

3. Governance, risks and opportunities

3.1 Governance

Italgas has adopted the so-called traditional administration and control system, which envisages the presence of the Board of Directors (BoD) and Board of Statutory Auditors, in office for three financial years, as well as the Shareholders' Meeting and the Independent auditing firm. The corporate governance system is defined by the Board of Directors in compliance with the provisions of the Italian Civil Code and the unbundling regulations, using national and international best practices as a reference, in compliance with the legislation to which the Company is subject as listed Issuer as well as with the Corporate Governance Code published by the Corporate Governance Committee on 31 January 2020 (the "Corporate Governance Code"), which applies as at 1 January 2021 and to which the Company adhered.

The Corporate Governance Code, adapting to the evolution of international best practices, places growing attention on sustainability, inviting the Board to guide the company by pursuing "sustainable success", creating long-term value for shareholders while considering the interests of stakeholders, rather than shareholders, who have a significant role in guaranteeing sustainability over time on the market the company operates in.

For more information please refer to the Report on the Corporate Governance and Ownership Structure of Italgas for the 2022 financial year ("Corporate Governance and Ownership Structure Report"), drawn up pursuant to Article 123-bis of Italian Legislative Decree no. 58 of 24 February 1998 ("Consolidated Finance Act").

Shareholders' Meeting

The Shareholders' meeting represents all shareholders and is Italgas' decision-making body responsible, among other things, for the task, in ordinary and extraordinary session, of appointing the members of the Board of Directors and Board of Statutory Auditors and establishing the related fees, appointing the Independent Auditors, approving the financial statements, including allocation of profits, and resolving on the purchase of treasury shares, amendments to the Bylaws and the issue of convertible bonds.

40. In the Board of Directors, which remained in office until 26 April 2022, there were 3 Directors of the less represented gender, representing one 40 third of the total composition. The composition of the Board of Directors therefore complied with the legislation on gender balance, which was already being applied in advance on a voluntary basis at the time the company was listed and to a greater extent than legally required for the first renewal following listing (1/3 instead of 1/5 as required for the first renewal). Budget law no.

For more information on the functions of the Shareholders' meeting, please refer to the Corporate Governance and Ownership Structure Report.

Board of Directors

Italgas' Board of Directors is tasked with the ordinary and extraordinary management of the Company and has the faculty to carry out all the acts deemed appropriate for the implementation and achievement of the corporate purpose, with the exclusion of the acts which, pursuant to applicable legislation and the Bylaws, are reserved for the Shareholders' meeting.

In accordance with the provisions of its Bylaws, the Company is administered by a Board of Directors made up of 9 members. All the Italgas director possess the integrity requirements laid down by current legislation, and an executive director, seven non-executive directors and a chairman without management powers is appointed from among the same. The composition of the Board of Directors respects the company policies with regard to diversity in relation to aspects such as age, gender composition as well as training and professional background. Demonstrating the importance of this issue, in 2018, the Group prepared a "Diversity of corporate bodies policy", a specific document summarising these policies (as well as their objectives and methods of implementation). This was approved by the company's Board of Directors on 24 January 2019 and has been updated at the proposal of the Appointments and Compensation Committee, with Board of Directors' resolution of 25 January 2021, in order to bring it into line with the Corporate Governance Code.

In particular, it should be noted that the Shareholders' Meeting of 26 April 2022 appointed Italgas' current Board of Directors, which will remain in office for three financial years, expiring on the date of the Shareholders' Meeting to be called to approve the financial statements for the year ending 31 December 2024.

With regard to the financial year 2022, the Board of Directors, in office until 26 April 2022, was composed as follows:

- three Directors of the less represented gender, equal to one third of the total composition, in compliance with gender balance requirements⁴⁰;

160/2019, in force since 1 January 2020, established that the least represented gender must constitute at least two-fifths of the elected members, instead of the previous quota of one-third. The new allocation criterion of at least two-fifths was applied as of the first renewal of the administrative body following the date of entry into force of the law and, therefore, on the occasion of the renewal of the Board of Directors (and the Board of Statutory Auditors) resolved by the Shareholders' Meeting of 26 April 2022.

- six directors, including the Chairman, qualified as independent on the basis of both the requirements of independence of the CLF (Article 147-ter, subsection 4 and 148, subsection 3 of the CLF), and of the Corporate Governance Code (Article 2).

The Board of Directors in its previous composition was characterised by the age diversity of its members, considering the age of the Board members ranged from 43 to 67 years, and by diversity of geographical origin, as well as their experience, including international experience.

The educational and professional backgrounds of the Board members (lawyers, engineers, economists, university professors) ensured during their term of office a balanced combination of profiles and experiences within the administrative body suitable to ensure the proper performance of their duties.

On 9 March 2022, a check was carried out on whether the independence requirements set forth in the CLF and the Corporate Governance Code had been met, considering also the qualitative and quantitative criteria for the assessment of independence approved by the Board of Directors on 24 February 2021, as a result of which 6 Directors, including the Chairman, were found to be independent.

