The other eight objectives, which are nonetheless relevant, are complementary to the previous ones and are based on projects already started with the aim of continuous improvement.



THE 8 ESG PRIORITIES...

	PLANET	<ul style="list-style-type: none"> ▪ Net zero ▪ Circular Economy (Wind & Solar)
	ENGAGEMENT	<ul style="list-style-type: none"> ▪ ERG Academy for Next Generation ▪ >1% for Community
	PEOPLE	<ul style="list-style-type: none"> ▪ ERG Academy for ERG People ▪ Inclusion & Diversity
	GOVERNANCE	<ul style="list-style-type: none"> ▪ ESG objectives in MBO and LTI systems ▪ ESG Finance

...AND CONTINUOUS IMPROVEMENT on 8 other projects in the pipeline



In the **Planet** Pillar, we have the objective of eliminating net carbon emissions, becoming Net Zero by 2040 with a path that includes, in addition to Asset Rotation (of hydro and thermoelectric power), the sale of 100% Green energy, the consumption of 100% Green energy for our plants and offices and accompanying our main suppliers along a path of emissions reduction, certified by Science Base Targets (SBTi). In fact, we aim to have at least 70% of our major suppliers (turnover greater than EUR 1 million) with

an SBTi-certified emissions reduction target by 2030, and 90% by 2040. In relation to circular economy, we have confirmed the goal of recovering at least 98% of repowered materials (with a maximum of 2% by weight of materials in landfills) and we have also added the goal of ensuring the recovery of at least 90% of dismantled photovoltaic plants, including projects for the reuse of photovoltaic modules in the social sphere.

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

We are laying the foundations for an ERG Academy, with the aim of involving the younger generation in educational activities on the topics of sustainability and renewable energy, with a target of at least 20,000 students per year by 2026.

The ERG Academy envisages growth programmes for ERG people with objectives for 2026 that focus on both defining individual development plans (for at least 80% of employees) and internal training activities (for 100% of our people).

In relation to Diversity & Inclusion (D&I), we have already established a solid foundation by formalising the D&I Policy and setting up

specific training programmes, but we want to progress even further towards a more international and inclusive ERG. In fact, we have the goal of increasing both the percentage of women and people abroad among Key Leaders to 20% by 2026, to reach at least 25% of women within the ERG Group and also to obtain a Diversity & Inclusion certification.

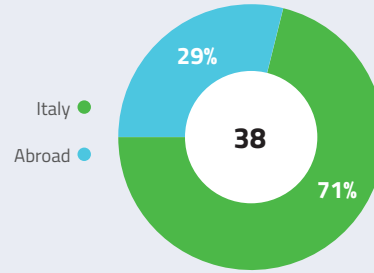
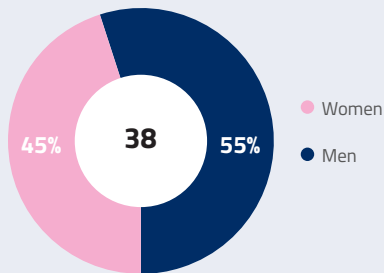
In the **Governance** Pillar, the commitment to excellence in governance continues with variable management remuneration, both short and long-term, also based on the achievement of ESG Plan objectives.

We also aim to ensure that our financial strategies are also increasingly Green by 2026, with the goal of having at least 90% of our funding classified as Green Funding.

The new ESG Plan: a shared path

All of Top Management and "38 Key Leaders" from Italy and abroad were involved in the definition of the 2022-2026 Plan, contributing to the definition of the areas of intervention, specific objectives and indicators to be monitored in the reporting process.

The composition of the team involved is reported below, both by gender and location.



ERG's commitment and the SDGs

The United Nations 2030 Agenda for Sustainable Development identifies 17 Sustainable Development Goals (SDGs) that represent common goals for sustainable development and provide an international reference for advancing the global challenges. In this context, the energy sector plays a strategic role in all


countries. Within its 2021-2025 ESG Plan, ERG has defined its objectives by focusing on 14 of the 17 UN SDGs. In implementing its strategies, ERG focuses on both the value it generates for itself and its stakeholders and on concrete actions to achieve the SDGs.








From the 2021-2025 ESG plan to the new 2022-2026 ESG plan

2021 was a year of major changes and evolutions for ERG, with a reorganisation and the presentation of its new business plan with its ESG strategy at the centre, the objectives of which were already contained in the 2021-25 ESG plan. Following the conclusion of the

asset rotation with the sale of the hydroelectric plants and having reached the agreement for the sale of our CCGT plant, on 14 March 2022 ERG approved the update of the 2022-2026 Business Plan, with the ESG Plan update therein, becoming a pure renewable operator.


PLANET

2025 TARGETS (old plan)	2026 OBJECTIVES
1. Carbon Neutrality - Scope 1 in the plan period - Scope 2 in the plan period - Scope 3 by 2040 - Carbon Index -30%	1. Net Zero: - Scope 1 after Asset Rotation - Scope 2 by 2025 - Scope 3 by 2040
2. ≥ 98% Circular Wind: - <2% Wind repowering waste to landfills	2. Circular Economy: - ≥ 98% Circular Wind - ≥ 90% Circular Solar - Circular Solar for social purposes
3. Energy Efficiency: - +260 kTEE (Thermo) - +40 GWh (Minihydro) - +8.7 GWh (Solar)	3. Energy Efficiency: - Wind Reblading (+72 GWh) - Solar Revamping (+59 GWh)
	4. Biodiversity: - Assessments on the impact of biodiversity for 100% of internally developed RES plants


ENGAGEMENT







2025 TARGETS (old plan)	2026 OBJECTIVES
4. Next Generation: - +20,000 students involved in training initiatives (Italy + abroad)	5. ERG Academy for Next Generation: - 20,000 students involved in training initiatives
5. 1% for the Community: - >1% of revenues for local community development	6. 1% for the Community: - >1% of revenues for local community development
6. Trust & Reputation: - Reputation INDEX score > 65/100	7. Trust & Reputation: - Top performers in the main ESG ratings


PEOPLE






2025 TARGETS (old plan)	2026 OBJECTIVES
7. Agile Transformation: - 75% of employees with personal development plans - 100% of employees involved in up-skilling and re-skilling plans	8. ERG Academy for our People: - 80% of employees with personal development plans - 100% of employees involved in training plans
8. Diversity & Inclusion: - > 20% women among key leaders (Managers and Senior Managers) - > 15% key leaders abroad	9. Diversity & Inclusion: - ≥ 20% women among key leaders (managers and senior managers) - ≥ 20% key leaders abroad - ≥ 25% women in staff - D&I Certification
9. Health & Safety, always: - No workplace deaths, FI<2, SI<1	10. Employees' well-being: - Flexible benefit Plan - Solidarity Holidays Programme extended to the whole Group - post Pandemic remote working
	11. Health & Safety, always: - No workplace deaths, FI < 4


GOVERNANCE






2025 TARGETS (old plan)	2026 OBJECTIVES
10. Sustainability Incentives: - 100% of incentive plans with ESG targets	12. Sustainability Incentives: - 100% of incentive plans with ESG targets
11. Enhancing Governance Model: - BoD Independence & Diversity, review of the system of powers in project companies	13. Enhancing Governance Model: - BoD Independence & Diversity
12. Tax Control Framework: - Extension of the Tax Control Framework abroad (FR, D)	14. Tax Control Framework: - Tax Control Framework abroad (FR@2023, D@2024)
13. Sustainable Procurement: - +10 points in the average score of strategic suppliers	15. Sustainable Procurement: - +10 points in the average score of strategic suppliers
	16. ESG Finance: - ≥ 90% of Sustainable Finance

The objectives we have set ourselves in the Group's evolution are even more ambitious. In particular, the main changes relate to the following aspects:

- from Carbon Neutral in 2024, we aim to become **Net Zero by 2040** by implementing mitigation strategies that will enable us to effectively reduce our emissions by well over 95% by 2030 (through CCGT Asset Rotation, 100% Green Electricity Sales and Consumption, decarbonisation of our supply chain), with certified

Science Based Target objectives; with this in mind, we have also defined our intermediate Scope 1 and 2 emission reduction targets in 2025 as "Net Zero";

- in relation to **Circular Economy**, in addition to Circular Wind (recovery of ≥ 98% from Repowering), we have added the Circular Solar objective (recovery of at least ≥ 90% of photovoltaic installations), flanking projects for the re-use of panels in the social sphere;
- in relation to **Biodiversity**, we have included a target to ensure that

100% of our development projects have associated assessments of their impacts;

- we will also lay the foundations for the **ERG Academy**, which envisages the involvement of both internal and external stakeholders: externally, we are planning education programmes for the Next Generation on the subjects of Sustainability and Renewable Energies; for internal stakeholders, we are setting up growth programmes with objectives both in terms of defining individual development plans and internal training;
- instead of the Reputation Index target (Scoring > 65/100), we have

introduced the objective of maintaining the ESG ratings of the **ERG Group's "TOP Performers"** for the main ESG rating agencies²;

- the new **"Employees' well-being"** section shows ERG's commitment to ensuring a better balance between work and private life: we want to export our "solidarity leave" model outside Italy to make a concrete contribution to people in need, we have defined a Flexible Benefits programme and we will guarantee our people the option of continuing to work remotely after the pandemic;
- our financial strategies will be increasingly Green, with at least 90% of our funding classified as Green Funding by 2026.

REPORTING ON THE 2021-2025 ESG PLAN

During 2021, ERG made significant progress along the path outlined by the ESG plan and the results achieved are in line with the objectives defined in the ESG Plan and also included in the short-term incentive system. The results achieved are summarised below:

PLANET		
    	Carbon neutrality	▪ Carbon Index -20%
	>98% Circular wind	▪ 100% reblading blades recovered as secondary solid fuel
	Energy efficiency	▪ Renewal of EEC for 10 years for module 1 CCGT ▪ Solar: +1.8 GWh (+ 0.5 GWh vs Target 2021)
ENGAGEMENT		
    	Next Generation	▪ Italy: 5,832 students
	1% for the Community	▪ 2 UK wind farms (Evishagaran and Craiggore) commissioned in December 2021
	Trust & Reputation	▪ Score 66.7/100 (target 65/100)
PEOPLE		
    	Diversity & Inclusion	▪ 14% women among key leaders ▪ 8% key leaders abroad ▪ 60% women increase in staff ▪ D&I Policy Approved
	Health & Safety, always	▪ FI=2.39 (target 2.95) ▪ SI=0.09 (target <1)
GOVERNANCE		
    	Sustainability incentives	▪ 100% MBO/LTI with ESG targets
	Enhancing governance model	▪ Gender Diversity and Independence in BoD & Board Committees ▪ Lead Independent Director
	Sustainable procurement	▪ 2021 Assessment: +3% (target +2%)

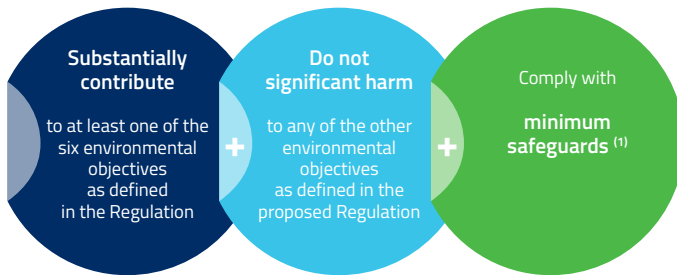
THE EUROPEAN TAXONOMY

Sustainable investments are increasingly popular and Asset Managers' interest in green activities is growing strongly. With the increase in sustainable investments, the need to introduce an objective classification of truly green investments has emerged: the European Commission has developed the "taxonomy for green finance" published in Regulation (EU) 2020/852 and the related

delegated acts, defining univocal criteria to identify whether an activity is truly "green". It is essential to achieve one of the following six objectives without causing damage (Do Not Significantly Harm) to any of the other five:

1. mitigating the effects of climate change;
2. adapting to climate change;

GREEN TAXONOMY

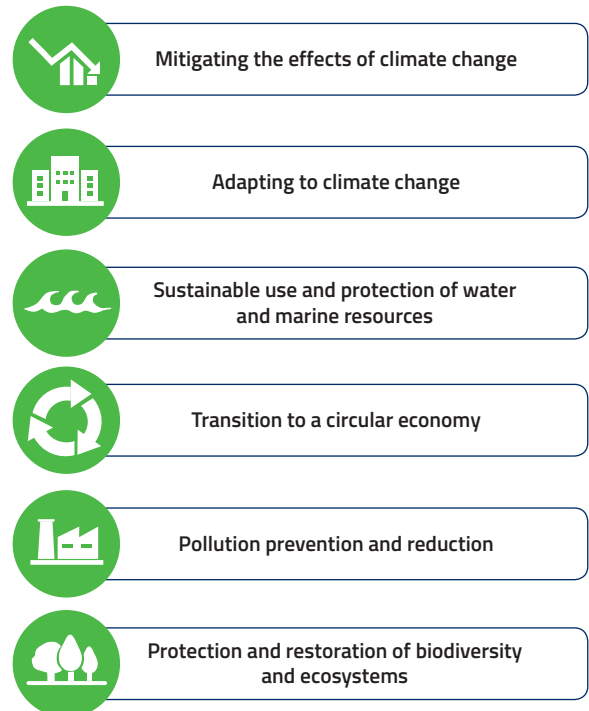


(1) Comply with the OECD's Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights.

3. sustainable use and protection of water and marine resources;
4. transition to a circular economy;
5. pollution prevention and reduction;
6. protection and restoration of biodiversity and ecosystems.
In addition, an activity must be carried out in compliance with minimum safeguards in line with the UN Human Rights Directive. As regards compliance with the "Do Not Significantly Harm" parameter, ERG's activities are deemed not to harm the other objectives. This is because all the operating plants have been authorised by central and local institutions following environmental and social impact analyses based on local legislation implementing European Directive 2014/52/EU.

As regards minimum safeguards based on the OECD Guidelines for Multinational Enterprises and the United Nations Guiding Principles on Business and Human Rights, ERG has implemented several policies and procedures to ensure responsible business conduct. The company has implemented a social due diligence process on its main suppliers in order to identify and assess any behaviour that is not in line with the principles expressed by the ERG Group. In case of concerns about possible violations or complaints from communities, channels are available at territorial (project and area managers) and central level (public e-mails) to send complaints and observations.

ENVIRONMENTAL OBJECTIVES
















In 2021, following the "by technology" approach also used in the management report of the Consolidated Financial Statements, we conducted an analysis of the ERG Group's activities: through the production of electricity from solar photovoltaics (point 4.1 of the "Taxonomy report: technical annex - March 2020), wind power (point 4.3) and hydroelectric power (point 4.5) we contribute to the goal of "mitigating climate change".

Wind and solar technologies are 100% green; hydroelectricity is green for all plants except for the Cotilia and Alviano plants (equal to approximately 11% of the installed power) which do not respect the limit of 5W / m². ERG Power's thermoelectric technology (CCGT) despite being recognised as a technology supporting the transition to a decarbonised energy production, in the absence of the final version of the taxonomy delegated acts, was considered non-eligible.

The data used to calculate the KPIs, referring to the Consolidated Financial Statements at 31/12/2021, relate the revenues, opex (calculated as the difference between revenues and EBITDA) and capex (investments of the year) of each technology to the Group total as presented in the "Performance by sector" section in the Annual Report of the Consolidated Financial Statements.

The results of the analysis are as follows

BUSINESS / TECHNOLOGY	ELIGIBLE EU TAXONOMY	ALIGNED EU TAXONOMY (MW)	REVENUE	OPEX	CAPEX	POST ASSET ROTATION		
			ALIGNMENT			REVENUE	OPEX	CAPEX
GROUP	  	  	62%	31%	96%	100%	100%	100%
WIND		✓	100%		100%	100%	100%	100%
SOLAR		✓	100%		100%	100%	100%	100%
HYDRO		✓	89% ¹		90%	91%	99%	Sold on 3/1/2022
THERMO ²		Technology in support of the energy transition: waiting for the final version of the EU delegated ACTS	0%	0%	0%			Sale being finalised

(1) The Cotilia and Alviano power plants (60 MW - about 11% of hydro installed capacity) do not meet the criteria of the taxonomy.

(2) Energy management activities are included in the Power sector, consistent with the approach used in the Directors' Report.

The divestment of plants and the definition of a Wind & Solar business model will lead us to be 100% compliant with the Green Finance Taxonomy.

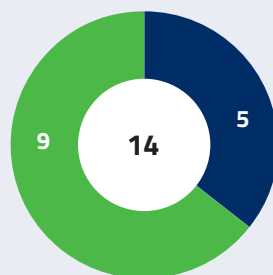
SFDR - Sustainable financial disclosure regulation

The SFDR - Sustainable Finance Disclosure Regulation - is the new European regulation aimed at institutional investors and designed to provide rules for identifying sustainable investments. On 10 March 2021, the first phase of the SFDR came into effect: this change represents a momentous revolution for the asset management industry. Its aim is to bring transparency and clarity to financial products by establishing which products can be defined as sustainable.

Despite the regulation being postponed to 1 January 2023, we have decided to publish our positioning in relation to the KPIs set by the Regulatory Technical Standards (RTS) already in our 2021 NFS. Of the 47 Key Performance Indicators (KPIs) in the Regulation, ERG reports 41; 6 which are excluded as they are not applicable to its business, providing investors with clear and complete non-financial information.

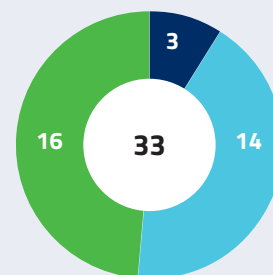
A report on this can be found at the end of the document.

Mandatory KPIs



● Environmental
● Social
● Governance

Optional KPIs



THE GOVERNANCE OF SUSTAINABILITY

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

SUSTAINABILITY AT THE HEART OF ERG'S STRATEGY

Sustainability is becoming a complementary lever across the entire value chain and ESG initiatives are an increasingly integral part of business strategy; institutional investors are paying increasing attention to sustainability and environmental, social and governance (ESG) issues, favouring those industrial companies most committed to this challenge in their choices.

Sustainability governance therefore takes on an increasingly central role, with ESG integrating the Group's entire strategy and maximising value in all its forms.

We already had a first partial reorganisation in 2020, and in April 2021 the new ESG, IR & Communication department was established. It aims to develop and monitor the implementation of the ESG plan and ensure the development of integrated communication strategies and solutions. The objective is to ensure that the Group is fully appreciated by the financial community and all stakeholders, maximising the reputation and protecting the corporate image of ERG.

Moreover, following the renewal of the Board of Directors of ERG S.p.A. in 2021, the Board's Control and Risk Committee has also been assigned the powers for sustainability: the committee has thus changed its name to "Control, Risks and Sustainability Committee" and its objective is to support the Board of Directors in decisions related to the approval of periodic financial reports, the NFS and the ESG Plan, in those related to governance, to sustainability, to the Internal Control and Risk Management System, compliance pursuant to Italian Legislative Decree no. 231/01, anti-corruption, tax and risk management.

Maintaining two levels of governance, i.e., an Internal Committee to support the CEO and an equivalent board committee to support the Board, in view of the delegation of authority to sustainability conferred on the CEO, the ESG Committee was set up internally, comprising the Chairman, the Executive Deputy Chairman, the CEO and all his first reports, with the task of directing, planning and supervising the implementation of ESG objectives, and in particular:

- defines the Group's sustainability guidelines in the medium-long term and promotes consistent practices and projects relating to ESG;
- approves the ESG Initiatives Plan as a constituent part of the Group's Business Plan, oversees its execution, reaching objectives and the priority intervention areas;

This important document is complemented by the Sustainability Policy, the Human Rights Policy and the D&I Policy approved by our ESG Committee.

This set of reference principles allows us not only to be socially responsible by complying with laws and regulations, but also to create value and shared projects with our stakeholders.

- approves the Communication Plan addressed to both the external audience and to employees, and promotes the plan's ESG initiatives, enhancing its increasing strategic relevance;
- manages the preparation and dissemination of the "Non-financial Statement" (NFS) and other reporting methods related to ESG issues.

In 2021, the ESG Committee met four times with an average attendance of over 85%.

The topics discussed were:

- the definition of strategic ESG guidelines for the assessment and implementation of sustainability initiatives;
- the objectives of the ESG Plan integrated in the 2021-2025 Business Plan and their implementation during the year;
- updating the materiality analysis;
- monitoring the results of ESG ratings and the inclusion of ERG in financial indices;
- the impact of the "Taxonomy for Green Finance" and SFDR on Group reporting.

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

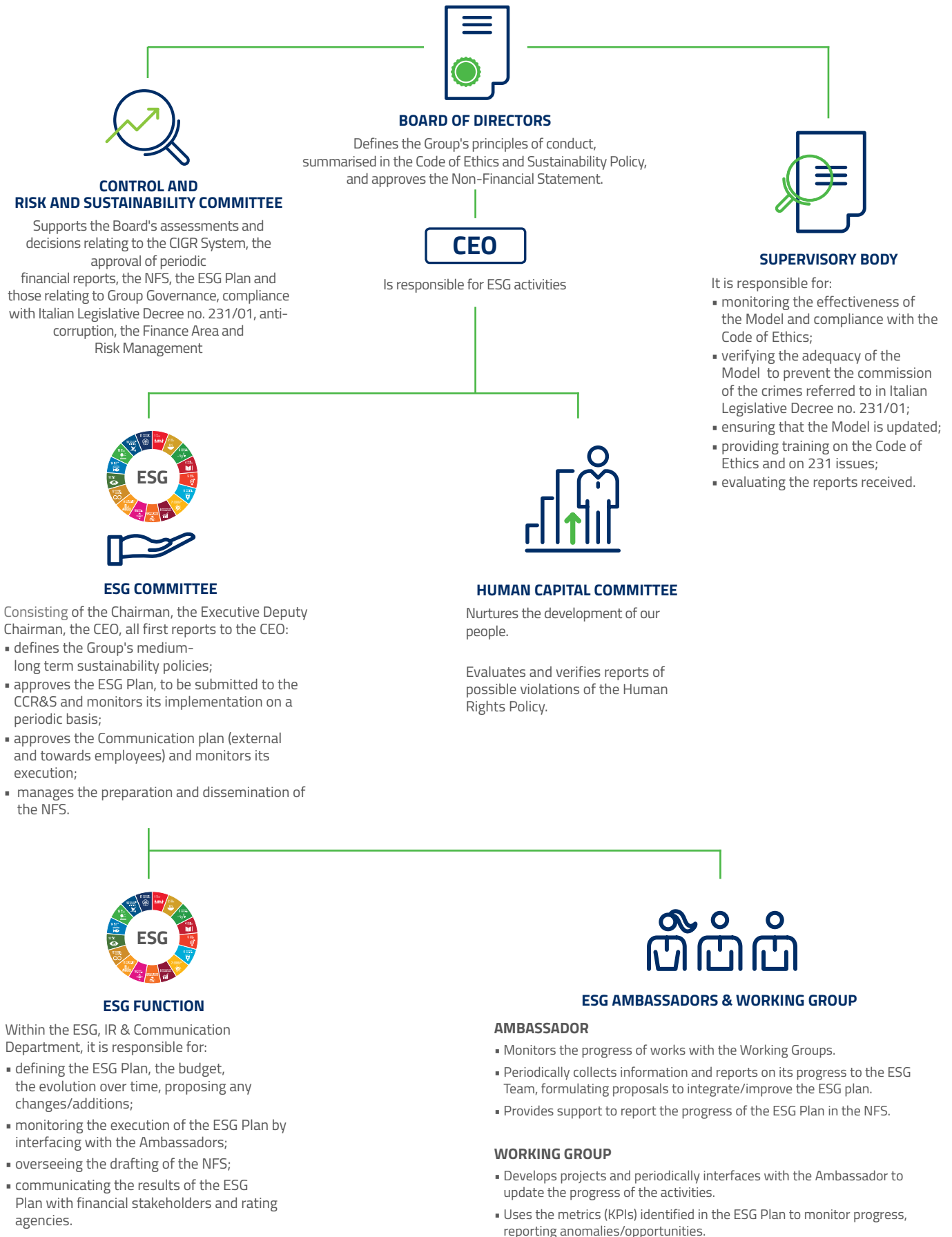
The Committee is supported by the ESG department, which develops and follows the implementation of the Group ESG plan, monitors all CSR initiatives, ensures full communication of the Group's value to the financial community, including ESG rating agencies, and provides non-financial reporting.

The ESG Working Group was set up to support the ESG department, with the aim of exploiting all the opportunities and possible forms of sustainability within the Group. These are aimed at developing the projects defined in the ESG Plan and identifying possible new activities and areas for improvement. The Group members periodically interface with the Ambassadors to update on the progress of activities, and collect and integrate proposals to be brought to the ESG department. The Ambassadors are also delegated the task of monitoring the progress of the ESG Plan based on the defined metrics (KPIs) and reporting any anomalies and/or opportunities.

The Sustainability management system is further supported by:

- the Supervisory Body, established pursuant to the 231 Model. This Committee is set up in all of the Group's Italian companies and acts as an Ethics Committee;
- the Human Capital Committee, which, as well as overseeing ERG's employees' growth and development, verifies any reports of possible violations of the Human Rights Policy and D&I Policy.

THE GOVERNANCE OF SUSTAINABILITY



ERG'S ESG RATINGS AND SUSTAINABILITY AWARDS

ESG issues have become increasingly important in investment decisions: the world's largest asset managers are investing more and more funds in companies that comply with sustainability criteria, and they refer to ESG ratings for their evaluations. These ratings are

given by agencies specialised in collecting and analysing such data. In this context, the awards we received in 2021 from a number of leading international ESG rating agencies for our achievements in our business's sustainability are therefore of the utmost importance.

Science Based Target approves carbon reduction targets related to the Business Plan



Partner organizations



WORLD
RESOURCES
INSTITUTE



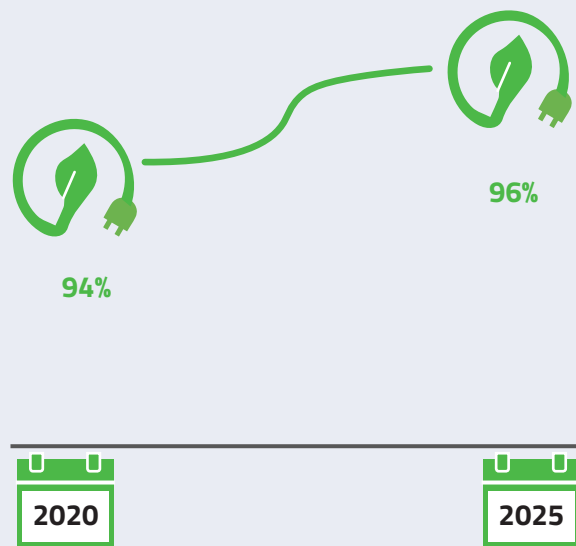
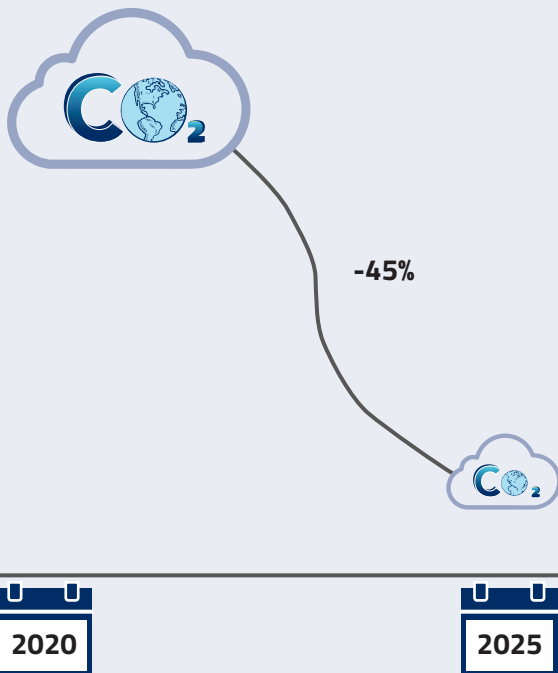
In a world that has made decarbonisation its focus since 2015 with the Paris Agreement, as it is instrumental in combating climate change, ERG has moved early and implemented its transition even before anyone was talking about it: we started implementing the energy transition in 2008, well ahead of market trends.

Our journey could not stop, and so we also pursued the certification of our carbon footprint reduction targets: after committing to the Science Based Target, signed in 2019 to identify emission reduction strategies, the new business plan was certified in 2021. At the end

of the process of analysing our emissions and in line with the asset rotation project, SBT approved our reduction targets, considering them in line with the level of decarbonisation required to keep the global temperature increase well below 2°C.

ERG's commitment is focused on:

- reducing the carbon index of our production by 45% per MWh by 2025 compared to 2020;
- increasing the share of energy from renewable sources from 94% in 2020 to 96% in 2025.



ERG was confirmed as having an **A- rating** under the Carbon Disclosure Project **CDP - Climate Change** programme which, by monitoring corporate governance and performance in the fight against climate change, guides companies and governments towards reducing greenhouse gas emissions. ERG thus consolidated its position in the CDP ranking within the "Leadership" bracket, which includes all companies that adopt best practices in the fight against climate change, ranking above the European average (B rating) and above the average for renewable energy companies (C rating).

In February 2022, CDP itself assigned ERG an A rating in the Supplier Engagement Rating, recognising the foundations of the "Sustainable Procurement" project with which ERG has committed to ensuring the sustainability of the entire supply chain with actions aimed at measuring and reducing environmental risks, in line with the SDGs. The recognition obtained from **ISS ESG** is also significant, which assigned ERG the "**A-**" Corporate Rating: we are the first Group among the 125 companies assessed at international level in the "Electric Utilities" sector to obtain this recognition.

ESG RATING COMPANY	RATING
	
	
	
REFINITIV 	75/100
ISS ESG 	
MSCI  MSCI ESG RESEARCH LLC	MSCI 
 SUSTAINALYTICS ESG REPORT	21.2 Medium Risk
 ECPI Sense in sustainability	EE+
 INTEGRATED GOVERNANCE INDEX 2021	
Gaia  RESEARCH by Ethifinance	81 / 100
FitchRatings	ESG Vulnerability Score = Tier 1

An important recognition during the year also derived from ERG's inclusion in several ESG indices, in particular:

- the S&P Global Clean Energy Index, the stock market index of Standard & Poor's, which incorporates 82 companies at international level that are key players in the production of green energy with high ESG standards
- the new MIB ESG Index, the first ESG index dedicated to the 40 most important Italian listed issuers that stand out for their best practices in the field of sustainability and combines the measurement of economic performance with ESG assessments, in line with the principles of the United Nations Sustainable Development according to the criteria established by Vigeo Eiris
- Bloomberg's Gender Equality Index (GEI), which includes

418 companies in 45 countries worldwide and measures companies' commitment to supporting gender equality by promoting a more inclusive environment, ensuring the transparent and comprehensive representation of information. In particular, the effectiveness of ERG's gender pay equality initiatives and the creation of an inclusive corporate culture were acknowledged, as well as the clarity and quality of its reporting.

These recognitions confirm the validity of our corporate strategy, focused on the creation of sustainable value for all our stakeholders, and reward our commitment to ESG, as well as the value of ERG's social responsibility policy.

ERG won the Financial Statement Oscar award for financial statements.

ERG has won the 2021 Financial Statements Oscar in the "Medium and small listed companies" category. The award, sponsored by FERPI (The Italian Federation of Public Relations), Borsa Italiana and Bocconi University, now in its 57th edition, rewards organisations that through their financial statements show their willingness to share their results and goals with their stakeholders through timely and transparent communication. The award was motivated as follows: "ERG's annual report is comprehensively developed and provides the user with comprehensive information on the Group. The large amount of data it contains is organised intuitively, making it easier for the reader, also thanks to the analytically organised index. The document almost always explains the most important financial information in detail. ERG's DNF complies with GRI principles. It incorporates all the elements needed to understand

the company's short-, medium- and long-term sustainability goals. Besides the necessary information, there are often sections of the document that instead of just explaining the organisation's choices, actually substantiates them. The 'Executive Summary - Our Approach to ESG' is also excellent. In just a few pages, it describes the Group's approach to the most critical sustainability issues".



"Sustainability is at the heart of the strategies of those investing in renewable energy. We must strive to ensure the profitability of our investments, because only in doing so can we make a concrete and lasting contribution to global sustainability goals. From a financial point of view, we will continue to integrate sustainable finance into our business model, increasing our sources of 'green' financing towards traditional ones".

Michele Pedemonte

Administration, Finance, Control & Procurement

SUSTAINABLE FINANCE

Starting in 2018, the ERG Group initiated Sustainable Finance sources through two instruments:

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

At 31 December 2021, Sustainable Finance sources amounting to EUR 2,038 million out of total financial sources of 2,352 million, represent 87% of total gross debt and include:

- Green Bonds, totalling EUR 1,600 million and representing about 80% of the sustainable sources of financing, intended for refinancing wind and solar projects that have recently become part of the ERG Group's portfolio and for financing new wind and solar projects;

- medium/long-term senior unsecured "Environmental, Social and Governance Linked" financing contracts ("ESG Loans"), for a total of EUR 350 million, equal to 17% of the sustainable financing sources, which envisage as a reward mechanism the achievement of a target in terms of CO₂ emissions savings;
- Project Green and Sustainability Linked Loan, for a total of EUR 88 million, equal to approximately 4% of sustainable financing sources, underwritten for three wind farms in Italy with a total capacity of 154 MW and structured in compliance with the "Sustainability Linked Loan Principles" issued by the Loan Market Association. This loan envisages the periodic evaluation of sustainability parameters and reward mechanisms linked to the achievement of objectives in terms of plant availability and green energy output.

ERG is now recognised as one of Italy's leading green issuers, ranking fifth among Italian corporate issuers in terms of total amount of green bonds.

We will continue to pursue this strategy, integrating sustainable finance into our Business Strategy model. In fact, in the new 2022-2026 ESG Plan, we aim to ensure that at least 90% of our financial strategies consist of funding classified as "Green".

The bonds issued in the years 2019, 2020 and 2021 were structured as Green Bonds based on ERG's Green Bond Framework, compliant with the Green Bond Principles issued by the International Capital Market Association, in line with best practices and certified by an independent advisor.

Revenues from Green emissions are earmarked for investments in wind farms and photovoltaic plants that enable the ERG Group to achieve sustainable development in terms of renewable energy produced and corresponding CO₂ avoided.

The proceeds from the 2019 Green Bond, at 31 December 2021, were fully allocated: 41% of the proceeds (amounting to EUR 205 million) were allocated to refinance the acquisitions of solar projects that took place in 2018 and 2019, the remainder was allocated to finance the acquisitions of wind projects that took place during the 36 months preceding the issue.

The proceeds from the Green Bond 2020 are 100% allocated at 31 December 2021. In particular, 43% (or EUR 256 million) of the total proceeds from the issue was allocated to finance new construction projects in Europe totalling 303 MW.

10% of the proceeds (amounting to EUR 59 million) was used to finance the acquisition of wind and solar projects.

47% of the proceeds (EUR 285 million) was used to refinance the debt of the acquired wind and solar projects.

The proceeds from the Green Bond 2021 are 89% allocated at 31 December 2021.

In particular, 16% (or EUR 80 million) of the total proceeds from the issue was allocated to finance new construction projects in Europe totalling 82 MW.

40% (or EUR 200 million) of the total proceeds from the issue was used to finance the acquisition of wind and solar projects.

33% (or EUR 165 million) was allocated to refinance the debt of the acquired wind and solar projects.

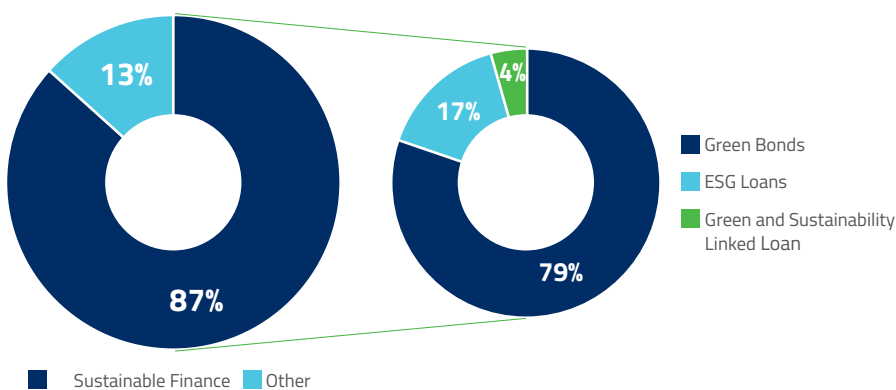
ERG Green Reporting

Starting in 2020, ERG has been committed to publishing a report on the allocation of proceeds on an annual basis and up to each maturity date of the Green Bond issues: the report provides information on the actual or expected annual output of the projects financed, the environmental benefits achieved by the selected projects in terms of CO₂ avoided.

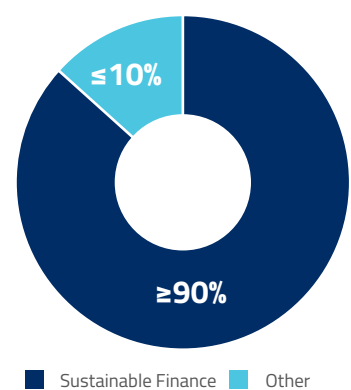
The reports are verified by an external auditor (Third Party Opinion) in accordance with Limited Assurance, consistent with International Standards on Assurance Engagement ISAE 3000.

The ERG Green Bond Reports are available on the ERG website at www.erg.eu/it/investor-relations/green-financing.

2021



@2026



METHODOLOGICAL NOTE

The 2021 edition is the 15th edition of ERG Group's Sustainability Report and the fifth edition of the Consolidated Non-Financial Statement (hereinafter also called the "Non-Financial Statement", "NFS" or "Sustainability Report") prepared in accordance with Art. 3 and Art. 4 of Italian Legislative Decree no. 254/2016 as amended (hereinafter also "Italian Legislative Decree no. 254/16" or "Decree no. 254"). It contains information on environmental and social issues, those on personnel, respect for human rights and the fight against corruption, to the extent useful for providing an understanding of the business conducted by the ERG Group, its performance, its results, and the impact produced. Furthermore, the Non-Financial Statement describes the main risks, both generated or sustained, related to these topics and due to the company's business.

In this document we address the aspects most closely related to our Group's ESG (Environmental, Social and Governance) approach and report everything related to the implementation of our ESG Plan and which, although of interest to stakeholders, is not represented in other Group documents.

The economic and governance issues, of which we provide an overview herein, are covered in depth in other official documents, published and available on the Group's website www.erg.eu (ERG Group Consolidated Financial Statements, Report on Corporate Governance and Ownership and other public documents).

The data and information has been gathered under the supervision of the ESG Committee through the ESG department and involves all the Group's companies and departments.

The NFS was submitted for examination and assessment by the ESG Committee on 28/02/2022, by the Control, Risk and Sustainability Committee on 03/03/2022 and subsequently approved by the Board of Directors of ERG S.p.A. on 14/03/2022.

This document has been subjected to an assessment of conformity ("Limited assurance engagement") according to the criteria indicated in ISAE 3000 Revised by KPMG S.p.A. The audit was carried out according to the procedures indicated in the "Independent Auditor's Report", which is included in the GRI Standards: the topics addressed in the Statement are those that, following a materiality analysis and assessment, were considered to be relevant because they are able to reflect the social and environmental impacts of the Group's activities or to influence the decisions of its stakeholders.

MATERIALITY ANALYSIS

In 2021, in line with the GRI Sustainability Reporting Standards, the materiality matrix was updated to confirm or review the relevant topics following the internal analysis of requests from investors and ESG rating companies and a benchmark analysis with sector companies, allowing us to identify 209 potentially relevant topics. Starting from this list, we extracted the 41 topics that best suit ERG's reality in terms of type of business, reference market and countries of operation; these were further combined to identify the 16 main topics to be assessed by the ESG Committee and all the Group's stakeholders.

Updating the materiality analysis

Pathway to identify the...



...relevant topics



1. Environmental protection and biodiversity
2. Climate change, energy transition and TRS development
3. Energy efficiency and technological innovation
4. End-of-life and circular economy



1. Engagement with stakeholders
2. Dialogue with institutional and local authorities
3. Education for Next Generation on ESG and RES
4. Local communities economic and social development



1. Health and Safety
2. Promotion of Employees' Well-being
3. Diversity & Inclusion, Welfare & Human Rights
4. Agile transformation (Smart Working)



1. Sustainable supply chain
2. Solid governance, ethical and transparent conduct
3. Economic and financial results
4. Cyber security, crisis & risk management

We then compared the 16 main topics with the 12 SDGs to which the 2021-2025 ESG Plan is linked to check the coverage of all

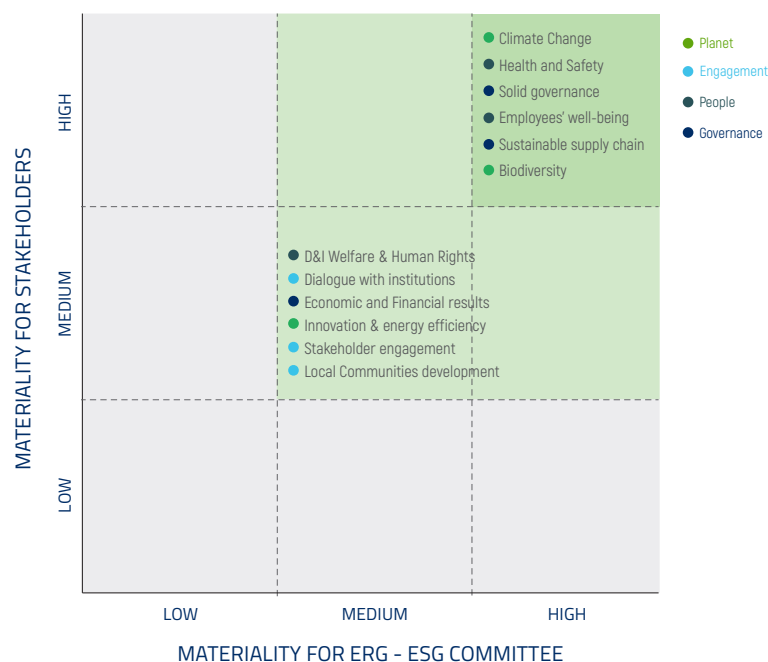
12 SDGs in which we directly engage in advancing ESG goals, with the relevant topics.

	3 GOOD HEALTH AND WELL-BEING	4 QUALITY EDUCATION	5 GENDER EQUALITY	7 AFFORDABLE AND CLEAN ENERGY	8 DECENT WORK AND ECONOMIC GROWTH	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	10 REDUCED INEQUALITIES	11 SUSTAINABLE CITIES AND COMMUNITIES	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	13 CLIMATE ACTION	15 LIFE ON LAND	16 PEACE, JUSTICE AND STRONG INSTITUTIONS	17 PARTNERSHIP FOR THE GOALS
1. Environmental protection and biodiversity										■	■		
2. Climate change, energy transition and RES development				■	■	■		■	■	■			
3. Energy efficiency and technological innovation				■		■		■	■	■			
4. End-of-life and circular economy									■	■			
5. Engagement with stakeholders		■	■		■					■		■	■
6. Dialogue with institutional and local authorities												■	■
7. Education for sustainability / Next generation		■	■							■			
8. Economic and social development of Local Communities					■					■			■
9. Health and Safety	■												
10. People, growth, training and motivation		■	■		■								
11. Diversity & Inclusion, Welfare & Human Rights	■	■	■		■		■						
12. Agile transformation			■		■		■						
13. Sustainable supply chain					■				■	■			■
14. Solid governance, ethical and transparent conduct												■	
15. Economic and financial value creation													■
16. Cyber security, crisis & risk management										■			

Using online questionnaires, we asked stakeholders to prioritise issues according to their perceptions: by cross-referencing the average rating expressed by external stakeholders with that expressed by ESG committee members for each issue, we identified the material topics reported in this Statement. The stakeholder categories involved were: Group employees, Suppliers, Investors,

customers, analysts, Partners, associations, local communities. The results of the analysis substantially confirmed the topics identified previously. The materiality matrix was submitted to the ESG Committee and the Control, Risk and Sustainability Committee for evaluation and approval.

Materiality analysis



METHODOLOGICAL PRINCIPLES

This Consolidated Non-Financial Statement was drawn up in compliance with the "GRI Sustainability Reporting Standards" defined in 2016 by the GRI (Global Reporting Initiative) according to the "Core" option and subsequent updates, and includes the information required by the GRI-G4 "Electric Utilities Sector Disclosures", specifically for companies in the utilities sector.

The GRI Standards are now the most widespread and recognised standards of non-financial reporting at the international level and were identified by ERG as the "reference standards" for fulfilling the obligations pursuant to Italian Legislative Decree no. 254/2016. We have included the "GRI Content Index" in the "Content Index" section of this document to help readers locate the necessary information for a clear and accurate understanding of the reporting.

In drawing up the NFS, we also referenced the European Commission's "Guidelines for the communication of non-financial information" and "Guidelines for the communication of non-financial reporting: Supplement on reporting climate-related information", which recalls the principles of the TCFD (Task Force on Climate-related Financial Disclosure).