GRI 405-1 Breakdown of the 2022 Governance Bodies (Italgas S.p.A. Board of Directors up to 26 April 2022) by gender and age group						
u.m.	Men			Women		
	<30	30-50	>50	<30	30-50	>50
no.	0	3	3	0	1	2

The current Board of Directors, appointed on 26 April 2022, is composed as follows:

- 4 Directors, including the Chairwoman, belonging to the less represented gender, equal to two-fifths of the total composition, in compliance with gender balance criteria⁴¹;
- four directors, including the Chairwoman, qualified as independent on the basis of both the requirements of independence of the CLF (Article 147-ter, subsection 4 and 148, subsection 3 of the CLF), and of the Corporate Governance Code (Article 2);
- one independent director on the basis of the independence requirements of the CLF (Article 147-ter, subsection 4 and 148, subsection 3 of the CLF)⁴².

The current Board is characterised by the age structure diversity of its members, considering that the Board Directors are aged between 44 and 65, and by diversity of geographical origin and experiences, including those

41. Budget law no. 160/2019, in force since 1 January 2020, established that the least represented gender must constitute at least two-fifths of the elected members, instead of the previous quota of one-third. The new allocation criterion of at least two-fifths was applied as of the first renewal of the administrative body following the date of entry into force of the law and, therefore, on the occasion of the renewal of the Board of Directors (and the Board of Statutory Auditors) resolved by the Shareholders' Meeting of 26 April 2022.

abroad. The educational and professional profiles of the Board directors in office (lawyers, engineers, economists) guarantee a balanced distribution of experience and expertise within the corporate body suitable to ensure that the functions are performed correctly.

Lastly, the verification of the existence of the independence requirements set forth in the CLF and in the Corporate Governance Code was carried out on 9 March 2023, taking also into account the qualitative and quantitative criteria for the assessment of independence updated by the Board of Directors on 22 February 2023, as a result of which four directors, including the Chairwoman – under both the independence requirements of the CLF and the Corporate Governance Code – and one independent director – under the requirements of the CLF – were found to be independent.

GRI 405-1 Breakdown of the 2022 Governance Bodies (Italgas S.p.A. Board of Directors as at 26 April 2022) by gender and age group						
u.m.	Men			Women		
	<30	30-50	>50	<30	30-50	>50
no.	0	1	4	0	0	4

During the financial year 2022, the Board of Directors met fourteen times, with a participation rate of over 99%. Given the relevance of sustainability issues for the Group, the Board of Directors examined ESG issues in about 86% of its meetings. The Chairman of the Sustainable Value Creation Committee reported to the Board of Directors on the Committee's activities carried out in 50% of the Board meetings.

For more information on the Board of Directors, please refer to the Corporate Governance and Ownership Structure Report.

In compliance with the company Bylaws, the Board of Directors set up three internal committees: (i) the **Control, Risk and Related Party Transactions Committee**, established on 4 August 2016, (ii) the **Sustainability Committee**, established on 4 August 2016, then subsequently named, by resolution dated 14 December 2022, the **Sustainable Value Creation Committee** and (iii) the **Appointments and Compensation Committee**, established on 23 October 2017 following the merger of the Appointments Committee and the Compensation Committee established on 4 August 2016.

42. On 26 April 2022, the existence of the independence requirements set forth in the CLF and the Corporate Governance Code was ascertained on the basis of declarations issued by the interested parties, taking also into account the qualitative and quantitative criteria for the assessment of independence approved by the Board of Directors on 24 February 2021.

Control, Risk and Related Party Transactions Committee	Appointments and Compensation Committee	Sustainability Committee
Composed of 3 non-executive and independent directors pursuant to the CLF and the Corporate Governance Code. It played a proactive and advisory role to the Board of Directors with regard to the Internal Control System, risk management, including risks related to climate change, and periodic financial and non-financial reports.	Composed of 3 non-executive directors, 2 of whom are independent pursuant to the CLF and the Corporate Governance Code (including the Chairwoman). It played a proactive and advisory role to the Board of Directors with regard to the appointment of directors, their remuneration, which also includes sustainability targets, and the remuneration of general managers, auditors and executives with strategic responsibilities.	Composed of 3 non-executive directors, 2 of whom are independent pursuant to the CLF and the Corporate Governance Code (including the Chairwoman) ⁴³ . It played a proactive and advisory role to the Board of Directors regarding the processes and activities which contribute to the company's sustainable development along the value chain, aimed at pursuing sustainable success and for periodic non-financial reports, coordinating with the Control, Risk and Related Party Transactions Committee for evaluation by this committee of the suitability of the periodic, financial and non-financial reporting.

Below are the current members of the Board Committees as resolved on 2 May 2022 by the Board of Directors and amended on 22 February 2023 :

Control, Risk and Related Party Transactions Committee	Appointments and Compensation Committee	Sustainable Value Creation Committee
Composed of 3 non-executive directors, 2 of whom are independent pursuant to the CLF and the Corporate Governance Code (including the Chairman).	Composed of 3 non-executive directors, 2 of whom are independent pursuant to the CLF and the Corporate Governance Code (including the Chairwoman) ⁴⁴ .	It consists of 3 non-executive directors, one of whom is independent pursuant to the CLF, and acts as Chairman ⁴⁵ .

Control, Risk and Related Party Transactions Committee

The Control, Risk and Related Party Transactions Committee plays a proactive and advisory role to the Board of Directors with regard to the Internal Control System, risk management, including risks related to climate change, and periodic financial and non-financial reports. The tasks and duties assigned to the Committee, in compliance with the provisions of the Corporate Governance Code, are detailed in the related Regulation, to be referred to⁴⁶.

Appointments and Compensation Committee

The Appointments and Compensation Committee provides proposals and advice to the BoD on the appointment of Directors and BoD self-assessment and on the remuneration of Directors, General Managers, Auditors and key managers, also including sustainability targets. The tasks and functions assigned to the Committee, in accordance with the Corporate Governance Code, are detailed in the relevant Regulation, to be referred to⁴⁷.

43. The Regulation of the Control, Risk and Related Party Transactions Committee can be consulted on the Company's website (https://www.italgas.it/export/sites/italgas/italgas-gallery/Documenti_it/Regolamento-Comitato-Controllo-e-Rischi-e-Operazioni-con-Parti-Correlate.pdf).

44. On February 22, 2023, the Board of Directors resolved to appoint Dr. Fabiola Mascardi as a member and Chairwoman of the Nomination and Remuneration Committee. The position was previously held by Avv. Lorenzo Parola.

45. On February 22, 2023, the Board of Directors resolved to appoint Mr. Lorenzo Parola as a member and Chairman of the Sustainable Value Creation Committee. The position was previously held by Dr. Fabiola Mascardi.

46. The Appointments and Compensation Committee Regulations can be consulted on the Company's website (https://www.italgas.it/export/sites/italgas/italgas-gallery/Documenti_it/Regolamento-Comitato-Nomine-e-Remunerazione.pdf).

47. The Regulation of the Sustainable Value Creation Committee is available on the Company's website (<https://www.italgas.it/wp-content/uploads/sites/2/2023/01/Regulation-of-Sustainable-Value-Creation-Committee-.pdf>).

Sustainable Value Creation Committee

On 14 December 2022, the Italgas' Board of Directors approved the change of name of the Sustainability Committee to the Sustainable Value Creation Committee, and amended its regulations. The Sustainable Value Creation Committee provides proposals and advice to the Board of Directors regarding the processes and activities which contribute to the company's sustainable development along the value chain, aimed at pursuing sustainable success and for periodic non-financial reports, coordinating with the Control, Risk and Related Party Transactions Committee for evaluation by this committee of the suitability of the periodic, financial and non-financial reporting. The tasks and functions attributed to the Committee, in accordance with Corporate Governance Code, are detailed in the relevant Regulation, to be referred to⁴⁸.

Furthermore, within the External Relations and Sustainability Department, Italgas has set up the Sustainability Unit, which oversees the definition of the sustainability model and, through the coordination of the contribution of each corporate department involved in the various issues, it ensures the definition of operational plans and tools to ensure its implementation and development, and also involves the Group's stakeholders.

For more information on board committees, please refer to the Corporate Governance and Ownership Structure Report.

The Board of Statutory Auditors

The Board of Statutory Auditors supervises compliance with the law and the Articles of Association, respect for the principles of correct administration in carrying out corporate activities, the adequacy of the organisational structure for aspects of responsibility, of the system of internal control and accounting system as well as the reliability of the latter in correctly representing transactions, and how to implement the corporate governance rules provided under the Corporate Governance Code.

The Board of Statutory Auditors, appointed by the Shareholders' Meeting of 4 April 2019 for a term of three financial years, remained in office until 26 April 2022, i.e. until the Shareholders' Meeting that approved the financial statements for the financial year 2021. The Board of Statutory Auditors was made up of five members, three of whom standing auditors and two alternate, in connection with whom, it is specified that: (i) one Standing Auditor and one Alternate Auditor belong to the least represented gender (female gender); (ii) without prejudice to the professional requirements provided for by law, the training and professional background of the members of the Board of Statutory Auditors has guar-

anteed the appropriate skills to ensure the proper performance of their duties.

The current Board of Statutory Auditors was appointed by the Shareholders' Meeting of 26 April 2022 for a term of three financial years, i.e. expiring on the date of the Shareholders' Meeting to be convened to approve the financial statements for the year ending 31 December 2024. The Board of Statutory Auditors is made up of five members, three of whom standing auditors and two alternate, in connection with whom, it is specified that: (i) one Standing Auditor and one Alternate Auditor belong to the least represented gender (male gender);⁴⁹ (ii) without prejudice to the professional requirements provided for by law, the training and professional background of the members of the Board of Statutory Auditors currently in office guarantees the appropriate skills to ensure the proper performance of their duties.

For more information on the Board of Statutory Auditors, please refer to the Corporate Governance and Ownership Structure Report.

Sustainability Governance

The Corporate Governance Code gives the administrative body the responsibility of integrating sustainability objectives into the definition of the strategies and business plan, the internal control and risk management system and remuneration policies.

The Company's Board of Directors, at the instructions of the Chief Executive Officer, is responsible for defining the strategic guidelines and objectives for the Italgas Group, also with regard to the strategy in respect of sustainability objectives and impacts and those linked to climate change. Annually, the Board is called upon to approve Italgas' seven-year Strategic Plan as well as updates to the Sustainable Value Creation Plan, ensuring the creation of value in the short- and medium-to-long-term for shareholders and stakeholders. The approval process for the aforementioned plans includes meetings for the presentation and approval of scenarios, including climate scenarios, ESG objectives, including environmental and climate change objectives, as well as approval of the financial data of the plan, including investments. With regard to the sustainability reporting process, the Board of Directors is responsible for reviewing and approving the disclosure of non-financial information.