The scope of the financial data is the same as that of the Consolidated Financial Statements of the ERG Group comprising ERG S.p.A. and its fully consolidated subsidiaries (hereinafter also "ERG Group" or "Group"), referring to the year ended 31 December 2021 (reporting period from 1 January to 31 December 2021). The issues and indicators related to hydroelectric technology are also reported which, having been sold, was classified in the Consolidated Financial Statements as an "asset held for sale" in accordance with IFRS 5.

Compared to the 2020 reporting, there are no significant changes in the scope and ownership structure, except for the entry of new wind farms and photovoltaic plants.

In any case, for details regarding these two aspects reference may be made to ERG Group's Consolidated Financial Statements at 31 December 2021 and to the Report on Corporate Governance and Ownership.

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

- the main Scope 1 atmospheric emissions generated by ERG Power's CCGT plant are determined by means of continuous measurements at the emission points and, where necessary, by means of discontinuous measurements supplemented by estimates that take into account both the combustion systems and the fuels used; its CO₂ emissions are certified by an independent third party, as required by current EU-ETS regulations;
- Scope 2 emissions are mainly related to electricity purchases necessary to operate the plants (when not in production) and offices;

- emissions from the supply chain (so-called "Scope 3" emissions) are calculated according to the following principles:

- capital goods wind & solar: these have been estimated using coefficients extracted from LCAs (Life Cycle Assessments) provided by manufacturers;
- hydroelectric capital goods: these have not been calculated, as it was considered that the emissions generated by the construction of the plant infrastructure between 1920 and 1950 had already been amortised over the years;
- emissions related to the electricity acquired and resold to wholesalers and end clients have not been reported in line with the recommendations of the GHG Protocol - Appendix A - "Calculation of indirect emissions generated by acquired energy".

- "CO₂ avoided", an indicator used to show the positive contribution of production from renewable sources to environmental improvement, was defined using a conversion factor aligned with common standards: the emission factor of the specific thermoelectric plants in the country of reference and published by Terna in the "electricity/statistics/international comparisons" section of its website, with reference to 2020;
- the operating parameters of plants are taken from their management and reporting systems.

If quantitative data are expressed in a manner that differs from the above, this will be expressly indicated in specific notes.

To enable the comparability of data over time and to assess the Group's performance trends, data for the last three years has been provided, where available.

Furthermore, to ensure the correct representation of performance and to guarantee the reliability of data, any estimates are based on the best available methods and are appropriately indicated.

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

In the area of sustainability, the ERG Group has embarked on a path of continuous improvement, defining its Sustainability commitments for the five-year period 2021-2025 in line with the latest Business Plan presented. These objectives, which are also reported in line with the SDGs defined by the United Nations, define the Group's strategic vision in the field of sustainability and were approved by the ESG Committee in April 2021. In this regard, a summary of the main areas of commitment, as well as the progress of the ESG Plan at 31 December 2021, is provided in the section "2021-2025 ESG Plan".



Planet

Our key figures

121 gCO₂/kWh
carbon index

3,033 kt
CO₂ avoided
(more than 15 million since 2017)

94%
green energy used

87%
waste recovered

PLANET



THE REFERENCE CONTEXT

The international scientific community now agrees that climate change is a genuine threat to future generations and that it is largely the result of human activity.

This growing awareness is the result of the commitment of many, including non-governmental organisations, governments, institutions and companies that over the past decades have joined together to create policies and concrete actions aimed at protecting the climate and the environment at a global level.

Starting from the first United Nations Conference, held in 1992 as part of the "Earth Summit" in Rio de Janeiro, through the Tokyo Protocol in 1997, the European 20-20-20 package in 2007, the Paris Agreement of 2015 on the reduction of harmful emissions, we have reached the European Green Deal in Europe, along with the implementation package "Fit for 55".

At this most recent stage in the development of its climate and environmental goals, Europe has decided to make its net harmful emissions reduction target even more ambitious, increasing it from a 40% CO₂ cut to a 55% cut from 1990 levels, by 2030.

With the Green Deal, the European Commission aims to eliminate net emissions by 2050. To achieve this target, a gradual decarbonisation of the energy system is envisaged, as well as an increase in energy from renewable sources and the simultaneous elimination of coal. In fact, the production and use of energy in the various economic sectors accounts for over 75% of the EU's greenhouse gas emissions. With ambitious and well-defined action plans, Europe played a leading role during the negotiations of COP26, the 26th Climate Conference held in Glasgow in the first two weeks of November 2021. Although the agreement reached at the conference did not mark a major change of pace as hoped for by the public and climate activists, it did touch on important points:

- raising awareness, especially at EU level, of the need for

decarbonisation

- leading to more ambitious climate commitments - through Nationally Determined Contributions (NDCs) to achieve future results.

The COP26 agreement thus indicated an increasingly green path for states, citizens and companies to follow, and we at ERG - due to our vocation, commitment to the renewable energy sector and capacity for research and innovation - were among the first to embark on it. As pioneers in the energy transition, we will continue to contribute to the achievement of international decarbonisation targets.

The decarbonisation path will require heavy investments and the energy transition will entail overall social costs. It will therefore be important to implement arrangements for a socially fair transition, so that no European region or citizen is left behind.

To reach the targets, we will need to invest in technological innovation and involve institutions, companies, governments and citizens in a shared decarbonisation path, ensuring social equity in the transition - all areas in which ERG has experience and will play its part.

It is now clear that sustainability must be at the heart not only of every company's strategies but also of governments. A glaring example is the fact that the G20, which met in Rome on 30-31 October 2021, identified its priorities in the three pillars of Sustainability: Planet, People and Prosperity.

As a demonstration of the centrality of environmental issues, on 8 February 2022, the Italian Parliament approved the reform of the Constitution with a large majority, introducing the protection of the environment, biodiversity and ecosystems in its fundamental principles, also in the interest of future generations. It was also stipulated that the private economic initiative must not be in conflict with social utility and must not harm safety, freedom, human dignity, health and the environment.

The National Energy and Climate Plan - NECP

As established by the Clean Energy Package adopted by the European Union, every Member State has committed to sending Brussels a National Energy and Climate Plan, proposing its path towards decarbonised energy production to 2030, in line with the overall targets of the Union.

It is possible, and actually probable, that the targets set in the NECPs of the various countries have already become insufficient in the face of progressing climate change and therefore must soon be revised.

But as things stand, the final version of Italy's NECP has the following main objectives:

- 30% share of energy from renewable sources in the gross final consumption of energy;
- percentage of energy from renewable sources in gross final energy consumption in transport to equal 22%;

- 1.3% incremental annual share of energy from renewable sources in the gross final consumption of energy for heating and cooling (indicative);
- reduction in greenhouse gas emissions for sectors not covered by the Emission Trading System compared to 2005 emissions of at least 33%;
- at least 10% of electric interconnection with bordering states;
- an indicative target of 55% for renewable energy as a percentage of gross final electricity consumption;
- confirmation of the planned withdrawal from coal-fuelled electricity generation by 2025.

The Italian INECP, like the plans of the other Member States, will in any case have to be revised by 2023, adopting more stringent objectives and processes defined in the "Fit for 55" package.

European Green Deal

The European Union launched the European Green Deal to become the first continent in the world to have no negative impact on climate. This means that the Union aims to zero net atmospheric carbon emissions from all sectors by 2050.

Among the 47 key actions that make up the European Green Deal, some directly affect the energy industry. In particular, increasing the general greenhouse gas reduction target for 2030 by 55% versus the current 40% of the Clean Energy Package - to achieve zero net CO₂ emissions of man-made origin by 2050. Launched in July 2021 as an operational package for the implementation of the European Green Deal in EU law, the "Fit for 55" package has defined which measures will need to be revised and updated in order to achieve this new objective, starting with the Emission Trading System which will be extended to new sectors, through to reducing emissions in all sectors and regulating the agro-forestry sector.

Fit for 55 includes the revision of the Renewables and Energy Efficiency Directives, which are about to undergo the approval process between the European Commission, Parliament and Council.

Existing infrastructure will also have to be upgraded to adapt it to the purpose, while the Integrated National Energy and Climate Plans (INECPs) approved in 2020 will have to be revised in 2023 to adapt them to the new targets set by the European Green Deal.

In December 2021, the European Commission approved its new Climate, Energy and Environmental Aid Guidelines (CEEAG). The changes introduced with respect to the previous version, which expired at the end of 2021 having been extended for one year, aim to align the guidelines with the policies adopted with the European Green Deal, in particular with the objectives of net carbon neutrality by 2050 and the reduction of greenhouse gases by at least 55% by 2030.


The new guidelines will apply to all economic support decisions taken by Member States as of January 2022.

The Fit for 55 package also includes a proposal to revise the Energy Taxation Directive from an environmental perspective, together with a carbon balancing mechanism at European borders (CBAM) for sectors at risk of carbon leakage.

THE NEW 2022-2026 ESG PLAN

The year 2021 was a year of major changes and developments for ERG, with a reorganisation and presentation of the new Business Plan. Following the sale of the hydroelectric plants and having reached the agreement for the sale of our combined cycle gas plant (CCGT), on 14 March 2022 ERG approved the update of the 2022-2026 Business Plan and ESG Plan, becoming a pure renewable operator.

In the Group's evolution, the objectives of combating climate change, protecting the environment and biodiversity are relevant aspects and the Planet pillar has remained one of the four pillars of both the previous and new 2022-2026 ESG Plan.

 PLANET	
2025 TARGETS (old plan)	2026 OBJECTIVES
1. Carbon Neutrality - Scope 1 in the plan period - Scope 2 in the plan period - Scope 3 by 2040 - Carbon Index -30%	1. Net Zero: - Scope 1 after Asset Rotation - Scope 2 by 2025 - Scope 3 by 2040
2. ≥ 98% Circular Wind: - <2% Wind repowering waste to landfills	2. Circular Economy: - ≥ 98% Circular Wind - ≥ 90% Circular Solar - Circular Solar for social purposes
3. Energy Efficiency: - +260 kTEE (Thermo) - +40 GWh (Minihydro) - +8.7 GWh (Solar)	3. Energy Efficiency: - Wind Reblading (+72 GWh) - Solar Revamping (+59 GWh)
	4. Biodiversity: - Assessments on the impact of biodiversity for 100% of internally developed RES plants

ERG TARGET: TO BECOME "NET ZERO" BY 2040

In the new Plan, ERG's most relevant and ambitious commitment is to become Net Zero by 2040. With the exit from the thermoelectric sector, 100% of ERG's generation is based on renewable sources, perfectly in line with the EU taxonomy. Our path to decarbonisation has three stages:

- 1) production and sale of 100% green energy;
- 2) consumption of our plants and facilities based exclusively on 100% green energy;
- 3) decarbonisation of our supply chain, by accompanying our main suppliers on an emission reduction pathway, certified by the Science Based Target initiative (SBTi). In fact, we have a target that our main suppliers (with a turnover of more than EUR 1 million) will receive certification from SBTi regarding their reduction of emissions: at least 70% of them by 2030 and at least 90% by 2040.



Another commitment concerns the reduction of waste generated by repowering activities in view of the **circular economy**:


- **Circular Wind**: we aim to recover at least 98% of materials from repowering projects;
- **Circular Solar**: as part of our modernisation plan (so-called Revamping) of our photovoltaic plants in Italy, we have set ourselves the goal of recovering at least 90% of the panels; part of

the materials that will be dismantled will be reused for the benefit of communities in need of energy.

We will also continue to ensure that 100% of our development projects have a biodiversity and environmental assessment, and we will continue to work on increasing the efficiency of our plants as well.

RESULTS ACHIEVED IN 2021

The results achieved in 2021 were in line with the objectives defined in the 2021-2025 ESG Plan.

PLANET			
	Carbon neutrality	<ul style="list-style-type: none"> - Scope 1 in the plan period - Scope 2 in the plan period - Scope 3 by 2040 - Carbon Index -30% 	<ul style="list-style-type: none"> ▪ Carbon Index -20%
	>98% Circular wind	<ul style="list-style-type: none"> - <2% Wind repowering waste to landfills 	<ul style="list-style-type: none"> ▪ 100% reblading blades recovered as secondary solid fuel
	Energy efficiency	<ul style="list-style-type: none"> - +260 kTEE (Thermo) - +40 GWhg (Minihydro) - +8.7 GWh (Solar) 	<ul style="list-style-type: none"> ▪ Renewal of EEC for 10 years for module 1 CCGT ▪ Solar: +1.8 GWh (+ 0.5 GWh vs Target 2021)

In particular, the **carbon index** indicating the amount of CO₂ contained in each kWh produced decreased by 20%, thanks to the sale of CCGT and increased Hydro production, compared to a target reduction of 30% by 2025. The Scope 1 & 2 Carbon Neutrality targets are confirmed within the Plan period.

The **Circular Economy** objective of producing Solid Secondary Fuel (SSF) from all wind blades from rebladed plants has been achieved as expected. The SSF was subsequently used in cement plants close to the area of our plants, thus avoiding their disposal in landfills and enhancing their energy content by saving other primary resources.

The continuous search for **energy efficiency** in our plants has led us to develop two main projects:

- module 1 of ERG Power's **combined-cycle plant** (CCGT) underwent revamping with the replacement of the steam turbine and generator: the Energy Efficiency Certificates (EEC) were thereby recognised for a further 10 years;
- some **solar photovoltaic** plants have been revamped with the replacement of inverters: this has resulted in an increase in production of about 1.8 GWh, almost 40% higher than the preliminary technical analysis;

In addition to the specific objectives described above, ERG continued to implement a set of more recurring activities, which are listed on the following pages.

TOWARDS A "NET ZERO" EMISSIONS MODEL

The ERG Group has been active in the world of energy for more than 80 years: in this long period of time, the sector has undergone profound and rapid changes, particularly since 2015, the year of COP 21 in Paris. Since then, the world's attention has turned to combating climate change, creating a decarbonised economy and replacing traditional electricity generation, which is responsible for around 30% of emissions, with renewable generation. Anticipating these trends, starting from its 2018 Business Plan, ERG has definitively abandoned its traditional activities, identifying the increase in installed capacity in wind and solar power plants as its sole development direction. This approach was subsequently confirmed in the 2021-2025 Business Plan and further strengthened in the 2022-2026 Business Plan, which was developed after the divestment of the hydroelectric - on 31 December 2021 - and thermoelectric plants - due to be completed by the third quarter of 2022.

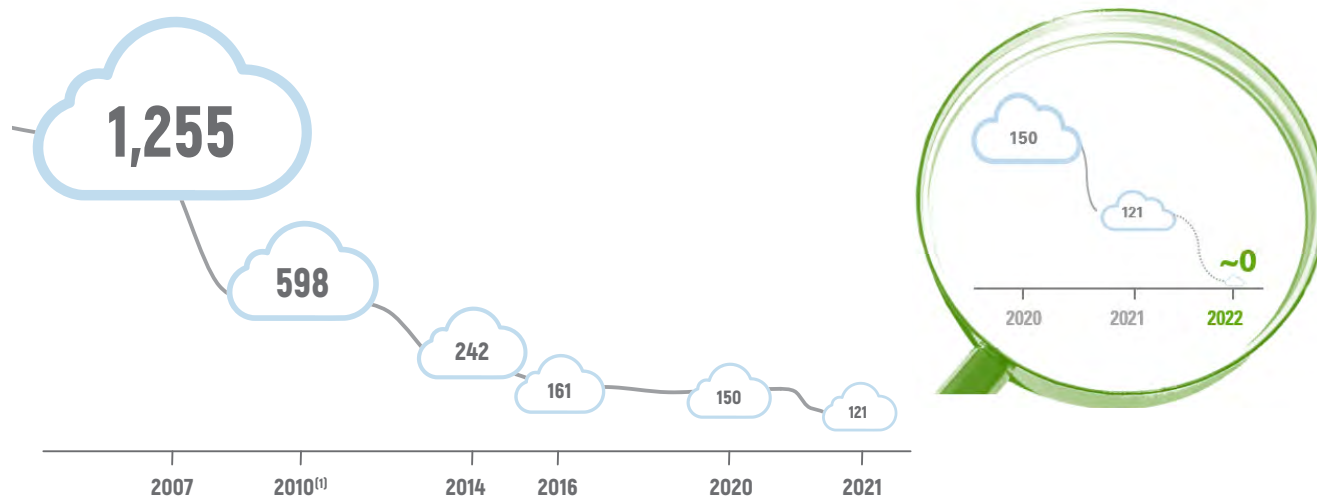
By the end of 2021, we had a total installed capacity of more than 3,000 MW and a production structure based on four different technologies: almost 2,000 MW in wind, 141 MW in solar, 527 MW in hydro and 480 MW in high-efficiency co-generative natural gas-fired thermoelectric power plants, which are being decommissioned. Thanks to our green production (wind, hydro and photovoltaic) we avoid the emission of more than three million tonnes of CO₂ every year, equivalent to more than 800,000 round-trip Rome/New York flights, for a total of more than 15 million tonnes as of 2017.

At the end of 2021, the carbon intensity of ERG's generation portfolio stood at 121 gCO₂/kWh, equal to about one quarter of the average intensity of Italian generation and about a fifth of that in Europe (source: Terna).

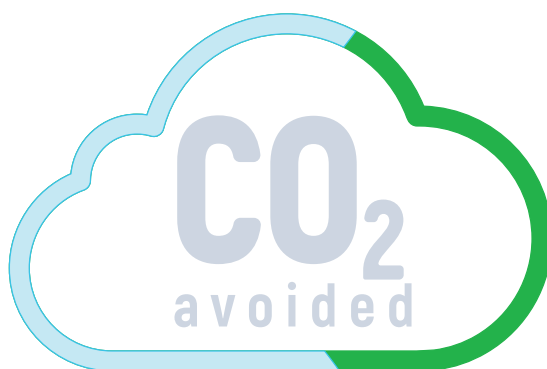
Within the Plan period, we aim to become "Net Zero" for Scope 1 following asset rotation, by 2026 for Scope 2, and Scope 3 by 2040.

Pre Asset Rotation @2022

Post Asset Rotation @2022



(1) The two discontinuous points are related to the start-up of ERG Power's plant that replaced the previous thermoelectric plants in 2010 and the sale of the ISAB Energy plant in 2017.



Our emissions (kt)

EMISSION SOURCE	2021	2020	2019
CCGT CO ₂ Emissions	921.30	1,147.50	1,154.80
Other Scope 1 emissions	0.80	0.49	1.30
Emissions from indirect energy consumption - Scope 2 - Market based	0.80	1.30	1.40
Scope 3 emissions generated by capital goods wind	26.00	26.00	31.00
Scope 3 emissions generated by capital goods solar	8.00	N.A.	N.A.
GROUP TOTAL	956.90	1,175.29	1,188.50

Scope 1 emissions

Almost all of our direct emissions ("Scope 1" emissions) result from the operation of ERG Power's CCGT plant. In operation since 2010, the plant has a configuration that guarantees high yields and minimal emission levels in line with the Best Available Techniques (BAT) and well below the legal limits. Over the years, the improvement processes have led to an increase in efficiency and a gradual reduction in emissions per MWh produced, which remain substantially constant over time.

Other Scope 1 emissions are generated by:

- SF₆ (sulphur hexafluoride) leaks from some high voltage equipment;
- F-gas (fluorinated gases) leaks from air conditioning systems;
- use of company cars: we have adopted an offsetting policy in Italy and France, and in 2021 823 tonnes of CO₂ emissions will be cancelled thanks to "green" projects.

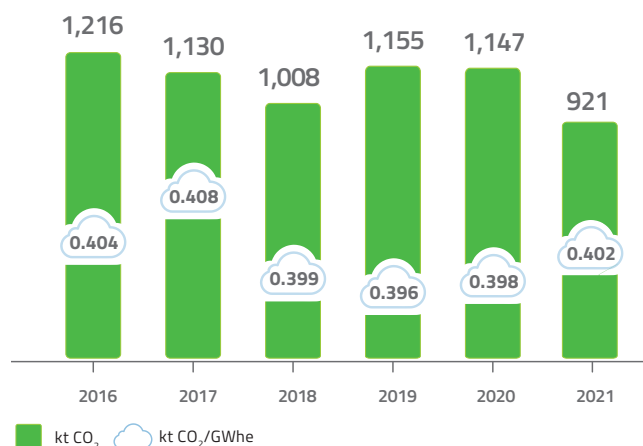
The values of these emissions are negligible (approximately 0.04% of total Scope 1 emissions).

Our other direct - vented emissions (NO_x - nitrogen oxides and CO - carbon monoxide) are generated by the combustion processes of methane gas in our CCGT plant and are measured by continuous monitoring systems certified under standard UNI14181, which requires periodic maintenance and calibration, both by internal staff

and by specialised companies, and final verification by external bodies. In particular, the NO_x (nitrogen oxide) emission levels are well below legal limits and in line with the BAT, thanks to high-yield combustion units that reduce emissions. Thanks to the use of methane, there are no emissions of particulate matter, ash or other pollutants.

As a result of asset rotation, direct emissions will be reduced to practically zero.

CCGT Emissions



Scope 2 emissions

On the other hand, our indirect greenhouse gas (GHG) emissions from energy consumption are generated by the purchase of national grid electricity required to operate plants that are not generating, and by condominium services for offices.

In mid-2016, the ESG Committee approved a project to supply

renewable energy for all Group requirements where technically feasible. We have continued along this path over the years, recording a percentage of renewable energy supplies of around 94% by the end of 2021 (90% in 2020), with an estimated saving of around 13,000 tonnes of CO₂.

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

Scope 3 emissions

In 2021, considering the evolution of our business towards a *pure RES* model, we have tried to expand reporting to those technologies that represent our future. The calculation of Scope 3 emissions for Wind & Solar technologies was based on documentation produced by our suppliers, who provided us with Life Cycle Assessment (LCA) studies of the wind turbines and solar panels.

Scope 3 emissions generated by capital goods:

- for wind technology they amount to about 26 ktCO₂e: the figure was calculated on the basis of LCA analysis for 85% of production and, for the remaining part, estimated through the weighted average of the LCAs;
- for photovoltaics they are estimated at around 8 ktCO₂e.

Other Scope 3 emissions originate from staff travel: the travel agency that manages travel is responsible for reporting them based on a certified methodology; it shows that indirect emissions in 2021 amount to approximately 0.2 kt of CO₂, in line with 2020. Thanks to a partnership with a courier company that handles transport for the Group, all travel for moving materials was compensated with climate protection projects, for a total of about 59 t of CO₂ avoided.

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

- initiatives directly put in place by ERG;
- selection of suppliers who have implemented ESG strategies, according to the "Sustainable procurement" project;
- emissions reduction initiatives that will be implemented by the suppliers themselves.

ENERGY EFFICIENCY

The pursuit of energy efficiency in the management of our plants, the optimisation of their manufacturability and availability allows us to maximise production, all to the benefit of revenue.

Production takes place using four different technologies: the only plant that uses a primary energy resource, natural gas, is the thermoelectric plant (in the process of being sold off), while the other technologies (wind, solar and hydroelectric) do not.

The energy analyses carried out on the hydroelectric plants and the thermoelectric plant (the results of which were reported in the 2019 NFS) have shown that no energy efficiency measures are necessary, as the current operating methods already guarantee excellent management performance.

Indirect energy sources, typically the electricity needed to operate the facilities and ancillary services, are generally self-produced. It is only imported in exceptional cases:

- in renewable plants (wind, solar and hydroelectric) to ensure the continuity of electricity supply to auxiliary and safety systems when environmental conditions do not allow production;
- for our thermoelectric plant only to supply certain external services and in the event of plant downtime.

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

In our wind farms we have internalised Operations & Maintenance

(O&M) activities by adopting the logic of a predictive maintenance approach. By monitoring the operating conditions of the wind turbine, we can identify the defect of a component directly at the source and thus anticipate any decisions on corrective actions to be taken.

As a result, we have developed a customised approach to **Condition Based Maintenance**. We have defined preventive maintenance schedules for the turbines, customising the activities and maintenance cycles, reallocating activities, times, and working methods.

To facilitate the machines' monitoring, we have installed multi-megawatt wind turbines on most of the fleet: 451 turbines, totalling 957 MW in Italy, France and Germany, now have sensors - real monitoring systems - which together form a so-called Condition Monitoring System (CMS). The systems enable us to monitor the operating condition of the main components (rotor bearings, gearbox and generator) which are the most vulnerable to failure and have the greatest economic impact.

These initiatives went hand in hand with new machine monitoring capabilities through the automatic analysis of SCADA data with purpose-built modules, which make it possible to identify any anomalies in turbine operation.

Data analysis, performance monitoring, "customised" maintenance based on our knowledge supported by technological improvements have therefore enabled us to make our plants more efficient, minimising breakdowns, increasing production, and decreasing the waste generated by maintenance activities.



Life time extension... over 200 MW of new life

The "Life Time Extension" process, which aims to extend the operating life of wind turbines beyond the standard 20-year validity of the "Type Certificate" provided by the manufacturer, achieved all its objectives in 2021: 17 plants were certified, representing an installed capacity of over 200 MW in Italy and Germany. A life extension of 10 years has been confirmed for these implants.

At the same time, preliminary technical and economic assessments have been launched on another 400 MW distributed across all the countries in ERG's portfolio: the 2022 "certification" plan will

continue, involving another 100 MW of installed capacity.

The Italian certified plants also include all those subject to reblading (replacement of blades with more modern, high-performance blades). In addition to ensuring better performance and higher production, the new blades have the effect of reducing loads, which translates into a greater potential useful life.

The Life Time Extension process not only enables safer and more accurate asset management, but also reduces the environmental impact of our plants by postponing their disposal.



"The most important challenge of this century is to restore an important part of the Planet's balance. We must actively participate in the adoption of virtuous energy policies, with green energy playing a leading role in the fight against climate change. We have major repowering projects that will accelerate the development of renewable energy sources by renovating our plants and recycling 98% of the materials that are dismantled, while respecting biodiversity"

Constantine Deperu
Engineering Development

Revamping solar plants

The SUNRISE project envisages revamping 18 PV parks in ERG's portfolio at equal power, all of which have been in operation for at least 10 years, involving a total capacity of approximately 31 MW. The project consists in replacing the modules of all the parks with more efficient ones and in installing "trackers" (devices that allow the solar panel to always be perpendicular to the sun, thus maximising energy capture) in place of the currently existing fixed structures.

The revamping will have two main effects:

- it will increase the energy produced by around 20%, from 45 GWh/year to over 55 GWh/year, equivalent to around 4,700 tonnes/year of CO₂ avoided;
- it will not require any increase in land consumption, but instead allow for a reduction of around 30% of the land currently used.

These projects will also follow the virtuous path of the circular economy set out in the Group's ESG Plan. (Please refer to the chapter on the circular economy for more details).



30 MW



18 photovoltaic plants



160k photovoltaic modules



12 months: revamping project duration



20% increase in energy production



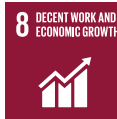
+4,720 tonnes/year of CO₂ avoided



30% reduction in land consumption



Social objectives for the revamping project



Reblading

We were the first in Italy to implement the innovative and challenging project of reblading plants: an activity that involves replacing the original blades produced by the manufacturer over 20 years ago with blades of innovative design, both in terms of materials and aerodynamic profile. In addition to the classic fibreglass that forms the composite of the original blade, thanks to the carbon fibre, the new blade has a much slimmer, lighter and higher-performance shape, with a consequent improvement in performance and productivity, i.e., the energy produced. Concurrently with the replacement of the blades, the operation also includes replacing the bearings and all the components and systems that adjust the positions of the nacelle and the blades, now obsolete after about 20 years of operation. The activities will be completed with the replacement of the turbine control system with

a new generation one that is fully programmable by the operator, with the possibility of measuring and monitoring a greater number of quantities and data, interfacing directly with the remote control of the plant: we will thereby be able to optimise the operation strategies of the wind turbine, reducing downtime and contributing to improved performance.

In 2019, we replaced the blades on 20 turbines at the Avigliano (Basilicata) wind farm; in 2020, we completed work on three turbines at the Greci (Campania) plant; in the second quarter of 2021, the Lacedonia and Monteverde (Campania) sites were also completed with the reblading of 60 turbines. This project also saw the recovery of 180 disused blades (see the chapter on waste for details).



83 certified turbines with new blades and new controller



249 blades replaced



249 blade bearing replaced



total revision of **all** mechanical components supplied with the blades



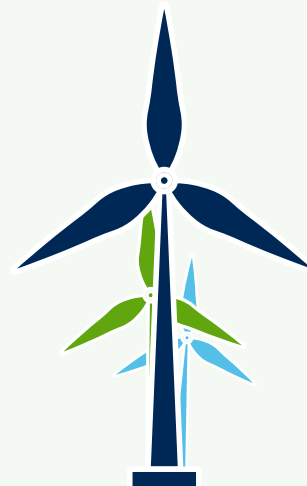
19,982 man-hours for blade and controller assembly



1,452 man-hours in pre-assembly at the blade manufacturer's factory



0 accidents/injuries



High-yield cogeneration (HYC) certification renewal

ERG POWER's CCGT plant in Priolo is the largest High-Yield Cogeneration (HYC) plant: using natural gas, the plant produces, in combined cycle, electricity and thermal energy, the heat from which is recovered for the production of steam, useful as process fluid for the operation of other production plants on the industrial site. It is the largest plant to ever receive this award, thanks to its combined cogeneration cycle set-up which allows it to achieve much higher than average overall thermodynamic efficiency (well over 60%).

After 10 years of operation, during the general shutdown in 2021, we replaced Module 1's steam turbine and its associated electrical generator with new components in order to extend the plant's service life, improving its current performance, energy efficiency

level and, consequently, the emission index per kWh produced. The shutdown activities lasted a total of 90 days, employing up to 250-300 people per day: with the exception of the strictly specialised personnel of the Main Contractors, we relied mainly on local companies already operating within ERG's supplier base. During the period of the shutdown, with around 500,000 hours worked, there were no accidents, injuries or cases of Covid, neither among internal staff nor among the staff of third-party companies.

The replacement of these components will allow the plant to obtain HYC qualification again, with the consequent allocation of Energy Efficiency Certificates (EECs) for another 10 years.

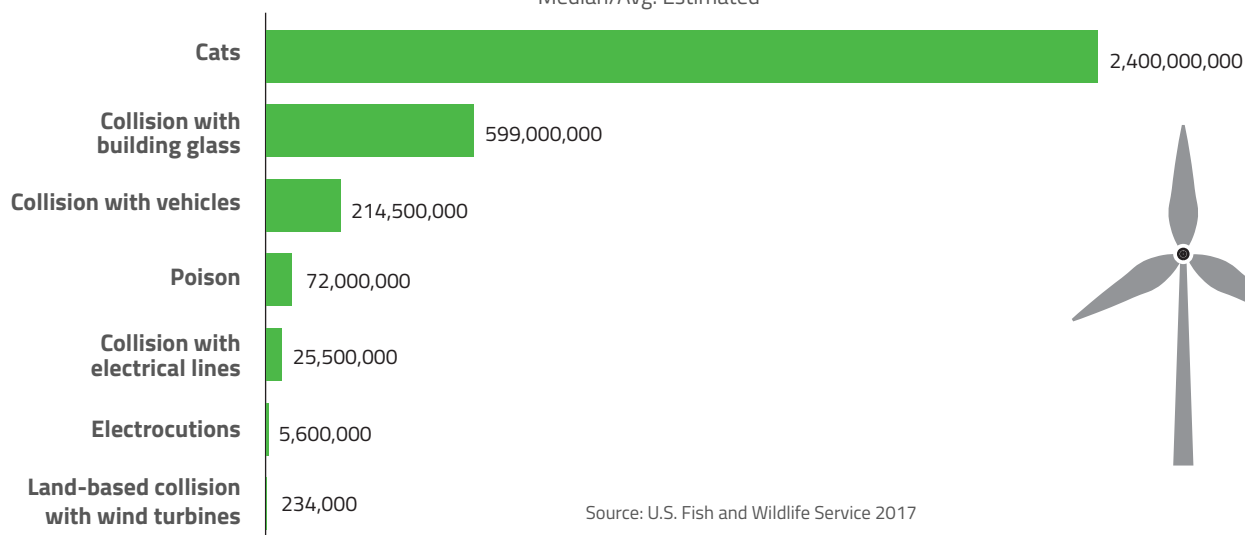
BUILDING WHILE RESPECTING THE ENVIRONMENT

ERG's development strategy is geared towards the continuous growth of energy production from renewable sources and focuses in particular on combating climate change, decarbonisation and sustainability, following the United Nations Sustainable Development Goals (SDGs). The Group's strategic objectives include respect for the environment and protection of biodiversity and are regulated in the Code of Ethics, the Sustainability Policy and the HSE Policy. Paying attention to our plant's environmental impact is of primary importance and we examine it long before construction

starts, during the plant design and authorisation phases. In fact, building a plant requires obtaining a permit issued by national and local authorities according to specific national procedures, but which are however all based on the same EU Directive (2014/52/EU) which takes into account all the project's environmental and social aspects. One of the elements most in the public eye is the alleged death of birds from impacts with wind turbines: American studies in 2017 showed that this is a very minor cause compared to those caused by cats or impacts with buildings and vehicles.

Wind turbines are not killing fields for birds

Annual estimated bird mortality from selected anthropogenic causes in the U.S.
Median/Avg. Estimated



Source: U.S. Fish and Wildlife Service 2017

In **Italy**, the construction of a new wind farm requires a particularly extensive authorisation process coordinated by central bodies such as the Ministry for the Ecological Transition (MITE), The Ministry of Heritage, Culture, and Tourism (MIC), and local institutions, who are called on to assess the analyses and studies carried out by the proposing organisation. In particular, the MITE focuses its attention on the main environmental aspects such as birdlife, noise, waste, electromagnetic radiation and "shadow flickering", i.e., the optical effect that the shadows of the blades can cause on the surrounding surfaces. The MIC instead addresses the landscape and architectural impacts. Once we have obtained the environmental impact compatibility authorisation (VIA), the next step is the single authorisation process (AU), coordinated by the offices of the competent Region, which authorise the construction and commissioning of the wind farm. In particular cases, especially in the presence of areas crossed by migratory routes, more in-depth studies on the interaction of the park with seasonal transit are planned, as well as post-operation monitoring activities.

For some years now in **France**, a detailed procedure for wind power installations has been in place, which envisages, right from the pre-authorisation phase (i.e., before the application for a permit is filed) a process of project consultation through a discussion with the population and local authorities. Subsequently, the project

must obtain the single environmental authorisation handled by the region's prefectures and the involvement of many organisations. It includes an assessment of urban planning, environmental (including noise, impact on biodiversity and birdlife) and landscape aspects, as well as an evaluation of the social impact of the installation. In particular, this procedure includes a phase of discussions with the public, in which all the subjects involved can express their opinion.

In **Germany**, evidence of biodiversity analysis is contained in the environmental surveys required by the authorisation process: these mainly focus on endangered species according to the EU, such as birds, bats and other species. The local authority identifies the species to be monitored and how they are to be mapped. The species protection plan, the land conservation plan and the environmental impact assessment must therefore be submitted as part of the permit application. Following these assessments, remediation activities are then implemented to minimise the identified impacts.

One example is the automatic machine control system, which switches the machines on and off when it identifies interactions between the park and the bat colonies in relation to their flight paths and feeding areas. The blade management systems have also been set up to control another type of interference between the turbines and the local community: the so-called flickering that is generated

when the sun is low on the horizon and casts the shadow of the blades across the landscape, creating a flickering on the houses near the park. The management system is automatic: depending on certain parameters, such as the angle of the sun, light intensity, position of the turbine and position of the objects, the mechanism stops the turbines at the moment when the conditions that trigger the phenomenon are likely to occur.

The authorisation process for a wind farm in the **UK** involves various environmental monitoring to be carried out depending on the area concerned. In particular, birdlife monitoring is one of the issues with the greatest impact, as the study has to be carried out two

years before a project is submitted. Other topics can include the study of the visual impact on the territory and the noise produced by the operation of the plants. For example, at the Brockaghboy plant in Ireland, environmental restoration was prescribed through tree planting and monitoring water flow and peat accumulation development.

In **Poland**, we have been monitoring resident and migratory birds and bats since the farm was built in 2016. Ongoing monitoring covers activity in the air and on the ground and the breeding process. The observations suggested that the farms have minimal impact on the activities of the birds.

TOWARDS INCREASINGLY CIRCULAR WASTE MANAGEMENT

Minimising environmental impacts also means reducing the waste produced by our business.

In ERG, waste comes from:

- plant maintenance;
- general office activities.

The management of industrial waste produced by plant maintenance follows the practices laid down in legislation: firstly, it is classified according to its origin and the presence of hazardous substances, attributing the relevant identification code from the European waste catalogue, discriminating between hazardous and non-hazardous waste. The waste produced is then placed in a well-defined and identified area known as a "temporary storage area" and at the same time recorded in the "loading and unloading register".

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

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

The waste generated by office activities is treated according to local government regulations on municipal waste.

In 2021, almost 85% of the waste produced by the Group was earmarked for recovery. Furthermore, although the total has remained largely unchanged, there have been some variations in the amounts of waste generated between the different technologies. In particular, there was an increase in waste produced at the ERG Power plant as a result of the shutdown for the renewal of the first module of the CCGT, and a slight reduction in waste from the collection of wood from the rivers and reservoirs of the hydroelectric plants. Of particular relevance is the impact of the recovery of replaced blades in the wind farm reblading projects (see the box below): in 2021, more than 82% of the non-hazardous waste generated by this technology was sent for recovery (as opposed to around 50% in 2020).

A significant commitment to the circular economy

In addition to the waste reduction projects reported in previous years (in particular, the project for the re-use of wood collected from the riverbeds and lakes of hydroelectric plants), the ERG Group has made a significant commitment in anticipation of the major modernisation works at its wind and solar farms: all waste management will be carried out according to a circular economy logic, disposing only the part of waste that cannot be managed in any other way. We will also give preference to all reuse and recycling activities of decommissioned plants in order to optimise the use of natural resources and minimise land depletion.

The reblading projects of 2021 saw the implementation of the company's ESG objectives: instead of being sent to landfill, the blades were recovered as SSF (Solid Secondary Fuel) through delivery to an authorised collection centre located near the parks concerned. After they are crushed, the crushed material from the

blades is mixed with other components such as shredded tyres and grass clippings to make a mixture with a calorific value suitable for feeding the blast furnaces of a plant in Basilicata for the production of cement and other building materials. We thereby avoided bringing any waste to landfills.

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

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

Wind New Life Project

Already by the end of 2020, together with the most qualified wind energy operators, we set ourselves the goal of tackling, in a structured manner, the issue of recycling the only component of a wind turbine not yet managed in a circular manner: the composite blades.

It is our belief that the wind power sector has reached a level of maturity that results in increasing volumes of wind turbines being decommissioned, due to both operational limits and the repowering needs of existing plants as described above.

It is therefore necessary to address the issue well in advance, in accordance with the principles of sustainability that underpin our way of doing business. We must therefore strive to limit and phase out the use of landfills for dismantling activities, with a view to zero waste. In order to achieve this, it is also necessary to "prepare the ground" for alternatives to landfill, by defining a path for the analysis, identification and implementation of industrial and sustainable solutions on recycling blades in Italy, contributing to the start of a new industrial recycling chain in our sector.

We have therefore acted on two parallel fronts: on the one hand, with the collaboration of the leading associations in the electricity and wind energy sector - Elettricità Futura and ANEV - we have

set up an inter-associative working group to dialogue with the institutions responsible for defining the "End of Waste" measures concerning fibreglass, the material that makes up almost all the wind turbines currently being decommissioned.

With the cooperation of the entire working group, we prepared the first position paper in Italian on the subject of the circularity of wind turbines, from which we derived the technical fact sheet uploaded to the "End of waste portal" of the Ministry for Ecological Transition, to offer a concrete and reasoned contribution in anticipation of the opening of the working table for the End of waste of fibreglass, already on the Ministry's agenda.

On the other hand, we have started a joint project with two other leaders in the wind power sector regarding the design and possible future construction of an experimental blade treatment plant, already of industrial size and therefore suitable for handling the volumes deriving from the medium- and long-term repowering projects of a large part of the wind power sector. At the end of 2021, together with the partners, we applied for the project to participate in a European call for proposals under the LIFE programme, which is specifically dedicated to environmental protection and climate action initiatives.

MANAGING AND MINIMISING WATER USE

Water is a limited resource worldwide and for us at ERG, it is an important aspect of environmental management. Plant management is responsible for flow optimisation and consumption management, as well as for implementing the Group's strategies, Sustainability Policy and HSE Policy.

The territories of Italy where the plants are located fall within the list of those with water scarcity according to the classification provided by the WRI "Aqueduct Water Risk Atlas" but in general, water withdrawals are non-existent or not significant for our technologies:

- wind farms do not use water resources in their production processes;
- photovoltaic plants only use negligible amounts of water to wash the panels and to maintain the greenery in the relevant areas of the plants (1,000 m3);
- hydroelectric plants take water from rivers and reservoirs and return it downstream in the same quantity and quality: there is therefore no consumption;
- the thermoelectric plant is the only one that consumes water: about 3% of the water withdrawn. The water comes mainly from two sources: sea water for cooling the plants and raw/industrial water for the production of demineralised water. The procurement of water resources is an indirect aspect for the production site since it is managed by Priolo Servizi. This consortium holds the required permits and manages the withdrawal and distribution network:

- seawater is drawn, and the same quantity and quality is returned to the sea except for the normal evaporation due to the process: the use of this source does not impact the availability of natural resources in the environment;
- after demineralising it, the raw water (a mix of surface water and groundwater) is used both by the site customers in their plants and by the CCGT power plant to generate steam. The demineralised water is used to replenish the CCGT's water-steam cycle, and for steam withdrawals from the network used by customers within the complex. The water used to replenish the water-steam cycle, used only by the plant, is returned to the environment as steam or condensate, without affecting the availability of water for human consumption;
- the water used for domestic purposes (civil water) and the potentially oily water coming from the plants are routed into a sewage system, treated at a Priolo Servizi plant, then at an off-site plant, and ultimately returned to the sea.

Although this issue is not a problem at the Priolo complex, we constantly seek technological improvements at the plants to reduce raw water consumption by reusing water from other plants within the complex, as reported in past years.

The sale of the hydroelectric and thermoelectric plants, in particular, will reduce the Group's water consumption to almost zero.



"Sustainability must be a strong commitment to people and the planet. We must strive to promote diversity, inclusion and fairness, and increasingly optimise all aspects of our organisation towards increasingly sustainable energy production for the planet. We are committed to making our plants increasingly efficient, including maintenance programmes that extend their life and reduce their impact on the environment".

Renato Sturani
Generation & Market

INNOVATION: STRATEGIES FOR A GREEN FUTURE

The subject of innovation has always been managed at ERG by being distributed throughout the corporate organisation: following the presentation of the new 2021-2025 Business Plan which identified specific targets, the "Innovation Projects" department was created, reporting directly to the Chief Operation Officer. In addition to coordinating the innovative project activities already underway, some of which will continue to be managed on a widespread basis, this figure will have the task of constantly monitoring the markets and technological solutions of greatest interest to ERG, identifying the innovative opportunities with the greatest potential for profitability in the short and medium term.

In the short term, we are basically developing two main projects:

- **Recharge:** design and authorisation of three Battery Energy Storage Systems (BESS). The main innovation lies not so much in the technology itself, but in the application of such systems to time shifting, peak shaving or smart grid island operations linked to our wind farms;
- **Voltage regulation:** we participate in Terna's (the Italian grid operator) pilot project for voltage regulation with selected wind turbines, which aims to test the regulation capacity of non-programmable renewable plants.

In the medium term, on the other hand, we evaluate projects aimed at creating gradually growing internal know-how through studies, external collaborations, demonstration projects, temporary associations of companies, pilot projects or projects under development.

Among these, we are mainly working on:

- **BESS:** continuous scouting for innovative storage technologies to be coupled with Wind & Solar assets;
- **Floating wind:** scouting to identify possible initiatives in which to

participate in project development;

- **Green hydrogen:** in addition to the provision of renewable energy that can produce hydrogen through electrolysis technology, activities in this area aim to participate in pilot projects in the sector and develop know-how in a new value chain;
- **Circular economy:** activities focused on the recycling or reuse of end-of-life wind turbines and repowered photovoltaic modules.

With regard to end-of-life wind turbines, we are evaluating various cross-sectoral initiatives for recovering the blades. A Programme Agreement is currently in place with two other major Italian operators, which aims to create and validate a circular value chain for the industrial-scale development of a scalable solution as an alternative to landfills.

In the photovoltaic sector, initiatives are being studied for the reuse of disused modules from solar repowering projects with a total capacity of 30.7 MW. For example, one of these aims to create standard small-scale plant configurations for international cooperation projects, which will enable ERG to achieve important sustainable development goals (SDGs): first and foremost Goal 7 "Clean and Accessible Energy". A second initiative is being developed together with an important Italian association and will see the reuse of these assets in projects dedicated to energy communities. Finally, we are working on a major project to digitise our systems for managing Wind & Solar plants. The aim is to create a single platform of our own for managing the Group's assets in order to reduce imbalances through better production forecasting from both weather data and maintenance forecasts, and optimise predictive maintenance. The agreement signed in October 2021 with the IIT (Italian Institute of Technology) is at the base of this project.