During 2022, the Directors and Statutory Auditors were able to gain a better understanding of the area of operations of the Company and of the Group by taking part in off-site inspections and induction sessions, with a focus also on sustainability topics, including Italgas' strategy

48. The Regulation of the Sustainable Value Creation Committee is available on the Company's website (<https://www.italgas.it/wp-content/uploads/sites/2/2023/01/Regulation-of-Sustainable-Value-Creation-Committee-.pdf>).

49. Budget law no. 160/2019, in force since 1 January 2020, established that the least represented gender must constitute at least two-fifths of the elected members, instead of the previous quota of one-third. Article 144 -undecies.1, subsection 3, of the Issuers' Regulations provides that wherever the application of the gender

division criteria does not result in an integer number of members of the administrative and control bodies belonging to the least represented gender, such number is rounded up, except for corporate bodies formed of three members, where the number will be rounded down. The new allocation criterion of at least two-fifths was applied as of the first renewal of the administrative and control body after the date of entry into force of the law and, therefore, on the occasion of the renewal of the Board of Statutory Auditors (and of the Board of Directors) resolved by the Shareholders' Meeting of 26 April 2022.

to create sustainable value in the future, digitisation to allow for the energy transition and decarbonisation, the fight against climate change, the protection of ecosystems and support of the circular economy.

For more information, please refer to the Corporate Governance and Ownership Structure Report.

Top management

The Chief Executive Officer is responsible for the administration of the Group and the internal approval of key strategic objectives and sustainability initiatives, which are then submitted to the BoD for approval.

The Chief Executive Officer annually proposes the Strategic Plan and the Sustainable Value Creation Plan for review by the Sustainable Value Creation Committee and, subsequently, for approval by the Board of Directors. These plans include the definition of strategies, actions and related sustainability objectives, including those related to climate (e.g. relating to energy consumption and emission reduction) and the establishment of Italgas' vision for energy transition, with a specific focus on the digitisation of infrastructures, the development of biomethane and new renewable gases in distribution networks, such as hydrogen.

The Chief Executive Officer chairs the Sustainability Business Review, established in 2021 and held monthly, in which a detailed assessment of the main environmental KPIs is carried out and the progress of related initiatives is discussed; this meeting is attended by the top management of each of the Group's companies and the process owners and managers of the activities that have the main sustainability impacts.

The CEO also chairs the Innovation Committee to evaluate initiatives to streamline Group operations, including those with a focus on reducing emissions and/or increasing energy efficiency.

The Chief Executive Officer is assisted in his/her tasks mainly by the executive team which, in Italgas, includes the Chief Financial Officer, the General Counsel, the Heads of Human Resources & Organization, Procurement and Material Management, Institutional and Regulatory Affairs, External Relations and Sustainability, the Head of Bludigit, the Heads of Group Security, Internal Audit and Corporate Strategy. These executives, as members of the Executive Committee (an internal management committee consisting of the CEO and Top Management), are also responsible for sustainability initiatives that fall within their remit.

Remuneration

The Group's Remuneration Policy and Compensation paid⁵⁰ is designed to promote sustainable success through the pursuit of the objectives of the Strategic Plan and the improvement of long-term financial and non-financial results, while pursuing and promoting the creation of value for the various corporate stakeholders: employees, shareholders, local communities, suppliers. The Policy is also aimed at attracting, retaining and motivating people with high professional skills and fostering the commitment of key resources in relation to the Company's objectives, stimulating actions and behaviours in line with the Company's values and culture, in compliance with the principles of meritocracy, inclusion and plurality, equal opportunities, enhancement of people's knowledge and professionalism, fairness, non-discrimination and integrity as laid down in the Code of Ethics.

The Group's Remuneration Policy and variable incentive plans are closely linked to the Strategic Plan and Sustainable Value Creation Plan with pre-determined, measurable objectives that are consistent with the interests of the various stakeholders, in order to allow an assessment of corporate performance in both absolute and relative terms, presenting a balanced pay-mix, aimed at aligning remuneration to the performance actually achieved with a significant incidence of medium-to-long-term variable components (including equity instruments) for Top Management. The policy also provides for the adoption of claw-back mechanisms in cases of error, wilful misconduct and serious or intentional violations of laws and/or regulations, as well as a structured engagement plan to collect shareholder expectations and feedback.

The management of sustainability impacts is fully integrated within the definition of the targets set in the Short-Term Incentive (STI) and Long-Term Monetary Incentive (LTMI)

49. <https://www.italgas.it/wp-content/uploads/sites/2/2023/03/Politica-sulla-Remunerazione-2023-e-Compensi-corrisposti-2022.pdf>

Plan. Specifically, in 2022 the value of the CEO's STI and LTMI are 25%⁵¹ and 15%⁵² respectively upon achieving specific sustainability targets.

For further details, please refer to the Report on the 2022 Remuneration Policy and the 2021 Compensation Paid⁵³ and the 2023 Remuneration Policy and 2022 Compensation Paid⁵⁴.