Engagement

Our key figures

10

participation in national
trade associations

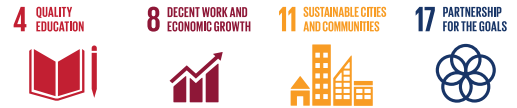
11

participation in international
trade associations

zero

disbursements to political parties

ENGAGEMENT



"Every day we work to raise awareness among the institutions and the many stakeholders in our sector of the importance of renewable energy sources as a fundamental tool for giving a real prospect of sustainable development to new generations".

Luca Bragoli
Regulatory & Public Affairs

THE REFERENCE CONTEXT

The attention of companies and citizens to environmental, economic and social sustainability has further increased, not least as a result of the pandemic crisis which has transformed the economic and cultural landscape. Several indicators, some already present in the pre-Covid-19 era, were already pre-empting the need for a different capitalism able to cope with increasingly complex events and with consequences that are difficult to predict.

This need is embodied in the theory of "Stakeholder Capitalism", which encourages companies to focus on the needs of all stakeholders through a proactive dialogue with each of them in order to understand their mutual requirements. To create long-term value, a company must be able to interact and build strong relationships with all its stakeholders.

After a process of radical and rapid transformation of our business, we have grown to deeply believe in our mission as independent producers of electricity from renewable sources, reaching a European dimension.

We are an established industrial operator in Italy with over 80 years of activity, and are known and appreciated thanks to our repositioning from the oil sector to renewable energy. In other countries, we are carefully developing our local engagement

and support initiatives to strengthen relationships with our key stakeholders, particularly institutional stakeholders, local communities and the media.

ERG's presence at COP26 in Glasgow can be framed in this context: it was an important opportunity for the Group to try to push the conference participants towards an ambitious agreement. This is why we at ERG wanted to be there: to tell about our experience as a "green" company and our future plans. It is a story of transformation that can be an example for other companies, governments and international institutions because it shows how we can combat climate change and completely decarbonise our production systems without sacrificing the quality of modern life.

Of course, these aspects had to be adapted to the pandemic in 2021 as well, which prompted us to exploit the full potential of new technologies and, in particular, digital videoconferencing platforms. We base the dialogue with our stakeholders on principles such as legality, honesty, fairness, equality, confidentiality, equity, integrity, transparency, and responsibility. These are the same values of our Code of Ethics, which inspire and guide us in the dialogue with the various stakeholders and the implementation of our initiatives.

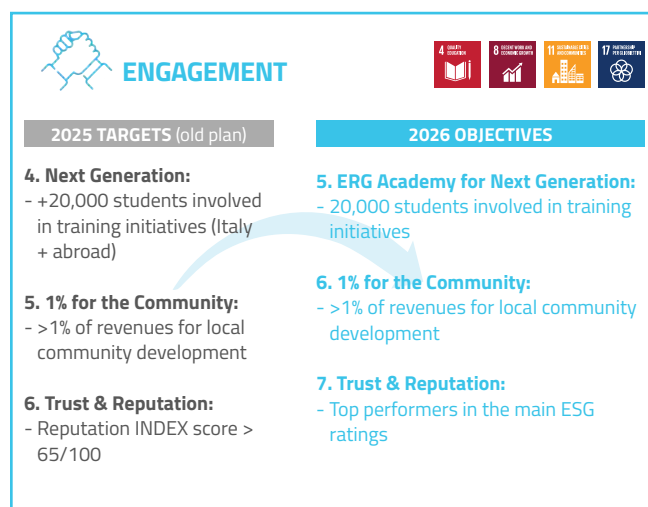
THE NEW 2022-2026 ESG PLAN

The year 2021 was one of major changes and developments for ERG, with a reorganisation and presentation of the new Business Plan. Following the divestment of the conventional, hydroelectric and thermoelectric generation sources, on 15 March 2022 ERG presented the update of its 2022-2026 Business Plan and ESG Plan, becoming a pure renewable operator.

In the Group's evolution, activities towards our territories are a relevant aspect and are addressed in both the 2021-2025 ESG Plan and in the new 2022-2026 ESG Plan.

Objectives of the 2022-2026 ESG Plan in the Engagement area:

- **1% for community:** we have defined a contribution of at least 1% of turnover to be allocated to the local communities where we our plants are present, because we want to continue our commitment to supporting our local areas ;
- **ERG Academy for the Next Generation:** during the plan period, we will lay the foundations for setting up an ERG Academy, a set of training courses to involve the Next Generation in educational activities on the topics of sustainability and renewable energy, with a target that envisages the involvement of at least 20,000 students per year until 2026.
- **Trust & Reputation:** the basis of our business model is credibility and reputation. During the course of the Business Plan, we will work to keep ERG among the "Top Performers" in the main ESG ratings.



RESULTS ACHIEVED IN 2021

1% for community

At the end of December, in line with the Plan, the UK parks of Evishagaran and Craiggore came into operation, enabling us to offer our first community benefits to local communities.






Next Generation

Although there was no target for 2021 in terms of students to be reached (the first target was set at 2022 with at least 5,000 students), during the year we involved 5,832 students through the initiatives "VaiColVento" [Go with the Wind], "Festival della Scienza" [Science Festival], "Role Model" programmes and the first "Beyond net zero" Hackathon. The involvement of the next generation in educational paths towards a sustainable business model and towards renewable sources will concern not only Italy but all the countries where ERG is present, both with the support of local associations and by implementing a real digital platform of know-how related to the production of electricity from renewable sources and to ESG issues.

Reputation & Trust

The objective related to ERG's reputation and its role in supporting the green transition was also achieved with a score of 66.7 in the Reputation Index.

In addition to the specific objectives described above, ERG continued to implement all the most recurring initiatives of how it does business in relation to stakeholder engagement, with a view to the continuous improvement that underlies its strategic model.

ENGAGEMENT			
    	4. Next Generation	- +20,000 students involved in training initiatives (Italy + abroad)	▪ Italy: 5,832 students
	5. 1% for the Community	- >1% of revenues for local community development	▪ 2 UK wind farms (Evishagaran and Craiggore) commissioned in December 2021
	6. Trust & Reputation	- Reputation INDEX score > 65/100	▪ Score 66.7/100 (target 65/100)

DIALOGUE WITH OUR STAKEHOLDERS

We are currently a European operator present in Italy, France, Germany, the UK, Poland, Romania and Bulgaria with a portfolio of activities ranging from the development and ex-novo construction of parks (so-called greenfield development), to the management and optimisation of existing plants as well as their complete renovation (repowering).

Our methodological approach and engagement model are based on transparency and valuing relationships with stakeholders, including institutions, local communities, authorities, suppliers, shareholders, employees and the next generation.



ERG AND ITS INSTITUTIONAL STAKEHOLDERS











The electricity sector where we operate is highly "regulated", since its purpose is to provide a public utility service, such as electric power. As such, it is subject to the constantly changing national and European regulations, now more than ever in the context of the transition towards a decarbonised economy.

Our relations with the institutions are therefore aimed primarily at participating in and contributing to this development.

In such a dynamic context, dialogue with trade associations (such as Confindustria, Elettricità Futura, ANEV, WindEurope and the national wind energy associations of countries where we operate) and the main players in the sector make it possible to develop and strengthen our demands as an operator in the renewable energies sector, while supporting decarbonisation policies that are fundamental for our business. In 2021, we contributed to several energy and environmental policy working groups and documents, providing our industrial expertise and knowledge of the sector. The most relevant ones addressed:

- the European Green Deal presented by the European Commission at the beginning of the year and adopted by the Union. It confirmed Europe's further commitment to the decarbonisation of business activities, by achieving net carbon neutrality by 2050 and a 55% reduction in greenhouse gas emissions by 2030 compared to 1990. The latter, which has been increased beyond the 40% previously established by the Clean Energy Package, will lead to an increase in the target for the coverage of renewables in gross final consumption by 2030 and the resulting modification of the recently approved directive on renewable sources;
- the definition of the Integrated National Energy and Climate Plan (INECP), presented in its final form at the beginning of 2020 and approved by the Commission last October;
- the debate in Italy on the promotion and simplification of permits for revamping existing plants, which to date has been achieved by admission to the RES auctions for repowering interventions and substantial simplifications for the reblading of the most obsolete wind turbines and the repowering of photovoltaic plants;
- in the United Kingdom, the readmission of on-shore wind to the competitive auction mechanisms envisaged for 2021, previously limited only to technologies that were not yet "mature" (such as off-shore wind).

Our Stakeholders: expectations and methods of engagement

Stakeholder	Stakeholder expectations	Engagement methods	Engagement activities 2021
 Institutions European Union, Governments, Ministries, Regulatory bodies, Public Administration, Trade associations.	Collaboration, technical support and sharing of information. Participation in the territorial planning of activities. Respect for the legislation in all countries where the Group operates.	Dedicated meetings, round tables and conferences.	Active participation in: <ul style="list-style-type: none"> - Wind Europe - Copenhagen - Salon des maires - Paris - Colloque National Eolien - Paris - Forum Energie France-Italie - Paris - Key Wind - Rimini - events and round tables on the topics of energy and environment - Cop26, Pre & Youth Cop - observers in the energy & environmental field (Polytechnic Institute of Milan, AGIC, Althesys, SUSDEF). ERGLab think-tank. Accreditation from central and local institutions in countries where we operate.
 Shareholders	Creation of value. Corporate Governance and Risk Management. Representation of minorities. Transparency and timeliness with regard to economic and financial information	Shareholders' Meeting. Webcasts. Press releases. Roadshows. Events related to the presentation of the business plan.	Shareholders' Meeting. Roadshows and participation in conferences. Webcast to present quarterly results. Ongoing information about the Group's activities (press releases and news).
 Financial community	Creation of value. Corporate Governance and Risk Management. Transparency and timeliness with regard to economic and financial information.	Webcasts. Press releases. Roadshows. Events related to the presentation of the business plan.	Roadshows and participation in conferences. Webcast to present quarterly results. Press releases. CEO and CFO roadshows in the main European financial centres. Italian Sustainability Week - digital. Management of relations with ESG rating companies.
 People and trade union organisations Workers with employee contracts, workers without employee contracts, trade unions.	Equal opportunities. Workplace safety. Professional development for all employee categories. Participation in company life and all related initiatives. Private life/work balance. Stability.	Activities and tools for training, assessment and internal communication. Events during the year. Team building.	Staff training. Internal communication events for employees and their families. Protocol for industrial relations. Corporate welfare projects.
 Local Communities Cultural, religious and research associations, health service, NGOs, Committees of citizens, residents close to production plants.	Consideration of their views. Contribution to and support for local initiatives and local communities. Access to information. Safeguarding of heritage and environment. Health and safety.	Meetings with local communities in line with ERG's business. Education projects for future generations on renewable energy and digitalisation.	Financial and organisational support to social, cultural and health activities in the areas served. Meetings with the local communities for development projects in the UK and in France.
 Future generations Schools and Universities.	Prevention and environmental respect. Training and sharing expertise. Business strategy aimed at reducing the consumption of natural resources.	Information and education projects for future generations on renewable energy and digitalisation.	Educational projects in web edition (Vai col Vento, Progetto Scuola). Collaborations with universities (Energy and Sustainability UniGE Master's, Hackathon in collaboration with Talent Garden and SAFE Master's).
 Media	Complete, timely and transparent information.	Press releases to disclose our financial statements, business plan and non-recurring transactions.	Relations with the Press Office for the disclosure of our periodical results and non-recurring transactions, and of news about the Group's activities.
 Suppliers	Respect for all competition and antitrust laws in the countries of operation. Accessibility to the supplier list. Safety of on-site activities.	Web platform. Involvement and monitoring on "occupational safety" and sustainability issues.	Competitive tendering procurement procedures. Sustainable Procurement with ESG assessment of suppliers. Introduction of the Sustainability K in all tenders above EUR 100,000. On-site HSE audits and activities for the control of suppliers' performance.
 Partners	Creation of value. Acceptance of common values in the development of the strategy and business management.	Digital meetings.	Alliance for Circular Economy.
 Customers	Maximising value for the customer. Quality and continuity in the supply of electricity and steam (site customers).	Analysis and sharing of requirements with site customers and development of ad hoc design solutions.	HYC renewal project.

To ensure maximum consistency in the way we manage our relations with institutional stakeholders, some time ago we adopted an in-house control system based on procedures integrated into the Organisational Model (pursuant to Italian Legislative Decree no. 231/01 as amended) and supported by a specific system of

sanctions.

In line with these principles, we also apply a specific policy, under which no direct or indirect contributions may be paid, in any form, to political parties, movements, committees, political organisations, or trade unions, nor to their representatives or candidates.

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

Association	Purpose	ERG participation
Confindustria	Together with the local associations, the national trade associations, the regional Confindustria chapters, and the national sector federations, it constitutes the system of representation of companies producing goods and/or services with an industrial structure.	Governing bodies (Presidency of Confindustria Genoa) and working groups.
Elettricità Futura	It is the main Italian association of the electricity sector, comprising over 700 operators that employ over 40,000 people and holding more than 76,000 MW of installed electrical power (conventional and renewable) and around 1,150,000 km of lines. Over 70% of electricity consumed in Italy is supplied by its member companies.	Governance Bodies and working groups.
ANEV	Associazione Nazionale Energia del Vento (National Wind Energy Association) brings together about 70 companies in the wind power sector and more than 5,000 parties, including producers and traders of electricity and technologies, installers, designers, engineering and environmental offices, electricity traders and developers.	Governance Bodies and working groups.
IEFE	A Research Centre of Bocconi University, dedicated to the study of the issues of economics and energy policy with a focus on technological aspects.	Working groups.
AIEE	The Associazione Italiana Economisti dell'Energia (Italian Association of Energy Economists) - AIEE - acts as an independent reference point for Italian energy policy issues vis-à-vis national and international bodies, and liaises with the bodies and organisations responsible for defining energy policy in Italy, with whom it holds meetings and discussions.	Working groups.
Assonime	Association of Italian Joint Stock Companies that works towards improving industrial, commercial, administrative and tax legislation in Italy.	Governance Bodies.
Sustainable Development Foundation	Association chaired by Edo Ronchi (former Italian Minister of the Environment) focused on the promotion of green economy. It includes around 120 members: companies, consortia and specialists dealing with sustainable economy.	Governance Bodies.
Civita Foundation	An organisation founded by a group of public and private companies, public research organisations, and universities, which with over 160 Associates is committed to the "promotion of culture" through research, conferences, events, publications, and projects.	Governance Bodies.
Magna Carta Foundation	Foundation dedicated to scientific research, cultural reflection and the development of proposed reforms on the main themes of political debate.	Governance Bodies.
Genoa Smart City	Association founded in 2010 with the aim of developing projects to make Genoa a "smart" city and improve the quality of life of its inhabitants.	Working groups.

ERG AND INTERNATIONAL RELATIONS

To increase our presence at an international level, we constantly observe the activities of the main European institutions, paying particular attention to energy and environmental issues, also with the support of sector associations (Wind Europe). In parallel, we carefully monitor the political, legislative, and regulatory developments in the countries where we are present (France, Germany, United Kingdom, Poland, Sweden, Bulgaria, and Romania). Our Business Plan approved in 2021 and updated in 2022 pays particular attention to the markets of France, Germany and the

United Kingdom, Eastern Europe, Spain and Sweden, where we aim to consolidate in the coming years.

The stakeholder engagement plans in these countries aim to present ERG not only as a solid and reliable industrial partner, with consolidated experience and long-term development plans, but also as a green operator, actively committed to the energy transition. This is the approach along which we build significant partnerships and relationships with other operators, the media and institutional stakeholders, supporting the development of the entire Group's business.

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

Association	Purpose	ERG participation
Wind Europe	A body representing the interests of the wind energy industry and supply chain in Europe, the European branch of WWEA, the World Wind Energy Association.	Governance Bodies and working groups.
SER - Syndicat des Energie Renouvelables	Professional body that groups together several thousand companies and professionals specialised in the various renewable energy sectors, with the aim of promoting their development and responding to the growing demand for environmentally sustainable energy.	Governance Bodies and working groups.
FEE - France Energie Eolienne	French association of energy operators. It represents over 90% of wind turbines installed throughout France and over 85% of the country's wind energy production.	Working groups.
RenewableUK	Leading association in the UK renewable energy sector, specialised in on and off-shore wind energy and in tidal power. It has a broad corporate membership ranging from small independent companies to large international companies and manufacturers.	Working groups.
Renewable NI	Northern Ireland's leading renewable energy association. It represents companies that have assets or are developing assets in the area. The association is primarily concerned with on-shore wind.	Working groups.
SR - Scottish Renewables	An association for the development of the renewable energy sector in Scotland; it includes members working on all renewable energy technologies.	Working groups.
BWE - Bundesverband WindEnergie	Association of German wind energy operators. It has over 20,000 members and is one of the leading associations in the world. It is affiliated to the European Wind Energy Association (EWEA), the Global Wind Energy Council (GWEC) and the World Wind Energy Association (WWEA).	Working groups.
PWEA - Polish Wind Energy Association	Polish national association of wind power operators.	Working groups.
RWEA - Asociatia Romana pentru Energie Eoliana	Romanian national association of wind power operators.	Working groups.
EFET	The European Federation of Energy Traders - EFET - promotes competition, transparency, and free access to the European energy sector; it seeks to build confidence in energy and gas markets across Europe, so that they can support a sustainable and secure energy supply, facilitating the transition to a zero emission economy.	Working groups.
IREGG	Independent Renewable Energy Generators Group is the group of medium-sized players in the renewable energy sector that aims to drive the development of green energy in the UK.	Governance Bodies.

Engagement in the UK and the energy transition

The UK is a major market for wind energy development and is also a particularly interesting country for its active and central role in the energy transition.

The "Net Zero" initiative arose thanks to the British government, to try to involve institutions, companies and governments in a process towards decarbonisation by 2050.

With COP26 being held in Glasgow, 2021 was a particularly important year for ERG in the UK. ERG organised and participated in several events at the conference, both in Glasgow and in Italy, the co-organising nation of the conference. In Glasgow, on 2 November in particular, together with the Italian Chamber of Commerce for the

UK and some of its leading members, ERG organised the only official Italian event focused on Italian and British industries "Best Practices Towards Net Zero": the example of our industrial transformation is often studied and of great interest when discussing this important topic.

The importance of involving the next generation in the energy transition process was highlighted, as so much work still needs to be done and achieving the ultimate goal of Net Zero will require the energy sector to be able to attract the best skills and the brightest technicians from all academic fields.

The event was attended by 45 people physically and 230 people online.

Pre & Youth COP

Hackathon

As part of the official programme of #All4Climate, the Pre&Youth COP hosted in Milan from 20 September to 15 October, ERG organised a "Hackathon" entitled "Beyond Net Zero", where students challenged each other to produce the best strategic plan to inspire ERG's continued sustainable development beyond Net Zero. The hackathon focused on four challenges based on ERG's ESG strategy, but participants were encouraged to visit the ERG website for further inspiration and to submit their own suggestions. All the groups presented their projects to a panel of ERG's top managers and the winning group was invited to present their project at the University of Glasgow's COP26 event with ERG.



#ALL4CLIMATE DEBATE IN MILAN

Achieving sustainable growth and zero net emissions is a challenging and complex task that requires a joint effort. These were the issues at the heart of the debate event organised by ERG on 30 September 2021, as part of Youth COP26, within the official #All4Climate programme. The aim of the event was to inspire and inform youth, civil society, decision-makers and businesses about the process of decarbonisation and sustainability, introducing ERG's experience in the energy transition from fossil fuels to renewables. The topics discussed during the meeting included intergenerational alliances to protect the planet, the need to change our lifestyles, the integration of renewable energy development and landscape protection. The debate was attended by thought leaders and experts from business, academia, associations and institutions.



ACTIVE PARTICIPATION IN WORKING GROUPS FOR RES DEVELOPMENT

Our business “thrives” on taking part in working groups and continually discussing matters with institutions, both directly and through trade associations, and by working with other operators in the sector. One of the issues that has most stimulated technical discussion in the renewables sector is the repowering of wind farms in Italy. In this regard, after the study carried out in 2020 on the repowering potential of Italian wind farms, in 2021 we looked more closely at the authorisation aspect of renewable energy plants, commissioning a leading energy consultancy firm to compile the framework at regional level. The situation that emerged from the analysis confirmed the extreme heterogeneity of approach at regional level and above all, a general and serious mismatch between the timing of the granting of authorisations and the growth rates of electric RES needed to achieve the binding decarbonisation targets.

The results of the study have been presented on several occasions to Italian institutions, both regional and national, making their respective governments aware of the need for a change of pace. Our analysis activity contributed to the preparation of several authorisation simplification measures during the year, in particular for repowering plants, as well as to the start of the identification process of areas suitable for the installation of electric renewables by the Regions, introduced by Italian Legislative Decree no. 199/2021.

Despite the constraints caused by the pandemic in 2021 as well, we organised several events during the year to discuss and comment on the main issues concerning the development of renewable energy, particularly in the wind power sector.

In the autumn, we organised a working table in hybrid mode (physical and online meeting) with a leading Italian economic research centre focusing on the relationship between the country's wind power development and the landscape. The round table brought representatives from institutions, academia, associations and business together. Interesting ideas emerged from the discussion on the advisability of prioritising the involvement of territories and landscape protection bodies in the decarbonisation of energy, in particular the Superintendencies.

It is necessary to find the right balance between the need to implement renewables and the consequent transformation of our landscape through the prior identification of any critical issues related to the projects. While guaranteeing the protection of the landscape, a step forward is necessary: to achieve the objectives set, the volume of new installations will have to be quadrupled compared to the trend of recent years, and at the same time, authorisation timeframes will have to be reduced by at least two thirds.

Together with WindEurope, we showed European institutions and operators the opportunities related to the circularity of the wind energy sector, highlighting the possibilities of reuse, recovery and recycling of disused wind turbines.

Together with ANEV - the association of Italian wind energy operators - and the Civita Cultural Association, we announced the winners of the photography and short video competition entitled: "La bellezza del vento. Eolico e paesaggio nella sfida della transizione energetica" [The beauty of wind. Wind power and the landscape in the energy transition challenge], addressed to young professional and amateur photographers and videomakers. The winners were honoured on 26 February 2021 at an event attended by the jurors and the winners via webinar.

In parallel, we participated directly and through the associations in all the most important public consultations that took place in 2021, mainly called by the Energy Authority, the Ministries, the transmission grid operator (Terna), the energy services operator Gestore dei Servizi Energetici (GSE) and the energy market operator Gestore dei Mercati Energetici (GME). Thanks in part to our contribution, the law converting the Simplification Decree 2021 has introduced important simplifications in the repowering authorisation process. Thanks to the regulation, it is now possible to carry out significant repowering works with a simple notification of the start of works to the local authorities, subject to compliance with environmental legislation.

It was also through this dialogue that we were able to share with the institutions the need to complete the equalisation between repowering and new installations, which was then reflected in the end-of-year regulation that allows repowering to participate in RES auctions in the same quotas together with green field projects, without the previous limitations.

ERGLab increasingly international

ERGLab is a think tank-style event organised as a round table developed by ERG in 2014 for the Italian market and subsequently, given the success of the format, launched in France and the UK in 2021. The aim is to create a space for stakeholders in the renewable energy sector to address energy transition issues in various markets and across Europe, without an audience. The ideas and proposals emerging from ERGLab are summarised and shared in a working document on LinkedIn and, in France, on the main French renewable energy trade associations.

This round table allows for an open exchange between representatives of ERG and external experts and the energy sector widely represented by national, regional and local institutions,

developers, service providers, technology manufacturers and trade associations.

Two sessions were held virtually in France: the first - focusing on the importance of renewable energies in the French energy mix - on 11 March and the second - dedicated to biodiversity and onshore wind - on 8 June and 6 July. The events had around 15 participants each time.

In the UK, the first ERGLab was held virtually in November 2021 and focused on the recently concluded COP26 and reflections on the outcome of that conference. The remarks made during the round table were summarised in an article published in the Scottish Herald.

STRENGTHENING ENGAGEMENT WITH LOCAL COMMUNITIES

For us, being present in a certain area does not just mean installing and managing plants that generate electricity. It means developing and taking care of a clear system of relations with the local community and identifying and developing specific initiatives, with and for the local area, fostering the community's widespread social and economic well-being. Therefore, the Group's activities in the reference areas are not only donations to organisations and associations that promote particularly relevant initiatives, but also include a range of actions agreed with the most representative institutions and organisations that make it feasible to share the value of the initiatives with the entire community.

The most significant of such activities coordinated with local communities in recent years include:

- participatory investment. As a pilot case, to carry out the preliminary analysis for a French wind farm, we gave the citizens of the towns near the site the opportunity to participate in the project by investing in mini-bonds created for the purpose;
- community benefits. The development of new wind farms in the United Kingdom also involved agreements for financial support to businesses in the local areas after the plants become operational. To support and contribute to covering the needs caused by the pandemic in the area, we advanced the

disbursement of part of the contributions, enabling the purchase of computer equipment for distance education;

- donations to communities. In Northern Ireland, thanks to contributions of our Evishagaran wind farm in the county of Londonderry, electronic boards have been purchased for primary schools;
- inauguration of new wind farms. These have become opportunities to involve the population, students, and authorities of neighbouring towns in plant tours and training on renewable energy sources;
- the creation of several picnic areas and cycling routes in the wind farm areas. These serve to enhance the landscape in which our plants are located, improve the liveability of the sites and create routes that encourage tourism while exploring the relationship between the plants and nature;
- the implementation of projects to enhance and promote the artistic, cultural and environmental heritage of the places where we are present. These include the project to illuminate the monuments of Militello di Val Catania, the collaboration with Legambiente (Tourist Guide to Wind Parks and Sicily Carbon Free) and the photo contest "La bellezza del vento. Eolico e paesaggio nella sfida della transizione energetica" [The beauty of wind. Wind power and the landscape in the energy transition challenge] carried out by CIVITA and ANEV.

The beauty of wind. Wind power and the landscape in the energy transition challenge

ERG supported the photography and short video contest for young professional and amateur photographers and videographers promoted by Associazione Civita and ANEV (National Wind Energy Association). The aim of the initiative was to tell, through images and videos, how wind power has become a part of our local area over time, reconciling itself with the beauty of Italian landscapes, becoming an integral part of them and also conveying important messages linked to protecting the environment and planet Earth. Wind power, therefore, as a characteristic element of the landscape

and a symbol of energy transition linked to the objectives of decarbonisation of the economy to combat climate change. The aim of the contest was to identify canons and examples in which the combination of wind technology and nature is able to express harmony and beauty. In particular, the photographic images and short videos recounted the cases in which the installed turbines have found their own environmental and landscape integration, enhancing the areas that host them, also in their attractiveness and tourist vocation.



YOUTH, SOCIAL DEVELOPMENT AND CULTURAL ACTIVITIES

As always, in 2021 ERG has again supported a number of activities that fall within the main lines of engagement with the territories and comply with our guidelines:

- support to youth with educational activities on sustainability issues and the development of RES (Renewable Energy Sources);
- A strong impetus to innovation in the area also through "call for ideas" activities;
- Promoting the culture and knowledge of ERG, sustainability and renewable energies;
- Supporting the social development of local communities by leveraging activities related to our core business.

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

The next generation is at the heart of ERG's strategy

ERG believes that the future generations have the task of finalising the transformation we have been initiating in recent years. It is therefore committed to spreading a culture of ethical values, sustainability and the importance of the energy transition with renewable sources at its heart. All this takes the form of a series of events, meetings, lectures in schools and universities with these issues at their core. The aim is to raise awareness on key issues such as energy transition and the need to adopt a sustainable development model.

Second Level Master's Degree in Energy and Sustainability

With great conviction, we contributed to the launch of the first edition of the second-level Master's Degree in Energy and Sustainability (MES) at the University of Genoa, which aims to train a new professional figure in the green economy, who can meet the needs of businesses in the energy sector.

The initiative is the result of a strong impulse by ERG - together with other companies in the Genoa energy sector - and confirms the Group's desire to invest in the younger generations with projects in the local area.

Conference on green leaders

On the occasion of Youth COP26 held in Milan in October, ERG organised the conference "Green Leaders: how ERG's decarbonisation story and the experience of leading companies can guide the path towards neutrality", with a panel of experts, institutions and representatives from the academic world who shared insights, experiences and advice on how to successfully manage the green transition. The panel mainly addressed the young people of the Next Generation.



Vai col Vento!

Now in its eighth year, the "Vai col Vento!" [Go with the Wind!] environmental education project is for students in their last year of secondary schools in the municipalities where the Group's wind farms are located, and includes classroom lessons focused on sustainability, the production of electricity from renewable sources and information on the plants and technologies (wind, water, sun) operated by ERG. Over the years, it has received the moral patronage of the Ministry of the Environment and the cooperation of the General Command of the Carabinieri. The 2021 edition involved around 4,500 students and, due to the pandemic, was held in a virtual format using an e-learning platform.



Festival della Scienza

ERG is a partner of Festival della Scienza [Festival of Science], a specialised event that has been held in Genoa for almost 20 years. This year the Festival took place mainly via streaming, except for some special events. ERG sponsored the conference dedicated to climate change entitled "The Energy Transition cannot wait" and the "M come Matematica" ["M as in Maths"] workshop aimed at raising awareness among the new generations on the importance of science for a sustainable future, in which around 1,200 students took part.

STEM Role Model: a different perspective

ERG's Role Model mentors, women graduates in STEM disciplines, met with students from middle and secondary schools to talk about their experiences and support their choice of scientific paths. 132 students were involved in this activity.

Support for schools for remote learning

In the UK, we supported the local community to provide families in need with IT tools to follow lessons remotely during the pandemic period.

"Call for ideas"



Beyond Net Zero

In collaboration with Talent Garden Genova and the SAFE Master's Degree in Energy Resource Management, ERG launched "Beyond Net Zero", an ideas competition for university students, recent graduates and university researchers, with the aim of finding innovative solutions to help companies towards carbon neutrality and sustainability objectives, involving 38 participants.



ERGLab Italy, France, UK

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

Supporting Social Development



Radura della Memoria

ERG contributed to the construction of the "Radura della Memoria", the new public memorial area inaugurated in March 2021 in Genoa below the San Giorgio Bridge. It is an open and inclusive space, born from the desire to support the rebirth of this area of the city which was heavily affected by the fall of the Morandi Bridge.



The guide to wind farms

ERG participated in the production of the Legambiente Tourist Guide to Wind Farms. The guide discusses the renewable energy plants in territories where wind power is integrated into the different contexts and becomes an opportunity to explore particular areas. 11 wind farms, 11 beautiful and (almost) unknown areas, 11 stories of a possible energy transition model.

Permanent lighting of Militello

As part of its initiatives in favour of the territories, ERG commissioned the study for the permanent lighting project in the historic centre of Militello Val di Catania.



Flying Angels Foundation Onlus Association

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



Mus-e Onlus Foundation








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

Tourist guide to wind farms

ERG participated in the production of the Legambiente "Tourist Guide to Italian Wind Farms". This is the first tourist guide in the world to focus on renewable energy plants in areas where wind power is integrated into the various contexts and becomes an opportunity to explore special areas, off the traditional beaten track and where there are routes to be travelled on foot, by bicycle or on horseback, with beautiful landscapes and historic villages, good and typical cuisine. 11 wind farms, 11 marvellous and (almost) unknown areas, 11 stories of a possible energy transition model that show

how the challenges linked to the affirmation of a new energy culture can also be based on the harmonious relationship between production plants and the areas where they are located, with the consent of the communities and finding innovative and fascinating ways of exploiting local resources. The inclusion of Molise's Fortore Valley represents a concrete contribution to the promotion of an area of great cultural and environmental interest for the purpose of tourism enhancement, in line with the objectives set by the Engagement Pillar of the 2021-2025 ESG Plan.

Promotion of culture

	The Edoardo Garrone Foundation	We support the Edoardo Garrone Foundation, which aims to design and implement educational projects to involve youth in authentic and concrete experiences of active and responsible citizenship. Please refer to the specific section of the document for an in-depth analysis of the activities carried out.
	Fra' Sole Project	ERG supports this project which seeks to make the Sacro Convento di San Francesco di Assisi complex sustainable. ERG also provides the monumental complex with a 100% green and "zero km" electricity supply.
	"Urban Re-Generation" Project	Promoted by Confindustria Umbria, this project aims to develop the area and initiatives that promote sustainable development. It involved eight prominent local companies, which constitute the founding core of the first "Italian District of Sustainability, Circular Economy and Urban Regeneration".
	Sicilia Carbon Free	ERG supported the 2021 edition of Legambiente Sicilia's "Sicilia Carbon Free" campaign dedicated to spreading the principle of energy efficiency and providing correct information on renewable energy sources
	INDA Onlus Foundation	ERG renewed its support for the INDA Foundation which organises shows of ancient Greek tragedies at the Greek Theatre in Syracuse.
	Fondazione di Partecipazione Umbria Jazz Onlus	ERG supported the Umbria Jazz 21 event as an official sponsor, confirming its four-year partnership with the Umbria Jazz Foundation
	Stelle nello Sport	We have supported "Stelle nello Sport" (22 nd edition) since the very first edition. The project promotes the values of sport to an ever-growing segment of the population in Liguria. It is aimed in particular at youth and schools with an emphasis on lesser-known media disciplines, support for Paralympic sports and fundraising for the Gigi Ghirotti Association in Genoa.

CONTRIBUTIONS TO LOCAL COMMUNITIES

CONTRIBUTIONS TO LOCAL COMMUNITIES (k Euro)	2021		2020
	Group	W&S	Group
Royalties recognised to local communities for the presence of wind and solar plants in Italy	7,880	7,880	4,200
Support to local communities in relation to the Covid-19 emergency	0	0	1,020
Support to local communities in relation to the collapse of the Morandi Bridge	0	0	400
Sponsorships	326	305	437
Other donations	597	520	924
TOTAL CONTRIBUTIONS TO LOCAL COMMUNITIES	8,803	8,705	6,981
Revenues	1,232,000	590,000	974,000
COMMUNITY SHARE IMPACT ON REVENUES	0.7%	1.5%	0.7%

INVESTOR RELATIONS AND FINANCIAL COMMUNICATION

Ensuring transparent, comprehensive and timely communication with the financial community, in full compliance with the regulations governing the disclosure of price-sensitive data: this is the objective that guides all Investor Relations activities. In fact, this department has always been engaged in constant dialogue with financial operators, investors (both institutional and retail) and anyone interested in receiving information about our Group. Analysts and investors need to understand the strategies and analyse the financial and operational results of the company in order to be able to elaborate their valuation models and estimates and make their investment choices.

With the industrial transformation of fossil fuels into renewables, our company is also concluding a complex process of asset rotation, aiming for a pure Wind & Solar business model and greater geographical diversification.

The Investor Relations section of our website www.erg.eu has all the information on financial results and business plans, and conference calls can be followed via webcast, during which top management presents the quarterly results live. On the occasion of Investor Day 2021, we also launched the "ERG Investor Relations" app: this tool allows to stay always up-to-date in real time, accessing information in a simple and immediate way thanks to more dynamic and easier use than the institutional website. Finally, anyone interested in our Group can contact the Investor Relations department through a dedicated e-mail address (ir@erg.eu).

The most effective tool for relations with the financial community is undoubtedly roadshows and meetings, during which analysts and investors can better understand the company's strategic lines and financial and business objectives, talking directly with Investor Relations and the Group's Top Management.

Due to the continuing Covid-19 emergency and the resulting restrictions on mobility, almost all meetings were again held digitally in 2021, which on the one hand avoided travel and trips and thus had a positive impact on the environment by reducing emissions, and on the other hand reached a wider range of participants than in face-to-face meetings. The agenda was therefore quite full: in 2021, Investor Relations and the company's Top Management met with a total of around 180 investors from the main financial centres in Europe (Milan, Paris, London, Frankfurt), the US (New York and Chicago) and Australia (Sydney).

In addition to business prospects, investors' attention is also increasingly focused on ESG issues such as an active role in the energy transition, concrete commitments to the circular economy, D&I strategies, work-life balance through remote work, ways to involve local communities and a robust governance system. The relevance of ESG issues is even more evident in the number of meetings with SRIs (Social Responsible Investor), i.e., those who base their choices on the assessment of environmental, social and governance (ESG) criteria. In 2021, as many as 44% of the companies encountered were SRIs who analyse the company on the basis of ESG indicators. This percentage testifies, in general, to the growing relevance of sustainability issues also in the financial sphere, and in particular to the interest and appreciation aroused by ERG's ESG Plan published in May 2021 and updated on 15 March 2022.

Lastly, it should be noted that investors' approach to ESG issues is based on a demand for transparent information, to avoid the so-called "greenwashing" phenomenon. The implementation of the EU Green Taxonomy and the Sustainable Financial Disclosure Regulation (SFDR) will be decisive in this regard, as a clear set of rules to define which activities or investments can be considered green.

Italian Sustainability Week 2021

At the end of June 2021, ERG participated in the fifth edition of Italian Sustainability Week. The event is organised by Borsa Italiana to bring SRIs together with companies that have adopted a sustainable development model.

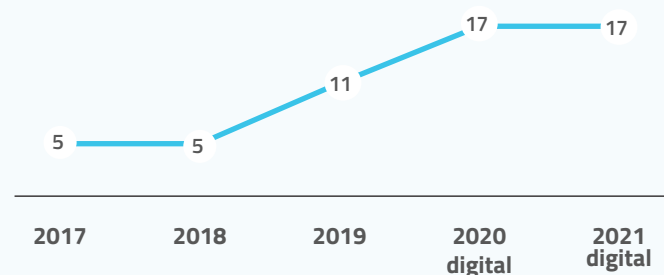
Held digitally, the event was attended by 60 listed companies active in 17 different sectors. The participating companies included 14 issuers of Green Social and Sustainable bonds listed on the bond markets of Borsa Italiana.

ERG met 17 investors, in line with 2020 but well over three times the number of the first edition in 2017. There was also increasing interest from foreign investors, who accounted for about 30% of the meetings.

During the meetings, ERG was able to illustrate its sustainable growth strategies and underline its commitment to pursuing the objectives of the ESG Plan approved in May 2021.

Investors particularly appreciated ERG's ongoing transformation to a pure "wind & solar" business model and its commitment to value creation based on a sustainable business model.

Sustainability day - No. of meetings for ERG



A NEW APPROACH TO EXTERNAL COMMUNICATION

The year 2021 was one of major changes for ERG: the launch of the 2021-2025 Business Plan and the new ESG Plan, together with the new reorganisation and the move towards a "pure wind & solar" model, represented major changes for our stakeholders. The scenario in which we operate has also been subject to change, with unprecedented high energy prices making it increasingly clear that we need to meet and overcome the challenge of decarbonisation. External communications therefore focused on conveying the evolution of our business in a correct and comprehensive manner, enhancing the image of a Group capable of creating sustainable value for the communities in which it operates and its leading role in

the energy transition.

The pillar of our strategy is the purpose "we are #SDGsContributors", which is instrumental in consolidating ERG's reputation both nationally and internationally and in disseminating the messages of the Strategic Plan and ESG Plan.

To make this message more effective, the Group has concentrated its efforts on the continuous evolution and innovation of its external communication channels and on enhancing relations with the press, adopting a direct and informative approach to users with particular reference to the younger generations. This was complemented by a focus on employer branding content, the internationalisation of the Group and the development of activities abroad.

The new approach to social media

ERG made great strides in the digital storytelling of its identity in 2021. The greatest effort was made in the continuous and proactive search for new communication tools to increase the involvement of the online audience. We have been able to take inspiration and benefit from the novelties offered by the digital world, approaching the ways of use of the new generations. ERG was thus able to give an accurate account of its industrial activities through an innovative narrative, with the main aim of consolidating the Group's reputation as an international pioneer and protagonist in the energy transition. ERG also committed itself to looking after and spreading its image

at an international level through greater use of the English language and giving voice to the needs of the main foreign reference markets, enhancing its activities and interacting with institutions and local communities.



The story of ERG told through podcasts

In July 2021, we launched ERG's first podcast series: "ERG - Always a step ahead". The project aims to raise awareness of the company's history, its path of transformation, highlighting the Group's ability to stand by Italy in every moment of need: from oil refining to the production of clean energy from renewable sources, ready to accompany the country under the banner of transformation and sustainable growth.

The podcast is an increasingly popular means of communication in Italy and worldwide, and can count on unique characteristics: its

listeners are united by the desire to learn about a topic in depth through more intimate and direct forms of communication, maintaining a much higher threshold of attention than that reserved for watching video content or reading a text. This allows companies to deliver corporate messages more successfully and effectively.



ERG

DA SEMPRE UN PASSO AVANTI

In April 2021, the publication of the new institutional website www.erg.eu and the launch, on the occasion of Investor Day 2021, of the "ERG Investor Relations" app to provide constantly updated news and figures about ERG in real time, were the first two significant steps in the Group's renewed communication strategy. New tools for a public increasingly attentive to information from energy transition players.

The commitment to promote ERG in foreign markets guided the year's activities, particularly in France and Scotland, where our development projects will be concentrated.

We promoted our strategy, our people and our activities towards a clean energy transition in France through the new website www.ergfrance.fr, and in Scotland through a partnership with a local newspaper.

The significant appreciation of our digital tools was also replicated on the social media front, with the official LinkedIn profile

surpassing the 40,000 follower mark. On the Instagram channel, we have also devoted constant research to the innovation of content exposure following constantly evolving communication trends: this includes the first podcast series "ERG always a step ahead" dedicated to the Group's history and how it has accompanied that of our country.

As far as press office and media relations activities in Italy are concerned, we have shifted the focus of the strategy to the press relations aspect, with excellent results in terms of organic output: more than 4,000 articles were published on ERG.

In a year still heavily affected by the consequences of the Covid-19 pandemic, ERG's participation in industry exhibitions in Italy and abroad was severely limited, although it did attend the main events that had physical editions.



The new ERG website

Our new website went online in April: ERG has thus taken a further step in the process of digital evolution which in 2020 saw the launch of the new intranet and which focuses on innovation and excellence in increasingly transparent and interactive communication with all our stakeholders.

The new website was designed for "mobile first" browsing and allows us to recount the story of ERG's role as a pioneer and protagonist of the energy transition with a new graphic look, placing the ESG strategy that is increasingly integrated with the business strategy at the centre of the narrative.

In parallel with the new www.erg.eu website, we have launched the new "ERG Investor Relations" app: a dynamic, easy-to-use tool that allows rapid consultation of ERG information and documents, as opposed to the more complex browsing of the institutional website.



The new ERGFrance website

June saw the launch of the new website www.ergfrance.fr, which describes our presence in France, our activities and the projects we are developing. This digital platform - graphically aligned with the new www.erg.eu website - is also designed "mobile first" and addresses all stakeholders in French; it is inspired by the best European practices in terms of digital communication, through a strong visual impact.



Webranking Italy 2021 - ERG still in the top 10

As regards the 2021 edition of the "historic" Webranking Italy, the research on corporate communication that aims to promote the transparency and completeness of online information of listed companies, ERG was placed in eighth position, with 80.8 points, and was indicated as one of the best performing companies in the sustainability area for the clear and detailed presentation of its ESG strategy, being one of the most frequently present companies in the Italian top 10 during the 20 editions of the analysis.



People

Our key figures

98.8%
employees with
permanent contract

23.3%
female employment

6.2 days
of training
per employee

PEOPLE



"Working towards sustainability goals in a company that has a clear green identity in its business is a commitment to be proud of. A commitment that can be summed up in one word: respect. Respect for the environment, respect for the future and respect for people. At ERG we strive daily to create an increasingly inclusive environment where diversity is valued".

Giorgio Coraggioso
Human Capital & ICT

THE REFERENCE CONTEXT

Still characterised by the Covid-19 pandemic, the year 2021 saw the emergence, now more than ever, of the importance of certain social issues involving businesses and their relationships with their people: In particular, the following have become necessary:

- an open and inclusive working environment to attract, develop and retain talent;
- highly specialised and innovative training to develop the skills that will be needed in the future;
- remote-working as a new way of working that allows companies to offer flexibility to support work-life balance, gaining a competitive advantage and attracting new talent.

In our more than 80 years of history, we have faced innovative and sustainable evolutions and growth processes, mainly thanks to our

people. We believe that every single person makes a difference and that every talent is valuable to continue to grow as a Group capable of generating innovation for the entire community. We attribute great importance to our people because of the fundamental role they play in the development and management of our business. They represent Human Capital characterised by talents, skills and relationships.

This is why we invest in a stimulating and productive working environment, in which everyone can express themselves to the best of their abilities and improve their skills.

The principles guiding our approach to our people are described in the Group Code of Ethics, the Sustainability Policy, the Human Rights Policy and the Diversity and Inclusion Policy.

THE NEW 2022-2026 ESG PLAN

The year 2021 was one of major changes and developments for ERG, with a reorganisation and presentation of the new Business Plan. Following the start of the divestment of the conventional, hydroelectric and thermoelectric generation sources, on 15 March 2022 ERG presented the update of its 2022-2026 Business Plan and ESG Plan, becoming a pure renewable operator and giving further impetus to the growth of the renewable generation portfolio. Within the Group's evolution, the focus on people has been further confirmed through the objectives of the People pillar of the ESG Plan. A new organisation and targeted skills upgrading will support the new plan, which will continue to be characterised by a close integration of business strategy and ESG objectives.

In particular, in the People pillar of the new 2022-2026 ESG Plan we will work on four main lines consisting of two areas of strategic priorities (ERG Academy for Our People and Diversity & Inclusion) and two areas where the objectives refer to continuous improvement projects already underway (Employees' well-being and Health & Safety).

ERG Academy. We have defined employee growth programmes with objectives for 2026 that focus on both defining individual development plans (for at least 80% of ERG People) and internal training activities (for 100% of our people).

Diversity & Inclusion. In 2021 we took important steps to create a more international and inclusive ERG. We approved the D&I Policy

that underpins how we do business and act on a daily basis. As part of the ESG Plan, we have set ourselves a number of goals to promote gender equality and foster greater internationalisation of our company. In fact, we have the objective of increasing the

 PEOPLE 	
2025 TARGETS (old plan)	2026 OBJECTIVES
7. Agile Transformation: <ul style="list-style-type: none"> - 75% of employees with personal development plans - 100% of employees involved in up-skilling and re-skilling plans 	8. ERG Academy for our People: <ul style="list-style-type: none"> - 80% of employees with personal development plans - 100% of employees involved in training plans
8. Diversity & Inclusion: <ul style="list-style-type: none"> - > 20% women among key leaders (Managers and Senior Managers) - > 15% key leaders abroad 	9. Diversity & Inclusion: <ul style="list-style-type: none"> - ≥ 20% women among key leaders (managers and senior managers) - ≥ 20% key leaders abroad - ≥ 25% women in staff - D&I Certification
9. Health & Safety, always: <ul style="list-style-type: none"> - No workplace deaths, FI<2, SI<1 	10. Employees' well-being: <ul style="list-style-type: none"> - Flexible benefit Plan - Solidarity Holidays Programme extended to the whole Group - post Pandemic remote working
	11. Health & Safety, always: <ul style="list-style-type: none"> - No workplace deaths, FI<4

percentage of women among Key Leaders to at least 20% by 2026 and we will work towards having 20% Key Leaders in our international offices by the end of the plan. Furthermore, we intend to reach at least 25% of women within the ERG Group and we also aim to obtain a Diversity & Inclusion certification.

Continuous improvement in the **People area**. We will continue to ensure high international HSE standards for a safe working environment in terms of both the health and safety of all people.


The objectives relating to **"Employees' well-being"** are to achieve a better work-life balance: we want to export our "solidarity leave" model abroad in order to make a concrete contribution to people in need; we have defined a flexible benefits programme to be implemented in the ERG Group starting in Italy and we will guarantee our people the option of continuing to work remotely once the emergency state dictated by the pandemic has ended.

RESULTS ACHIEVED IN 2021

We made progress on Diversity & Inclusion in 2021 with the approval of the D&I Policy and the increase in the percentage of women among Key Leaders (14% @2021 vs 9% @2020). ERG's desire to create an international and inclusive environment where everyone can express and bring out their talent is confirmed as well. Consistent with the MBO objectives set for the year, which envisaged raising the proportion of women in the workforce in order to create a base from which new managers could grow, 60% of new recruits for the year were female.

Activities related to the Agile transformation objective will be implemented from 2022 onwards.

Lastly in the HSE area, we worked to further increase the culture of workplace health and safety and predictive safety, another element that was incorporated into the MBO system for the year. The frequency index – which calculates the number of employee and contractor injuries in relation to the hours worked – remained substantially in line with 2020 despite the significant increase in hours worked (+30%). In 2021, the total frequency index (internal + external workers) stood at 2.39 (vs the target 2.95), while the total severity index was 0.09 (vs target 1.00).

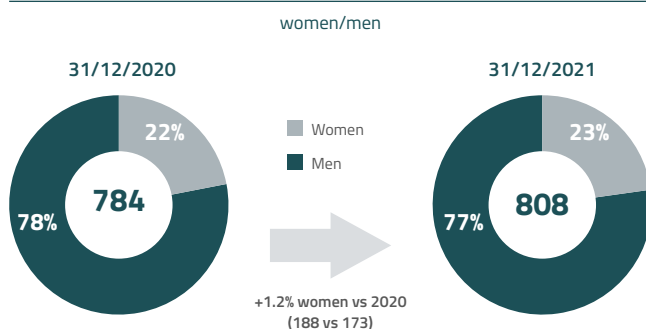
PEOPLE	
	<p>Agile Transformation</p> <ul style="list-style-type: none"> Planned activity for 2022 <p>Diversity & Inclusion</p> <ul style="list-style-type: none"> 14% women among key leaders 8% key leaders abroad 60% women in workforce increase D&I Policy Approved Role Modelling programme launched <p>Health & Safety, always</p> <ul style="list-style-type: none"> FI=2.39 (target 2.95) SI=0.09 (target <1)

In addition to the specific objectives reported above, ERG continued to implement a set of activities to ensure the proper management of its people.

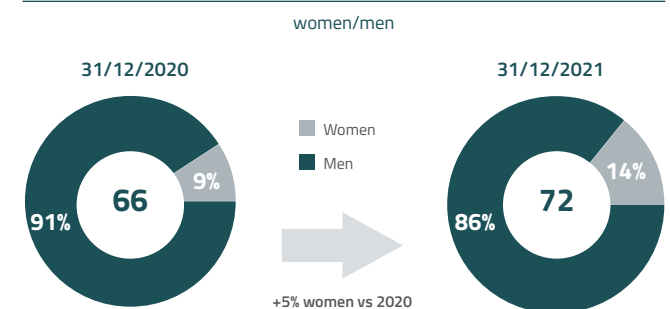
In the following pages, we report on the most common aspects we continue to carry out for the continuous improvement at the heart of how we do business.

In particular, we will provide details on the People governance system, the talent attraction process, remuneration policies and the relative monitoring of differences in pay, welfare and well-being projects for our people, development and training programmes, and labour relations.

TOTAL WORKFORCE



KEY LEADERS - MANAGERS AND SENIOR MANAGERS



GOVERNANCE IN THE CONTEXT OF PEOPLE

Human resources (HR) governance is carried out through two approaches: the Human Capital Committee and the Supervisory Body established in accordance with Italian Legislative Decree no. 231/2001.

The Human Capital Committee is tasked with:

- defining and monitoring the main development programmes of our people, such as career plans, talent identification and management, training, leadership models, monitoring and implementation of Diversity & Inclusion policies;
- providing support to the Executive Deputy Chairman and the Chief Executive Officer in decisions on strategies that determine the value of our Human Capital;
- monitoring the implementation of the Human Rights Policy, D&I Policy and managing any reports on non-compliance.

During 2021, the committee met six times with 100% participation of its members. The main topics covered were: Human Capital development: Watchlists and Manager Pipeline and Senior Manager Paths, Succession plan, Performance Management, Managerial

feedback, D&I project. There were no reports of non-compliance with the principles contained in the Group Policies in 2021. The Supervisory Body established in accordance with Italian Legislative Decree no. 231/2001, in its role as Ethics Committee, monitors the proper application of the Code of Ethics specifically concerning the respect for human rights, equal opportunities and related topics. It also manages any reports on these issues it receives via the communication channels made available to all employees and also third parties, in particular by post and a dedicated email address.

The management of relations with the social partners is delegated to the HR Department which reports, with regard to strategies and results, to the Chief Human Capital & ICT Officer.

We handle all relations with employees, with the collective representatives of the employees and with the trade unions in compliance with the applicable regulations in all the countries where we do business, guaranteeing the correct application of the National Collective Labour Agreements for the sector in question.

TOTAL: 808

 **620** (76.7%)

 **188** (23.3%)

FRANCE
68 (8.4%)

ITALY
688 (85.1%)

UK
5 (0.6%)

GERMANY
37 (4.6%)

POLAND
6 (0.7%)

ROMANIA
3 (0.4%)

BULGARIA
1 (0.1%)

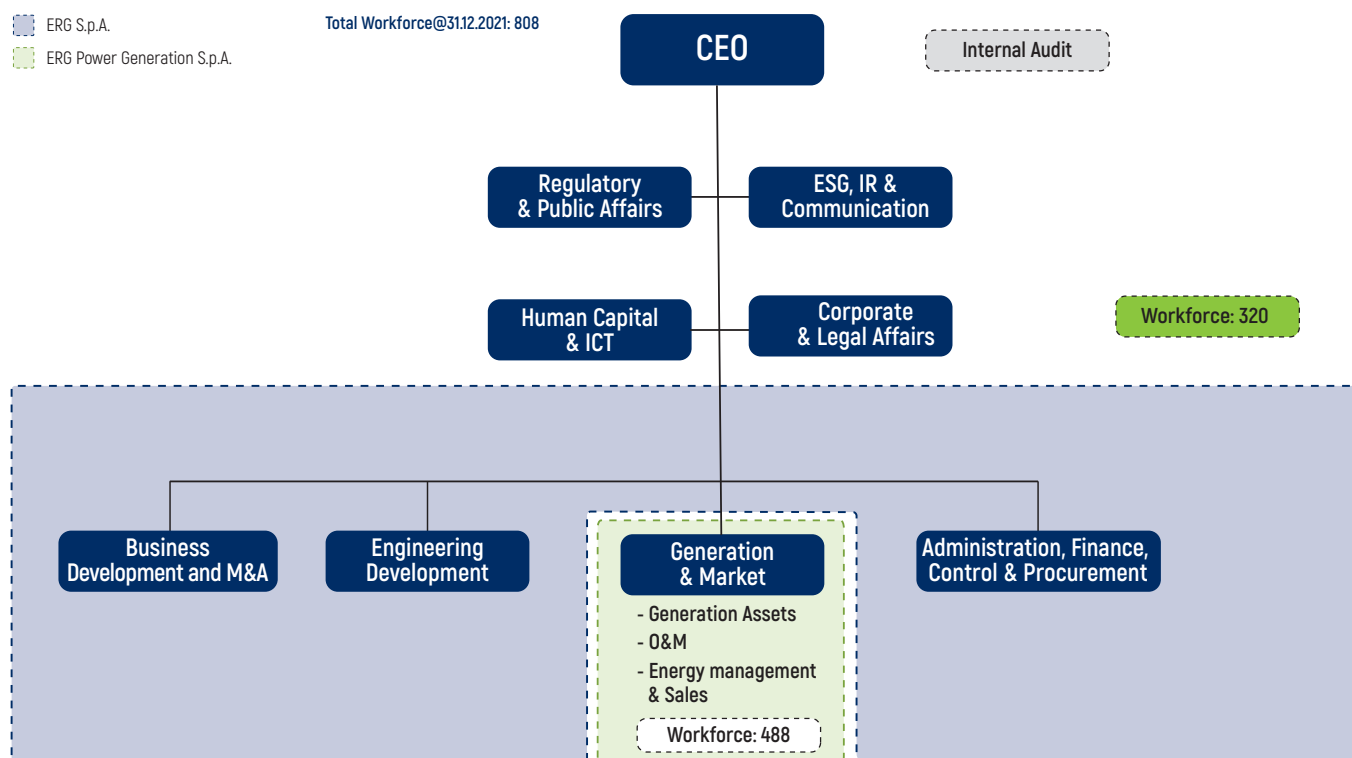


ORGANISATIONAL MODEL

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

- ERG S.p.A. – Corporate – which provides strategic guidance, is directly responsible for business development processes¹ and ensures the management of all business support processes. Following the organisational changes that took place in April 2021, the company has been organised into the following areas:
 - Business Development and Mergers & Acquisitions
 - Engineering Development
 - Administration, Finance, Control & Procurement
 - Human Capital & ICT
 - Regulatory & Public Affairs
 - Corporate & Legal Affairs
 - ESG, IR & Communication

- ERG Power Generation S.p.A., which is assigned responsibility for the Group's industrial and commercial processes, is organised into:
 - Wind, Solar, Hydro and Thermo generation technologies (the latter two to be decommissioned starting from 2022), which in turn are organised into production units on a geographical basis;
 - Energy Management & Sales, as a single entry point to organised markets and clients/counterparties;
 - a centre of technological excellence in process engineering;
 - a structure dedicated to managing health, safety and environmental protection issues for the entire Group.



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

HUMAN CAPITAL MANAGEMENT AND DEVELOPMENT

Human Capital Management and Development are guided by two pillars that support the achievement of company results:

- Organisational Development: organisational model, processes, roles and responsibilities aimed at managing and developing ERG;
- Talent Management: recruitment and selection, leadership development, performance, rewarding skills, talents, motivation, and succession planning.

Cyclically, we define our Leadership Model to relate with people on “how” to achieve results through values, skills and behaviours that

also drive career development within the Group. The current model was defined by the Human Capital Committee to support our 2018-2022 Strategic Plan and confirmed during the definition of the new 2021-2025 Plan.

The processes that drive the development of Human Capital implement the Leadership Model as individual and collective operational plans and can be managed through a portal that everyone can access from the day they are hired.

In line with this approach, we suggest a “holistic vision” of individuals.



In so doing, People Managers are encouraged, through the various Talent Management processes, to “observe” and interact with their staff, focusing on performance, skills, development potential, and motivation.

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

In short, talent is the key to achieving extraordinary results naturally and passionately; this is why we offer paths to recognise it, use it and develop it to grow together with ERG. It is a founding element of diversity in the Group precisely because it is an individual characteristic.



Career management and leadership development

The “career system” ensures Selectivity, Sustainability, and Equity through a path that goes through several positions:

- Specialist
- Professional
- Manager
- Senior Manager
- Director

The promotion process is led and shared by the Human Capital Committee, which annually defines the tasks and commitments of candidates who may be appointed Manager and Senior Manager in the following three years, and progressively monitors the growth of their results in such processes. In 2021, there were ten Manager appointments (of which 40% were women) and six Senior Manager appointments (of which 33% were women).

PERFORMANCE & REWARDING

Performance Management is based on the definition of annual objectives defined according to a drop-down logic along the organisational structure and the consequent measurement of the results achieved during the year. We set annual targets for the CEO's first line and then for collaborators. The objectives are corporate and/or individual, and involve an alignment meeting at the beginning of the year and a review at the end of the year to capitalise on what we can learn from the past year.

In 2021, 408 people were involved in individual goal setting processes, amounting to 50% of the average workforce (66% excluding the blue-collar category).

Rewarding system

Our work is based on a solid principle: to guarantee equal opportunities of economic recognition to all people, each according

to their respective characteristics and professional skills, applying strict policies and procedures to prevent any discriminatory behaviour.

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

- we seek **Equity** by benchmarking remuneration in the relevant markets, also taking into account input from external stakeholders;
- we pursue **Sustainability**, understood as the optimum balance between individual aspirations and the financial means of the company;
- we encourage **Selectivity**, developing high performers and recognising market conditions for normal contributors.

The new remuneration of Top Management

For 2021, the remuneration of Executive Directors was reduced by an average of 18% compared to the remuneration awarded by the outgoing Board of Directors to the previous Executive Directors (or those holding special offices).

Proposed by the Executive Deputy Chairman in agreement with the other Directors, the reduction was requested for reasons relating to

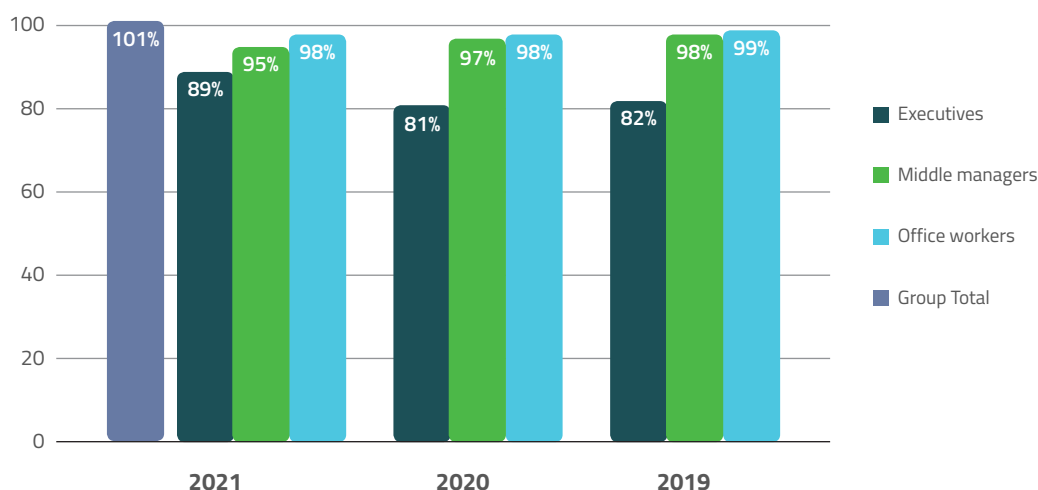
social and economic sustainability, participating in the difficulties of the community during the pandemic and reducing the remuneration gap between the Board of Directors and the workforce. In addition, it was proposed that such savings could be reinvested in policies aimed at retention and retraining ERG Group staff and in policies for hiring new graduates.

Equity at the heart of the pay system

Analysing the data at category level, the difference in salaries remained stable for managerial positions and slightly decreased for middle managers and office workers, mainly due to the inclusion of female junior staff.

The tables depict the salary gap, broken down by homogeneous qualifications, of the average salary of women compared to that of men at the overall Group level.

Gender Pay Gap - Group



Details are given for the categories where women are present (therefore Executives with strategic responsibility and Blue-Collar Workers are excluded).

Considering all the Group employees, the average salary level is substantially aligned between the two genders (the average salary for women is about 1% higher than for men).
As far as Italy is concerned, the analysis of the minimum wage level by category and gender with respect to what is established by the

National Labour Agreements shows entry wages in line with the values established by the National Collective Labour Agreements. The change in management salaries is a consequence of updating the minimum contractual remuneration.

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

Qualification	2020		2020		Change 2021/2020	
	Women	Men	Women	Men	Women	Men
Key Management Personnel	0%	242%	0%	311%	n.a.	-69%
Executives	128%	145%	118%	145%	10%	0%
Middle managers	123%	127%	130%	131%	-7%	-4%
Office workers	119%	122%	121%	123%	-2%	-1%
Blue-collar workers	0%	112%	0%	112%	n.a.	0%

Difference between minimum ERG Group Italy pay and applicable National Collective Labour Agreements

Qualification	2021		2020		Change 2021/2020	
	Women	Men	Women	Men	Women	Men
Key Management Personnel	0%	188%	0%	175%	n.a.	13%
Executives	110%	106%	118%	102%	-8%	4%
Middle managers	107%	101%	114%	106%	-7%	-5%
Office workers	111%	112%	111%	114%	0%	-2%
Blue-collar workers	n.a.	100%	n.a.	100%	n.a.	0%

Generating results and sharing success

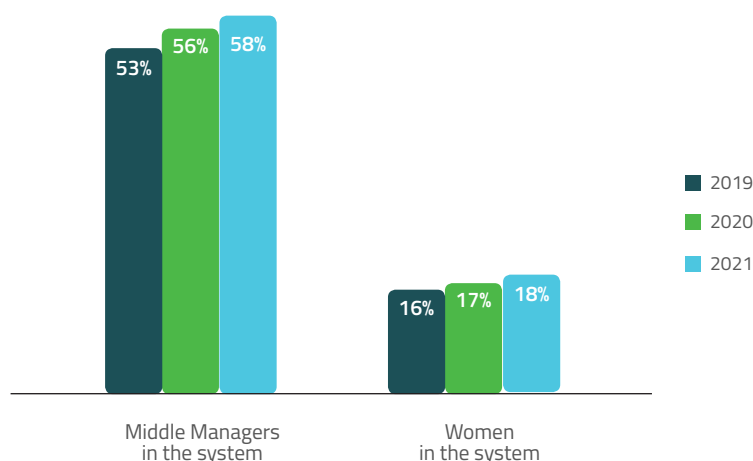
ERG has long since initiated a process of integrating sustainability into its business activities and into the definition of its medium/long-term strategies.

In 2021, with the launch of the 2021-2025 ESG Plan, sustainability objectives have become an integral part of the objectives of the short-term (MBO) and medium/long-term (LTI) incentive systems: all beneficiaries of the systems, in addition to components based on the Group's objectives and growth or personal objectives, are also

remunerated based on the achievement of common sustainability objectives defined in line with the ESG Plan, which are composed of the four objectives linked to the Plan's sustainability pillars: Planet, Engagement, People, Governance.

In 2021, the Chief Executive Officer, all Executives and Managers and 58% of Middle Managers participated in the short-term incentive system. The number of women increased by 17% from 2020, and represented 18% of participants in the incentive system. The **short-term** incentive is dedicated to the CEO, Executives and





People involved in the incentive system



a selected population of technicians: 20% of the total variable remuneration for the CEO and 10% for the other participants. The system is based on a Management by Objectives approach in which the chosen balance between Group Economic, Group

Sustainability and individual objectives has been defined to further support the development of leadership and individual initiative with a view to sustainable success. The clawback clause is provided for all beneficiaries.

Sustainability objectives in short-term incentives

Indicator weight	Pillars	Objective
25.0%	Planet 	Circular Wind: reblading recovery of materials and/or energy
25.0%	Engagement 	Contributions to communities of the Evishagaran and Craiggore wind farms (UK)
25.0%	People 	12.5% Predictive safety: HSE Severity Index <1 and improvement of the Frequency Index (internal + contractors)
		12.5% Incidence of women in workforce increase
25.0%	Governance 	Suppliers engagement in continuous improvement process. Rating review IV Quarter 2021: increase in average scoring of strategic suppliers

The results achieved in 2021 are in line with the targets defined by the remuneration system.

Sustainability	Unit of measurement	Result	Minimum 80%	Target 100%	Cap 120%	Result 2021	Result total
Planet: Circular Wind	%		<div></div>			120%	119%
Engagement: contributions to the communities of the UK wind parks	Time and quantity	2 parks by 12/21	<div></div>			120%	
People HSE	Index	FI 2.39 SI 0.07	<div></div>			112%	
People D&I: increase in female workforce	Index	60%	<div></div>			120%	
Governance: Sustainable Procurement	Index	55.8%	<div></div>			120%	

The Medium/Long-Term Incentive System is defined in line with the objectives of the 2021-2025 Business Plan and its time horizon corresponds to the three-year mandate of the Board of Directors.

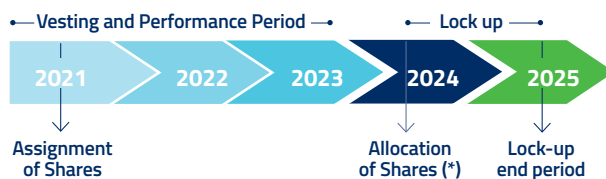
The 2021-2023 Performance Share Plan is intended for the Chief Executive Officer, the Executive Deputy Chairman, the Directors and a small population of Senior Managers defined on the basis of the levers that can be used to achieve the Business Plan. Therefore, the system supports the strategy and ensures the company's sustainability over time, encouraging management to achieve strategic results in line with the objectives of the Business

Plan, fostering sustainable success.

The Plan involves the allocation of a pre-established number of ordinary ERG shares. The shares are assigned at the end of the three-year vesting period if a predetermined Group EBITDA (earnings before interest, tax, depreciation/amortisation and impairment losses) target is met for the 2021-2023 period. The number of shares will be increased or decreased by ±10% depending on the level of achievement of the Sustainability Objective consisting of specific indicators defined in line with the ESG Plan.

At the end of the vesting period, 25% of the shares allocated will be subject to a lock-up period, equal to eight months, during which

these shares are subject to a restriction of non-transferability. The plan includes a clawback clause.



(*) In the case of achievement of the performance objective.

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

Lastly, for all employees in Italy covered by the National Collective Labour Agreement (NCLA) for Electrical Workers, ERG has

implemented a "Result Bonus", established by the NCLA, based on the performance of company profitability (50%) and productivity (40%) parameters, and a "Green Pay" parameter (10%) linked to Sustainability objectives, measured in relation to objectives agreed annually between the company and trade union representatives.

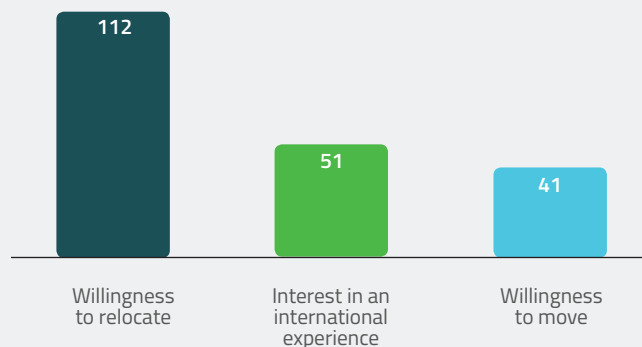
Internal mobility

"Experiences" are one of the pillars of the Group's professional and managerial growth system. We use Job Posting to gather internal applications and link individual aspirations with opportunities arising from the company's growth. In addition, through the People Portal, we invite people to reflect on their growth prospects and specify their aspirations for the next three years.

In 2021, the appointment of the new CEO and the consequent reorganisation of the Group's macrostructure, together with the organisations aimed at rearranging the Group towards a pure Wind & Solar model, led to the definition of new organisational roles, affecting all organisational units and generating 24 individual changes.

Design your future

ERG asks each person to reflect on their career aspirations, willingness to relocate and to share their expectations with the company. In 2021, this opportunity was seized by 112 people, of whom 51 said they were interested in an international experience, 41 with a willingness to relocate.



Career & Succession Plan

Internal career dynamics are driven by the Management Team, Human Capital and the Human Capital Committee, but in keeping with self-responsibility, each person is invited to share their professional aspirations via the talent management portal. ERG monitors the possibility of filling roles through the Succession Planning process on an annual basis, which involves both the Human Capital Committee and the Nominations and Remuneration Committee. With the support of the Group's Senior Managers, possible successors to key or critical organisational positions are mapped out. In doing so, we can develop replacement plans for the

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

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

**Next Generation:**

- Digital training platform available to schools
- Sponsorships to involve foreign students
- Interactive exhibitions
- Plant visits
- School excellence programmes

**Our People**

- YOULearn
- 80% of employees with Personal development plans
- Redefining the Employee Journey (@2023)
- Digital upskilling (Digital mindset & Workplace)
- Tutorship/Mentorship and Social Learning courses
- 100% of employees with personal professional development programmes

**Partnership with Universities**

- UniGE "Sustainable Energy" Master's
- Projects and partnerships with schools and universities
- Hackathon
- POLIMI PhD (on recycling composite materials)

Life-long learning

Investing in personal and professional development through training is one of our priorities.

The training activities are grouped into five basic lines:

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

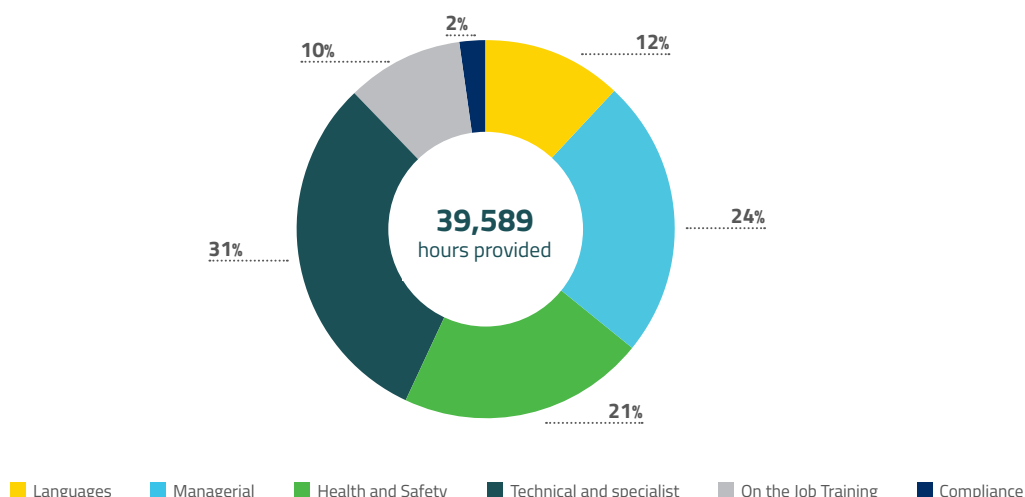
A total of 39,589 hours of training were provided in 2021, a 34% increase compared to last year. Employees attended 48 average

per-capita hours, equal to 6.2 days, an increase compared to 4.9 days in 2020.

97% of people participated in at least one training event, a 95% increase compared to 2020.

The new regulations on pandemic management allowed for the partial resumption of in-person activities. In particular, technical/specialist and safety training took place mainly in person, while management and language training remained remote.

The increase in technical and specialist training is due to upskilling and reskilling programmes and the introduction of new resources.



Pension plans

According to current legislation, workers can voluntarily join the pension funds, both private or national - according to the category to which the company adheres to -, following the procedures provided by national legislation and national collective labour agreements.

The mechanism of the Italian negotiation fund provides that, in

case of adhesion, the severance indemnity and the percentage contributions established by the employee and by the company are paid to the fund. The participating employee may voluntarily decide to increase his contribution at his expense.

The management of the fund is entrusted to the persons in charge and does not fall under the responsibility of the ERG Group.

You Learn: grow your energy

ERG involves every person in management training regardless of their role, professional seniority, personal background, business sector, work location, and contract hours. Everyone is invited to choose which training courses to participate in from a catalogue, subject to authorisation by the People Manager. Management training has multiple objectives:

- to learn the values, skills and behaviours of the Leadership Model;
- to train one's skills;
- to create opportunities for discussion and exchange with people from across the Group;
- a space for valuing diversity and training to be more inclusive.

In 2021, alongside the leadership development programmes, initiatives on Diversity & Inclusion were strengthened and courses and seminars on Learning Agility, Multiculturalism and Digital Mindset were developed.

A total of 168 management training sessions were carried out, in which 522 people participated. Hybrid working has become routine; the first part of the year focused on consolidating and disseminating

what was learned in 2020 in terms of digitisation of activities and remote interaction. The Evolving Talks were maintained: frequent in-depth meetings held during the pandemic alongside the more structured training courses with multicultural classrooms that cross geographical and role boundaries, 100% of which are delivered in both Italian and English. 26% of the participations were in English or French.

In order to share knowledge and also to accompany the Group's cultural evolution, in 2021 some training courses focused on hybrid work and economics were generated and managed by internal teachers. Overall, 18% of the management training hours were led by internal trainers.

Knowledge sharing, organisational transversality and the commitment to disseminate the Franklin Covey Model within ERG are the factors that unite all the people who are part of the Seven Habits Expert Community. 125 people who have completed the training have obtained the Internal Expert Certification, and regular meetings have been held since 2019 to discuss the model and plan initiatives to accelerate the spread of the habits we have linked to our Leadership Model.

Evolving Talks

The Evolving Talks started in the first weeks of the pandemic emergency to offer people new approaches to self-organisation, communication and remote teamwork.

The format includes innovative in-depth discussions lasting about 90 minutes, with question and answer sessions and individual reflection to transform the learning generated by the meeting into small actions.

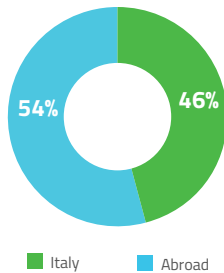
In 2021, the format proved to be timely and useful, and 51 meetings were held focusing on virtuous and innovative behaviours linked to our Leadership Model and in-depth studies on sustainability linked to the ESG plan, such as Hybrid Work, Diversity & Inclusion, COP26. The meetings are recorded and made available to all colleagues in the learning area of the development portal.

THE SEARCH FOR NEW TALENT

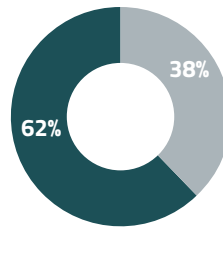
Bringing in people from outside is one of the key channels for ERG's reskilling. 74 people joined the ERG Group in 2021, 65% of whom came from direct applications, networking or ad hoc meetings at universities or schools of higher education, and the remaining 35%

with the support of a headhunter. In line with our Industrial Plan, 54% of hirings were abroad (mainly in France and Germany); 27% concerned functions dedicated exclusively to development (Business Development and M&A and Engineering Development).

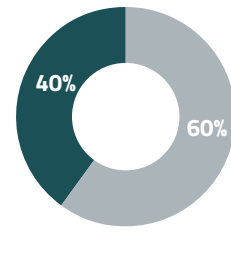
HIRES BY GEOGRAPHY



HIRES BY GENDER



NET WORKFORCE INCREASE



"Voglio fare il manager" 2021

"Voglio fare il manager" [I want to be a manager] is a long-standing project run by the University of Genoa and Manageritalia in partnership with local companies and institutions. It aims to provide young people with a window on the world of work, both through training and by allowing them to come into direct contact with managers from partner companies.

The 2021 edition, which was held online, involved a total of 86 students in a cycle of interesting training webinars followed by

a series of meetings held with the managers of the Group who shared a day of work side by side with the students. During the "Orientamenti" exhibition in Genoa, ERG was chosen to report the importance of this collaboration that has lasted since 2016 and was awarded as a "historic" partner of the project, which certifies and reaffirms its constant commitment of our Group to promote the value of sustainability, through participation in activities that foster the growth of the sensitivities and skills of the younger generations.

Master's Degree in Energy and Sustainability University of Genoa

ERG is participating in the creation of the Second-Level Master's Degree in Energy and Sustainability at the University of Genoa, a course to develop skills in the field of sustainable energy management with the aim of training "energy analysts". The Master is promoted by the Department of Mechanical, Energy, Management and Transport Engineering (DIME), by the Italian Centre of Excellence on Logistics, Transport and Infrastructure (CIELI), by the Department of Law, with the Internationalisation, Research and Third Mission Area: Service for Relations with Business and the Territory of the University of Genoa, and by Confindustria Genoa.

The programme unites expertise from companies in the Genoa industrial district, a veritable laboratory of energy transition, in

partnership with ERG, Autogas Nord, Axpo, Duferco Energia, Iren and RINA.

The specific and multidisciplinary teaching plan aims to train a new professional figure in the green economy, capable of understanding business opportunities, analysing scenarios and the evolution of regulations, bringing innovation to the planning, control and sustainable management of energy systems and sources. The MA consists of 1,500 hours, of which 350 hours are classroom training activities and company testimonials, 600 hours are individual study and learning evaluation, 550 hours are internships in companies, project work and writing the final thesis.

Employer Value Proposition

ERG's Employer Value Proposition is based on three pillars:

- **GreenenERGymakers:** we produce electricity from clean, renewable, and sustainable sources. Working for ERG means playing a leading role in the sustainable economy, helping to protect the environment, and improving the quality of life.
- **Employability and Self-accountability:** everybody is responsible for building their own "sustainable future" by keeping their skills up to date and discovering and enhancing their talent. ERG asks each person to plan their training path annually and to suggest the professional experiences they are interested in for their career path.

- **Talent:** talent makes each person unique and we are learning to connect our talent, our personal mission, and the way we work. For some years now, our career website and use of social media have been our fundamental channels, and the national and international awards we have received from Potentialpark (a Swedish company specialising in the analysis of online talent) confirm the effectiveness of our approach: ERG has been confirmed as one of the best companies for Employer Branding communication in Italy.



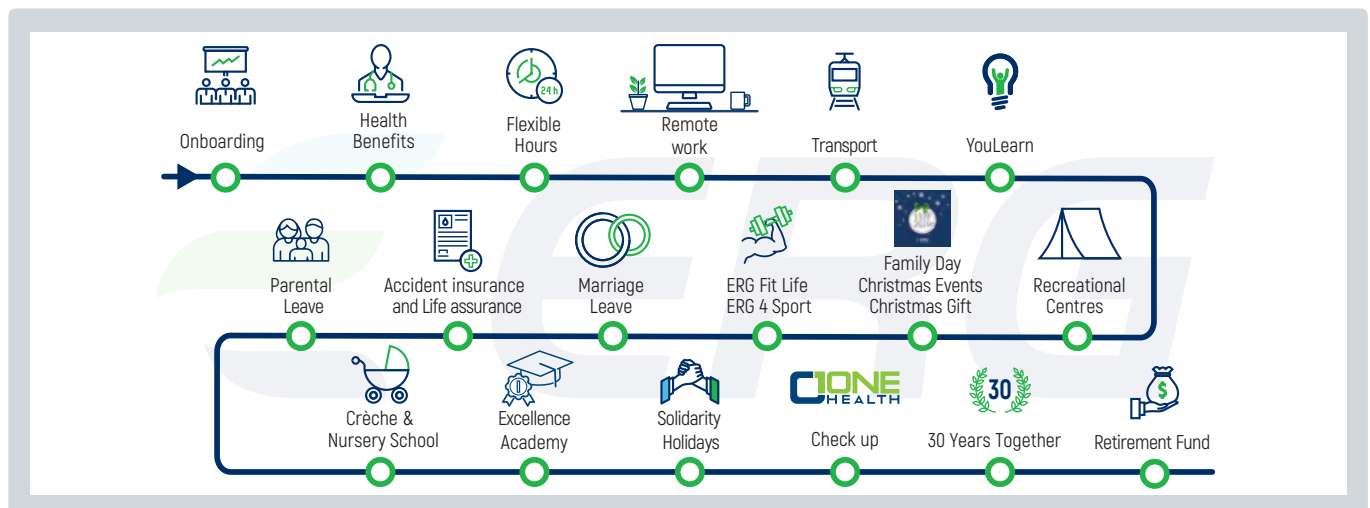
Corporate Welfare and Well-being at the heart of ERG's strategy

The integrated welfare model has been developed over 80 years of history and is built around people with the objective of meeting the needs of employees and their families and improving their quality of life.

Furthermore, the new 2022-2026 ESG Plan includes objectives relating to "Employees' well-being" which seek to achieve a better work-life balance: we want to export our "solidarity leave" model

abroad in order to make a concrete contribution to people in need, we have defined a flexible benefits programme to be implemented in the ERG Group starting in Italy and we will guarantee our people the option of continuing to work remotely once the emergency state dictated by the pandemic has ended.


















The system accompanies individuals from the time they are hired, through the onboarding process and the various stages of their life both in the company and in private life, until their natural exit from the working world.



Scholastic Excellence

In order to support and incentivise study and excellent results for the children of employees, ERG has provided study awards to those who obtain top marks for their secondary school diplomas.

For those who wish to continue their studies, ERG covers the costs for the first year of enrolment at a state university.

Training		Onboarding	ERG orientation programme aimed at introducing the company, the main tools available and the main stakeholders to enable the new employee to settle in quickly.
		You Learn	Training course aimed at increasing the individual value of people.
Health		Medical assistance	Health insurance that guarantees a percentage reimbursement of health expenses in public and private healthcare institutions.
		Prevention programmes and safeguards Nursing	Prevention protocols differentiated by the types of risk associated with the workplace (head offices, production sites). Voluntary cancer screening programmes. Flu vaccination campaign.
		Non-professional accident and life insurance policy	Additional and improved insurance coverage compared with legal and contractual obligations.
		Covid-19	Covid-19 policy covering expenses due to hospitalisation for pandemic virus.
Work-life balance		Working hours	Smart working, additional leave for medical examinations for oneself and family members, part-time options available for parents, flexible working hours and individual hours.
		Marriage leave	More flexible marriage leave compared with national legislation.
		Parental leave and compulsory leave of absence	During maternity leave, the employee keeps the company benefits and during the period of compulsory leave the maternity allowance is paid at 100%.
		Nursery & Preschool	Agreements or reimbursements.
		Scholastic excellence	Scholarships for the most deserving children of employees.
		Solidarity holidays	Reserve of holiday hours donated by employees to benefit colleagues in need. ERG doubles every day donated by employees.
		Transport	Contribution at sites not sufficiently served by a public transport system.
Wellness and free time		Supplementary pension schemes	Supplementary pension funds supported by company contributions.
		Agreements	Insurance policies, bank credit cards, agreements for the purchase of goods and services, agreements with CAAF.
		ERG 4 Sport centres	ERG Fit Life: company gym in Genoa. Agreements with sports centres at other offices. Direct participation in national and international sports events.
		Free time	Recreational centres. Company volunteering projects.
ERG community		Events	Family Day. Christmas gift and Christmas Party. 30 years together.

Solidarity Holidays

The Solidarity Holiday Reserve has been agreed on with the trade union, through which employees can donate days of their annual holiday entitlement. The total number of days collected is then doubled by ERG to increase the availability and support for employees. The "Reserve" can be accessed by any employee who, at

the end of their annual leave, needs to be absent from work to care for family members, cohabitants, children, parents or for absences related to the Covid-19 epidemic.

The last campaign ended in February 2021 with a collection of about 200 days of holidays.

DIVERSITY & INCLUSION

On 30 July 2021, ERG issued the Diversity & Inclusion Policy, a document that not only enshrines ERG's commitment, but also defines the guidelines for pursuing gender balance and the full working inclusion of every person: the document was approved by the Board after being shared in the Human Resources, Control and Risk, Sustainability and Nominations and Remuneration Committees.

It also specifies everyone's expectations and responsibilities in building an increasingly inclusive company because the plurality of ideas and experiences is crucial in generating innovation and value for ERG and its stakeholders.

As part of its Business Plan and ESG Plan, ERG has defined an action programme to develop a professional environment based on equal opportunities, non-discrimination and respect for diversity and multiculturalism. The company has adopted a proactive strategy to overcome any barriers that might prevent people from being fully included in the workforce.

It is our conviction that valuing diversity is only possible through truly inclusive processes and the evolution of the People Managers and each individual.

As of 2021, ERG also defines clear and measurable objectives for Diversity and Inclusion derived from the ESG Plan and incorporates them into the variable incentive systems for the short term (corporate objectives involving all participants in the system and some individual objectives) and the long term.

The inclusive capacity of the processes is guaranteed by the Human Capital Committee, which verifies to what extent the career development programmes succeed in expressing, even in the medium term, talents capable of supporting the Group's growth and the achievement of its business objectives, while at the same time pursuing gender equality and equal representation among the Key Leaders of the various countries.

In addition to the growth processes, ERG is adopting flexible working

hours and remote working systems to support work-life balance and increase well-being, with positive effects both in terms of attracting and retaining talent.

The training programmes support individual growth as well as the cultural evolution that makes inclusion possible.

In 2021, ERG carried out training initiatives dedicated to the development of Inclusive Leadership and multicultural recruiting, unconscious biases and inclusive language through the activation of an "inclusive language path" involving all Group employees.

In partnership with ELIS, ERG has launched STEM role modelling programmes for girls in middle and secondary schools. Eight role model STEM graduates from different business areas have begun presenting their stories to schools. The initiative not only aims to facilitate the choice of scientific study and career paths in the younger generation, but also consolidates the leadership of the participants and constitutes an opportunity to strengthen our reputation in the territories, as well as employer branding.

A review of the effectiveness of D&I programmes was conducted with Valore D to measure our people's perceptions.

In general, these two years have seen major improvements in the recognition of merit, integration, equity and alignment with corporate values. In addition to language and the quality of interpersonal relationships, this has led to an increase in women's enthusiasm for work and an improvement in the career prospects they think they will have in ERG.



Gender Equality Index (GEI)

In January 2022, ERG was included in Bloomberg's Gender Equality Index (GEI): the index includes more than 400 companies in 45 countries around the world. It measures their commitment to supporting gender equality by promoting a more inclusive environment and ensuring transparent and comprehensive disclosure.

In particular, Bloomberg acknowledged the effectiveness of ERG's initiatives to promote gender equality among its staff in Italy and abroad, through clear guidelines of staff research processes, offering development plans in line with best practices, while simultaneously

ensuring equal pay and maximum clarity and quality in data reporting. Our entry into Bloomberg's Gender Equality Index confirms ERG's commitment to D&I, for which the company has set itself concrete and measurable objectives as part of the ESG plan at the centre of the Group's strategy.



INTERNAL COMMUNICATIONS

Following the corporate reorganisation, Internal Communications was merged within the "Talent Management & People Engagement" organisational unit in 2021 with the aim of strengthening the Group's corporate culture and working on the constant involvement of people in achieving the Plan's objectives, in line with the Leadership Model.

It was essential to consolidate the link with people in this period of hybrid working, exploiting the potential of the internal digital channel par excellence - the ERGATE intranet - and of the Weekly Smart News newsletter created in March 2020 shortly after the outbreak of the pandemic crisis to inform the #GreenERGymakers about what is happening in the ERG world on a weekly basis.



The ERGATE intranet was revamped in 2020 in terms of graphics and design. In 2021, 142 news stories were published and new pages dedicated to the 2021-2025 Business Plan and ESG Plan and D&I issues were created.

During the course of the year, 39 issues of the **Weekly Smart News** newsletter were published, a valuable tool greatly appreciated by the internal population for how quickly it can be read and for the direct involvement of the #GreenEnergyMakers, who are also authors of the articles (67 people contributed in 2021).