Independent Auditors

External auditing is entrusted in accordance with the law to an independent auditing firm entered in the relevant register and appointed by the Shareholders' Meeting on the reasoned proposal of the Board of Statutory Auditors.

At the Shareholders' Meeting of 12 May 2020, the independent auditing firm Deloitte & Touche S.p.A. was appointed for the period 2020-2028.

Shareholders' agreements

As far as agreements between shareholders are concerned, pursuant to Article 122 of the Consolidated Law on Finance, as far as Italgas is aware, the following is noted.

On 20 October 2016 Snam S.p.A. ("Snam"), CDP Reti S.p.A. ("CDP Reti") and CDP Gas S.p.A. ("CDP") signed a shareholders' agreement (the "Italgas Shareholders' Agreement") covering all the shares that the respective parties held in Italgas of consequence and with effect starting on the effective date of the partial and proportional demerger from Snam in favour of Italgas and the simultaneous listing of the Italgas shares, namely 7 November 2016. Amongst other things, the Italgas Shareholders' Agreement governs: (i) the exercise of voting rights attached to the syndicated shares; (ii) the creation of a consultation committee; (iii) the obligations and arrangements for submitting a joint slate for the appointment of the members of the Board of Directors of the Company; and (iv) some restrictions on the sale and purchase of Italgas shares. The Italgas Shareholders' Agreement was filed in copy at the Milan Business Registry on 11 November 2016 and can be retrieved in extract from the company's website at:

<http://www.italgas.it/investitori/azionariato/patti-parasociali/>.

On 1 May 2017, CDP Gas was merged into CDP, to which the Italgas shares held by CDP Gas were transferred. On 19 May 2017 these same shares were transferred to CDP Reti, already party to the Italgas Shareholders' Agreement. On 1 August 2019, the Italgas Shareholders' Agreement was further updated to take into account the reclassification of the equity investment of CDP in Italgas as a de facto controlling interest, pursuant to Article 2359, subsections 1) and 2) of the Italian Civil Code and Article 93 of the CLF. The shareholders' agreement is for three years and is automatically renewed for further three-year periods, unless one of the parties gives 12 months' notice. Given such forecast, in November 2019 and November 2022 the shareholders' agreement was renewed.

On 27 November 2014, CDP S.p.A. ("CDP"), on the one hand, and State Grid Europe Limited ("SGEL") and State Grid International Development Limited ("SGID"), on the other, entered into a shareholders' agreement (the "SGEL Shareholders' Agreement") in the context of the sales contract concluded between the same parties on 31 July 2014 in accordance with which on 27 November 2014 SGEL acquired from CDP a stake equal to 35% of the share capital of CDP Reti. In conjunction with the effectiveness of the partial and proportional demerger from Snam in favour of Italgas and the simultaneous listing of the Italgas shares on 7 November 2016, SGEL, SGID and CDP have amended and supplemented the SGEL Shareholders' Agreement, effective on the same date, extending its application to the stake held by CDP Reti in Italgas. The SGEL shareholders' agreement was filed in copy at the Milan Business Registry on 11 November 2016 and can be retrieved in extract from the company's website at:

<http://www.italgas.it/investitori/azionariato/patti-parasociali/>.

51. 5% relative to the Accident Frequency Index, 10% relative to the Gas Leakage Rate, 5% relative to the percentage of female candidates, 5% relative to the percentage of women in "Head of Business Unit" positions

52. Defined based on two parameters: 1) inclusions, in the three-year period, within the DJSI, FTSE4GOOD and CDP Climate Change sustainability indices and ratings; and 2) emissions reduction,

measured as a decrease in the amount of gas emitted into the atmosphere through leakage.

53. https://www.italgas.it/wp-content/uploads/sites/2/2022/04/Italgas_Rem_IT_2022_web.pdf

54. <https://www.italgas.it/wp-content/uploads/sites/2/2023/03/Politica-sulla-Remunerazione-2023-e-Compensi-corrisposti-2022.pdf>

Italgas has an Internal Control and Risk Management System integrated into the organisational, administrative and accounting structure and, more generally, a corporate governance system that ensures compliance with the laws and company procedures, protects the company assets and contributes to the management of activities, solidifying the accounting and financial data processed.

The Enterprise Risk Management (ERM) Department is tasked with overseeing the Group's integrated business risk management process. The ERM activities focus on the definition of a homogeneous, transversal model for assessing the risks, identifying priority risks, ensuring consolidation of the mitigation actions and developing a reporting system.

The ERM methodology adopted by the Italgas Group is in line with the reference models and the existing international best practices (in particular, the 2017 COSO framework relative to the Enterprise Risk Management, issued by the Committee of Sponsoring Organizations of the Treadway Commission, and ISO 31000:2018). The process for the identification, assessment, measurement and management of the risks is carried out periodically, at least once a year, on the basis of the importance of the risk and any changes in context.