Building on the success of the WSN, **Monthly Smart News (MSN)** was created for our French colleagues

to share their news of the renewable energy landscape beyond the Alps and provide an overview of the activities of the French #GreenEnergyMakers. Ten issues were published in 2021.

The **Group Meeting** of 2021 was planned and carried out digitally. ERG's 74 Key Leaders participated remotely, while the 15 participants divided into three panels (each dedicated to one of the three "R's" that characterise the Plan's guidelines) were present in the "studio" set up at the Genoa headquarters. The video recording of the meeting was subtitled in English and made available to all ERG Persons on the intranet.



As far as traditional end-of-year events are concerned, thanks to strict safety protocols, the events in Genoa, Terni and Syracuse were held in person, while the worsening of the pandemic in December forced us to postpone the planned meetings in Hamburg and Paris.

Surveys

Surveys are an important moment of listening and involve all those in the workforce at the time of the launch of the initiatives. They are offered in Italian and English and managed by external partners who guarantee expertise in the field and data confidentiality. In autumn 2021, two surveys were proposed on key topics: the first on internal reputation and alignment with the strategic plan, the second on D&I, organisational climate and smart-working.

Participation in both cases was over 50% of the total number of employees.

The internal reputation was excellent (87.9 out of 100) and the level of alignment of people with the new strategic plan was 76.2 out of 100: these are very positive figures in light of the changes taking place and especially because they were verified only a few months after the plan was presented to the market.

The Diversity & Inclusion survey was carried out with the support of Valore D and followed the structure of that proposed in 2019 to launch The Power of Diversity project.

Two years on, improvements have emerged in the way corporate values are experienced, integration, the perceptions of equity and Top Management's commitment to inclusion issues.

The language has become more inclusive, although there is still room for improvement. Gender discrimination has significantly declined, although women continue to experience fewer opportunities for career advancement, assignment of responsibilities and earnings than their male colleagues. The survey also measures engagement with work and the organisation. ERG's results are more than positive in both dimensions.



INDUSTRIAL RELATIONS

In Italy, the country to which 85% of Group employees belong, trade union membership is free: employees elect RSUs (Rappresentanze Sindacali Unitarie - Unitary Trade Union Representatives) from among trade union members (35.1% at the end of 2021), who are called upon to represent all workers in negotiations with the company.

As always, the relations model involved both the RSUs elected by the employees and the national organisations: national legislation itself defines which interlocutor is to be involved depending on the matter in question. The most relevant issues are: work organisation, training, health and safety at work, reorganisation/restructuring, welfare, working hours (remote and other flexible forms), performance bonuses.

In 2021, dialogue with the trade union world was still heavily impacted by the management of the Covid-19 pandemic, both in terms of content and working methods.

The most significant Industrial Relations response to the emergency situation involved developing a number of solutions, some already implemented in 2020, relating to working hours time and organisational flexibility, particularly with reference to work-life balance (working hour reserve, solidarity holidays and the continuation of remote working), confirming the importance of company welfare for organisation and productivity.

Remote working was used also in response to the Government's emergency measures, to support vulnerable workers or workers with family problems or to assist family members.

The extension and expansion of specific health policies that complemented the classic contractual and non-contractual insurance services/coverages was particularly appreciated.

Dialogue with the national trade unions of the electricity sector

Attention to safety issues and sharing with social partners have produced an unprecedented result: no strikes or illness.

Relations with trade unions were driven by a spirit of collaboration, sharing and transparency, which helped and made it possible to manage the period of change that the Group is undergoing, laying the foundations for achieving the objectives of our Business Plan. Since the beginning of the year, the dialogue between the company and trade unions has been fundamental in sharing enforcement measures to limit the spread of Covid-19 in the workplace. In July 2021, the company and trade unions shared details of the transition to an alternating work system that includes two days of remote working and three days in the workplace per week, notwithstanding the Company's commitment to assessing specific flexibility requests aimed at improving management of the family unit.

In 2021, relations with the national and local trade unions were also characterised by two important trade union agreements; the first concerning the company's decision to evaluate the sale of its hydroelectric and thermoelectric production assets in order to focus mainly on the development of renewable technologies (wind and photovoltaic); the second to regulate the organisational safety and economic aspects relating to the longest and most complex shutdown of Module 1 of the ERG Power plants in recent years.

Trade union agreement to exit the hydroelectric and thermoelectric businesses

The pursuit of the key objective of ERG's asset rotation strategy was also developed through a fruitful collaboration with the trade unions, which resulted in the signing of an innovative agreement for the electricity sector relating to the sale of the Hydro and Thermo businesses and guaranteeing important protections of a more favourable nature for the ERG employees concerned.

In particular, there was no need to dismiss any staff working in the divested businesses. In fact, we guaranteed:

- they keep their jobs for at least two years;
- for at least two years, recognition of their current workplace and, in the event of a change of workplace due to its total closure or transfer to a different municipality within the following 18

months, a guarantee that logistics expenses will be covered in accordance with the policies currently applied within the ERG Group or contractual/company improvements where existing.

Moreover, in order to manage the "redundancies" of staff at the Genoa site or at other sites following the sale of the Thermo and Hydro assets or, in any case, to encourage individual growth within the Group, the company has committed to implementing retraining paths, in line with the new corporate structure and the achievement of the objectives set by the Business Plan for the next five years. The company is also committed to developing similar training for Wind & Solar staff.

LEADERSHIP IN SAFETY

Safety in operations involves Management, internal staff, and the personnel of the third parties that work on our premises. Worker participation in the identification and management of health and safety risks is essential and we make sure that we proactively communicate with workers' representatives, consistently involving them in the analysis of health and safety risks and organisational changes. This also takes place through meetings to discuss and evaluate possible improvement actions.

In general, we encourage worker participation and consultation on health, safety, and environmental protection issues by hosting meetings with the company's entire workforce. The main aim is to raise staff awareness, stimulate collective discussion during information and training meetings, involve the relevant departments in the analysis of accidents, take an active part in identifying and implementing remedies to prevent the recurrence of accidents, and promote the use of the corporate intranet with areas for exchanging information on health, safety, and environmental (HSE) issues.

According to the safety procedures in force, employees, third parties and occasional guests must be informed and trained in advance on what to do, and in particular what procedures to follow if an emergency occurs within our operating sites. Furthermore, emergency management simulations and evacuation drills are carried out periodically.

Our commitment in this area is also reflected in the analysis of the possible impacts of the company's activities on health and safety. In general, we can break down the analysis into three areas:

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

The analysis of possible impacts of activities on workers' health and safety is carried out within the framework of Management Systems and is based on regulatory compliance and industry best practices. Additional measures, procedures, control systems and in-field audits during activities with external workers allow anyone working in our plants to ensure continuous monitoring and verification of the proper conduct of the activities.

We supplement these checks with an analysis of the causes of any incidents, including near misses. By doing so, we implement a series of preventive actions that, based on lessons learned in the past, can prevent accidents from recurring or near misses from becoming real accidents.

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

An analysis group is set up for each incident that occurs, involving different actors according to its severity: from a working group at the level of the Operational Unit to the involvement of the COO

in the most relevant cases to assess remedies and define the necessary budgets for adjustments.

In addition, we constantly monitor the improvement actions resulting from our analyses and follow them through to completion via our centralised corrective action log.

Our activities include monthly updates to Top Management (in the management committee) on incidents and near misses. The report analyses the events of the reporting month and updates the status of actions taken for all previous events. In order to increase the levels of internal information, involvement and transparency, the report is also shared with the workers' safety representatives - RLISA.

The focus on the safety of employees and workers of third-party companies operating in our plants was sealed by the inclusion, in the 2021-2025 ESG Plan, of the Severity Index: its improvement has become a parameter for the achievement of both MBOs and LTIs. The frequency index – which calculates the number of injuries accidents in relation to the hours worked – remained substantially in line with 2020 despite the significant increase in hours worked (+30%).

Year	Frequency index (internal plus outsourced)	Severity index (internal plus outsourced)
2019	3.25	0.14
2020	2.10	0.09
2021	2.39	0.09

The new 2022-2026 ESG Plan includes a specific HSE objective which, however, following asset rotation, has been reshaped in the reference value of the Frequency Index to take into account the specific elements of a 100% renewable "Wind & Solar" operator, which will become the Group's reality following the sale of the thermoelectric plant to Enel. Through a detailed analysis based on sector benchmarks and on the assessment of the increase in MW and the number of construction sites that will be managed during the period of the new 2022-2026 Plan, the new Frequency Index was redefined with a target of less than four for 2026, while the objective of no deaths at work was confirmed for the entire period. It is important to underline that we will continue to ensure high international HSE standards for a safe working environment, in terms of both the health and safety of all people, so much so that our HSE indicators are constructed to monitor both the work carried out by employees and that of all contractors and sub-contractors in our plants.

Training is a fundamental tool in this process to reconcile work and health, protecting the safety of workers, the local area, natural resources and the surrounding environment. Therefore, we constantly strive to ensure that the operations of all the Group's entities comply with regulations and best practices on the health and safety of employees and third parties, as well as with the regulations for the protection of the environment. With this in mind, we:

- identify the training needs of our staff and define the relevant "Annual Training Plans";
- schedule information, education, and training activities, implement the scheduled initiatives and monitor their

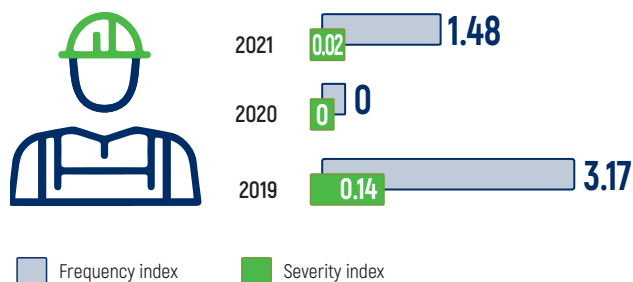


recruitment, job and/or organisational changes with regard to HSE training;

- identify the proper behaviour for visitors to observe in the Group's work areas and inform them of it when they first access the company premises;
- document the activities listed above.

The information and coordination activities by which we transfer to third-party companies all the procedures they must follow and comply with for contracts at operational sites and offices are extremely important.

Internal accident indices



The Leadership in Safety project

"Leadership in Safety" is a cultural change programme created to improve leadership in safety, with a flexible methodology that is well suited to our different business contexts. The key elements of the programme are:

- the engagement of the CEO, applying a top-down approach throughout the organisational structure to convey a clear and credible message aimed at change;
- constant and persistent engagement, in the understanding that true cultural and behavioural change is sustained over time by a series of coordinated projects;
- the creation of a clearly comprehensible Safety Vision, so everyone in the company can fully understand the project's objectives;
- the personal commitment and dedication of all managers, who must feel emotionally involved and active;



- the use of innovative language to promote the Leadership in Safety philosophy and support change throughout the organisation;
- the use of support materials and assessment strategies to effectively implement the cultural change programme throughout the organisation;
- the focus on HSE departments so that they become facilitators and focal points in disseminating the programme locally, with passion and enthusiasm.

In 2021, the main focus was on engaging contractors on the topic of the importance of individual behaviour in accident dynamics. Workshops were held at the various operational sites and people from third-party companies had the opportunity to experience something different, with the support of safety experts who managed to involve people in the topics covered through the adoption of innovative but tried and tested communication techniques.

IN-FIELD HSE AUDITS

The principles and regulations that govern occupational health and safety and the environment must also be respected by third-party companies who do business with us. This is why, during the year, our Group HSE organisational units perform many on-site audits to verify regulatory compliance. In addition to these audits there are also the standard ones required by the management systems that help monitor working environments and processes. With regard to field audits with our contractors, in 2021 we conducted 139 audits at the ERG Power plant and 40 at the Hydro Unit.

In our wind and photovoltaic plants, the HSE monitoring of our contractors has been intensified. In fact, we recorded a 60% increase in 2021 compared to the previous year, which is due to a clear decision to avoid injuries as much as possible. Internal activities were also audited, although to a lesser extent. On the other hand, (both internal and external) audits from management systems, which also include field audits, are to be counted separately: all units were audited and no major discrepancies were found.

We believe it is essential to enter into constructive partnerships with contractors to address health and safety management, as such measures ensure continuous improvement for both parties. Thus it is also possible to promote the importance of virtuous behaviour, both by following the concrete example of our people and by launching awareness-raising and training initiatives for all external parties. The HSE inspections conducted in 2021 are listed below:

Wind audits	Thermal audits
1,135	139
Solar audits	Hydro audits
58	130

Digitisation of HSE processes

At the beginning of 2021, we decided to launch a programme to digitise HSE processes, introducing a platform that can easily manage the health, safety, regulatory compliance and corporate culture dissemination processes. Implemented during the year in Italy, to follow in the coming years in the other countries, it was designed to improve the active management of prevention in line with the provisions of the regulations, the most widespread quality management systems and the organisation and management models.

In practice, the organisation must envisage a periodic and comprehensive review of all identified and applicable requirements for:

- discovering areas for improvement and possible weaknesses;
- increasing the level of efficiency;
- developing the corporate culture to the best of its ability and at all levels;
- not incurring penalties.

Thanks to the use of a platform that we have configured according to the needs dictated by the different production cycles and process structures of all the Group's companies, we have been able to rationalise and optimise the various production flows and all the activities.

The main advantages of the platform are:

- planning, defining and managing priorities;
- centralising and creating a historical archive of information and documents;
- respecting deadlines thanks to alert notifications;
- automatically distributing personal documents and notifications;
- increasing the skills of managers and workers;
- communications, documents, alerts, checklists available at any time thanks to a mobile app;
- monitoring the implementation of prevention and protection measures, improvement plans and actions;
- control dashboards and process performance indicators.

ERG'S RESPONSES TO THE HEALTH EMERGENCY

2021 saw a continuation of the international public-health Covid-19 emergency. In this context, ERG continued to implement all the necessary measures to ensure both the health of its employees and the operational continuity of its assets in safe conditions.

The main measure used by the organisation, as also recommended by the competent Authorities, was remote working, which was extended to all the Group's offices across Italy and abroad, involving over 70% of the corporate workforce (100% of staff with "white collar" duties), and excluding only personnel responsible for plant operation and maintenance, which ensured operational continuity and safe management of company assets.

ERG continues to very carefully manage the staff employed across its production sites through the adoption of appropriate organisational safety measures to ensure social distancing, the reconfiguration of operational and logistical activities, as well as those of prevention and protection (training and information, personal protective equipment, personal hygiene measures and cleaning/sanitisation of workplaces). All of this is done in compliance with the Workplace Anti-Covid Protocol, the indications of the

competent authorities and in agreement with the trade unions.

No staff reductions have been planned or carried out during this period. Moreover, the company has not had to resort to the so-called "social shock absorbers" nor has it had to implement the forced reduction of working hours. By contrast, the Group welcomed 50 new hires in 2020 and a further 74 in 2021 in order to support the company's growth process.

Almost two years after the start of the pandemic, we have been able to verify that the Group's operational continuity is guaranteed in every situation and that the reference market has not undergone significant changes.

It follows that the achievement of the objectives set out in both the Business Plan and the ESG Plan are not affected by the pandemic situation, as can also be seen from the sustainability KPIs (production, installed power, workforce), which have not undergone any disruptions and, indeed, show continuous signs of growth.

Further details are available in the "Directors' Report" in the Annual Report.



Governance



Our key figures

42%

female presence
in the Board of Directors

8

Internal Board Committees
supporting the CEO

6

independent directors under
the Corporate Governance Code

GOVERNANCE



"We must be aware that it is not enough to be promoters of sustainability on the Planet only in the professional field. Our contribution must be constant, even in our private sphere. Because in this challenge every action, however small it may seem, counts."

Andrea Navarra
Corporate & Legal Affairs

ERG'S CONTEXT AND VALUES

Legality, honesty, fairness, equality, confidentiality, equity, integrity, transparency, accountability, independence, balance and diversity in skills and gender, sustainability. These are the values of ERG, the principles that guide our Group in its business activities and which have been consolidated over time, finding their highest expression in the Code of Ethics.

In this context, ERG has adhered to the new edition of the Corporate Governance Code issued by Borsa Italiana, whose implementation took place during 2021. Its main innovations concern the introduction of the concept of "sustainable success": "an objective that guides the action of the Board of Directors and is embodied in the creation of long-term value for the benefit of shareholders, taking into account the interests of other stakeholders relevant to the company. Sustainability is thus increasingly important in the corporate governance system as well, which is why ERG has placed the Sustainability Plan at the centre of its strategy, with challenging and measurable objectives in each area. The goal of sustainable development can only be pursued with sound governance aligned with best practices, i.e., "long-term value creation that ensures that the needs of the present generation are met without compromising the ability of future generations to meet their own needs".

We want the members of the governing bodies of Group companies, our employees, and all those who work with us to respect the principles contained in the Code of Ethics and to commit themselves to disseminating and implementing them, involving their own supply chain where possible.

THE NEW 2022-2026 ESG PLAN

The year 2021 was one of major changes and developments for ERG, with a reorganisation and presentation of the new Business Plan.

The Shareholders' Meeting of April 2021 renewed the Group's Board of Directors, which enabled implementing a whole series of changes in the composition of the governing body and in the related management remuneration policies.

Following the conclusion of the asset rotation of the conventional, hydroelectric and thermoelectric generation sources, on 15 March 2022 ERG presented the update of its 2022-2026 Business Plan

and ESG Plan, becoming a pure renewable operator and giving further impetus to the growth of the renewable generation portfolio. In this context, ERG has developed the 2021-2025 ESG Plan (the general lines of which were pointed out at the beginning of the document) in order to continue to maintain excellent Governance: we will be working, in particular, on four main lines for which we have defined objectives for 2025.

The commitment to governance continues, so much so that management's long-term and short-term variable remuneration is based on the achievement of the objectives of the ESG Plan. We aim to ensure that our financial strategies are also increasingly Green by 2026, with the goal of having at least 90% of our funding classified as Green Funding.

We are also continuing our efforts in the area of sustainable procurement, where the aim is to involve our supply chain in a process to improve its ESG performance; this year we will also start the project to implement the Tax Control Framework abroad (in France in 2023 and in Germany in 2024).

GOVERNANCE	
2025 TARGETS (old plan)	2026 OBJECTIVES
10. Sustainability Incentives: - 100% of incentive plans with ESG targets	12. Sustainability Incentives: - 100% of incentive plans with ESG targets
11. Enhancing Governance Model: - BoD Independence & Diversity, review of the system of powers in project companies	13. Enhancing Governance Model: - BoD Independence & Diversity
12. Tax Control Framework: - Extension of the Tax Control Framework abroad (FR, D)	14. Tax Control Framework: - Tax Control Framework abroad (FR@2023, D@2024)
13. Sustainable Procurement: - +10 points in the average score of strategic suppliers	15. Sustainable Procurement: - +10 points in the average score of strategic suppliers
	16. ESG Finance: - ≥ 90% of Sustainable Finance

RESULTS ACHIEVED IN 2021




In 2021, we have achieved the following objectives in the field of Governance:

- **Sustainability Incentives:** following the renewal of the Board in April 2021, the remuneration policy was also renewed for the three-year period, with the definition of ESG objectives and targets linked to both LTI and MBO plans, thus immediately implementing the objectives defined for the "sustainability incentives" line.
- **Enhancing Governance Model:** the renewal of the Board's composition was an opportunity to adjust its diversity and autonomy. In terms of gender diversity, the proportion of women has risen to 42% of the Board (five women out of 12). At the same time, in order to promote the independence of the Board,

a Lead Independent Director was also appointed on a voluntary basis and the average age was reduced compared to the previous Board, with a greater diversification of age groups.

The simplification and revision of the corporate bodies of companies-project scheduled to start in 2022 in the various countries.

- Already currently implemented in Italy, the Tax Control Framework will be extended to France and Germany starting in 2023.
- Last but not least, ERG still strongly wishes to accompany suppliers on a path of energy transition in which ESG issues are an integral part of growth. And in fact, in relation to Sustainable Procurement, the average score of suppliers increased by 5,8 percentage points, in line with the target stated to the market.

UN SDGs	2025 TARGETS	2021 REPORTING
GOVERNANCE		
    	Sustainability incentives	<ul style="list-style-type: none"> ▪ 100% MBO/LTI with ESG targets
	Enhancing governance model	<ul style="list-style-type: none"> ▪ Gender Diversity and Independence in BoD & Board Committees ▪ Lead Independent Director
	Sustainable procurement	<ul style="list-style-type: none"> ▪ 2021 Assessment: +3% (target +2%)

In addition to the specific objectives reported above, ERG has continued to implement a whole series of initiatives relating to Governance: the following pages illustrate the most recurring components of how we do business so as to continuously improve. In particular, we will provide details on the operation of the Board

of Directors, internal committees, the Internal Control and Risk Management System and the Anti-Corruption, Privacy, Cybersecurity, Enterprise Risk Management (with a focus on the NFS and climate change assessments), Supplier Management and Tax Control Framework activities.

(1) For further details, see the People section of this document and the Remuneration Report published in the relevant section of ERG's website (www.erg.eu).

GOVERNANCE

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

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

- the Board of Directors, appointed by the Shareholders' Meeting,

is responsible for determining and achieving the strategic objectives of both the Company and the entire Group;

- the Board of Statutory Auditors, again appointed by the Shareholders' Meeting, has supervisory duties.

The statutory audit is entrusted to Independent Auditors at the Shareholders' Meeting on the basis of a reasoned proposal by the Board of Statutory Auditors.

The Board of Directors

The current Board of Directors is composed of twelve members. It was appointed at the Shareholders' Meeting on 26 April 2021 and will remain in office until the Shareholders' Meeting called to

approve the Financial Statements as at and for the year ending 31 December 2023.

Director	Office	Role	Independent	M/m ¹	RCSC ²	NRC ²	SC ²
Edoardo Garrone	Chairman	Executive	No	M			
Alessandro Garrone	Deputy Chairman	Executive	No	M			P
Giovanni Mondini	Deputy Chairman	Non-executive	No	M			X
Paolo Luigi Merli	Chief Executive Officer	Executive	No	M			X
Luca Bettonte	Director	Non-executive	No	M			X
Emanuela Bonadiman	Director	Non-executive	ICFA/Corporate Governance Code ³	M		P	
Mara Anna Rita Caverni	Director ⁴	Non-executive	ICFA/Corporate Governance Code ³	M	P		
Marco Costaguta	Director	Non-executive	No	M			X
Elena Grifoni Winters	Director	Non-executive	ICFA/Corporate Governance Code ³	M		X	
Federica Lolli	Director	Non-executive	ICFA/Corporate Governance Code ³	M	X	X	
Elisabetta Oliveri	Director	Non-executive	ICFA/Corporate Governance Code ³	M	X		X
Mario Paterlini	Director	Non-executive	ICFA/Corporate Governance Code ³	m			

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

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

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

⁴ Lead Independent Director.

C: Chairman of the relevant Committee.

X: Member of the relevant Committee.

Protection of minorities

A Director was appointed from the minority list submitted by a number of investors, in compliance with the principles of protecting minorities laid down in the Consolidated Finance Act (ICFA).

Compliance with gender balance

Appointed by the Shareholders' Meeting of 26 April 2021, the New Board of Directors has reserved two-fifths (40%) of the elected Directors for the least represented gender: 42% of the Directors are women (five Directors out of twelve). This percentage complies with the gender balance criterion laid down in the laws and regulations. The average age of the members of the Board of Directors is around 57: three members (25%) are younger than 54. For further details on the nomination procedure and the composition of the corporate bodies, please visit the "Report on Corporate Governance and Ownership Structure" section of the website www.erg.eu.

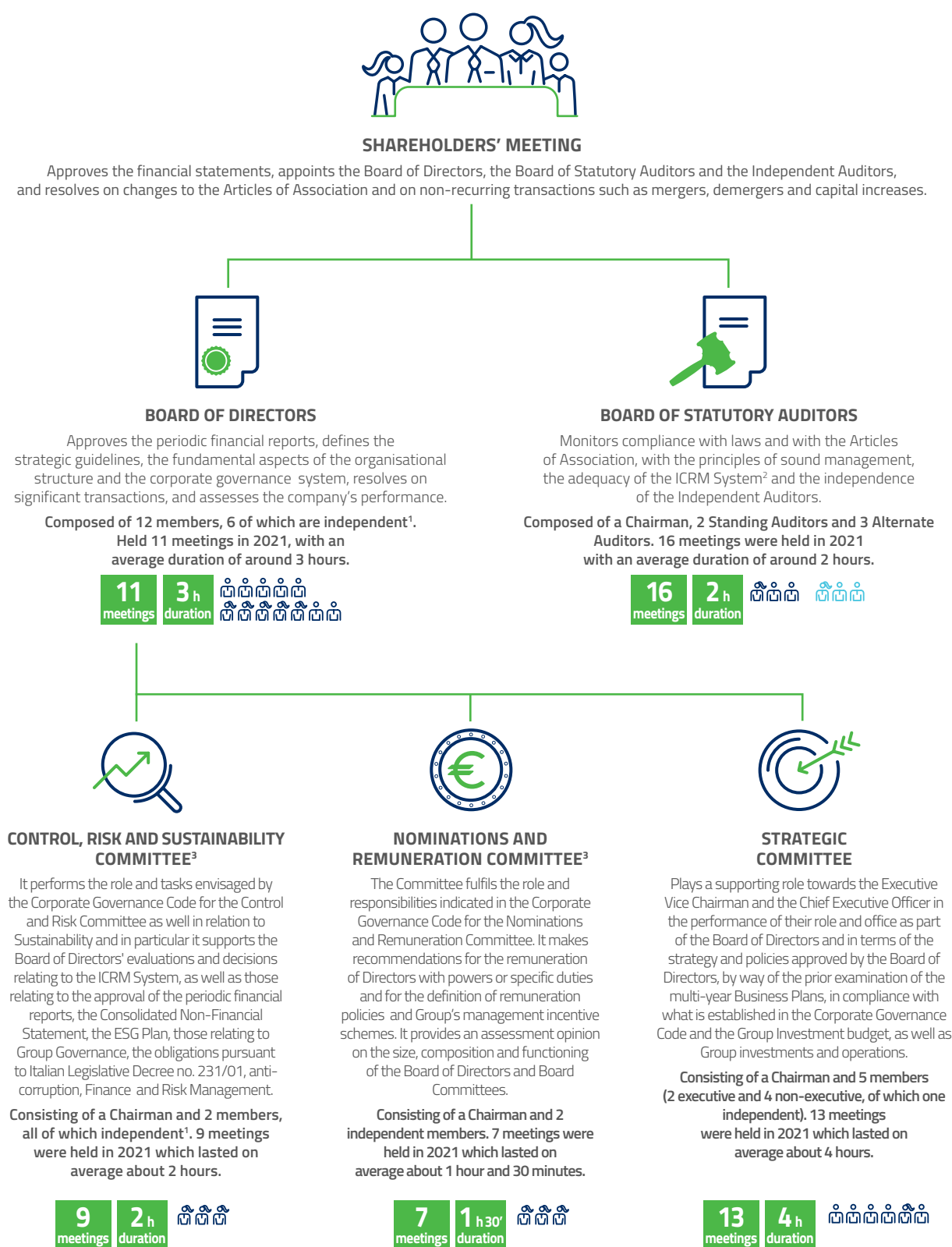
The Board of Directors has set up three internal committees:

- the **Control, Risk and Sustainability Committee**, which performs the tasks established by the Corporate Governance Code for the Control and Risk Committee as well as in the field of Sustainability and in particular supports the Board of Directors'

assessments and decisions relating to the Internal Control and Risk Management System, as well as those relating to the approval of periodic Financial Reports, the Consolidated Non-Financial Statement and the ESG Plan;

- the **Nominations and Remuneration Committee** fulfils the role and responsibilities indicated in the Corporate Governance Code for the Nominations and Remuneration Committee;
- the **Strategic Committee**, which supports the Executive Deputy Chairman and the Chief Executive Officer in fulfilling their mandate vis-a-vis the Board of Directors for the definition of strategic business and portfolio guidelines, as well as the biannual review of threshold rates, guidelines and policies on strategic finance and for individual non-recurring finance transactions. Moreover, pursuant to the provisions of Art. 1, lett. a) of the New Code Corporate Governance, the Committee also examines the long-term strategic plans and capital expenditure budgets of the Group, and the strategic benefits of significant investments and transactions effected at Group level, as well as the consistency of economic and financial returns with respect to the threshold rates, and comments on the need to involve the Board of Directors, in accordance with the provisions of Group Investment Guidelines.

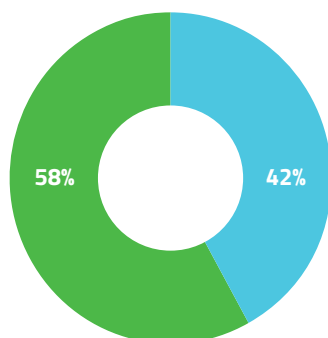
CORPORATE BODIES AND BOARD COMMITTEES



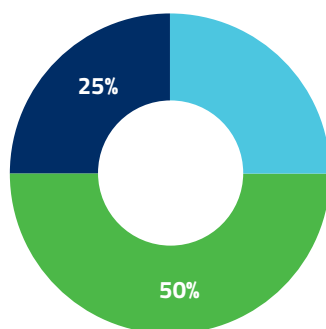
¹ With reference to the provisions of Article 148, paragraph 3, of the Italian Consolidated Law on Finance, Article 2, recommendation 7, of the Corporate Governance Code promoted by Borsa Italiana S.p.A. (the "CGC") as well as in light of the "quantitative" and "qualitative" criteria defined in the Regulation for the operation of the Board of Directors, the Risk and Sustainability Committee and the Nominating and Remuneration Committee (the "Regulation").

² Internal Control and Risk Management System.

³ May issue opinions for the purposes of the procedure for transactions with related parties.

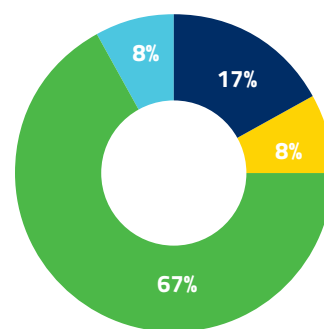
**Board of Directors
composition by gender**

● Men ● Women

**Board of Directors
composition by qualification**

● Independent as per ICFA, CGC and Regulations

● Non-executive ● Executive

**Board of Directors
composition by age group**

● 47-51 ● 52-56 ● 57-61 ● 62-66

Board of Directors Self-Assessment

Also in 2021, ERG's Board of Directors carried out its own self-assessment regarding the composition, size and functioning of the Board and its Internal Board Committees: a practice that the Code of Corporate Governance suggests carrying out every three years when the bodies are renewed, but is repeated annually by ERG so as to be able to also address the training courses on the subjects considered most relevant.

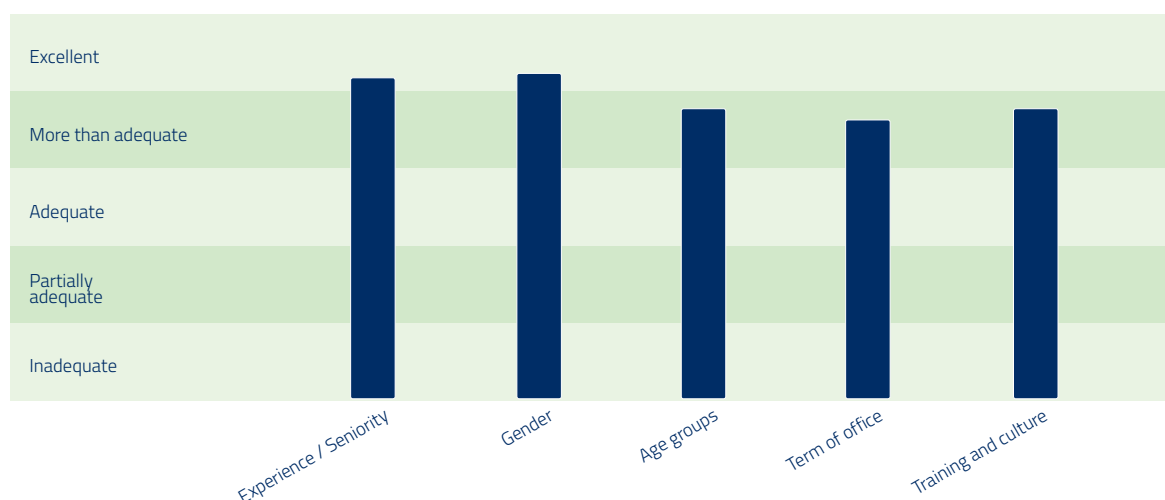
The self-assessment was developed starting from the relevant issues that had been identified in the 2020 assessment (developed in anticipation of the renewal of the Board in April 2021): the issues present were assessed by the Board members through an online questionnaire and the results were evaluated by the Nomination

and Remuneration Committee.

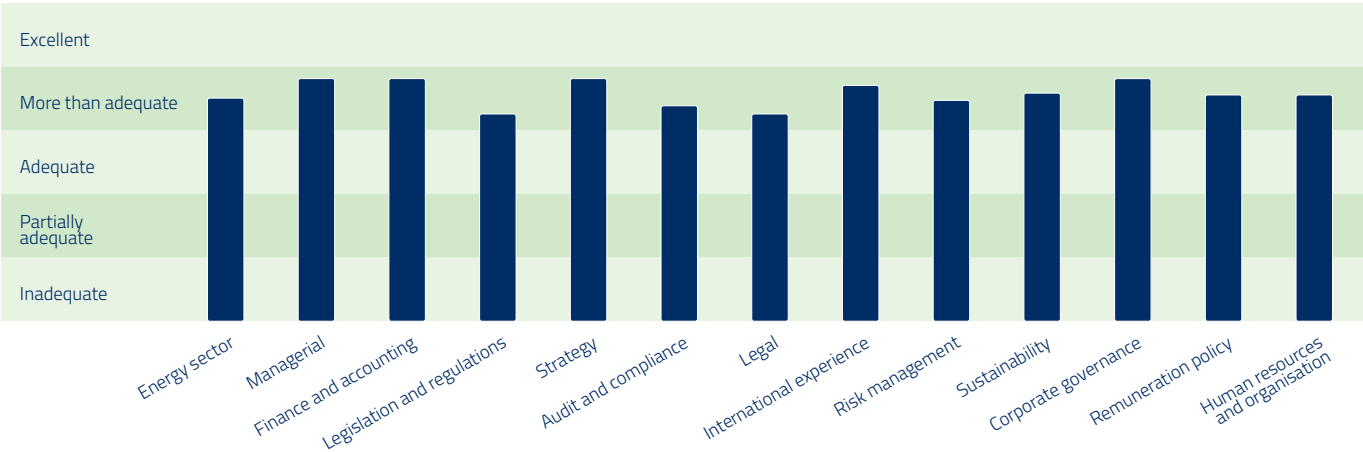
It was deemed that the presence, within the Board of Directors itself and the Board of Statutory Auditors, of skills, values and points of view that are different yet complementary to each other can be a strength since it makes it possible to analyse the various matters under discussion from different perspectives, encourages debate and serves as a basis for well thought out, informed and balanced board decisions.

The presence of varying skills and expertise is also deemed essential and necessary for the purposes of fully understanding and adequately appreciating the different aspects that must be taken into account in the context of the business in which the Company operates.

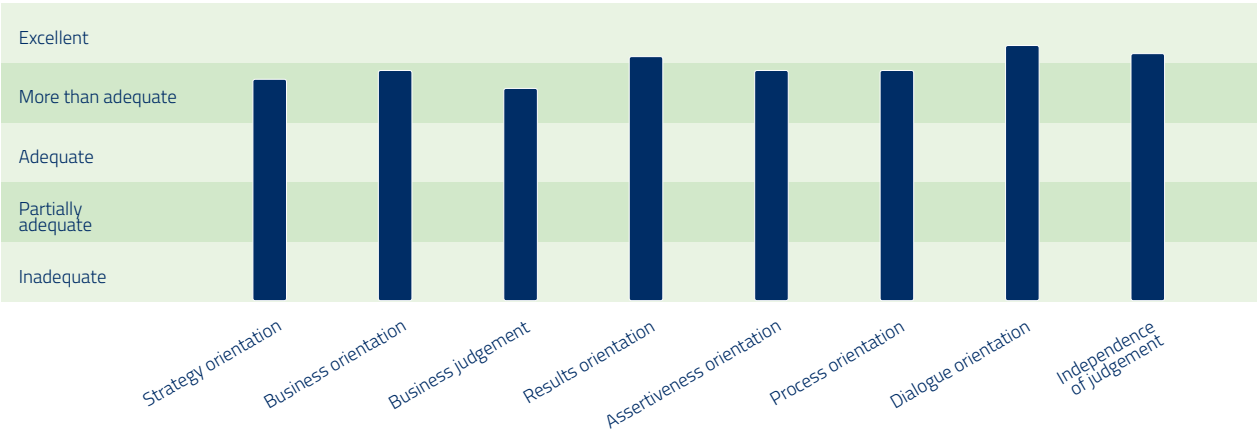
Diversity in the current Board of Directors



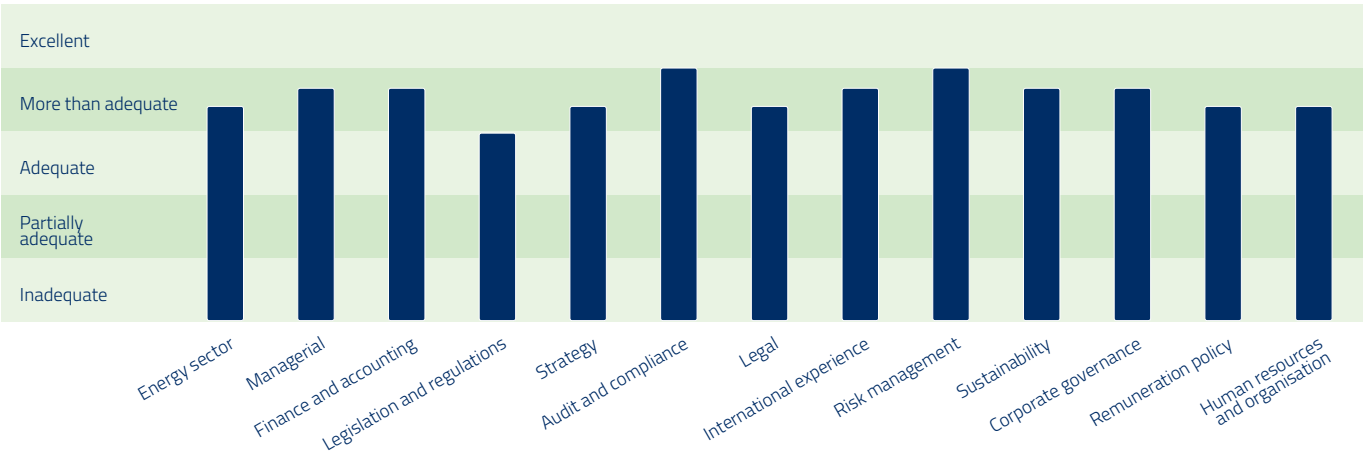
Skills present in the current Board of Directors



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



The skills of the Control, Risk and Sustainability Committee lie in the specific areas of risk management, audit and sustainability.



Conclusions

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

The composition of the new Board of Directors is in line with the recommendations made by the previous Board of Directors.

INCREASED VOTING

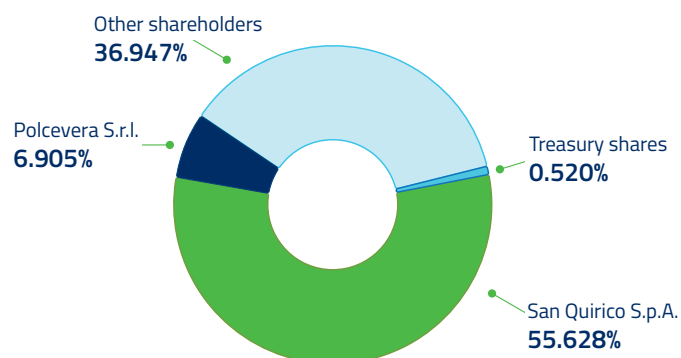
The Extraordinary Shareholders' Meeting of 2020 introduced the so-called "increased voting" mechanism.

The adoption of the increased voting rights mechanism aims to incentivise, thanks to the greater weight in the Shareholders' Meeting decision-making process – medium/long-term investments, first and foremost support long-term strategies for the Group's development and growth, as well as counteract the volatility of the stock which can be triggered by short-term decisions made by investors. This would lead to a more efficient price formation process and a non-speculative approach to investment being favoured, in line with international best practices on corporate governance and with Directive (EU) 2017/828, which aims to promote effective and sustainable commitment and a long-term approach from shareholders, also by increasing their involvement.

The Company's Articles of Association call for two votes to be attributed for each share held by the same shareholder who has applied for inclusion in a Special List kept and updated by the company, and who has maintained such inclusion for a continuous period of not less than 24 months from the date of inclusion in the list.

In June 2020, the Board of Directors adopted the regulations governing the procedures for entering, maintaining and updating the Special List in compliance with the applicable legislation, the Articles of Association and the market practices.

For more information, please refer to the "Increased Voting" section on the erg.eu website



THE BOARD OF STATUTORY AUDITORS

The current Board of Statutory Auditors, consisting of three standing members and three alternate members, was appointed by the Shareholders' Meeting on 17 April 2019 for a three-year term of office. Its appointment will expire on the date of the Shareholders' Meeting called to approve the Financial Statements at 31 December 2021.

Protection of minorities

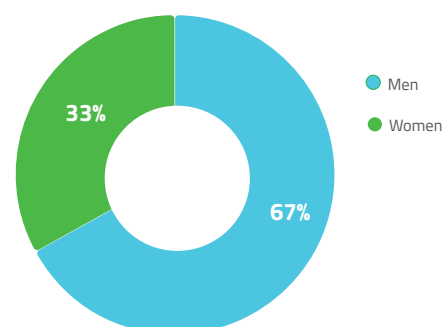
The Chairman of the Board of Statutory Auditors and an alternate auditor were appointed from the minority list submitted by a number of investors.

Compliance with gender balance

33% of the Standing and Alternate Auditors are the less represented gender. Pursuant to the new rules, the new Board of Statutory Auditors, which will be appointed by the Shareholders' Meeting called to approve the Financial Statements as at and for the year ending 31 December 2021, shall ensure that at least two fifths of the Auditors elected are from the less represented gender.

The Issuers' Regulation provides that if the application of the gender allocation criterion does not result in a whole number of members of the management or control bodies belonging to the less represented gender, this number is rounded up to the next integer, with the exception of the corporate bodies formed by three members for which the number should be rounded down to the lower integer.

Board of Statutory Auditors composition by gender



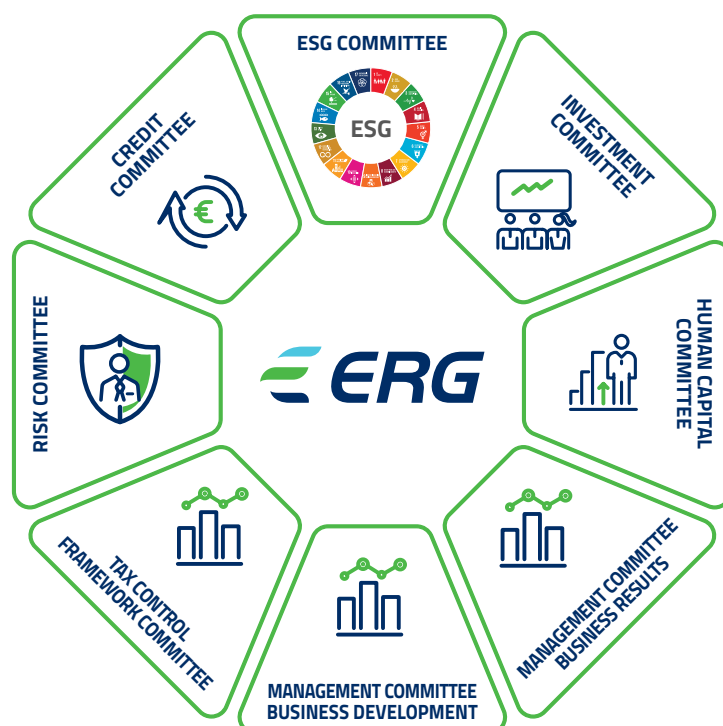
INDEPENDENT AUDITORS

The Independent Auditors (KPMG) were appointed by the General Meeting of Shareholders on 23 April 2018 for the financial years 2018 to 2026. Consequently, the engagement for the legal audit of the accounts will expire on the date of the Shareholders' Meeting called to approve the Financial Statements at 31 December 2026. During the course of the year, the Independent Auditors obtained consultancy assignments not related to the statutory audit: the fees paid for these additional services amounted to approximately 20% of the total for the year.

For further information on the role played by each body, see the "Report on Corporate Governance and Ownership Structure" section on the website www.erg.eu.