The activities directly involve all business departments through dedicated meetings that make it possible to incorporate updates to the information on the description, significance and management of the risks already existing in the portfolio, and the detection of new emerging risks. In order to ensure the correct assessment and prioritisation of risk events, the assessment is carried out considering the following potential types of impact: economic-financial; operative; legal, governance and compliance; environment, health and safety; reputation and market. The ERM model establishes an integrated, cross-cutting and dynamic risk assessment that enhances the management systems already existing in the individual business processes. Each risk is assessed using a specific assessment scale that sets out the thresholds of relevance for the Group and attributes a "rating" to each risk, thereby making it easier to prioritise them. For all risks, the risk ownerships are identified and attributed and the management strategies are defined, broken down into specific actions for dealing with the risk and establishing the relative implementation time.

With reference to strategic risks, the Enterprise Risk Management Department, in coordination with all relevant departments, carries out a specific in-depth analysis of risks, opportunities and uncertainties related to the Strategic Plan. The analysis allows estimation of the overall volatility of the defined economic and financial targets and evaluation of the level of resilience of the Strategic Plan. The "Strategic Plan" document, which has been approved by Italgas S.p.A.'s Board of Directors, contains the output of this analysis.

The risks are updated once a quarter, half-year or year, depending on their relevance. The results found in relation to the main risks and related management plans are presented to the Control, Risk and Related Party Transactions Committee at each updating. Moreover, the mapping of risks and the relative management strategies are presented periodically to the Board of Statutory Auditors and the Supervisory Body of Italgas and to the Boards of Statutory Auditors and the Supervisory Bodies of the Subsidiaries.

The Officer Responsible and the Internal Audit department periodically receive the results of the risk assessments performed by the ERM unit.

The reconciliation table below shows the main risks mapped in the ERM process being monitored, the main management methods and the material topics identified.

It should be noted that, despite the mitigation actions introduced in order to monitor and prevent the occurrence of significant risks, the Company cannot rule out specific events that could lead to the recognition of liabilities in the financial statements.

Category	Risk	Description
Strategic/business-related	Changes in Regulation and legislation	<p>Risk of changes in the regulatory and institutional context in Europe or nationally affecting the natural gas sector.</p> <p>Risk of a penalising update of the rate of return on net invested capital recognised by the Regulator.</p> <p>Focus on Greece: Risk of review by the Greek Regulator of the investment and tariff plans submitted for approval.</p>
Strategic/business-related	Climate Change	<p>Physical Risk: increased frequency of extremely intense natural events in the places where Italgas operates (more or less prolonged unavailability of assets and infrastructure, increase in repair and insurance costs, service interruption, etc.) with a negative impact on costs, revenues and level of service</p> <p>EMERGING RISK:⁵⁵ Physical Risk: an increase in average temperatures in the areas where Italgas operates with a possible negative impact on the number of active re-delivery points served and, consequently, on revenues</p> <p>EMERGING RISK: Transition Risk: changes in the legislative and regulatory context in terms of greenhouse gas, with the objective of limiting emissions, for instance by introducing measures that require natural gas distributors to acquire certificates to cover emissions, with a negative impact on costs.</p> <p>EMERGING RISK: Transition risk: technological evolution that may have a negative impact on the number of active re-delivery points served with a negative impact on revenues and the level of expected investments</p> <p>EMERGING RISK: Transition Risk: uncertainty of the role of natural gas in the future energy mix with a negative impact on costs, revenues and level of expected investments</p>

55. With the same scope, excluding any changes following M&As, Depa Infrastructure and ATEM (Minimum Territorial Area) tenders.

Main methods of management	Connected material topics
<ul style="list-style-type: none"> – Structures dedicated to the oversight of regulations, legislation and their future plans for evolution including at European level – Active participation in the consultations called by the Regulator, sharing corporate positions and/or proposals for defining, updating and implementing clear and transparent regulation criteria – Active participation in consultations called by the Italian Government or by European Community organisations on relevant topics, including the Taxonomy – Guidance to define the associative sector positions 	<p>Generation of economic value and ESG finance</p>
<ul style="list-style-type: none"> – Operational countermeasures as described in the "Service continuity: malfunctioning, accidents or extraordinary events" risk – Targets for reducing net greenhouse gas emissions⁵⁶: <ul style="list-style-type: none"> - i) by 2030: reduction of Scope 1 & 2 emissions by 42% and reduction of Scope 3 emissions by 33%, compared to 2020 values - ii) by 2050, the target of Net Carbon Zero – Target to reduce net energy consumption by 33% by 2030, compared to 2020 values – Use of Picarro Surveyor technology, currently the most advanced technology in the field of gas network monitoring activities, with significant benefits in terms of speed of execution, extent of the areas being controlled and three times greater sensitivity of detection of gas in the air than those currently used by sector operators (parts per billion versus parts per million) – Adoption of internal leakage repair SLAs stricter than those defined by the Regulator – Process of converting the network into digital infrastructure to enable the distribution of gas other than methane, such as hydrogen, biomethane and e-gas – Development, implementation and adoption of digital applications for the remote control of network and facility construction, development and maintenance worksites – Conversion to methane of the distribution networks supplied by LPG, with resulting reduction in emissions compared to the current configuration – Actions to modernise the network (investments in maintenance, replacement of cast iron pipes with mechanical joints, clean up upright columns and brackets) – Promotion of responsible business practices, by joining the UN Global Compact and the OGMP 2.0 of the UNEP – Guidance to define the associative sector positions – Active participation in consultations called by the government or by European community organisations on relevant topics – Active participation in the activities of sector associations to oversee technological changes – Carrying out energy efficiency projects through the subsidiary Geoside – Investments intended to increase the Group's presence in the water and energy efficiency sectors – Promotion of sustainable mobility – Development of power-to-gas technology powered by renewable energy in order to produce renewable gases that can be used in the existing networks – Network and facility analysis initiatives for the evaluation of their adequacy and of interventions intended to enable the distribution of gas other than methane, such as hydrogen, biomethane and e-gas. 	<p>Energy transition and the fight against climate change</p> <p>Generation of economic value and ESG finance</p> <p>Safety of the networks, assets and people</p> <p>Service quality and customer satisfaction</p> <p>Network innovation and digitisation</p> <p>Corporate identity</p> <p>Adoption of circular economy principles</p> <p>Management of ecosystems and biodiversity</p>

56 Risk for which the potential effects for the company and/or sector refer to a medium to long-term time frame.

Category	Risk	Description
Strategic/business-related	Risks associated with the development and awarding of area tenders for the gas distribution service	<p>Risk of not being awarded concessions in the planned areas, or being awarded concessions with less favourable conditions than previously.</p> <p>Risk of higher management costs borne by the Group with respect to its operating standards in case of concessions awarded in ATEMs (Minimum Territorial Areas) previously managed entirely or partially by other operators.</p> <p>Risk of legal and/or arbitration disputes with possible negative effects on the business and the equity, economic and financial position of the Italgas Group deriving from the complexity of the legislation that governs the expiry of the concessions held by Italgas.</p> <p>Risk that the redemption value of the concessions for which, following the assignment process, a third party is an assignee is lower than the value of the RAB, with possible negative effects on the business and on the equity, economic and financial position of Italgas.</p>
Strategic/business-related	Risks related to energy efficiency certificates	Potential risk of economic loss due both to the possible negative difference recorded between the mean purchase value of the Energy Efficiency Certificates purchased and the recognised tariff-based fee at the end of each year of obligation and the failure to achieve the targets annually set
Financial	Credit Risk	Risk of potential losses arising from counterparties failing to fulfil their obligations or delayed payment of amounts owed with negative effects on the financial results and financial position of the Italgas Group

Main methods of management	Connected material topics
<ul style="list-style-type: none"> – The existing legislation states that, in the event of failure to be awarded concessions previously managed, the outgoing operator is entitled to the redemption value for the networks it owns. – Specific procedures that govern the pre-tender activities, including calculation of the redemption value, and participation in area tenders – Monitoring of legislative changes (national, regional, local) and evaluation of the potential impacts on the tender process – Planning of the Tender calendar and the bidding strategy integrated into the Group's Strategic Plan. – Critical analysis of the quality of the tender bid and implementation of improvement measures, including through use of external experts, organisations and universities 	<p>Corporate identity</p> <p>Generation of economic value and ESG finance</p> <p>Network development</p>
<ul style="list-style-type: none"> – Established a specific provision to cover the liabilities associated with the Energy Efficiency Certificates – Process for the acquisition of Energy Efficiency Certificates and the management of related obligations – Monitoring of legislative changes – Active participation in working groups and development of sector position papers with proposals for guidelines for reviewing the rules of the EEC system – Optimised purchasing strategy through access to the market, evaluation and development of any reports for bilateral agreements, periodic reporting to company management – Presence in energy efficiency sectors through the development of projects with partial reduction of the EEC short position 	<p>Energy transition and the fight against climate change</p> <p>Generation of economic value and ESG finance</p>
<ul style="list-style-type: none"> – Rules for user access to the gas distribution service established by the Regulator and set out in the Network Codes, namely, in documents that establish, for each type of service, the rules regulating the rights and obligations of the parties involved in the process of providing said services, and lay down contractual conditions that reduce the risk of non-compliance by customers, such as the provision of bank or insurance guarantees on first request – Analysis and monitoring of the credit portfolio – Assessments of initiatives for outsourcing to external companies specialised in credit recovery. Monthly monitoring of the activities and performance of the appointed companies – In Italy, as at 31 December 2022 there were no significant credit risks. Note that on average, 98.4% of trade receivables relating to gas distribution are settled by the due date and over 99.7% within the following 4 days, confirming the strong reliability of the customers – In Greece, as at 31 December 2022 there were no significant credit risks. Note that on average, 83.2% of trade receivables relating to gas distribution are settled by the due date and over 90.8% within the following 4 days, confirming the strong reliability of the customers. 	<p>Generation of economic value and ESG finance</p>

Category	Risk	Description
Financial	Changes in interest rates, inflation and deflation	Risk of fluctuations in interest rates, impacting the market value of the Company's financial assets and liabilities and its net financial expense. The risk that an extended period of inflation lower than the Group's forecasts could have adverse effects in the long-term on the RAB value and expected regulated revenues. Risk of an unexpected increase in the inflation rate with possible adverse effects on expected costs
Financial	Liquidity Risk	Risk that new financial resources may not be available (funding liquidity risk) or that the company may be unable to convert assets into cash on the market (asset liquidity risk), meaning that it cannot meet its payment commitments. This may affect profit or loss should the company incur extra costs to meet its commitments or, in extreme cases, lead to insolvency and threaten the company's future as a going concern
Financial	Credit rating risk	Risk of a downgrade in Italgas' credit rating due to worsening in the economic and financial parameters or due to a downgrade of the rating of the Italian Republic, which, based on the methodologies adopted by the rating agencies, could trigger a downward adjustment in Italgas' rating
Financial	Debt covenant and default risk	Risk of failure to comply with financial covenants for existing loans (in some cases only when this non-compliance is not remedied within a set time period, and the occurrence of other events, such as cross-default events, some of which are subject to specific threshold values), which could result in Italgas' failure to comply and could trigger the early repayment of the relative loan