INTERNAL BOARD COMMITTEES

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



RISK COMMITTEE

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



INVESTMENT COMMITTEE

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



HUMAN CAPITAL COMMITTEE

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



MANAGEMENT COMMITTEE BUSINESS RESULTS

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



MANAGEMENT COMMITTEE BUSINESS DEVELOPMENT

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



ESG COMMITTEE

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

- defines the Group's medium to long-term sustainability guidelines and promotes the implementation of consistent practices and projects in the field of corporate social responsibility;
- approves the ESG Initiatives Plan as an integral part of the Group's Business Plan, monitors the execution, the achievement of targets and the priority areas for intervention;
- approves the Internal and External Communication Plan, also aimed at promoting the plan's ESG initiatives, monitoring their implementation and enhancing their growing importance in strategic terms;
- manages the preparation and dissemination of the "Non-Financial Statement" (NFS) and other reporting methods related to ESG matters.



TAX CONTROL FRAMEWORK COMMITTEE

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



CREDIT COMMITTEE

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

MAIN PROCEDURES TO PROTECT MINORITY SHAREHOLDERS

On 31 January 2020, the new Code of Corporate Governance was published, to which the company resolved to adhere on 15 October 2020 and which applies from 1 January 2021.

Code of Conduct for Internal Dealing (purchase/sale of company shares)

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

For more information, see the "Code of Conduct for Internal Dealing" available on the website of ERG.

Guidelines for the identification and execution of significant transactions

The purpose of the Guidelines is to define the criteria for identifying significant transactions identified pursuant to the current Corporate Governance Code and not covered by the delegated powers granted to the Chief Executive Officer and Executive Deputy Chairman of

ERG S.p.A., as well as the principles of conduct to be followed in carrying out such transactions. The Guidelines also apply to ERG S.p.A.'s subsidiaries.

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

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

For more information, reference is made to the "Procedure for handling and processing relevant and privileged information and for the public dissemination of statements and information" available on the Group's website.

Procedure for Related Parties Transactions

The procedure has the purpose of assuring the transparency and the substantial and procedural correctness of transactions with related parties carried out by ERG S.p.A. directly or through its subsidiaries.

ANTI-CORRUPTION: COMMITMENT TO ETHICAL INTEGRITY

The fight against corruption has always been one of the fundamental values on which ERG bases its activities. For this reason, our Group has equipped itself with tools to prevent the risk of corruption, in whatever form it may take: active or passive, public or private.

We have had a Code of Ethics since 2004 in which we have identified the principles of conduct to be observed in relations with institutions, for example in order to obtain administrative measures necessary for the exercise of activities, but also to represent, in the appropriate fora, the Group's requests when issuing rules and regulations that may have a more or less significant impact on the business.

The Code of Ethics has been supplemented, over time, by the Organisation and Management Models pursuant to Italian Legislative Decree no. 231/01 (the "231 Models"), within which the prevention of corruption risk plays a primary role, and most recently, the Anti-Corruption System (also the "System") and the Anti-Corruption Policy (also the "Policy"), last updated in 2019, and the Significant Third Party Due Diligence Procedure (also the "DD Procedure"), last updated in 2020.

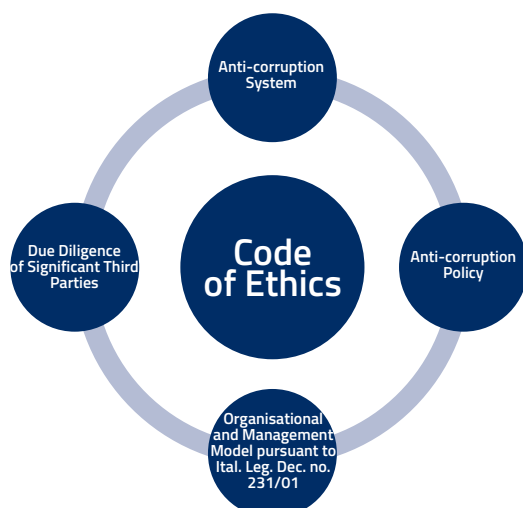
The Code of Ethics and the Anti-Corruption System, with particular reference to the Anti-Corruption Policy, are adopted by all Group companies, both in Italy and abroad. In particular, the System has been established on the basis of the principles contained in the ISO 37001:2019 standard to ensure compliance with the anti-corruption laws and regulations of all the countries in which we operate.

It is essentially based on two documents: the Policy and the Significant Third Party Due Diligence Procedure.

The Policy states the Group's commitment against all forms of corruption and establishes guidelines to ensure compliance with the System requirements for this end, aimed at:

- fully rejecting corruption, according to a "zero tolerance" principle;
- ensuring compliance with all anti-corruption laws, with particular reference to those applicable in the countries where the Group operates;
- identifying anti-corruption controls and implementing them in internal regulatory instruments;
- identifying training activities on the Policy and on compliance with the anti-corruption laws and their recipients;
- guaranteeing the commitment to continually improve the System.

ERG Group's Anti-Corruption System



We define additional operational targets annually, which are reflected in the Compliance Plan prepared by the 231 Compliance & Privacy department and presented to the Control, Risk and Sustainability Committee. 231 Compliance & Privacy reports on the activities carried out during the period, as identified in the Compliance Plan, semi-annually to the Compliance Committee. The activities of our Group that are assessed as being at higher risk of corruption and subject to the rules of conduct contained in the Policy include, among others:

- managing relations with institutions and control bodies;
- goods and services procurement (including consultancy);
- managing expenditure on gifts, sponsorships, donations and representation.

Furthermore, facilitation payments are strictly prohibited.

For each of these activities, in addition to the rules of conduct contained in the Policy, the Group has approved specific procedures which clearly identify the authorised parties, the spending limits (where applicable) and the second-level controls.

Finally, the Due Diligence Procedure identifies the controls to be carried out before entering into contractual relationships with third parties such as suppliers, contractors, consultants and partners, in order to detect, manage and resolve any conflicts of interest and corruption risks through mitigation measures.

The Group currently monitors about 1,870 significant third parties through a computer system and the compilation/updating of specific self-certifications.

The monitoring of the effective and corrective functioning of the Anti-Corruption System is ensured through data streams, both periodic and occasional, which must be transmitted to the 231 Compliance & Privacy department. In order to improve the process of receiving, managing and storing information flows, in 2021 we implemented an ad hoc IT system that sends a periodic request to those responsible for sending the flows and, at set intervals, a reminder in case of failure to send what has been requested. This system makes it possible to monitor the status of receipt of the information flows.

Each person responsible is also required to report the absence of relevant events.

The monitoring of the effective and proper functioning of the Anti-Corruption System is further ensured by Internal Audit, which carries out six-monthly tests on activities at risk of corruption, and audits of processes at higher risk of corruption offences, both public and private.

The possibility to report violations of the Anti-Corruption System and Anti-Corruption laws is envisaged through a dedicated email address and a regular mailing address that can be used by anyone. Our Group governs the correct handling of the reports received, ensuring privacy of the identity of the whistleblower (and alleged perpetrator) and adequate protection instruments against the retaliation against the same. In 2021, the 231 Compliance & Privacy department regularly received the required information flows and did not receive any reports.

Compliance with Italian Legislative Decree no. 231/2001

In 2021, the 231 Compliance & Privacy department carried out an analysis of the new edition of the "Confindustria Guidelines for the construction of organisation, management and control models", which showed that the 231 Models in force within the Group's

Italian companies are substantially consistent with Confindustria's recommendations.

Verification of the effectiveness and efficiency of the 231 Models and related control protocols is carried out on an ongoing basis by the Supervisory Bodies appointed by the Group's Italian companies. The company's Supervisory Body ("SB") consists of three members, one of whom is an external member, selected to satisfy the requirements of independence, autonomy and continuity of action. It is appointed by the Board of Directors, taking into account the expertise necessary to verify adequacy of the company's 231 Model and the effective implementation, as well as proposing the necessary updates.

The verification of the company's 231 Model is carried out on the basis of a dedicated plan, shared with the Control, Risk and Sustainability Committee and subsequently with the Company's administrative body, which is called upon to approve the budget necessary to implement the planned activities.

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

The Supervisory Body carries out these activities in the context of periodic meetings during which, among other things, the information flows received are analysed. On this point, it should be noted that in order to improve the process of receiving, managing and storing information flows, an ad hoc IT system was implemented in 2021, also for information flows relating to the 231 Models, which calls for sending a periodic request to those responsible for sending the flows and, at set intervals, a reminder in the event of failure to send what has been requested. This system makes it possible to monitor the status of receipt of the information flows due. In addition, as part of their information flows, each responsible person is also required to report the absence of any relevant events.

During these meetings, the reports of the verification activities carried out by Internal Audit - which supports the Supervisory Body in its activities - are also examined, including the six-monthly tests on activities with a medium and high offence risk and the specific audits whose results are reported by Internal Audit on a quarterly basis to the Control, Risk and Sustainability Committee and on a six-monthly basis to the company's administrative body.

Moreover, when deemed appropriate, the heads of the activities at risk are also called to the SB meetings to provide clarifications and explanations on specific issues.

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

The Supervisory Body is also the recipient of reports on possible violations of the 231 Model and the Code of Ethics. Within the framework of this activity, it must respect the obligation of confidentiality regarding the identity of the whistleblower and of the reported person.

The reports must not contain allegations that the whistleblower knows are false. Any whistleblowing with wilful misconduct or gross negligence that proves to be unfounded is subject to the application of the Disciplinary System.

In 2021, no reports were received indicating violations of the Code of Ethics and 231 Models.

Three reports of possible violations of the Code of Ethics and 231 Models were received in 2021. The relevant investigations, conducted by the Supervisory Body in cooperation with Internal Audit, did not reveal any evidence of the communications received.

Training

The employee training programmes have been entirely redesigned to take into account the activities carried out and the relative risks. For newly hired personnel, training has been diversified with three professional groupings (staff, production and commercial). Each grouping includes an introduction to Italian Legislative Decree no. 231/01, followed by the presentation of cases that simulate work scenarios, in which participants are asked to make decisions that expose the company to the risk of crime envisaged in the 231 Model to a more or less severe extent.

The simulation is followed by a video summarising the company rules and a questionnaire. The project started in 2019 and was completed for all the professional families: the last session was held in 2021 and involved 15 people from the commercial professional family.

At the same time, classroom training to employees in regard to compliance with Italian Legislative Decree no. 231/01 continued. Simulation of concrete work situations were carried out in this case as well, highlighting the risks and the company rules adopted to prevent them. These included two training sessions for the Procurement function on the Significant Third Party Due Diligence procedure and for the HR operating unit on 231 controls to be followed in the selection and recruitment process.

In 2021, training on the Code of Ethics and the Anti-Corruption Policy was also redesigned, addressed to all ERG Group employees. It consists of five practical cases (videos) that simulate as many corporate situations that present potential risks of violation of the principles and rules of conduct contained in the Code of Ethics and/or the Anti-Corruption Policy adopted by the Group. Currently, 496 employees are trained.

The table below summarises the training activities carried out in 2021.

Italian Legislative Decree no. 231/01 and Anti-Corruption		2021
No. of people trained		496
Course duration		1.5 hours
Total man-hours		808 hours

Italian Legislative Decree no. 231/01 and Anti-Corruption		2021
No. of Directors		17
Course duration		1.5 hours
Total man-hours		25 hours

PRIVACY: DEVELOPMENT AND TRAINING

The monitoring of the privacy management system, implemented in accordance with EU Regulation 2016/679 (GDPR), continued in 2021.

In particular, it should be noted that the ERG Group's Privacy Organisational Model and the Processing Register have been updated taking into account the evolution of internal processes and the activities carried out by the Group in order to ensure compliance with the Covid-19 anti-contamination provisions issued by Parliament and the Government to guarantee workplace security.

To date, the ERG Group has not received any objections and/or reports from the Privacy Guarantor and has not received any requests from the interested parties to exercise their rights as per articles 15 et seq. of the GDPR. During the year, there were no data breaches or complaints from data subjects.

CYBERSECURITY

The ERG Group's IT security management has evolved over time, in line, on the one hand, with the business transformation that has characterised the Group's history, and on the other, with the evolution of the internal and external ICT technological context, in particular with reference to the panorama of threats to which the Group's "operations" were once, and are today, exposed.

This means that over time there has been a shift from a very technical/technological approach to a more holistic approach, characterised by a technical component but also by an organisational and business vision.

The first approach was based on the adoption of reference standards, on significant investments linked to multi-year plans, and on the construction and management of "technological barriers" to protect the systems that were the critical point of cybersecurity when the infrastructure was mainly internalised and physical, the perimeter was substantially concentrated and when the threats relating to cybersecurity were "static" in a certain sense, meaning characterised by substantially known and stable types, methods and levels of exposure to risk.

The second approach was dictated by the technological evolution of the Group, which over the years has moved towards virtual and cloud infrastructures with a high level of outsourcing to guarantee quality and security in the management of an extremely fragmented and geographically distributed perimeter in a context of extreme growth in the complexity level of the cyber risk scenario, linked both to the technological evolution of potential "cyber criminals" and to the increasing pervasiveness of technologies with respect to industrial and other processes. This second approach is based more on the analysis of the operational context, on the adaptation and modulation of prevention and protection tools according to the evolution of the systems and processes in operation, on the continuous training and awareness-raising of people (who have proved to be the weak link in the defence chain over time) and on the continuous monitoring of the health status of ICT processes and technologies supporting business processes as a whole.



With regard to training, the Group regularly implements initiatives aimed at maintaining a level of awareness and appropriate behaviour (where appropriate, defining specific contents based on the roles covered by people within the organisation) with respect to the objective of preventing the risk of cyber attacks. In particular, during 2021:

- more than 30% of Italian staff participated in a dedicated training session delivered online and also made available offline for later consultation, consistent with the approach already adopted for staff in foreign countries in 2020;
- an online training path has been launched with modules that are released periodically with the aim of reaching completion by 2022 for the entire Group population in the various areas where it is present, with about 60% of the population having participated in at least one training module;
- the ICT area staff most closely involved in cyber security management participated in several days of targeted technical training on the prevention and management tools adopted by the Group, with particular reference to Microsoft tools.

At the top level, the Board and Top Management have a fundamental role in defining the level of risk appetite, in assigning the budgets of resources necessary to implement the management strategies and in periodically monitoring the level of risk exposure/performance against the protection objectives.

The approach defined at a top/central level is valid at a general Group level and has a concrete and homogeneous application to the entire perimeter of Group operations, with reference to operations in both Italy and abroad thanks to a centralised approach at an organisational and technological level based on the definition of standards applied independently of the geographies and generation technologies covered.

Although it has always been inspired by international reference standards in the ICT field (ITIL, Cobit, etc.) and by the requirements for certified quality management systems (ISO), until 2021 the Group considered it more effective to invest its resources in building the prerequisites for a possible certification, rather than in a complete certification process; this will however be started from 2022, in conjunction with the evolution of the NIS Directive and with the expectation that in the next few years the reference regulatory context will move towards mandatory certification for electricity market operators.

However, it is believed that the investments made in recent years and the evolution of internal processes in the management of the Group's ICT systems are an excellent foundation for reaching ISO certification in a substantially natural way.

Moreover, the Group already uses external suppliers with very high standards able to provide international certifications in the areas of quality, environment and ESG, and as part of the vendor selection strategies defined at Group level, these elements will be increasingly relevant and characteristic in defining the supply chain to be relied upon.

Finally, considering the fact that, other things being equal, the reaction time to a possible cyber attack constitutes the fundamental element for limiting any damage, the Group has adopted, on the one hand, tools and systems for the real-time, automatic monitoring of technological dynamics and the identification of anomalies, and on the other hand has defined processes and tools available to individual users to report anomalous situations or doubts that are managed internally, or with the support of external specialised teams where necessary, in order to continuously minimise the level of exposure.

GROUP MANAGEMENT SYSTEMS

Management Systems are a set of organisational and control elements with which the ERG Group defines and systematically pursues its environmental, workplace health and safety and specific quality objectives.

All the organisation's processes are defined, implemented, monitored and improved according to the HSEQ Policy, which in turn follows the principles set out in broader Group documents, namely the Code of Ethics, the Sustainability Policy and the Human Rights Policy.

The Management Systems adopted by the ERG Group are structured in compliance with the recognised international standards, ISO 14001:2015 (environment), ISO 45001:2018 (health and safety) and ISO 9001:2015 (quality) and according to the following main aspects:

- focus on commitment to environmental protection, workplace safety, compliance obligations, stakeholder requirements and expectations;
- leadership and management commitment in establishing unity of purpose and direction at all levels to achieve objectives;
- active participation of people;
- approach based on determining risks and opportunities and monitoring the actions necessary to minimise negative effects and maximise benefits;

- life-cycle perspective that encourages consideration of the end-of-life impacts of products and services.

The implementation of these management systems is entrusted to the HSE organisational unit, which periodically measures and controls their effectiveness through both internal audits and specific indicators.

In an initial phase in recent years, the ERG Group has pursued an important programme of Management System integration in the various technologies in order to better exploit the synergies present in Italy. Having achieved this objective, the programme continued in a second phase with the extension of the application of these systems to the other countries in which the Group operates.

In particular, the certifications cover all the activities carried out in Italy and Germany; in the UK and France, the first of two phases of the certification process for the environment and safety management system have been passed: full certification is expected by the end of the first quarter of 2022.

By the end of 2021, ISO 14001 standard environmental certification covers over 77% of our installed base and around 65% of our people, compared with 29% in 2020; ISO 45001 standard health and safety certification covers over 77% of our installed base and around 90% of our people, compared with 91% in 2020.

ERG S.p.A. ISO 45001

ERG POWER GENERATION S.p.A.

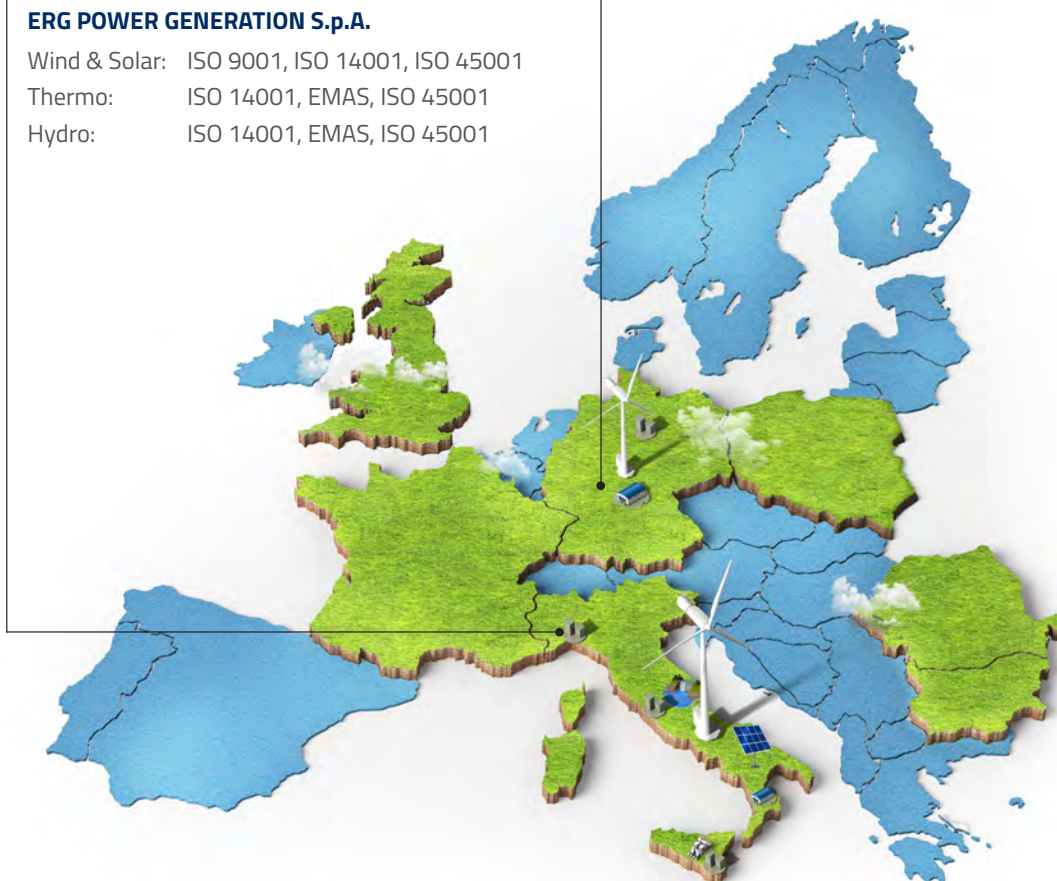
Wind & Solar: ISO 9001, ISO 14001, ISO 45001

Thermo: ISO 14001, EMAS, ISO 45001

Hydro: ISO 14001, EMAS, ISO 45001

ERG GERMANY

Wind: ISO 14001, ISO 45001



INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

ERG Group's Internal Control and Risk Management System is the set of tools, organisational structures, standards and corporate rules required to ensure that the company is run soundly, correctly, and consistently with the objectives defined by the Board of Directors. The main actions of the body are the identification, measurement, management, and monitoring of the main risks, as well as the structuring of related data streams. The Internal Control and Risk Management System involves the Group's entire organisational structure, from the Boards of Directors of ERG and its subsidiaries to all company personnel.

The main parties involved and their respective duties are the following:

- the Board of Directors, which guides and assesses the adequacy of the Internal Control and Risk Management System;
- the Executive Deputy Chairman, in charge of the Internal Control and Risk Management System, responsible for verifying the correct functionality and the overall adequacy of the ICRM System;
- the Chief Executive Officer, who identifies the main corporate risks;
- the Control, Risk and Sustainability Committee, tasked with supporting, through a preliminary analysis, the assessments and decisions of the Board of Directors pertaining to the ICRM System, as well as those relating to the approval of periodic financial reports;
- the Board of Statutory Auditors, which monitors observance of the law and of the Articles of Association, compliance with the principles of sound administration, and the adequacy of the ICRM System organisational structure (for aspects within its competence);
- the Supervisory Body, which oversees compliance with the Code of Ethics, Anti-corruption System and verifies the effectiveness and adequacy of the Organisation and Management Model pursuant to Italian Legislative Decree no. 231/01;
- the Chief Audit Officer, in charge of verifying the viability and suitability of the ICRM System.

Other relevant players with specific duties include Group Management, primarily responsible for internal control and risk management activities, and second-level control functions, including the Manager responsible for preparing the company's financial reports, the Group Risk Management & Corporate Finance department and the Compliance departments dealing especially with overseeing legal risk and non-compliance.

For further information, see the "Internal Control and Risk Management System Guidelines" and the "Report on Corporate Governance and Ownership" available at www.erg.eu.

Internal Audit

As part of the rules and activities pertaining to corporate governance, the Internal Audit department assesses the adequacy of the ICRM System, of which it is an integral part, and specifically:

- ensures objective and independent activities of "assurance" and "consultancy" to Top Management of the Holding and of the Group's Companies to improve the effectiveness and efficiency of the internal control and risk management processes;
- helps the corporate organisation achieve its goals by adopting a professional and systematic approach that is able to generate added value through the analysis and improvement of the internal control, risk management and Corporate Governance processes;

- verifies the operation and suitability of the ICRM system and, in particular, checks that Management has identified the main risks, that the risks were consistently assessed and that the mitigating actions have been defined and implemented. Furthermore, it checks that the risks identified have been handled in keeping with the resolutions of the Board of Directors, with external regulations and with the Group's internal rules.

Independence of the Internal Audit department

The Chief Audit Officer is not responsible for any operational area. S/he has direct access to all information useful to carry out his/her duties, reports hierarchically to the Board of Directors through the Executive Director in Charge of the Internal Control and Risk Management System and ensures that information is provided to the Control and Risk Committee and the Board of Statutory Auditors. The annual Audit Plan of the Internal Audit department, based on a structured process of analysis and prioritisation of the main risks – similar to what is envisaged for the budget – is subject to the approval of the Board of Directors. The Audit Plan lists the activities through which the Internal Audit department verifies, both on an ongoing basis as well as with respect to specific requirements and in accordance with the international standards, the viability and suitability of the ICRM System. Moreover, Internal Audit verifies the reliability of the IT systems, including the accounting systems. The Chairman of the Board of Directors and the Chairwoman of the Board of Statutory Auditors, the Risk and Control Committee and the Executive Director in Charge of the Internal Control and Risk Management System receive data streams both periodically as well as in relation to events of particular relevance, generated by the Internal Audit Department.

Internal Audit process

Risk Assessment is the first logical step of the Internal Audit process since it identifies the areas of greater relevance which must be further examined (included in the three-year "rolling" audit plan), consistently with the size of the Internal Audit Division.

The three-year "rolling" plan comprises the following methodological phases:

- **"Risk Assessment"**, that is, definition of a hierarchy of "Risk-Based" processes (potentially subject to Audit), based on the Group's "Risk Report". The Risk Assessment process requires:
 - acquisition of the latest version of the Risk Report, developed by the Enterprise Risk Management OU (Group Risk Management & Corporate Finance department);
 - analysis of the Risk Report's risk sheets and of the correlations with the Group's processes (Process Map);
 - definition of parameters (or weights) for assessing the processes related to the Risk Report risk assessments and preparation of process ranking (with prioritisation of risk-based processes);
- **definition of the processes subject to audit.** Generally, managerial processes related to strategic risks and monitored by the BoD and Top Management are not taken into account, as also activities overseeing specific regulatory events, which cannot be verified using Audit instruments and techniques;
- **integration with auditing areas relating to the risk of fraud/non-compliance with the Code of Ethics**, not included in the "Risk Report", but part of the Internal Audit mandate;

- **modifications and/or supplements** resulting from the planning and from the results of the Audits carried out during previous years;
- **assessment and possible receipt of any requests and/or suggestions** from the Executive Deputy Chairman in charge of the Internal Control and Risk Management System, the Control Bodies and the Group's Top Management;
- **submission of the draft three-year Plan** to the Control and Risk Committee and receipt of any observations;
- **submission of the final draft three-year Plan** to the Board of Directors for formal approval.

Subsequent planning of the measures must ensure the following objectives:

- coverage of all business areas on a biennial basis;
- coverage of foreign subsidiaries, envisaging at least one Audit/year;
- performance of one ICT Audit/year;
- verification of corrective actions to be taken, agreed upon with the corporate Management of reference and completed Audits;
- "saturation of production capacity" of Internal Audit resources.

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

To integrate the control activities, maximise their effectiveness and manage any overlapping, Audit activity planning is coordinated with the other corporate departments that carry out second-level control activities in specific "work groups" (at least four per year), where the activities carried out by the organisational units involved are pooled in order to share relevant information for the purpose of optimising their respective activities.

Internal Audit also carries out periodic checks on behalf of the Supervisory Bodies of the Group's companies. These checks are aimed at verifying the effectiveness of the Organisation, Management and Control Models pursuant to Italian Legislative Decree no. 231 adopted by the companies. The detailed operating procedures of the checks are defined together with the Supervisory Bodies of the Group's companies, also in relation to the Audit Plan activities.

ENTERPRISE RISK MANAGEMENT

Risk Management activities are of key importance to reach our goals of growth, efficiency and risk mitigation. This strengthens our ability to create value for our shareholders and stakeholders, allowing to ensure medium/long-term business sustainability.

Risk management in the ERG Group is a structured and continuous process, aimed at addressing the risks faced by the organisation with an integrated logic, and providing management with the information necessary to make the most appropriate decisions for the purpose of achieving the strategic objectives, growth, value creation and safeguarding of the company.

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

The main goals of ERM are:

- obtaining an integrated and dynamic view of the main Group corporate risks that may affect the objectives of the Business Plan;

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

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

To this end, the ERM model is developed by means of:

- identifying and assessing the Group's main risks and defining the necessary strategies to mitigate the risks and the relative control tools;
- continuously checking smooth operation and effectiveness of the risk management process, providing to management a clear representation of the "dynamic" evolution of risk mapping.

The Enterprise Risk Management methodology includes:

- integration between the ERM model and corporate strategies and, in particular, the "Plan and Budget" process, allowing the alignment between strategic planning and risk assessments;
- creation of synergies with company departments that carry out specific risk assessments (e.g., HSE, ICT);
- introduction of specific, quantitative and qualitative Key Risk Indicators (KRI) for the structured and dynamic monitoring of risk trends and the development of risks over time;
- a six-monthly reporting activity that provides information about the development of the main risks mapped.

The ERM process, based on the 2018 edition of the COsO framework international standard "Enterprise Risk Management (ERM) - Integrating with Strategy and Performance" is implemented using a "Risk-Based" approach that starts by contributing to the definition of the Business Plan by identifying specific objectives, analysing the associated risk profile, and defining management and monitoring strategies.

At an operational level, with the support of the ERM area, it identifies the risks and indicates the current actions/projects to mitigate them. The results of this process are consolidated at Group level, where priorities are defined in order to support their coordination and integrated management.

As is customary, the Group's Risk Universe, meaning the standard catalogue of homogeneous risk classes, was updated in 2021 on the basis of an benchmarking activity (e.g., of specialised publications) to include "Emerging Risks".

The tool supports Management:

- during the risk assessment phase in order to include all areas where risks may arise;
- in the consolidation phase, by checking whether some risk areas have not been analysed/covered, in order to examine them in more depth, if necessary.

During the most recent update, the Risk Universe (which currently includes more than 60 risk classes) was integrated, focusing on the issues of climate change and sustainability. Following the update of the Risk Universe, ERM risk assessment activities were carried out and the ERG Group's Risk Catalogue was updated.

Two assessment cycles were carried out in 2021, which involved all Group companies in Italy and abroad, for the identification of "TOP Risks" and "Gold Risks".

The results are periodically reported vis-a-vis:

- Management, CFO, CEO, who assess the adequacy of the risk profile assumed in relation to the objectives set and the actions taken to mitigate the risks;
- the Control, Risk and Sustainability Committee, tasked with assessing the overall effectiveness of the ERM process.

Monitoring involves two indicators:

- the risk profile, monitored by shifting the residual risk in the likelihood-impact matrix: any change in likelihood and/or impact that affects the risk profile makes it possible to measure the trend compared to the previous half year (increase, stable, decrease);
- the Key Risk Indicator: a specific risk indicator that only shows the quantitative changes and trends compared to the previous half year of the indicator monitored.

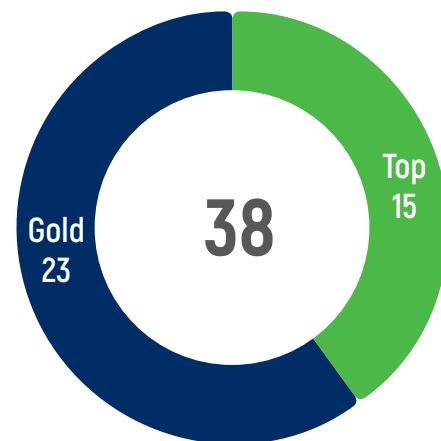
The main risks to which the ERG Group is subject are described in the chapter "Risks and uncertainties" in the Directors' Report, to which reference is made for details.

ERM goals reached in 2021

The Risk Assessment of the second half-year of 2022 involved 100% of the Group's companies, both in Italy and abroad, together with all Senior and Middle Management. We identified 38 "main" risks (of which 15 classified as Top - described in greater detail to senior management; 23 classified as Gold - depicted in a summary table) divided into Strategic, Financial, Operational (including HSE and ICT risks) and Compliance.

An "SGR Score" is identified for each risk, an indicator that expresses the effectiveness of the Risk Management System for all the risks of the Risk Catalogue in a condensed form (on a scale from 0 to 100%).

Risk catalogue



CLIMATE CHANGE RISK MANAGEMENT

Already in 2019, ERG had developed a process to analyse the impact that climate change may have on its business. The project was developed in accordance with the guidelines of the TCFD (Task Force on Climate-related Financial Disclosure) transposed by the European Commission into the "Guidelines on non-financial reporting: Supplement on reporting climate-related information". The analysis, with consequent disclosure, regarded four pillars: Governance, Strategy, Risk Management, Metrics & Targets.

The main phases in the process were:

1. identification of the reference scenarios;
2. identification of the variables present in the scenarios that could impact ERG's business;
3. identification of the risks and opportunities tied to combat climate change in relation to ERG's business;
4. identification of the corporate departments responsible for the governance, monitoring and management of climate change issues;
5. identification of the strategies for managing the risks or achieving the opportunities.

Scenarios were chosen from among those most widely accredited in literature, more specifically the one developed by the Intergovernmental Panel of Climate Change (IPCC) that shows the response of the Earth's climate to changes in atmospheric concentrations of greenhouse gas (GHG) in the absence of mitigation measures (physical scenario), and two transition scenarios that focus on assumptions of the development of climate policies and technologies to reduce GHG emissions:

- the Below 2 Degree Scenario (B2DS) of the International Energy

Agency (IEA), used by the Science Based Targets Initiative (SBT) to set the greenhouse gas emission reduction targets;

- the Sustainable Development Scenario (SDS) of the International Energy Agency (IEA) which uses the Sustainable Development Goals (SDGs) as targets.

The different variables that may impact ERG's business were subsequently identified and classified into Physical (acute and chronic) and Temporary (Regulatory, Market, Reputational, Technology) events.

At the same time, the analysis aimed to identify all the opportunities generated by climate change that could work in the Group's favour.

The first fact that emerged from the analysis is that ERG, having already achieved ante litteram the "energy transition" towards a decarbonised economy, has already implemented actions and processes that allow it to be resilient and ready to face a predominantly green generation model.

The governance of climate change issues is divided between the Board and Management. The Board is responsible for strategic guidance, designing the Group's green future, analysing the economic, regulatory and market scenarios in order to identify the best development opportunities while continuing to support decarbonisation.

Management is responsible for managing the assets, with an increased focus on issues such as managing contributions to optimise production, technological development and increasing the efficiency of plants in order to extract the greatest possible value, the integrity of assets and the environmental and safety management to ensure business continuity.

	Potential event	Description of risk / Opportunity	Potential financial impact	Risk management strategy/strategy for realising opportunities (main aspects)
PHYSICAL Acute	Increase in the frequency and intensity of extreme weather events	RISKS Damage to plants with impact on production. Damage to infrastructure (e.g. roads from landslides) that prevents access to plants with impact on availability/generation capability of production plants.	Increase in operating costs. Reduction in revenue. Higher insurance costs.	Business continuity management process that guarantees the correct maintenance of production assets, through risk assessment activities, business impact analysis. Technological diversification (Wind/Hydro/Solar/Thermo) and territorial distribution of assets across the various regions and countries. Certification of HSE Management systems in accordance with international standards. Identification of the most appropriate wind turbines based on the windiness of the site. Insurance coverage.
		OPPORTUNITY n.a.	n.a.	n.a.
PHYSICAL Acute	Increase in the frequency and intensity of extreme weather events	RISKS Supply chain interruption with impact on plant availability.	Increase in operating costs. Reduction in revenue.	Selection of suppliers belonging to International Group that manage their production processes with a view to business continuity management in addition to identifying backup suppliers. Definition of strategies for the management of warehouses (minimum levels of stock and main components) and different spare parts warehouses located across several geographical areas. Supply contracts with safeguard clauses. Insurance coverage.
		OPPORTUNITY n.a.	n.a.	n.a.
PHYSICAL Acute	Increase in the frequency and intensity of extreme weather events	RISKS Damage to the electricity and/or gas distribution network.	Plant unavailability. Reduction in revenue.	Technological and geographical diversification of the generation portfolio in order to limit impacts. The security of networks is guaranteed by National TSOs (TSO for the electricity network and SNAM for gas).
		OPPORTUNITY n.a.	n.a.	n.a.
PHYSICAL Acute	Heat waves	RISKS Reduction in the performance of plants with a negative impact on their efficiency and on the production of electricity. Increased plant maintenance.	Increase in operating costs. Lower revenue.	Technological and geographical diversification of the generation portfolio in order to offset the impact caused by the change in temperature (Wind/Solar/Hydro). Continuous monitoring of the performance of plants through specific KPIs in order to implement predictive/preventive maintenance strategies. Programmes for the continuous improvement of the processes for managing and maintaining assets in order to ensure their increased efficiency.
		OPPORTUNITY Increase in the demand for electricity for cooling purposes.	Increase in revenue.	Operation and Maintenance activities aimed at ensuring high availability of production facilities. Development and implementation of production plans that take account of demand trends.
PHYSICAL Chronic	Increase in average temperature	RISKS Lower efficiency of plants. Increased evaporation of lakes with a consequent decrease in the availability of water.	Lower revenue.	Technological and geographical diversification of the generation portfolio in order to offset the impact caused by the change in temperature (Wind/Solar/Hydro). Continuous monitoring of the performance of plants through specific KPIs. Programmes for the continuous improvement of the processes for managing and maintaining assets in order to ensure their increased efficiency.
		OPPORTUNITY Greater radiation with a consequent increase in the production of photovoltaic plants.	Higher revenue.	Technological and geographical diversification of the generation portfolio in order to compensate for changes in the various renewable sources (Wind/Solar/Hydro) due to the change in temperature. Use of increasingly accurate forecasting systems to reduce forecasting errors, including through the use of complex statistical tools. Programmes for the continuous improvement of the processes for managing and maintaining assets in order to ensure their increased efficiency.

	Potential event	Description of risk / Opportunity	Potential financial impact	Risk management strategy/strategy for realising opportunities (main aspects)
PHYSICAL Chronic	Increase in sea level	RISKS The significant rise in sea level could result in the need to modify the sea-water pump system used to cool the CCGT plant.	Higher maintenance costs.	The CCGT is in a high position with respect to the sea, and sea levels are not expected to rise significantly enough for the plant to be considered at flood risk.
		OPPORTUNITY n.a.	n.a.	n.a.
PHYSICAL Chronic	Reduction in rainfall (Southern Europe)	RISKS Decrease in electricity production of hydroelectric assets.	Reduction in revenue.	Technological and geographical diversification of the generation portfolio in order to compensate for changes in the various renewable sources (Wind/Solar/Hydro/Power). Scheduling of renewable energy plant downtime and maintenance according to the periods when the contribution of the specific renewable source is lower. Development and implementation of production plans that take account of the change in contributions of the various renewable sources.
		OPPORTUNITY n.a.	n.a.	n.a.
PHYSICAL Chronic	Change in the intensity, direction and frequency of winds	RISKS Decrease in the production of electricity due to the scarcity of the resource or prevailing wind direction for wind farms. Uncertainty of weather forecasts that could result in inaccurate production programmes.	Reduction in revenue. Increase in operating costs.	Technological and geographical diversification of the generation portfolio in order to compensate for changes in the various renewable sources (Wind/Solar/Hydro/Power). Use of increasingly accurate forecasting systems to reduce forecasting errors, including through the use of complex statistical tools.
		OPPORTUNITY Increase in the production of electricity by wind farms in the event of increase in the frequency and intensity of winds.	Increase in revenue.	Technological and geographical diversification of the generation portfolio. Preparation of production plans for generation assets. Definition and implementation of a strategic development plan.
TEMPORARY Regulatory and linked to policies	Change in grants and incentives from the Government or international organisations	RISKS Reduced incentives for investment in production from RES.	Lower revenue.	Technological and geographical diversification of the generation portfolio to enable access to the various incentive systems in the different countries and for the different sources. Drafting of development plans and plans for investment in renewable energy plants that take account of the RES incentive scenario in the target countries. Specific organizational unit dedicated to the continuous monitoring of developments in reference national and international legislation. Establishment and maintenance of relations with the reference Institutions at the national and international level aimed at protecting the interests of the Group.
		OPPORTUNITY Increase in incentives for investment in production from RES. Increase in availability of capital for Green investments.	Higher revenue.	Drafting of development plans and plans for investment in renewable energy plants that take account of the RES incentive scenario in the target countries. Specific organizational unit dedicated to the continuous monitoring of developments in reference national and international legislation. Establishment and maintenance of relations with the reference Institutions at the national and international level aimed at protecting the interests of the Group.
TEMPORARY Regulatory and linked to policies	Change in the regulatory framework for greenhouse gas emissions	RISKS Tightening up of international/ national regulations with introduction of limits on greenhouse gas emissions for power generation plants.	Lower revenue (Thermo).	Technological and geographical diversification of the generation portfolio in order to compensate for the tightening up of regulations affecting a single technology. Business Plan that provides for the growth of the ERG Group in renewable-based power generation and the maintenance of a Power Thermo plant that helps to ensure the safety of the national electricity grid. Programmes for the continuous improvement of manufacturing processes in order to increase efficiency.
		OPPORTUNITY Increase in the demand for electricity due to coal phase-out.	Higher revenue.	Business Plan that provides for the growth of the ERG Group mainly through the development of Renewable Resources. Continuous monitoring of the performance of plants and emissions through specific indicators and KPIs. Programmes for the continuous improvement of manufacturing processes in order to increase efficiency.

	Potential event	Description of risk / Opportunity	Potential financial impact	Risk management strategy/strategy for realising opportunities (main aspects)
TEMPORARY Regulatory and linked to policies	Change in the regulatory framework for greenhouse gas emissions	RISKS Review of the ETS system with consequent increase of the price of CO ₂ .	Increase in operating costs due to purchases of CO ₂ quotas (Thermo).	Specific organisational unit dedicated to the continuous monitoring of developments in reference national and international legislation. Collaborative dialogue with institutions and with government and regulatory bodies in the sector. Balancing of the purchase cost of CO ₂ with the formula for the sale of electricity.
		OPPORTUNITY Increase in the demand for electricity due to coal phase-out. Competitive and reputational advantage for ERG as a result of having been able to anticipate legislative and market demand.	Higher revenue.	Business Plan that provides for the growth of the ERG Group mainly through the development of Renewable Resources and the maintenance of a Power Thermo plant that helps to ensure the safety of the national electricity grid. Programmes for the continuous improvement of manufacturing processes in order to increase efficiency.
TEMPORARY Regulatory and linked to policies	Variability in the price of natural gas	RISKS Reduction of the price of natural gas with a reduction of the PUN (National Single Price), since it is considered a "marginal" technology, in the absence of coal.	Reduction in revenue.	Balancing of the purchase cost of GAS with the sale price of electricity.
		OPPORTUNITY Possible increase in the price of natural gas with subsequent increase in the PUN (National Single Price), since it is considered a "marginal" technology, in the absence of coal.	Higher revenue.	Business Plan that provides for the growth of the ERG Group mainly through the development of Renewable Resources. Continuous monitoring of the performance of plants and emissions through specific indicators and KPIs Programmes for the continuous improvement of manufacturing processes in order to increase efficiency.
TEMPORARY Market	Uncertainty of electricity demand	RISKS Reduction in electricity demand due in particular to increased "energy efficiency" and the development of "Distributed Generation".	Reduction in revenue.	Sale of electricity via bilateral contracts/PPAs with short/medium/long-term deadlines. Programmes for the continuous improvement of manufacturing processes in order to increase efficiency.
		OPPORTUNITY Increase in the demand for electricity due in particular to the increase in "Smart Mobility" (electric cars) and increased use of efficient heating systems (heat pumps).	Increase in revenue.	Strategic industrial development plan that provides for the growth of Group production plants in order to meet the growing demand.
TEMPORARY Market	Increase in competitive pressure	RISKS Increased competitiveness due to entry of new electrical operators (e.g. increase in distributed generation, electric mobility) and/or greater energy efficiency.	Reduction in revenue.	Strategic development plan for the Group that provides for growth in RES in the target countries that have dispatching priority versus other sources. Sale of electricity via bilateral contracts/PPAs with short/medium/long-term deadlines.
		OPPORTUNITY n.a.	n.a.	n.a.
TEMPORARY Reputational	Change in reputation	RISKS n.a.	n.a.	n.a.
		OPPORTUNITY Improvement in Group reputation resulting from its strategy of investing mainly in RES. Competitive and reputational advantage for ERG as a result of having been able to anticipate legislative and market demand.	Increase in revenue.	Strategic industrial development plan that provides for the growth of Group production plants in order to meet the growing demand.
TEMPORARY Technological	Promotion of energy efficiency and renewable energy plants	RISKS n.a.	n.a.	n.a.
		OPPORTUNITY Improvement in efficiency of plants. Better perception of the Group resulting from its strategy of investing in RES. Competitive and reputational advantage for ERG as a result of having been able to anticipate legislative and market demand.	Reduction in operating costs. Increase in revenue. Reduction in the cost of capital (Green Bond, Green New Deal).	Strategic industrial development plan, which provides for further growth through RES. Programmes for the continuous improvement of manufacturing processes in order to increase efficiency. Structured Corporate Social Responsibility process. ERG Green Bond issue.

	Potential event	Description of risk / Opportunity	Potential financial impact	Risk management strategy/strategy for realising opportunities (main aspects)
TEMPORARY Technological	Demand for carbon neutral electricity generation	RISKS n.a.	n.a.	n.a.
		OPPORTUNITY Better perception of the Group resulting from its strategy of investing in RES. Competitive and reputational advantage for ERG as a result of having been able to anticipate legislative and market demand.	Increase in revenue. Improved access to capital market (Green Bond, Green New Deal).	Strategic industrial development plan, which provides for further growth through RES. Structured Corporate Social Responsibility process. Active communication and information relations with the main stakeholders and with the media. Continuous monitoring of the perception of the ERG brand by stakeholders. ERG Green Bond issue.
TEMPORARY Resilience	Effects of climate change	RISKS n.a.	n.a.	n.a.
		OPPORTUNITY Possibility of anticipating the adverse effects of climate change and taking appropriate measures to prevent or reduce to a minimum any damage that may result from it.	Increase in revenue. Reduction in costs.	Technological and geographical diversification of the "As Is" generation portfolio. Strategic industrial development plan that provides for further technological and geographical diversification of the generation portfolio through the growth of RES in different target countries. Programmes for the continuous improvement of manufacturing processes in order to increase efficiency.

In conclusion, in order to counter climate change risks and seize any opportunities, the ERG Group makes its decisions in a "conscious and responsible" manner, implementing a climate strategy (understood as a reduction of industrial impacts) that is closely integrated with business strategy, based on the following actions:

- maintenance and development, both at Board and Management level, of a culture and a positive approach, oriented and resilient to change, and the ability of the Group to evolve and reposition promptly in the context of the energy transition underway, taking maximum advantage of the challenges and opportunities;
- implementation of a plan for the development and generation of energy from renewable sources (mainly: wind, water and sun) in Italy and abroad, which has already allowed the "elimination" of CO₂ emission into the atmosphere through the use of clean technologies in the place of traditional generation;
- pursuit of a strategy focused on geographic and technological diversification, in order to compensate for the negative impacts resulting from climate change;
- continuous monitoring of regulatory developments in the countries in which the Group operates and the establishment and maintenance of effective and long-lasting relations with its stakeholders;
- introduction into the portfolio strategy of bilateral contracts/PPAs for sales of electricity with medium/long-term maturity to counteract the greater volatility and any downward pressure on prices, linked to climate change (many of which with opposing impact on prices during the energy transition period);
- specific communication activities to maintain the Group's high level of reputation among stakeholders, which include, among other things, a structured Corporate Social Responsibility process (sustainability reporting, monitoring of sustainability objectives, ESG rating).

Following the sale of the Hydro asset and the CCGT in 2022, all the analyses will be updated during the year and focused on the new Wind & Solar perimeter.

However, a further improvement in risk management in relation to climate change is expected in the 100% Renewable structure, as strategies will be increasingly focused on geographical (9-10 target countries in the new plan) and technological (Wind & Solar) diversification, which will make it possible to further offset any negative impacts arising from climate change.

RISK MANAGEMENT ACTIVITY ON NFS ISSUES

Italian Legislative Decree no. 254/2016 establishing the Non-Financial Statement transposed the relevant European Directive by identifying the minimum contents to be reported in the NFS: these are the topics related to the business model, company activities implemented, main indicators of non-financial character and main management risks generated or suffered by the company.

These issues largely coincide with the results of the Group's materiality analysis.

In order to ensure the full compliance of our NFS, we examined in depth and systematised the analysis of the main risks already reported on in past years. In particular, the ESG department, supported by ERM, defined a three-year work plan (2020-2022) to update the ESG Risk Assessment through:

- identification of the ESG Risks, including the mandatory topics pursuant to 254/2016 as well as the topics that emerged during the materiality analysis;
- identification of the Owners, of the relative Corporate Processes involved and of the management strategies implemented to mitigate the associated risks.

To date, the assessment has been completed for 100% of the mandatory topics and 33% of the material topics, all of which were found to be adequately covered by the procedures and internal control system. The analysis of the remaining topics is planned for 2022.

For each issue and related risk element, the following were identified and defined:

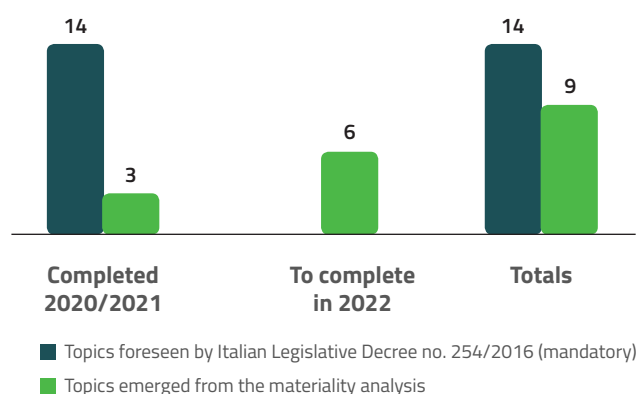
- the main business processes involved;
- their inclusion in a specific risk assessment (at "Operational" or "Enterprise" level);
- inclusion in the Group Risk Policy;
- the presence of specific systems governing the issue.

This activity showed the governance systems effective, not only because these are established by specific regulations, but also because they are an integral part of our Group's approach. The presence of certified management systems in the health and safety and environmental areas ensure the constant regulatory updates and field activities. It is no coincidence, therefore, that these two elements were recognised as the most relevant also in the context of the materiality analysis.

Some elements, mainly related to the personnel area such as respect for human rights, gender equality and dialogue with social partners, are closely monitored through specific policies (Code of Ethics, D&I Policy, Sustainability Policy, Human Rights Policy), governance tools and operational practices.

The results of the analysis carried out give us a clear picture of our company and its way of doing business, which has always been characterised by a focus on principles and ethical values, such as the inclusion and the promotion of diversity.

ESG -SAL assessment



The results of the analysis are outlined below, divided into each thematic area, with evidence of the processes involved, the policies and procedures present and the management strategies adopted. Following the sale of the Hydro asset and the CCGT in 2022, all the analyses will be updated during the year and focused on the new Wind & Solar perimeter.

In the new 100% renewables structure, a clear improvement in Environmental Risk Management is expected due to the inherent absence of emissions and water use in Wind & Solar technologies. As regards the use of energy resources, the ERG Group has for several years now adopted a "100% Green Energy" policy for the consumption of its plants: the impact of Scope 2 emissions will always be limited and restricted to non-compressible activities.

Area	Topics foreseen by Italian Legislative Decree no. 254/2016	Technologies and related risks	Governance tools (Main)
ENVIRONMENT	Use of energy resources (with distinction between renewable and non-renewable sources)	<p>The CCGT plant is the only one that uses primary energy sources.</p> <p>All the plants use electricity to power auxiliary and safety systems.</p> <p><i>Potential risks: Unavailability of natural gas to power the CCGT; greater environmental impact of operations using fossil energy.</i></p>	<p>The CCGT plant (high-efficiency combined-cycle unit) uses gas to produce electrical energy; its consumption is monitored daily and reported in ERG Power's certified Environmental Declaration. In other cases it is essentially "self-consumption";</p> <p>The energy analysis performed in 2019 at the hydro and power plants did not identify the need to implement improvement actions.</p> <p>As decided by the ESG Committee, since 2016 all energy purchases for our plants, warehouses and offices come from renewable sources where technically possible.</p>
	Use of water resource (use = consumption)	<p>Renewable technologies do not use water.</p> <p>The CCGT plant draws industrial water to produce demineralised water and seawater to cool the systems.</p> <p><i>Potential risks: Unavailability of seawater for plant cooling or industrial water for steam production.</i></p>	<p>The supply of water for the thermoelectric plant is not considered a risk given the availability of water in the area. However, investments are made in technological improvements and optimisation processes to reduce consumption.</p>
	Greenhouse gas emissions (CO ₂)	<p>The CCGT plant generates CO₂ emissions accounted for in accordance with EU-ETS legislation.</p> <p><i>Potential risks: Failure to comply with authorised emission limits and those set by Emissions Trading.</i></p>	<p>Regulatory compliance and continuous improvement are based on ISO 14001, EMAS and EU-ETS certified environmental management systems.</p> <p>Reliability of data and reporting is ensured by UNI 14181 certified continuous emission monitoring systems.</p>
	Other greenhouse gas and GHG emissions (e.g. fugitive)	<p>The "Other pollutant emissions" (NO_x, CO) are generated by the CCGT.</p> <p>Additional greenhouse gas emissions are due to gas leaks from SF₆ insulated high-voltage switchgear.</p> <p><i>Potential risks: Failure to comply with authorised emission limits.</i></p>	<p>Monitoring systems for other stack emissions in compliance with permits.</p> <p>"Low NO_x" burners in the CCGT plant (BAT- Best Available Technique).</p> <p>Minimisation of gas leaks thanks to asset maintenance procedures.</p> <p>Replacement of switchgear with new technology that does not contain SF₆.</p>
SOCIAL	Environmental impact of activities	<p>Possible impacts of plants on biodiversity and birdlife.</p> <p><i>Potential risks: Non-issuance of permits, non-compliance with environmental regulations, social opposition subsequent to construction.</i></p>	<p>Authorisation procedures issued by national/local bodies (according to local legislation based on EU regulations) that take into consideration all environmental, landscape and social issues.</p> <p>ISO 14001 certified management systems in Italy and Germany supported by policies, procedures, governance processes and review of KPIs to support respect of regulatory compliance and continuous improvement processes.</p> <p>Training projects for both internal personnel as well as third-party companies.</p> <p>Periodic HSE reporting.</p> <p>In-field HSE audits.</p>
	Impact of activities on health and safety	<p>Impacts on health and safety of employees, of third-party companies operating in our plants, of the resident population near the plant.</p> <p><i>Potential risks: Non-issuance of permits, regulatory health and safety compliance, safety of the resident populations.</i></p>	<p>Selection of the plant characteristics (for all technologies) based on the site characteristics.</p> <p>ISO 45001 certified management systems in Italy and Germany supported by policies, procedures, governance processes and review of KPIs to support respect of regulatory compliance and continuous improvement processes.</p> <p>Training projects for both internal personnel as well as third-party companies.</p> <p>Periodic HSE reporting.</p> <p>In-field HSE audits.</p>

Area	Topics foreseen by Italian Legislative Decree no. 254/2016	Technologies and related risks	Governance tools (Main)
MANAGEMENT OF PERSONNEL	<i>Gender equality</i>	<p>Non-compliance with current regulations.</p> <p><i>Potential risks:</i> Non-compliance with international conventions and/or labour laws; lack of dialogue with social partners, strikes, turnover</p>	<p>In consideration of the countries in which the Group operates, the business sector, legislation and the practices which we make reference to, procedures, Management Models and the governance structure, the areas, although relevant, are not considered to be a source of topics.</p> <p>The current Governance systems are:</p> <ul style="list-style-type: none"> - HR policies and procedures (e.g., Talent Management) - Human Resources Committee - Organisational manual (by Role/Position) - Application and interpretation of first and second level contracts - Institutional relations with trade unions / Confindustria / trade associations
	<i>Implementation of international conventions</i>		
	<i>Dialogue with social partners</i>		
	<i>Respect for human rights</i>		
GOVERNANCE	<i>Active and passive corruption</i>	<p>Active and passive corruption.</p> <p><i>Potential risks:</i> non-respect of anti-corruption compliance; sanctions against the company; non-compliance with the ethical principles endorsed by the ERG Group.</p>	<ul style="list-style-type: none"> - Anti-corruption Policy - Supervisory Body - Organisation and Management Model pursuant to Italian Legislative Decree no. 231/2001 (only Italy) and periodic checks - 231 compliance procedures (foreign countries) - Periodic training - Significant Third Party Due Diligence - System of Powers (Powers of Attorney and Proxies) - Segregation of Duties
	<i>Composition of the administrative, management and control bodies (age, gender, education, career background)</i>	<p>Self-assessment by the Board of Directors of ERG S.p.A. pursuant to the Corporate Governance Code (Board Evaluation).</p> <p><i>Potential risks:</i> Non-respect of the regulations envisaged by the Corporate Governance Code.</p>	<p>Annual Board evaluation process carried out:</p> <ul style="list-style-type: none"> - Evaluating party: The Board of Directors of ERG S.p.A. with the support of the Nominations and Remuneration Committee; - Self-evaluation mode: Anonymous questionnaire to the members of the Board of Directors; the Board of Auditors also participates in the process.
CROSS-SECTOR	<i>Supply Chain</i>	<p>Supply Chain.</p> <p><i>Potential risks:</i> Failure to achieve the Sustainability objectives in the Supply Chain; environmental and social impact of the supply chain.</p>	Sustainable Procurement Project.

THE TAX CONTROL FRAMEWORK FOR FORMALISING A TAX APPROACH

The ERG Group's Tax Strategy has not changed in 2021 compared to what was approved by the Board of Directors of ERG S.p.A. on 10 November 2020. The text is available on the site www.erg.eu.

The ERG Group Tax Strategy is inspired by the principles of legality, correctness, transparency, honesty, integrity, safeguarding the company's assets and creation of sustainable value for shareholders over the medium/long-term.

In the ESG Plan, the Tax Control Framework is an objective both in the previous 2021-2025 Plan and in the 2022-2026 Plan update. In particular, the implementation of the project abroad will begin in 2022, especially in France where it will become operational on 1 January 2023, while during 2023 the project will also be developed in Germany, where it will become operational on 1 January 2024.

More specifically, the ERG Group Tax Strategy seeks to:

- guarantee the correct and prompt calculation and payment of taxes due by law and the fulfilment of connected obligations (tax compliance);

- mitigate tax risk, understood as the risk of infringing tax regulations or abusing the principles and purposes of tax legislation (abuse of rights).

Tax governance, risk control and management

The ERG Group has adopted the Tax Control Framework (TCF), adopted and implemented from 1 January 2021 (and applied from Fiscal Year 2020) by ERG S.p.A. and by the Italian subsidiaries.

The Tax Control Framework is an internal audit system for tax risk, namely the set of rules, procedures, organisational structures and measures aimed at allowing an effective recording, measurement, management and control of tax risk.

The TCF is governed by specific regulations that, in addition to defining the governance rules, is based on the following key elements:

- a Risk & Control Matrix which describes the tax risks potentially applicable to company processes relevant for tax purposes and the relative risk mitigation controls in place;
- a system of data flows between the Tax organisational unit and

- the ERG Group's other organisational units;
- a process of periodic updating and monitoring of the adequacy and effective application of the TCF;
- a process of periodic reporting to the Control and Risk Committee containing the results of periodic updates and monitoring activities carried out.

The CFO is responsible for the implementation and operation of the TCF through the Head of Group Administration. He is therefore responsible for ensuring the update and monitoring activities of the TCF, as well as drawing up an annual report. The following are prepared annually:

- plan for the testing, monitoring and assessment activities of the Tax Control Framework;
- Annual Report, preliminarily shared and analysed within the Tax Control Framework Committee and subsequently submitted for examination and opinion to the Control and Risk Committee.

The adoption of the Tax Control Framework envisages an additional management assurance/control mechanism aimed at strengthening the Control System; in particular, a Tax Control Framework Committee with "mixed" expertise was established, which:

- performs preliminary analyses, and provides recommendations, on the testing, monitoring and assessment activity plan of the TCF;

- analyses the annual report in advance, providing any recommendations;
- monitors the actual implementation of the remediation plan for any deficiencies resulting from the testing, monitoring and evaluation of the TCF.

ERG also provides two dedicated channels of communication for anybody that wants to report a crime or a violation of the Code of Ethics, the Organisation and Management Models pursuant to Italian Legislative Decree no. 231/01 or the Anti-Corruption Policy: an email address and a regular postal address, adopting suitable tools for guaranteeing the privacy of the identity of the whistleblower and of the alleged perpetrator when managing the report.

Involvement of stakeholders and management of tax concerns

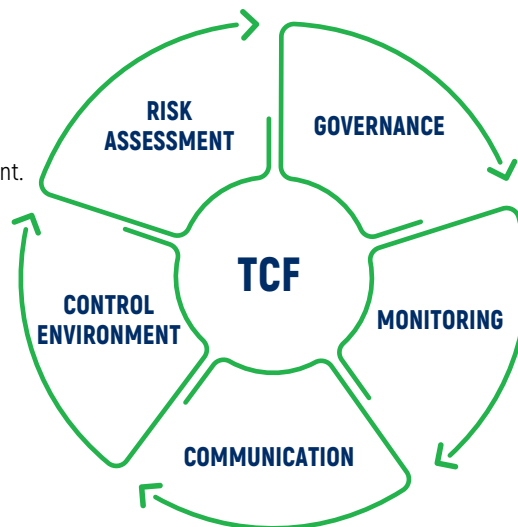
The ERG Group, even during audits by the competent authorities relative to companies of the ERG Group or third parties, establishes and maintains a transparent relationship, focused on dialogue with the relative tax authorities, ensuring that the latter, among other things, fully comprehend the company events leading to the application of tax laws.

CONTROL ENVIRONMENT

Adoption of a Fiscal strategy, approved by the Board of Directors of ERG S.p.A., to define the principles and limits governing fiscal risk management.

RISK ASSESSMENT

Mapping of potential tax risks impacting the Group and introduction of appropriate measures to identify their presence and mitigate their effects.



GOVERNANCE

Identification of roles and responsibilities of players involved in the management of the tax variable.

MONITORING

Ongoing auditing to assess the adequacy and effectiveness of the implemented TCFs.

COMMUNICATION

Definition of information flows between those involved in tax risk management and of a periodic reporting plan to senior management.

SUPPLIER MANAGEMENT

ERG considers the supply chain a fundamental element for achieving its sustainable development objectives: it consists mainly of suppliers of main components of wind and solar farms, civil, electrical and capital works contractors, suppliers of IT, facilities and business support services and staff.

Some site activities are then subcontracted to sub-suppliers who are nevertheless required to meet ERG's standards

The selection of the suppliers of goods and services is supervised by the Procurement department, which firstly ascertains their adherence to our values and rules of conduct by signing the Group's Code of Ethics, the Suppliers' Code of Conduct and our Organisation and Management Model, as per Italian Legislative Decree no. 231, or the Anti-Corruption Regulations for foreign companies.

All suppliers are also subject to a global reputation assessment: a provider monitors media releases on issues such as Environmental Risk, Financial Risk, Information Security, Legal and Regulatory, Social Risk, including forced labour, child labour and human rights. As a result of this monitoring, we can state that no behaviour contradicting the principles we monitor has currently been detected in our supply chain. This monitoring is not only limited to the supplier qualification phase, but also continues throughout the contractual period thanks to automatic alerts.

A proven violation of the principles contained in the reference documents or the presence of media releases on the specific issues monitored results in the cancellation of ongoing evaluation and award processes and any contracts already issued, as well as exclusion from our Vendor List.

The qualification of our suppliers takes into account a technical-organisational, economic-financial and, from 2021, also an ESG assessment, with an overall score.

This section includes not only questions on business management, but also on social aspects, such as the existence of an equal opportunities policy and action plan.

With regard to environmental requirements, suppliers must highlight their measurement of carbon emissions, energy saving policies and limitation of fossil fuel use. We also consider certified management systems aimed at preventing risks at work, as well as sustainability policies implemented towards their subcontractors and sub-suppliers.

The score obtained is also valid as a reward criterion in tenders in which suppliers are invited to participate and is aimed at the continuous improvement of our suppliers, to contribute to decarbonisation and compliance with our ESG plan - which is central to our strategy. ERG also aims to help less virtuous suppliers evolve and adopt ESG best practices.

Furthermore, all companies operating at ERG Group sites, whether contractors or subcontractors, must comply with all health, safety and environmental requirements, which is a binding requirement for the award of contracts of any nature and amount.

In addition to the qualification phase, our counterparties are constantly monitored through the Vendor rating, which collects the technical and HSE performance ratings from our internal departments. It is associated with economic and compliance indicators acquired through public portals that help to provide an up-to-date view of our supply portfolio from a risk management perspective.

Suppliers with inadequate performance, particularly on safety aspects, are subject to corrective measures but may also be suspended or entered into Black Lists in the event of negative performance and/or information or following significant events, such as:

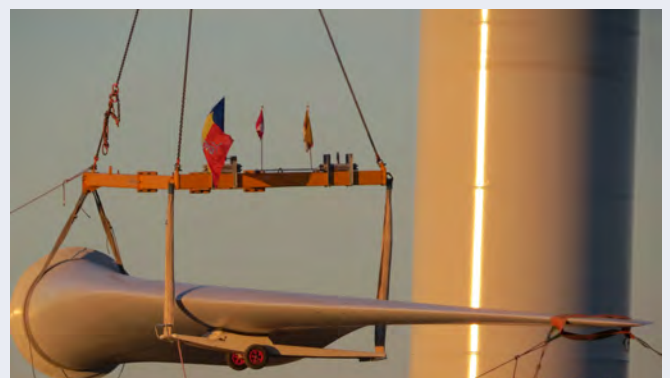
- non-ethical conduct;
- serious environmental or workplace health and safety incidents;
- serious non-compliance, identified during audits or on-site checks;
- failure to update or provide the documentation required by workplace health and safety regulations;
- documented infringements to legal requirements.

Our procurement policy envisages using competitive processes wherever possible. The purchasing process is based on transparency of procedures and behaviours and on the separation of roles in contractual relations; we also guarantee fair remuneration of activities with respect to market levels and respect of agreements signed, such as payment times.

Awarding is based on the most advantageous offer, taking into account all of the related variables and any technical and sustainability coefficients.

Key Facts 2021

- Annual sustainability assessment for strategic suppliers
- Introduction of the "Sustainability K" factor in all tenders above EUR 100,000
- ESG requirements during qualification and evaluation phase
- Training for suppliers: 1 Webinar to introduce the audit, 2 Webinars to introduce the 2021 Assessment, one-to-one support on request
- 48 supplier audits totalling 332 hours



Subcontracting

With regard to our Italian and foreign sites, we defined a procedure for any subcontractors used to carry out activities, envisaging specific authorisation, with preventive checks on the technical-professional suitability of the subcontractor, the regular payment of wages and contributions, respect of the workplace safety

regulations, the percentage extent of the subcontract compared to the total works, and a guarantee of the maximum discount applied with respect to contract prices. Subcontractors are also subject to compliance assessments through the dedicated portal, as per the activity carried out for suppliers.

The "Supplier Code of Conduct"

The Supplier Code of Conduct, approved by the Board of Directors at the end of 2019, is aimed at suppliers, contractors, subcontractors and commercial partners of ERG who are required, through express acceptance of the document upon registration, to adopt the values that guide our business activities and to ensure their application throughout the supply chain.

The document includes provisions based on the ILO (International Labour Organisation) fundamental conventions and the Universal Declaration of Human Rights of the United Nations, as well as the ten principles of the Global Compact of the United Nations:

- Governance and Business Integrity: ethics, anti-corruption, compliance, transparency, and privacy in business activities;

- respect for human rights, focus on employees and local communities: working conditions and practices, health and safety in the workplace, respect of human rights throughout the supply chain;
- respect for the environment: legislation and principles relating to reducing and mitigating the environmental impact.

Furthermore, the methods and tools for monitoring and ensuring compliance with the Code of Conduct are defined, including channels for reporting non-compliance and the management of any significant cases of non-compliance.



Sustainable Procurement

We completed the ESG assessment in 2021 as well, involving 164 strategic suppliers, representing around 80% of our procurement volume.



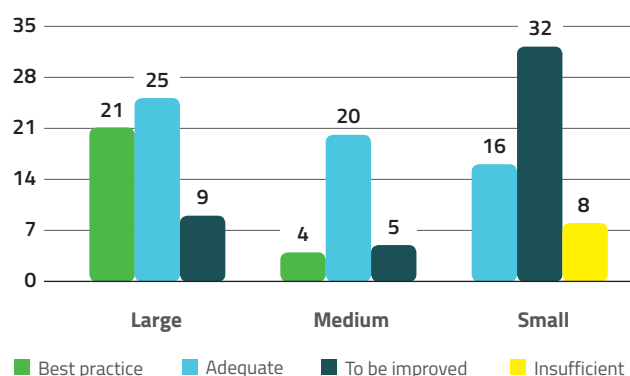
Interviews were conducted with companies of various sizes, some of which were already included in the previous year's audit and some of which were new to the Vendor List, from which we requested information regarding:

- corporate management;
- respect for human rights and equal opportunities for workers;
- social, environmental and occupational health and safety aspects;
- the management of subcontractors and sub-suppliers.

Attendance was once again very high this year at 85% of those invited, confirming the great involvement and sensitivity of our suppliers to sustainability issues and to the path taken by ERG.

The results have been very satisfactory, thanks in part to continuous coaching through webinars, feedback and targeted communications: our suppliers have proved to be sensitive to pursuing sustainability initiatives, compatible with the many constraints imposed by pandemic management issues:

- the "2021 average sustainability rating" increased by six percentage points compared to the 2020 baseline;
- suppliers classified as "best practice" and "adequate" account for 60% of our annual expenditure;
- 41% of suppliers who participated in 2020 also improved their rating;
- more than half of the suppliers considered are companies of international importance;
- all companies, even the smallest ones, performed well in the area of occupational safety and health;
- one third of respondents measure their carbon footprint and more than half have equal opportunities policies in place;
- improvements compared to the 2020 Assessment were also noted in the areas of governance, social, environmental and sub-supply chain management.



Company type	Turnover	No. employees
Large	EUR +50 million	+250
Medium	EUR 10<>50 million	50<>250
Small	EUR -10 million	-50

Ratings by size class: large and medium-sized suppliers rank "best practice" and "adequate".

A significant contribution was also made by the audit campaign to identify areas for improvement and support their implementation: the 48 companies audited (as below average after the 2020 assessment) increased their rating most significantly.

As a result of the audits, all major non-conformities were resolved by the end of the year, while the "opportunities for improvement" (suggestions to bring the supplier's standards in line with best practices) could be completed within 12 months of the audit date (i.e., by June 2022).

In 2022, in addition to the annual ESG assessment, the following are planned:

- a further improvement in the ESG performance of suppliers by two percentage points³, as per the ESG Plan;
- "ERG ESG Suppliers Day" at the conclusion of the 2021 Assessment to give due recognition to the suppliers who most demonstrate commitment and sensitivity to ESG issues, in line with ERG's Plan objectives;
- Structured feedback to participants, indicating any shortcomings to remedy;
- Awareness-raising campaign on Carbon Footprint and D&I issues;
- Definition of new audit plan for companies with ratings to be improved;
- Focused internal information of the procurement team on ESG issues in relation to their main stakeholders.

³) Towards the new 2021 baseline (52.7%), which has been recalculated following the Hydro and Thermo asset rotation, maintaining the same number of suppliers (79) who participated in both the 2020 and 2021 assessments.

Sustainable procurement

In 2021, we signed important agreements to reduce CO₂ emissions. More specifically:

- with an international transport company, which allows us to calculate the carbon dioxide emissions generated by the movement of our shipments and to offset the economic value through investments in environmental protection projects;
- with Europe's leading company in vehicle refuelling, through the issuing of "climate neutral cards", with a certified guarantee of offsetting 100% of CO₂ emissions;
- with local supplier for "eco-deliveries" in the city of Genoa exclusively through electric vehicles and eco-sustainable warehouses.

The "Sustainability K"

A bonus coefficient linked to the ESG rating achieved in the qualification phase or in the tender evaluation phase has been introduced for tenders worth over EUR 100,000 since June: the ability of suppliers to respect governance, human rights and equal opportunities for workers, social, environmental, occupational health and safety aspects and the management of their suppliers have become rewarding elements for the award of contracts. The introduction of the "Sustainability K" coefficient, a stimulus for continuous improvement in our supply chain but also a concrete recognition of those who share our journey, has certainly

contributed to the significant increase in the ESG 2021 rating. The Sustainability K was also included in the tender for the award of two framework agreements for the supply of wind turbines over the plan period, with a total value of approximately EUR 800 million. It was a major project that won us first prize in two prestigious national procurement competitions, The Procurement Award and the Adaci Excellence Award, with the following explanation. "For the implementation of innovative strategies, value generation, collaboration with suppliers, sustainability actions and reputational growth of the function"

ERG enters CDP's Suppliers Engagement Leaderboard

ERG joined the "Suppliers Engagement Leaderboard" of CDP (Carbon Disclosure Project). This global non-profit organisation guides companies and governments towards reducing greenhouse gas emissions by monitoring company performance in combatting climate change.

The Suppliers Engagement Leaderboard lists companies worldwide with the best supply chain sustainability performance. The ranking is drawn up annually based on the answers to the Climate Change questionnaire. ERG was already rated in the same ranking in 2019 with a "B" rating and in 2020 with an "A-". Out of more than 13,000 companies assessed in 2021, ERG received an "A" this year, making it one of the 8% of companies with the highest rating. The assessment is based on a set of answers selected from five areas of the CDP questionnaire (Governance, Target, Scope 3 emissions and Value chain).

This result was obtained thanks to the excellent teamwork between the ESG Team and the Procurement Team. Together we prepared the answers to the CDP questionnaire, from which the answers that enabled us to achieve the best "Supplier Engagement" performance were selected.

The award recognises the foundations of the "Sustainable Procurement" with which ERG is committed to ensuring the sustainability of the entire supply chain. Through actions to measure and reduce environmental risks, it does so in line with the United Nations Sustainable Development Goals (SDGs).



THE EDOARDO GARRONE FOUNDATION

In 2021, the Edoardo Garrone Foundation (EGF) confirmed its mission, reshaping the philanthropic commitment of the Garrone and Mondini families.

Already in 2020, the health emergency prompted the Foundation to develop a new planning ability that could address the needs of young people, students and entrepreneurs, affected by the social and economic impact of Covid-19. The initiatives have been consolidated and developed over the past year with a view to continuous renewal and growth.

Education remains the central calling and commitment of the Foundation, with a wide and transversal offer of excellence: from educational projects dedicated to primary school children and first and second level secondary school students, to highly specialised postgraduate courses and incubation and acceleration courses for the birth and consolidation of new young sustainable enterprises.



APPENNINO® PROJECT

The Appennino Project is the result of the evolution of the experience of the "ReStartApp", "ReStartAlp" and "ReStartApp for Central Italy" campuses, with which the Edoardo Garrone Foundation developed and validated an effective, integrated and replicable formula in the field for development and consolidation dedicated to young mountain enterprises since 2014. A real system of training and consultancy activities combining incubation, acceleration and network workshops.

The first edition of the Appennino Project promoted by the Edoardo Garrone Foundation took place in 2021 in the Umbria-Marche Apennines, in collaboration with Fondazione Cassa di Risparmio di Ascoli Piceno.

The Appennino Project consists of three complementary initiatives: the "ReStartApp Campus" for 15 aspiring entrepreneurs under 40 with business ideas or start-ups in typical mountain economy sectors; "Vitamins in the company", an acceleration path for local

businesses wishing to acquire new skills and express their full potential; and "Enterprises in the network", a workshop for the creation of business networks, essential for sharing resources, making costs and processes more efficient, strengthening and developing the economic, cultural and social fabric of the area.



RESTARTAPP®

The 2021 edition of ReStartApp, the incubation and acceleration campus for young companies in the Italian Apennines, was held in Ascoli Piceno from 6 September to 26 November, with a break from 11 to 24 October, and involved 15 people under 40 years of age with business ideas and innovative start-ups in the production chains typical of the mountains: agriculture, livestock farming, agri-food, forest management, tourism, crafts, culture, manufacturing and services.

In the ten weeks of training, the participants had the opportunity to acquire and refine knowledge and skills for starting up businesses in mountain areas and to develop a business plan for their own entrepreneurial idea. The rich and varied programme included classroom training activities, workshops on business creation and development, experiences, testimonials and success stories. To facilitate the implementation of the three best projects selected by a specially constituted Evaluation Committee, the Edoardo Garrone Foundation will provide three prizes worth a total of EUR 60,000.

In 2021, the campus involved nine women and six men with an average age of 30. More than 80% of them have a university degree. They come from six different regions (most of them from Marche and Emilia-Romagna, but also from Abruzzo, Campania, Lazio and Liguria).

VITAMINE IN AZIENDA® AND IMPRESE IN RETE®

As part of the 2021 Appennino Project, July also saw the launch of "Vitamine in azienda" [Vitamins in the Company] and "Imprese in rete" [Enterprises in the Network], the acceleration and networking paths dedicated to local businesses and implemented by the Edoardo Garrone Foundation and the Fondazione Cassa di Risparmio di Ascoli Piceno.



From the most traditional farms to high quality artisan bakeries, from service companies to social enterprises dealing with accessible tourism, 15 enterprises participated in "Vitamine in azienda", selected through a call for ideas for their potential for future development and their strong motivation to benefit from a personalised consultancy service.

The coaching consisted of seven individual meetings, which addressed issues related to the management and development of the company's business. The course was completed by three collective meetings of a more general training nature, involving all the selected enterprises simultaneously.

A network project was developed with "Enterprises in the Network". Mete APP, set up by four local companies, aims to create a sustainable and accessible tourism offer in the Piceno area and in the Monti Sibillini and Laga Parks. The network of companies participated in seven meetings, four individual and three collective, during which the companies were supported by a consultant in order to develop the network project.

APPENNINOLAB

Thanks also to the experience gained in past editions, the AppenninoLAB formula has profoundly evolved: the number of young people involved has increased from 30 to 150. It is an innovative path of collaboration between different secondary schools in Genoa, devised to bring young people into direct and active contact with the environmental, economic, social and cultural resources of the Apennines and to consolidate, in practice, a culture of dialogue, exchange and complementarity. The institutes involved were supported by authoritative mentors in order to express the full potential and value of a specific curriculum; the work alongside teachers and students spanned 13 months, resulting in the final event.

The journey ended on Wednesday 13 October when the town of Voltaggio (AL) hosted 150 secondary school students from Genoa, who were the protagonists of a special "Apennine Day" they themselves organised. Between orienteering, gastronomic proposals linked to the products of the territory and an itinerant scenic representation, the widespread event animated the village in the Ligurian Apennines with an intense programme of activities.



TRACES FOR THE GENOA OF THE FUTURE

The Edoardo Garrone Foundation conducted an in-depth survey on the needs and prospects of the city, involving not only authoritative opinion leaders but also a representative sample of the citizens. The aim was to provide a concrete opportunity to reflect in a wide-ranging and participatory way on priorities, challenges and paths, so that the various social partners could find new ideas to guide their actions and think more collaboratively. The result of the survey was presented on Monday 13 December at the Doge's Palace.





PERFORMANCE DATA AND INDICATORS

PERFORMANCE DATA AND INDICATORS

ECONOMIC AND FINANCIAL RESULTS

		2021	2020	2019
Core business revenue	EUR million	1,232	974	1,022
EBITDA (adjusted)	EUR million	580	481	504
EBIT (adjusted)	EUR million	304	183	205
Profit (reported)	EUR million	174	110	33
of which attributable to the owners of the parent (reported)	EUR million	173	108	32
Profit att. to the owners of the parent at replacement cost (adjusted) ⁽¹⁾	EUR million	2,181	106	104
Total net financial indebtedness (reported)	EUR million	3,608	1,540	1,554
Net invested capital (adjusted)	EUR million	648	3,209	3,264
Investments ⁽²⁾	EUR million	58%	156	432
Financial leverage (reported)		47%	47%	47%

(1) Does not include non-recurring items and related applicable theoretical taxes.

(2) Property, plant and equipment and intangible assets and investments in Merger & Acquisition operations.

Total revenue in 2021 includes EUR 31 thousand in grants from Public Administration or the European Community for employee training. ERG Group does not donate to political parties.

ERG SHARES

		2021	2020	2019
Market capitalization	EUR million	4,275	3,517	2,889
Year-end reference price	EUR	28.44	23.4	18.50
Maximum price	EUR	31.72	23.7	20.18
Minimum price	EUR	22.32	13.17	15.69
Average price	EUR	26.11	20.05	17.73
Average volume	no.	268,310	255,536	256,639

Maximum price recorded on 29/10/2021, lowest price recorded on 14/05/2021.

CUSTOMERS

		2021	2020	2019
Intragroup customers	no.	16	27	38
Industrial customers	no.	15	23	11
Site customers	no.	9	10	12
Electricity and GO traders and wholesalers	no.	52	41	37
Customers operating in the electricity system	no.	22	21	19
Operation & Maintenance customers	no.	10	11	53

RECLASSIFICATION OF ADDED VALUE

Current amounts (EUR million)	2021	2020	2019
Revenue	1,234	995	1,035
Economic value distributed	(870)	(705)	(744)
Production cost	(388)	(391)	(383)
Remuneration of personnel	(84)	(78)	(81)
Remuneration of public administration	(93)	(47)	(57)
Remuneration of debt capital ⁽¹⁾	(190)	(72)	(107)
Remuneration of risk capital ⁽²⁾	(114)	(115)	(112)
Remuneration for the community	(1)	(2)	(3)
Economic value withheld by the Group	364	290	291
Amortisation and depreciation	276	298	299
Remuneration of the company	90	(8)	(8)

(1) Interest paid and other financial expense to service debt.

(2) Dividends distributed by the Group net of non-recurring disbursements.

Current amounts (EUR million)	2021	2020	2019
Net value added	1,234	995	1,035
Production cost	(388)	(392)	(383)
Remuneration of personnel	(84)	(78)	(81)
Remuneration of public administration	(93)	(47)	(57)
Remuneration of debt capital	(190)	(72)	(107)
Remuneration for the community	(1)	(2)	(3)
Amortisation and depreciation	(276)	(298)	(299)
Profit before non-controlling interests	203	107	105
Profit attributable to non-controlling interests	–	–	–
Profit attributable to the parent	203	107	105

TAX COUNTRY BY COUNTRY - Year 2021

	Italy	Germany	France	UK
i. Names of the resident entities	Refer to the Directors' Report Full consolidation area			
ii. Primary activities of the organization	Production of electricity from renewable sources (Wind, Solar, Hydroelectric) and Thermoelectric	Production of electricity from renewable sources - Wind	Production of electricity from renewable sources - Wind	Production of electricity from renewable sources - Wind
iii. Number of employees, and the basis of calculation of this number	688	37	68	5
iv. Revenue from third-party sales	1.032	48	78	–
v. Revenue from intra-group transactions with other tax jurisdictions				
vi. Profit/loss before tax	144	(2)	–	1
vii. Property, plant and equipment	1,402	252	455	241
viii. Corporate income tax paid on a cash basis ⁽¹⁾	35	1	4	–
ix. Corporate income tax accrued on profit/loss (2021) ⁽²⁾	71	3	(1)	–
x. Reasons for the difference between corporate income tax accrued on profit/loss and the tax due if the statutory tax rate is applied to profit/loss before tax	The difference between the taxes accrued and the theoretical taxes is due to the "ACE" benefit (Economic growth aid) and to the deduction of interest expenses accrued in previous years in application of Italian tax legislation	No significant differences to report	No significant differences to report	No significant differences to report

	Poland	Bulgaria	Sweden	Romania
i. Names of the resident entities	Refer to the Directors' Report Full consolidation area			
ii. Primary activities of the organization	Production of electricity from renewable sources - Wind	Production of electricity from renewable sources - Wind	Production of electricity from renewable sources - Wind	Production of electricity from renewable sources - Wind
iii. Number of employees, and the basis of calculation of this number	6	1	–	3
iv. Revenue from third-party sales	22	23	–	29
v. Revenue from intra-group transactions with other tax jurisdictions				
vi. Profit/loss before tax	15	5	–	9
vii. Property, plant and equipment	141	32	25	56
viii. Corporate income tax paid on a cash basis ⁽¹⁾	1	1	–	–
ix. Corporate income tax accrued on profit/loss (2021) ⁽²⁾	1	1	–	–
x. Reasons for the difference between corporate income tax accrued on profit/loss and the tax due if the statutory tax rate is applied to profit/loss before tax	No significant differences to report	No significant differences to report	No significant differences to report	No significant differences to report

(1) The income taxes paid in Italy on the basis of the cash criterion includes withholding taxes (equal to approximately 11.3 million) and Ires relating to previous years (approximately 1.5 million).

(2) Corporate income taxes accrued on profits / losses do not include higher taxes on wind energy production in Romania (approximately € 4.6 million).

TAX COUNTRY BY COUNTRY - Year 2020

		Italy	Germany	France
i. Names of the resident entities		Refer to the Directors' Report Full consolidation area		
ii. Primary activities of the organization		Production of electricity from renewable sources (Wind, Solar, Hydroelectric) and Thermoelectric	Production of electricity from renewable sources - Wind	Production of electricity from renewable sources - Wind
iii. Number of employees, and the basis of calculation of this number		685	26	61
iv. Revenue from third-party sales		799	45	86
v. Revenue from intra-group transactions with other tax jurisdictions		1	–	–
vi. Profit/loss before tax		108	(13)	3
vii. Property, plant and equipment		1,464	177	250
viii. Corporate income tax paid on a cash basis ⁽¹⁾		20.5	1.1	3.3
ix. Corporate income tax accrued on profit/loss (2020)		35.3	(0.1)	4.0
x. Reasons for the difference between corporate income tax accrued on profit/loss and the tax due if the statutory tax rate is applied to profit/loss before tax		The difference between the taxes accrued and the theoretical taxes is due to the "ACE" benefit (Economic growth aid) and to the deduction of interest expenses accrued in previous years in application of Italian tax legislation	No significant differences to report	No significant differences to report

	UK	Poland	Bulgaria	Romania
i. Names of the resident entities	Refer to the Directors' Report Full consolidation area			
ii. Primary activities of the organization	Production of electricity from renewable sources - Wind	Production of electricity from renewable sources - Wind	Production of electricity from renewable sources - Wind	Production of electricity from renewable sources - Wind
iii. Number of employees, and the basis of calculation of this number	3	5	1	3
iv. Revenue from third-party sales	–	19	13	13
v. Revenue from intra-group transactions with other tax jurisdictions	–	–	–	–
vi. Profit/loss before tax	(1)	5	4	1
vii. Property, plant and equipment	76	96	35	61
viii. Corporate income tax paid on a cash basis ⁽¹⁾	–	0.3	0.2	–
ix. Corporate income tax accrued on profit/loss (2020)	0.5	0.1	0.4	–
x. Reasons for the difference between corporate income tax accrued on profit/loss and the tax due if the statutory tax rate is applied to profit/loss before tax	No significant differences to report	No significant differences to report	No significant differences to report	No significant differences to report

¹ The item income taxes of companies paid on the basis of the cash criterion does not include the withholding taxes incurred. The total amount considering these withholdings would be approximately EUR 34 million.

ERG GROUP'S PLANTS

	Installed capacity in MW at end of 2021	Installed capacity in MW at end of 2020	Installed capacity in MW at end of 2019		Production in GWh			Plant availability ⁽¹⁾		Incentive scheme
				2021	2020	2019	2021	2020	2019	
WIND										
Italy	1,093	1,093	1,093	2,078	1,902	2,161	22%	20%	23%	Feed-in tariff, GRIN (former Green Certificates), GO (Guarantees of Origin)
Germany	327	272	272	428	470	465	17%	20%	20%	Feed-in tariff
France	502	397	359	865	952	794	23%	27%	25%	Feed-in tariff
Poland	82	82	82	216	244	255	30%	34%	36%	Guarantees of Origin
Bulgaria	54	54	54	148	150	135	31%	32%	29%	Feed-in tariff
Romania	70	70	70	181	193	190	30%	31%	31%	Green Certificates
UK	70	–	–	–	–	–	–	–	–	Green Certificates (ROC)
Total Wind	2,198	1,968	1,929	3,916	3,911	4,000	26%	23%	24%	
WATER										
ERG Hydro	527	527	527	1,637	1,097	1,229	95,60%	96,47%	97,64%	GRIN (Green Certificates), RES (renewable sources), GO (Guarantees of Origin)
SUN										
Italy	141	141	141	216	228	226	226	81.30	81.70%	Feed-in Tariff
France	79	–	–	24	24	–	–	–	–	
Total Solar	220	141	141	240	240	228	226	–	–	
Total renewable sources	2,945	2,636	2,597	5,793	5,236	5,455	–	–	–	
NATURAL GAS										
ERG Power	480	480	480	1.869	2,441	2,504	67,12%	64.71%	64.04%	TEE (energy efficiency certificates) ⁽²⁾
Total	3,425	3,116	3,078	7.662	7,677	7,959				
Electricity purchases				6.497	7,220	7,161				
Total electricity sales				14.160	14,897	15,120				

¹ The value of plant availability is calculated as follows:

- "load factor" for wind farms is the ratio between the actual production values in relation to the theoretical maximum production values (calculated taking into account the actual commissioning of each individual wind farm);
- the "1st principle overall performance" index for the thermoelectric plant is calculated in accordance with the procedures laid down by Italian Ministerial Decree of 5 September 2011 (CAR).

² ERG Power does not have any free CO₂ allowances under the EU-ETS regulation.

PERSONNEL, ORGANISATION OF WORK AND INDUSTRIAL RELATIONS

		2021	2020	2019
Employees at 31/12	no.	808	784	754
Executives	no.	35	35	38
of which at Genoa site		71%	71%	66%
Middle managers	no.	225	211	197
Office workers	no.	357	358	342
Blue-collar workers	no.	191	180	177
Other external collaborators ⁽¹⁾	no.	3	3	4
Female employment (%)		23.3%	22.1%	20.8%
of which: female employment at Genoa site (%)		42.0%	42.3%	43.0%
Average time at the company (years)		12.5	12.7	12.1
Average employee age (years)		43.4	43.5	43.2
Pay ratio (GRI 102-38)		35x	–	–
Part time employees (Italy)	%	3.8%	4.2%	4.2%
Part time employees (abroad)	%	1.7%	1.0%	0.0%
Percentage of overtime (Italy)	%	6.6%	5.1%	5.4%
Percentage of overtime (abroad)	%	2.0%	3.5%	3.7%
Unionisation rate (Italy)	%	35.1%	35.2%	34.0%
Ongoing labour disputes	no.	–	–	1
Strikes ⁽²⁾	hours	84	–	–
Turnover (inbound staff + outbound staff)/headcount at 31/12	%	6.2%	8.9%	13.7%

(1) The 2021 figure includes 1 man and 2 women, the 2020 figure includes 3 men, the 2019 figure includes 2 men and 2 women.

(2) Hours of Italy-wide strikes.

Pension fund GRI 201-3	2021		
	Italy	Abroad	Total
National Pension Funds	511	3	514
Other funds	24	4	28
Not enrolled	153	113	266
Total	688	120	808

TRAINING

		2021	2020	2019
Total training ⁽¹⁾	hours	39,589	28,804	46,758
of which required by law	%	21%	23%	16%
of which for technical and soft skills improvement	%	79%	77%	84%
Average training per employee	days/emp	6.2	4.9	7.8
Trained employees		97%	95%	98%

(1) Total training also includes courses provided to staff who left the company during the year.

Training by professional category and gender GRI 404-1	2021			2020			2019		
	Men hours	Women hours	Total	Men hours	Women hours	Total	Men hours	Women hours	Total
Executives	856	108	964	1,127	49	1,176	1,613	88	1,701
Middle managers	6,405	3,649	10,054	6,509	2,490	8,999	10,456	4,104	14,560
Office workers	10,592	4,388	14,980	9,377	3,748	13,125	14,429	5,365	19,794
Blue-collar workers	13,591	–	13,591	5,504	–	5,504	10,702	–	10,702
Total	31,445	8,145	39,589	22,517	6,287	28,804	37,201	9,557	46,758

Average training by professional category and gender ⁽¹⁾ GRI 404-1	2021		2020		2019	
	Men h/emp	Women h/emp	Men h/emp	Women h/emp	Men h/emp	Women h/emp
Executives	26.8	35.8	33.2	49.0	44.8	44.0
Middle managers	40.0	56.1	43.7	40.2	73.6	74.6
Office workers	44.7	36.6	37.8	34.0	59.6	53.7
Blue-collar workers	71.2	–	30.6	–	60.5	–

(1) Average training by professional category and gender at 31/12.

DETAILED ANALYSIS OF PERSONNEL (No. of employees)

Type of contract and gender GRI 102-8	2021			2020			2019		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Permanent contract - Full time	612	159	771	606	138	744	597	124	721
Permanent contract - Part-time	2	26	28	1	29	30	–	31	31
Fixed-term contract - Full time	6	3	9	4	6	10	–	2	2
Group Total	620	188	808	611	173	784	597	157	754

Type of contract and region GRI 102-8	2021			2020			2019		
	Italy	Abroad	Total	Italy	Abroad	Total	Italy	Abroad	Total
Permanent contract - Full time	657	114	771	651	93	744	643	78	721
Permanent contract - Part-time	26	2	28	29	1	30	31	–	31
Fixed-term contract - Full time	5	4	9	5	5	10	2	–	2
Group Total	688	120	808	685	99	784	676	78	754

Type of national labour contract GRI 102-41	2021		2020		2019	
	Total	%	Total	%	Total	%
Electric (Italy)	655	81%	654	83%	643	85%
Industrial executives (Italy)	34	4%	35	4%	38	5%
French contract	68	8%	60	9%	44	6%
Foreign contracts	51	6%	35	4%	29	4%
Group Total	808		784		754	

By country and gender	2021			2020			2019		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Italy	538	150	688	541	144	685	535	141	676
France	52	16	68	45	16	61	37	9	46
Germany	24	13	37	19	7	26	20	4	24
UK	0	5	5	1	2	3	2	1	3
Bulgaria	1	0	1	1	–	1	1	–	1
Poland	3	3	6	2	3	5	–	1	1
Romania	2	1	3	2	1	3	2	1	3
Group Total	620	188	808	611	173	784	597	157	754

DETAILED ANALYSIS OF TURNOVER - ITALY - GRI 401-1 (No. of employees)

Personnel employed by age and gender - 2021	Men	Women	Total	Turnover rate
<30 years	11	8	19	2.7%
between 30 and 50 years	12	3	15	2.2%
>50 years	–	–	–	0.0%
Total	23	11	34	4.9%
Inbound turnover rate	3.3%	1.6%	4.9%	

Personnel employed by age and gender - 2020	Men	Women	Total	Turnover rate
<30 years	5	1	6	22.2%
between 30 and 50 years	10	4	14	2.9%
>50 years	1	1	2	1.1%
Total	16	6	22	3.2%
Inbound turnover rate	3.0%	4.2%	3.2%	

Personnel employed by age and gender - 2019	Men	Women	Total	Turnover rate
<30 years	12	2	14	40.0%
between 30 and 50 years	23	7	30	6.4%
>50 years	–	–	–	–
Total	35	9	44	6.5%
Inbound turnover rate	6.5%	6.4%	6.5%	

Outbound employees by age and gender - 2021	Men	Women	Total	Turnover rate
<30 years	2	1	3	0.4%
between 30 and 50 years	16	4	20	2.9%
>50 years	12	2	14	2.0%
Total	30	7	37	5.3%
Outbound turnover rate	4.3%	1.0%	5.3%	

Outbound employees by age and gender - 2020	Men	Women	Total	Turnover rate
<30 years	1	–	1	3.7%
between 30 and 50 years	4	1	5	1.1%
>50 years	6	2	8	4.4%
Total	11	3	14	2.0%
Outbound turnover rate	2.0%	2.1%	2.0%	

Outbound employees by age and gender - 2019	Men	Women	Total	Turnover rate
<30 years	–	–	–	–
between 30 and 50 years	11	2	13	2.8%
>50 years	14	–	14	8.1%
Total	25	2	27	4.0%
Outbound turnover rate	4.7%	1.4%	4.0%	

DETAILED ANALYSIS OF TURNOVER - ABROAD - GRI 401-1 (No. of employees)

Personnel employed by age and gender - 2021	Men	Women	Total	Turnover rate
<30 years	10	5	15	13.7%
between 30 and 50 years	11	12	23	21.1%
>50 years	2	–	2	1.8%
Total	23	17	40	36.7%
Inbound turnover rate	21.1%	15.6%	36.7%	

Personnel employed by age and gender - 2020	Men	Women	Total	Turnover rate
<30 years	8	7	15	53.6%
between 30 and 50 years	5	6	11	16.4%
>50 years	1	1	2	50.0%
Total	14	14	28	27.2%
Inbound turnover rate	20.0%	48.3%	28.3%	

Personnel employed by age and gender - 2019	Men	Women	Total	Turnover rate
<30 years	4	–	4	25.0%
between 30 and 50 years	7	5	12	20.3%
>50 years	–	–	–	–
Total	11	5	16	20.5%
Inbound turnover rate	17.7%	31.3%	20.5%	

Outbound employees by age and gender - 2021	Men	Women	Total	Turnover rate
<30 years	–	1	1	0.9%
between 30 and 50 years	6	4	10	9.2%
>50 years	1	1	2	1.8%
Total	7	6	13	11.9%
Outbound turnover rate	6.4%	5.5%	11.9%	

Outbound employees by age and gender - 2020	Men	Women	Total	Turnover rate
<30 years	1	–	1	3.6%
between 30 and 50 years	2	1	3	4.5%
>50 years	2	–	2	50.0%
Total	5	1	6	6.1%
Outbound turnover rate	7.1%	3.4%	6.1%	

Outbound employees by age and gender - 2019	Men	Women	Total	Turnover rate
<30 years	3	1	4	25.0%
between 30 and 50 years	7	3	10	16.9%
>50 years	2	–	2	66.7%
Total	12	4	16	20.5%
Outbound turnover rate	19.4%	25.0%	20.5%	

DETAILED ANALYSIS OF PERSONNEL (No. of employees)

% Professional category and gender GRI 405-1	2021			2020			2019		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Executives	91%	9%	35	97%	3%	35	95%	5%	38
Middle Managers	71%	29%	225	71%	29%	211	72%	28%	197
Office workers	66%	34%	357	69%	31%	358	71%	29%	342
Blue-collar workers	100%	–	191	100%	–	180	100%	–	177
Total	620	188	808	611	173	784	597	157	754

% Professional category and age GRI 405-1	2021				2020				2019			
	< 30 years	30-50 years	> 50 years	Total	< 30 years	30-50 years	> 50 years	Total	< 30 years	30-50 years	> 50 years	Total
Executives	–	60%	40%	35	–	54%	46%	35	–	50%	50%	38
Middle Managers	1%	77%	22%	225	1%	81%	18%	211	1%	81%	18%	197
Office workers	12%	60%	28%	357	9%	63%	28%	358	9%	64%	27%	342
Blue-collar workers	12%	69%	19%	191	11%	71%	18%	180	10%	74%	16%	177
Total	70	540	198	808	55	543	186	784	51	528	175	754

Age bracket and gender	2021			2020			2019		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
<30 years	47	23	70	41	14	55	43	8	51
between 30 and 50 years	416	124	540	418	125	543	411	117	528
>50 years	157	41	198	152	34	186	143	32	175
Total	620	188	808	611	173	784	597	157	754

New hires by origin and region GRI 401-1	2021			2020			2019		
	Italy	Abroad	Total	Italy	Abroad	Total	Italy	Abroad	Total
Company acquisitions	–	8	8	–	–	–	–	–	–
Permanent contract	31	29	60	17	22	39	42	16	58
Temporary contract	3	3	6	5	6	11	2	–	2
Training	–	–	–	–	–	–	–	–	–
Total	34	40	74	22	28	50	44	16	60

Outbound employees by origin reason and gender GRI 401-1	2021			2020			2019		
	Italy	Abroad	Total	Italy	Abroad	Total	Italy	Abroad	Total
Resignation	22	13	35	4	2	6	20	6	26
End of temporary contract	1	–	1	1	–	1	–	–	–
Agreed resolution	13	–	13	8	1	9	17	–	17
Dismissal	–	–	–	1	–	1	–	–	–
Death	1	–	1	1	–	1	–	–	–
Company sale	–	–	–	–	3	3	–	–	–
Total	37	13	50	14	6	20	37	6	43

SAFETY*

Injuries in the workplace (no.)	Men	Women	Total 2021	Total 2020	Total 2019
Italy	2	–	2	–	1
Abroad	–	–	–	–	3
Total	2	–	2	–	4

Frequency index	Men	Women	Total 2021	Total 2020	Total 2019
Italy	2.1	–	1.7	–	0.89
Abroad	–	–	–	–	22.41
Total	1.9	–	1.5	–	3.17

Frequency index calculated as (no. of injuries x 1,000,000)/no. hours worked.

Severity index	Men	Women	Total 2021	Total 2020	Total 2019
Italy	0.02	–	0.02	–	0.03
Abroad	0.00	–	0.00	–	1.03
Total	0.02	–	0.02	–	0.14

Severity index calculated as (no. of days lost x 1,000)/no. hours worked

Other safety indicators	Men	Women	Total 2021	Total 2020	Total 2019
Sick leave rate (%) ⁽¹⁾	2.07%	1.31%	1.90%	1.73%	2.0%
Working days lost due to injuries in the workplace (no.)	22	–	22	–	175
Cases of occupational disease (no.)	–	–	–	–	–
Rate of occupational disease (%)	–	–	–	–	–
Work-related deaths (no.)	–	–	–	–	–

The safety indicators do not count the “other external collaborators”.

(1) Sick leave rate refers to Italian employees only (no. of days absence /workable days).

HSE AUDIT AND SAFETY WALKS

		2021	2020	2019
Wind	no.	1,135	689	368
Solar	no.	58	71	29
Hydro	no.	130	100	58
Power	no.	139	40	116

SAFETY

Third-party company injuries		2021	2020	2019
Third-party company injuries	no.	4	4	2
Frequency index – third-party companies - Total		3,45	6.52	3.67
Frequency index – third-party companies - Italy		1,82	8.17	2.40
Frequency index – third-party companies - Abroad		4,91	4.05	7.80
Severity index – third-party companies - Total		0,17	0.29	0.17
Severity index – third-party companies - Italy		0,13	0.47	0.20
Severity index – third-party companies - Abroad		0,20	0.02	0.08
Work-related deaths - Total		–	–	–

Frequency index calculated as (no. of injuries x 1,000,000)/no. hours worked.

Severity index calculated as (no. of days lost x 1,000)/no. hours worked.

METHOD FOR ESTIMATING HOURS WORKED - THIRD-PARTY COMPANIES

The hours worked by the employees of third-party companies have been estimated differently according to the technology involved.

Hydro, Power, Wind plants Italy and Office: manual recording of the hours worked.

Wind plants abroad: estimated hours worked, given the technical impossibility of recording the presence of O&M contractors with global service agreements, is based on the assumption that one FTE can service 15 MW, multiplied by workable days (260) and by 8 hours.

Plants under construction in the UK: hours recorded according to site report.

METHOD FOR CALCULATING DAYS LOST DUE TO INJURIES - THIRD-PARTY COMPANIES

Report sent by the company of the injured worker.

SUPPLIERS

		2021	2020	2019
Active suppliers (transactions with at least one order)	no.	1,731	1,685	1,736
with registered offices or a billing address in Italy	no.	58%	58%	63%
with registered offices or a billing address in the regions where our plants are located	no.	35%	35%	35%
% expenditure local suppliers (Italy/total)		49%	48%	61%
Qualified suppliers on Vendor List	no.	1,086	1,058	997
of which: qualified based on HSE parameters	no.	334	256	231
Newly qualified suppliers in the year	no.	210	86	67
of which: newly qualified based on HSE parameters	no.	95	36	31
Average qualification time	days	58	49	41
% of tenders (of total value of purchases)		76%	50%	54%
% of tenders (of total number of purchases)		26%	26%	25%

WIND - ENVIRONMENT AND COMMUNITY

		2021	2020	2019
Production	GWh	3.916	3,911	4,000
Load factor		22%	23%	24%
CO ₂ avoided	kt	2.158	2,313	2,350
Indirect energy consumption ⁽¹⁾	GWh	13.54	13.62	12.01
% Indirect green energy consumption		99,6%	98.5%	97.7%
Indirect CO ₂ emissions ⁽²⁾	kt	0,04	0.12	0.16
Indirect energy consumptions by installed MW	MWh/MW	5,97	6.69	5.97
SF ₆ present in the electrical equipment	kg	2.810	2,537	2,723
SF ₆ in stock	kg	28	25	1,424
SF ₆ top ups	kg	5,2	–	1.0
equivalent to tons of CO ₂	t	122	–	23
F-GAS present in air conditioning systems	kg	148	143	136
F-GAS top ups	kg	–	–	–
equivalent to tons of CO ₂	t	–	–	–
Waste produced	t	764	268	380
of which sent to recycling		61%	50.5%	34.1%
Hazardous waste produced	t	206	85	49
of which sent to recycling	t	149	42	26
of which sent to recycling		72%	49.4%	52.6%
of which sent to disposal	t	–	43	23
of which sent to disposal		–	50.6%	47.4%
Non-hazardous waste produced	t	557	183	331
of which sent to recycling	t	401	94	104
of which sent to recycling		72,0%	51.4%	31.4%
of which sent to disposal	t	156	89	227
of which sent to disposal		28,0%	48.6%	68.7%

(1) The increase in consumption is caused by the increase in the plants running.

(2) The data take into consideration the supplies of electricity from renewable production which does not generate emissions; the indirect emissions are calculated on the basis of the conversion factors relating to the gross thermoelectric production of each country published by Terna on its website (Source: Terna, international comparisons) according to a Location Based approach.

SOLAR - ENVIRONMENT AND COMMUNITY

		2021	2020	2019
Production	GWh	216	228	226
Performance ratio		80.60%	81.30%	81.70%
CO ₂ avoided	kt	102	115	114.36
Indirect energy consumption	GWh	2.09	2.08	2.15
% Indirect green energy consumption		100%	71.2%	65.3%
Indirect CO ₂ emissions	kt	–	0.3	0.4
SF ₆ present in the electrical equipment	kg	25	22.3	9.80
SF ₆ top ups	kg	0.4	–	–
equivalent to tons of CO ₂	t	8	–	–
Area covered by photovoltaic plants	m ²	891,706	891,851	901,699
Water used for panel cleaning	m ³	1,083	1,083	1,252
Waste produced ⁽¹⁾	t	0.92	6.5	–
of which sent to recycling		100%	100%	–
Hazardous waste produced	t	–	0.1	–
of which sent to recycling	t	–	0.1	–
of which sent to recycling		–	100%	–
of which sent to disposal	t	–	–	–
of which sent to disposal		–	–	–
Non-hazardous waste produced	t	0.92	6.4	–
of which sent to recycling	t	0.92	6.4	–
of which sent to recycling		100%	100%	–
of which sent to disposal	t	–	–	–
of which sent to disposal		–	–	–

(1) In 2019 the Operation & Maintenance activities were performed by third parties.

OFFICES IN ITALY

		2021	2020	2019
Indirect energy consumption	MWh	1,104	923	1,248
Indirect CO ₂ emissions ⁽¹⁾	t	343	294	377
% Energy consumptions ⁽²⁾	t	34.2%	37.1	40.3

Waste: waste produced in offices is disposed of as municipal waste and therefore quantities are not accounted for.

Water consumption: the consumption of water in the offices refers exclusively to uses for sanitary purposes and is part of the condominium services. It is immaterial with respect to the business.

(1) The data take into consideration the supplies of electricity from renewable production which does not generate emissions; the indirect emissions are calculated on the basis of the conversion factors relating to the gross thermoelectric production of each country published by Terna on its website (Source: Terna, international comparisons) according to a Location Based approach.

(2) The change is due to the change of the reporting perimeter and the refinement of reporting methods.

HYDROELECTRIC POWER – ENVIRONMENT AND COMMUNITY

		2021	2020	2019
Production	GWh	1,637	1,097	1,229
Technical availability plants		96	96.47%	97.64%
CO ₂ avoided	kt	773	555	622
Energy consumption from primary sources - Diesel fuel ⁽¹⁾	litres	33,800	23,900	19,500
Indirect energy consumption	GWh	8.66	8.32	8.23
% Indirect green energy consumption		100%	100%	100%
Indirect CO ₂ emissions ⁽²⁾	kt	4	–	–
SF ₆ present in the electrical equipment	kg	871	871	850
SF ₆ in stock	kg	331	337	321
SF ₆ top ups	kg	5.7	2.5	–
equivalent to tons of CO ₂	t	134	58	–
F-GAS present in air conditioning systems	kg	306	306	196
F-GAS top ups	kg	–	–	–
equivalent to tons of CO ₂	t	–	–	–
Total releases from concession (Minimal Vital Flow)	million m ³	963	963	963
Waste produced	t	1,533	2,012	3,104
of which sent to recycling		97.3%	99.8%	97.9%
Hazardous waste produced	t	17	37	21
of which sent to recycling	t	14	35	19
of which sent to recycling		82.4%	94.6%	90.5%
of which sent to disposal	t	3	2	2
of which sent to disposal		17.6%	5.4%	9.5%
Non-hazardous waste produced	t	1,516	1,975	3,083
of which sent to recycling	t	1,477	1,973	3,020
of which sent to recycling		97.4%	99.9%	98.0%
of which sent to disposal	t	39	2	63
of which sent to disposal		2.6%	0.1%	2.0%
of which waste removed from rivers and water basins (wood and grate cleaning residues) ⁽³⁾	t	1,441	1,906	2,920
of which sent to recycling		100%	100%	100%

(1) The diesel fuel is used to fuel power supply continuity systems and for office heating; emissions are not calculated for this consumption, as the figure represents the purchases and not the consumption, furthermore no final balance is drawn up.

(2) The indirect emissions are calculated on the basis of the conversion factors relating to the gross thermoelectric production of each country published by Terna on its website (Source: Terna, international comparisons) and according to the Market based approach.

(3) Wood and grate cleaning residues removed from the rivers represent a portion of the total waste produced. They are reported separately to point out the contribution given by the activities for the local area and the hydro-geological safety of river-beds.

THERMOELECTRIC POWER – ENVIRONMENT AND COMMUNITY

		2021	2020	2019
Production	GWh	1,869	2,441	2,504
ERG Power performance index ⁽¹⁾		67.12	64.71	64.04%
Energy consumption (primary sources - methane)	TEP thousands m ³	387,452 453,885	482,873 568,630	485,145 572,731
Indirect energy consumption ⁽²⁾	GWh	1.30	1.27	1.25
% Indirect green energy consumption		35%	3.1%	19.6%
Direct CO ₂ emissions ⁽³⁾	kt	921	1,147	1,155
Indirect CO ₂ emissions ⁽²⁾	kt	0.4	0.6	0.5
NO _x emissions ⁽³⁾	t	313	368	393
CO emissions	t	37	44	45
SF ₆ present in the electrical equipment ⁽⁴⁾	kg	13,072	13,072	13,072
SF ₆ in stock	kg	–	10	326
SF ₆ top ups	kg	14	6	8
equivalent to tons of CO ₂	t	324	129	191
F-GAS present in air conditioning systems ⁽⁴⁾	kg	944	944	944
F-GAS top ups	kg	99	114	–
equivalent to tons of CO ₂	t	159	182	–
Thermoelectric CO ₂ index	kt/GWheq	0.402	0.398	0.396
Thermoelectric NO _x index	t/GWheq	0.137	0.128	0.135
Thermoelectric CO index	t/GWheq	0.016	0.015	0.016
Seawater withdrawals for plant cooling systems	million m ³	203	212	224
Well water withdrawals	million m ³	7	6	6
Water returned to the natural cycle	% of withdrawals	96.76%	97.06%	97.1%
Cooling water returned to the natural cycle	million m ³	203	213	224
Waste produced	t	1,920	1,438	861
of which sent to recycling		77%	66.8%	70.1%
Hazardous waste produced	t	326	139	51
of which sent to recycling	t	257	73	18
of which sent to recycling		82%	52%	36.0%
of which sent to disposal	t	70	66	33
of which sent to disposal		18%	48%	64.0%
Non-hazardous waste produced	t	1,594	1,299	810
of which sent to recycling	t	1,218	887	585
of which sent to recycling		76%	68%	72.3%
of which sent to disposal	t	376	412	225
of which sent to disposal		24%	32%	27.7%

(1) Index of "1st principle overall performance" calculated in accordance with the procedures laid down by Italian Ministerial Decree of 5 September 2011 (CAR).

(2) The indirect emissions are calculated on the basis of the conversion factors relating to the gross thermoelectric production of each country published by Terna on its website (Source: Terna. international comparisons) and according to the Market based approach.

(3) The data relating to the atmospheric emissions are consistent with the annual data reported for the purposes of the E-PRTR Register and with the EU-ETS declarations.

(4) The data consider plants containing a quantitative amount over 5 t. CO₂ eq.

OPERATING DATA AND ENVIRONMENTAL INDICATORS - GROUP

		2021	2020	2019
Total installed power capacity	MW	3,425	3,116	3,077
Total electricity production	GWh	7,638	7,677	7,959
of which from renewable energy sources	GWh	5,769	5,236	5,455
Sales of electricity	GWh	14,135	14,897	15,120
Market share of power generation in Italy		2.1%	2.08%	2.16%
Market share of power sales in Italy		3.9%	4.26%	4.16%
Direct energy consumption (methane)	TEP	387,452	482,873	485,145
Direct energy consumption (natural gas)	GWh	4,505.29	5,614.85	5,641.27
Total indirect energy consumptions	GWh	26.69	26.22	24.88
of which electricity from green sources	GWh	25.06	23.60	22.10
of which electricity	GWh	0.78	1.39	1.77
of which steam	GWh	0.85	1.23	1.01
% consumption of electricity from green sources		94%	90%	89%
CO ₂ avoided	kt	3,033	2,983	3,086
Carbon index	kt	121	150	145
Scope 1 emission originated by energy production	kt	921	1,148	1,155
Altre emissioni di Scope 1 ⁽²⁾	kt	0.8	0,5	1,3
Scope 2 emissions ⁽¹⁾	kt	0.8	1.3	1.4
Scope 3 emissions generated by capital goods (Wind)	kt	26	⁽³⁾ 26	31
Scope 3 emissions generated by capital goods (Solar)	kt	8	–	–
Waste produced	t	4,218	3,724	4,345
of which sent to recycling	t	3,428	3,110	3,772
of which sent to recycling		81%	83%	87%
of which non-hazardous	t	3,668	3,463	4,224
of which non-hazardous		87%	93%	97%

(1) The indirect emissions are calculated on the basis of the conversion factors relating to the gross thermoelectric production of each country published by Terna on its website (Source: Terna, international comparisons) and according to the Market based approach.

(2) The variation is determined by the inclusion of the company technical fleet not previously accounted for. The emissions generated by vehicles allocated for mixed use were counted at 50%.

(3) The change is due to the change of the reporting perimeter and the refinement of reporting methods.

CORRELATION BETWEEN ERG MATERIAL ASPECTS AND GRI STANDARDS

ERG Group material aspects	Correlation with GRI Standards	Scope of material aspects	Type of impact
Climate change	GRI 305: Emissions	Group, Supply chain	Direct and Indirect
Health and safety	GRI 403: Occupational Health and safety (2018)	Group	Direct
Solid governance	GRI 102: General disclosures	Group	Direct
Employee's Well being	GRI 401: Employment	Group	Direct
Sustainable supply chain	GRI 308: Supplier environmental assessment	Group, Supply chain	Direct and Indirect
	GRI 414: Supplier social assessment	Group, Supply chain	Direct and Indirect
Biodiversity	GRI 306: Waste (2020)	Group	Direct
	GRI 304: Biodiversity	Group	Direct
	GRI 307: Environmental compliance	Group	Direct
D&I, Welfare & Woman rights	GRI 405: Diversity and Equal Opportunity	Group	Direct
	GRI 406: Non-discrimination	Group	Direct
Dialogue with institutions	GRI 102-5: General disclosures	Group	Direct
	GRI 205: Anti-corruption	Group	Direct
	GRI 207: Tax	Group	Direct
	GRI 419: Socioeconomic compliance	Group	Direct and Indirect
Economic and financial results	GRI 201: Economic performance	Group, Community	Direct
Innovation & energy efficiency	GRI 302: Energy	Group	Direct and Indirect
	GRI 307: Environmental compliance	Group	Direct
Stakeholder engagement	GRI 102-5: General disclosures	Group	Direct and Indirect
Local community development	GRI 413: Local communities	Group	Direct

TABLE OF CONCORDANCE WITH ITALIAN LEG. DECREE 254/2016

Areas of Leg. Decree 254/2016	Requirements of Leg. Decree 254/2016	Reference documents 2021
Company management model	Art. 3.1, paragraph a) Description of the company model for the management and organisation of its business activities, including any models adopted pursuant to Leg. Decree 231/2001	DNF page 12-28; 91-93
Environment	Policies Art. 3.1, paragraph b) Description of company policies, including due diligence policies	DNF page 95; Sustainability Policy
	Risk management model Art. 3.1, paragraph c) Description of the main risks, including the ways of managing these risks, generated or suffered, and which derive from the company's activities	DNF page 97-98; 103-104
	Art. 3.2, paragraph a, b, c) Use of energy resources, distinguishing between those produced by renewable and non-renewable sources, the use of water resources; greenhouse gas emissions and emissions of pollutants in the atmosphere; environmental impact	DNF page 33-44; 127-131
People	Policies Art. 3.1, paragraph b) Description of company policies, including due diligence policies	DNF page 64; Sustainability Policy
	Risk management model Art. 3.1, paragraph c) Description of the main risks, including the ways of managing these risks, generated or suffered, and which derive from the company's activities	DNF page 97-98; 103-104
	Art. 3.2, paragraph c) Information on the impact on health and safety	DNF page 95; 103-105; 125-126
	Art. 3.2, paragraph d) Information on HR management, including gender equality, the implementation of international conventions and dialogue with social stakeholders	DNF page 62-78
Social	Policies Art. 3.1, paragraph b) Description of company policies, including due diligence policies	DNF page 95; Sustainability Policy
	Risk management model Art. 3.1, paragraph c) Description of the main risks, including the ways of managing these risks, generated or suffered, and which derive from the company's activities	DNF page 97-98; 103-104
	Art. 3.2, paragraph d) Information on social aspects	DNF page 45-60
Human rights	Policies Art. 3.1, paragraph b) Description of company policies, including due diligence policies	DNF page 19; Sustainability policy, D&I Policy; Human Rights Policy
	Risk management model Art. 3.1, paragraph c) Description of the main risks, including the ways of managing these risks, generated or suffered, and which derive from the company's activities	DNF page 97-98; 103-104
	Art. 3.2, paragraph e) Respect for human rights, measures adopted to prevent violations, as well as actions taken to prevent discriminatory behaviour and actions	DNF page 64; 76; 92-93
Combating active and passive corruption	Policies Art. 3.1, paragraph b) Description of company policies, including due diligence policies	DNF page 69-70; Policy Anticorruzione
	Risk management model Art. 3.1, paragraph c) Description of the main risks, including the ways of managing these risks, generated or suffered, and which derive from the company's activities	DNF page 69-70; 76-77
	Art. 3.2, paragraph f) Information on combating active and passive corruption	DNF page 69-70
Diversity of governance bodies	Policies Art. 10.1 paragraph a) Description of diversity policies applied in relation to the composition of administrative, management and control bodies with regard to aspects such as age, gender composition, training and professional background, as well as a description of the goals, implementation methods and results of these policies	DNF page 86-88



INDEPENDENT AUDITORS' REPORT



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(Translation from the Italian original which remains the definitive version)

Independent auditors' report on the consolidated non-financial statement pursuant to article 3.10 of Legislative decree no. 254 of 30 December 2016 and article 5 of the Consob Regulation adopted with Resolution no. 20267 of 18 January 2018

*To the board of directors of
ERG S.p.A.*

Pursuant to article 3.10 of Legislative decree no. 254 of 30 December 2016 (the "decree") and article 5 of the Consob (the Italian Commission for listed companies and the stock exchange) Regulation adopted with Resolution no. 20267 of 18 January 2018, we have been engaged to perform a limited assurance engagement on the 2021 consolidated non-financial statement of the ERG Group (the "Group") prepared in accordance with article 4 of the decree and approved by the board of directors on 14 March 2022 (the "NFS").

Our procedures did not cover the information set out in the "The European Taxonomy" section of the NFS required by article 8 of Regulation (EU) 852 of 18 June 2020.

Responsibilities of the directors and board of statutory auditors ("Collegio Sindacale") of ERG S.p.A. (the "parent") for the NFS

The directors are responsible for the preparation of an NFS in accordance with articles 3 and 4 of the decree and the "Global Reporting Initiative Sustainability Reporting Standards" issued by GRI - Global Reporting Initiative (the "GRI Standards"), which they have identified as the reporting standards.

The directors are also responsible, within the terms established by the Italian law, for such internal control as they determine is necessary to enable the preparation of an NFS that is free from material misstatement, whether due to fraud or error.

Moreover, the directors are responsible for the identification of the content of the NFS, considering the aspects indicated in article 3.1 of the decree and the Group's business and characteristics, to the extent necessary to enable an understanding of the Group's business, performance, results and the impacts it generates.

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The directors' responsibility also includes the design of an internal model for the management and organisation of the Group's activities, as well as, with reference to the aspects identified and disclosed in the NFS, the Group's policies and the identification and management of the risks generated or borne.

The *Collegio Sindacale* is responsible for overseeing, within the terms established by the Italian law, compliance with the decree's provisions.

Auditors' independence and quality control

We are independent in compliance with the independence and all other ethical requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. Our company applies International Standard on Quality Control 1 (ISQC Italia 1) and, accordingly, maintains a system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Auditors' responsibility

Our responsibility is to express a conclusion, based on the procedures performed, about the compliance of the NFS with the requirements of the decree and the GRI Standards. We carried out our work in accordance with the criteria established by "International Standard on Assurance Engagements ISAE 3000 (Revised) - Assurance Engagements Other than Audits or Reviews of Historical Financial Information" ("ISAE 3000 Revised"), issued by the International Auditing and Assurance Standards Board applicable to limited assurance engagements. This standard requires that we plan and perform the engagement to obtain limited assurance about whether the NFS is free from material misstatement. A limited assurance engagement is less in scope than a reasonable assurance engagement carried out in accordance with ISAE 3000 Revised, and consequently does not enable us to obtain assurance that we would become aware of all significant matters and events that might be identified in a reasonable assurance engagement.

The procedures we performed on the NFS are based on our professional judgement and include inquiries, primarily of the parent's personnel responsible for the preparation of the information presented in the NFS, documental analyses, recalculations and other evidence gathering procedures, as appropriate.

Specifically, we carried out the following procedures:

- 1 Analysing the material aspects based on the Group's business and characteristics disclosed in the NFS, in order to assess the reasonableness of the identification process adopted on the basis of the provisions of article 3 of the decree and taking into account the reporting standards applied.
- 2 Analysing and assessing the identification criteria for the reporting scope, in order to check their compliance with the decree.



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- 3 Comparing the financial disclosures presented in the NFS with those included in the Group's consolidated financial statements.
- 4 Gaining an understanding of the following:
 - the Group's business management and organisational model, with reference to the management of the aspects set out in article 3 of the decree;
 - the entity's policies in connection with the aspects set out in article 3 of the decree, the achieved results and the related key performance indicators;
 - the main risks generated or borne in connection with the aspects set out in article 3 of the decree.

Moreover, we checked the above against the disclosures presented in the NFS and carried out the procedures described in the following point, letter a).

- 5 Understanding the processes underlying the generation, recording and management of the significant qualitative and quantitative information disclosed in the NFS.

Specifically, we held interviews and discussions with the parent's management personnel and personnel of ERG Power Generation S.p.A.. We also performed selected procedures on documentation to gather information on the processes and procedures used to gather, combine, process and transmit non-financial data and information to the work team that prepares the NFS.

Furthermore, with respect to significant information, considering the Group's business and characteristics:

- at parent and subsidiaries level:
 - a) we held interviews and obtained supporting documentation to check the qualitative information presented in the NFS and, specifically, the business model, the policies applied and main risks for consistency with available evidence,
 - b) we carried out analytical and limited procedures to check, on a sample basis, the correct aggregation of data in the quantitative information;
- also through remote communication tools, we held discussions with personnel of ERG S.p.A. and ERG Power S.r.l.'s Priolo Gargallo production site, which we have selected on the basis of their business, contribution to the key performance indicators at consolidated level and location, to obtain documentary evidence supporting the correct application of the procedures and methods used to calculate the indicators.



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Conclusion

Based on the procedures performed, nothing has come to our attention that causes us to believe that the 2021 consolidated non-financial statement of the ERG Group has not been prepared, in all material respects, in accordance with the requirements of articles 3 and 4 of the decree and the GRI Standards.

Our conclusions does not extend to the information set out in the “The European Taxonomy” section of the NFS required by article 8 of Regulation (EU) 852 of 18 June 2020.

Genoa, 28 March 2022

KPMG S.p.A.

(signed on the original)

Luisa Polignano
Director of Audit



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GRI CONTENT INDEX

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GRI Standard	Disclosure	Page/Link	Notes/Information/Omissions
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102-53	Contact point for questions regarding the report	31	For any information relating to this document, see the "Contacts" section of the corporate website www.erg.eu .
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207-2	Tax governance, control, and risk management	105-106	
207-3	Stakeholder engagement and management of concerns related to tax	105-106	
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GRI Standard	Disclosure	Page/Link	Notes/Information/Omissions
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305-6	Emission of ozone-depleting substances (ODS)	37, 127-131	
305-7	Nitrogen oxides (NO _x), sulfur oxides (SO _x), and other significant air emissions	130	
GRI-306: WASTE (2020)			
306-1	Waste generation and significant waste-related impacts	35, 42, 127-131	
306-2	Management of significant waste-related impacts	32, 35, 42	
306-3	Waste generated	127-131	
GRI-307: ENVIRONMENTAL COMPLIANCE (2016)			
103-1	Explanation of the material topic and its Boundary	29-31	
103-2	The management approach and its components	23-26	
103-3	Evaluation of the management approach	23-26	
307-1	Non-compliance with environmental laws and regulations		No significant monetary sanctions or non monetary sanctions due to failure to observe environmental laws and regulations were recorded in 2021.
GRI-308: SUPPLIER ENVIRONMENTAL ASSESSMENT (2016)			
103-1	Explanation of the material topic and its Boundary	29-31	
103-2	The management approach and its components	23-26	
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308-1	New suppliers that were screened using environmental criteria	107-110, 126	
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401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	66-72	
GRI-402: LABOR/MANAGEMENT RELATIONS (2016)			
402-1	Minimum notice periods regarding operational changes		The minimum notice period for the operational changes adopted by ERG is compliant with the legislative provisions envisaged by national labour agreement for workers in Italy.

GRI Standard	Disclosure	Page/Link	Notes/Information/Omissions
GRI-403: OCCUPATIONAL HEALTH AND SAFETY (2018)			
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403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	79-81	
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403-9	Work-related injuries	125	
GRI-404: TRAINING AND EDUCATION (2016)			
103-1	Explanation of the material topic and its Boundary	29-31	
103-2	The management approach and its components	23-26	
103-3	Evaluation of the management approach	23-26	
404-1	Average hours of training per year per employee	120	
GRI-405: DIVERSITY AND EQUAL OPPORTUNITY (2016)			
103-1	Explanation of the material topic and its Boundary	29-31	
103-2	The management approach and its components	23-26	
103-3	Evaluation of the management approach	23-26	
405-1	Diversity of governance bodies and employees	82-87, 119, 121, 124	For further details relating to the composition of the governance bodies, see the matters indicated in the Report on Corporate Governance and Ownership Structures.
405-2	Ratio of basic salary and remuneration of women to men	68	
GRI-406: NON DISCRIMINATION (2016)			
103-1	Explanation of the material topic and its Boundary	29-31	
103-2	The management approach and its components	23-26	
103-3	Evaluation of the management approach	23-26	
406-1	Incidents of discrimination and corrective actions taken		No incidents of discrimination were recorded in 2021.
GRI-407: FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING (2016)			
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	107-109	
GRI-408: CHILD LABOR (2016)			
408-1	Operations and suppliers at significant risk for incidents of child labor	107-110	
GRI-409: FORCED OR COMPULSORY LABOR (2016)			
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	107-110	

GRI Standard	Disclosure	Page/Link	Notes/Information/Omissions
GRI-413: LOCAL COMMUNITIES (2016)			
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103-1	Explanation of the material topic and its Boundary	29-31	
103-2	The management approach and its components	23-26	
103-3	Evaluation of the management approach	23-26	
419-1	Non-compliance with laws and regulations in the social and economic area		No significant monetary sanctions or non-monetary sanctions due to failure to observe laws and regulations were recorded in 2021.
Material topic not related to a specific GRI Standard topic			
MATERIAL TOPIC: SOLID GOVERNANCE			
103-1	Explanation of the material topic and its Boundary	29-31	
103-2	The management approach and its components	23-26	
103-3	Evaluation of the management approach	23-26	

SFDR – MANDATORY KPI

#	Mandatory KPI	u.m.	KPI	Comments
1a	Emssioni Scope 1	kt	922	
1b	Emissioni Scope 2	kt	0,8	
1C	Emissioni Scope 3	kt	34	
2	Carbon footprint (total GHG emissions)	kt	957	
3	GHG intensity of investee company	kt/€ million	0.15	GHG emission / EV (market cap + NFP at 31/12)
4	Exposure to companies active in the fossil fuel sector	–	Not applicable	ERG is not active in the fossil fuel sector
5a	Share of non-renewable energy consumption	%	6.1%	Total Group energy consumption is about 26.7GWh of wich - non-renewable energy consumption is about 6% (1.6 GWh) - green energy consumption is about 94% (25 GWh) according to our green supply policy
5b	Share of non-renewable energy production	%	24.5%	The % of non-renewable production is referred to the CCGT production and amounts to 1,869 GWh. ERG has signed an agreement with ENEL for selling the plant to be finalised in Q3 2022
6	Energy consumption intensity per high impact climate sectors	GWh	0.8%	The formula used for the calculation is the following: total Energy consumption (non-renewable energy + renewable energy) / total production (RES + CCGT)
7	Activities negatively affecting biodiversity-sensitive areas	–	no	
8	Emissions to water	–	no	ERG does not have emission to water
9	Hazardous waste ratio	t	436	
10	Violations of UN Global Compact principles and Organization for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises	–	No violation	
11	Lack of processes and compliance mechanism to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises	–	Structured process and compliance mechanism. Mention in Sustainability Policy	
12	Unadjusted gender pay gap	%	-1%	
13	Board gender diversity	%	42%	
14	Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)	–	Not applicable	

SFDR – OPTIONAL KPI

#	Mandatory KPI	u.m.	KPI	Comments
1	Emission of inorganic pollutants	–	Not applicable	
2	Emission of air pollutants	t	313	The data refers to NOx emission from the CCGT
3	Emission of ozone depletion substances	kg	Not applicable	
4	Investments in companies without carbon emission reduction initiatives	–	Science Based Targets emission reduction targets approved.	"Our targets: - reduce scope 1 and 2 emissions of 45.4% per MWh by 2025 from a 2020 base year; - increase annual sourcing of renewable electricity from 94% in 2020 to 96% by 2025."
5	Breakdown of energy consumption by type of non-renewable sources of energy	–	1.6 GWh	"Non Renewable energy consumptions are represented by - 0.8 GWh by steam (52%) - 0.7GWh by electricity (about 48%)"
6a	Waste usage	million m ³	7	It refers to Well water withdrawals
6b	Water Recycled	million m ³	203	It refers to Cooling water returned to the natural cycle
7	Investments in companies without water management policies	–	sustainability Policy and HSEQ policies reported in the ERG Power and ERG Hydro EMAS declaration	"In 2021 the Hydro was sold to ENEL. The CCGT is expected to be sold in Q3 2022"
8	Exposure to areas of high water stress	%	14%	The exposure is referred only to the CCGT plant that is the only plant that use water in the production phase. The data refers to installed capacity of CCGT (480 MW - the only plant using water) on total capacity of ERG Group (3425 MW)
9	Investments in companies producing chemicals	–	Not applicable	
10	Land degradation, deertification, soil sealing	–	Not applicable	
11	Investments in companies without sustainable land/agriculture practices	–	Not applicable	
12	Investments in companies without sustainable ocean/sea practices	–	Not applicable	
13	Non recycled waste ratio	t	790	Difference between total amount of waste and the waste recycled
14	Natural species and protected areas		We have an environmental policy certified (ISO 14001) that defines all the action put in place for protecting environment / biodiversity	
15	Deforestation		Not applicable	
16	Share of securities not certified as green under a future EU legal act setting up an EU Green Bond	–	100%	"ERG successfully issued 3 green bonds of about €1.6 bn Please refer to page 27 of Non financial reporting 2021"
17	Investments in companies without workplace accident prevention policies	–	ERG has a workplace accident prevention policy certified (ISO 45001)	
18	Rate of accidents		0,3	"accident rate= (number of accidents*200,000)/number of hours worked. The data refers only to internal injuries"
19	Number of days lost to injuries, accidents, fatalities or illness		22	The data refers only to internal injuries

#	Mandatory KPI	u.m.	KPI	Comments
20	Lack of a supplier code of conduct		ERG has a supplier code of conduct	Link: https://www.erg.eu/c/document_library/get_file?uuid=c5fe4471-9ed2-4ee9-aae9-1e5e93f2db51&groupId=10181&version=1.0
21	Lack of grievance/complaints handling mechanism related to employees matters		ERG has a whistleblowing system	Link: https://www.erg.eu/en/corporate-governance/ethics-and-governance/organisational-and-management-models-231
22	Insufficient whistleblower protection		ERG has a whistleblowing system	Link: https://www.erg.eu/en/corporate-governance/ethics-and-governance/organisational-and-management-models-231
23	Incidents of discrimination		0	
24	CEO pay ratio		35x	Average ratio within investee companies of the annual total compensation for the highest compensated individual to the median annual total compensation for all employees (excluding the highest-compensated individual)
25	Lack of a human rights policy		ERG has a human rights policy	
26	Lack of due diligence		ERG has a due diligence process to identify, address and prevent human rights impacts	
27	Lack of processes and measure for preventing trafficking in human beings		ERG has a system of policy and procedures to prevent human trafficking	
28	Operations and suppliers at significant risk of incidents of child labour		ERG has an internal control system of policy and procedures to prevent child labour, even among supplier chain	
29	Operations and suppliers at significant risk of incidents of forced or compulsory labour	–	ERG has an internal control system of policy and procedures to prevent forced or compulsory labour, even among supplier chain	
30	Number of identified cases of severe human rights issues and incidents	no.	0	
31	Lack of anti-corruption and anti-bribery policies	–	ERG has an anticorruption policy	Link: https://www.erg.eu/c/document_library/get_file?uuid=cf0514f6-6d4e-f844-bc79-657ccb2c38ba&groupId=10181&version=1.0
32	Cases of insufficient action taken to address breaches of anti-corruption and anti-bribery	no.	0	
33	Number of convictions and amount of fines for violation of anti-corruption and anti-bribery	no.	0	

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