Main methods of management	Connected material topics
<ul style="list-style-type: none"> – Process for the preparation and monitoring of the financial and management plan, control and reporting of Financial Risks – Financial planning activities with a time frame of 7 years, carried out annually – Maintenance of a debt ratio between a fixed rate and floating rate to minimise the risk of rising interest rates (as at 31 December 2022, 90.8% of the gross financial debt was at fixed rate and 9.2% at floating rate) – Use of a diverse mix of external financial resources (bonds subscribed by institutional investors, syndicated loans with banks and other financial institutions, in the form of medium-to-long-term loans and bank credit lines at interest rates indexed to benchmark market rates, in particular the Europe Interbank Offered Rate [Euribor]) – Monitoring of the main economic and financial indicators, including financial structure indices used by rating agencies, liquidity indicators and liquidity buffers, risk indicators of counterparty liabilities, and of certain key parameters, such as the ratio between debt and the RAB, indicators of debt mix/composition (fixed/variable, short/long, used/agreed) 	<p>Generation of economic value and ESG finance</p>
<ul style="list-style-type: none"> – Process for the preparation and monitoring of the financial and management plan, and control and reporting of financial risks – Financial planning activities with a time frame of 7 years, carried out annually – Adequate level of cash held in current accounts and fixed-term deposits with leading banks – The EMTN programme, in addition to funding from the banking system, which presently allows issue of the remaining bonds worth a nominal € 2.0 billion to be placed with institutional investors – Monitoring of the main economic and financial indicators, including financial structure indices used by rating agencies, liquidity indicators and liquidity buffers, risk indicators of counterparty liabilities, and of certain key parameters, such as the ratio between debt and the RAB, indicators of debt mix/composition (fixed/variable, short/long, used/agreed) 	<p>Corporate identity</p> <p>Generation of economic value and ESG finance</p> <p>Sustainable supply chain management</p>
<ul style="list-style-type: none"> – Process for the preparation and monitoring of the financial and management plan, and control and reporting of financial risks – Financial planning activities with a time frame of 7 years and carried out annually – Monitoring of the main economic and financial indicators, including financial structure indices used by rating agencies, liquidity indicators and liquidity buffers, risk indicators of counterparty liabilities, and of certain key parameters, such as the ratio between debt and the RAB, indicators of debt mix/composition (fixed/variable, short/long, used/agreed) – Constant dialogue with rating agencies 	<p>Corporate identity</p> <p>Generation of economic value and ESG finance</p>
<ul style="list-style-type: none"> – Absence of financial covenants and/or collateral in the loan agreements (as at 31 December 2022, there were no loan agreements with these characteristics, except for the EIB loan taken out by Toscana Energia, for an original nominal amount of € 90 million and some credit lines granted to Greek operating companies that require compliance with certain financial covenants) – The issue of bonds as part of the Euro Medium Term Notes programme, requiring compliance with covenants that reflect international market practices regarding, inter alia, negative pledge and pari passu clauses – Monitoring of compliance with the following types of contractual clauses: (i) negative pledge undertakings, pursuant to which Italgas and its subsidiaries are subject to limitations regarding the creation of real rights of guarantee or other restrictions concerning all or part of the respective assets, shares or goods; (ii) pari passu and change of control clauses; (iii) limitations on some extraordinary transactions that the company and its subsidiaries may carry out (as at 31 December 2022, these commitments appear to have been respected) 	<p>Corporate identity</p> <p>Generation of economic value and ESG finance</p>

Category	Risk	Description
Operational	Anomalies in smart meter performance	Risk of increased levels of malfunctioning of smart meters with lost/failed reading of the use and/or requiring replacement or regeneration
Operational	Service continuity: malfunctioning, accidents or extraordinary events	Risks of malfunctioning and unforeseeable distribution service disruptions from unintended events, such as accidents, breakdowns or malfunctioning of equipment or control systems, the underperformance of plants, and extraordinary events such as explosions, fires, earthquakes, landslides or other similar events beyond Italgas' control

Main methods of management	Connected material topics
<ul style="list-style-type: none"> – Maintenance of an adequate provision to cover the liabilities generated by the costs arising from malfunctioning – Issue of adequate guarantees by the suppliers of materials – "SmartTracker" Digital Factory application for the tracking and management of smart meters throughout the entire life cycle – Plan to replace and/or repair meters with function anomalies – Operating centres for the regeneration of Smart Meters with anomalies – Audits on suppliers and supply tests – Update of technical specifications, including in consideration of technology changes – Adoption in the field of smart meters equipped with NB-IoT communication technology – Project for the development of latest generation smart meters, also compatible with renewable gas like biomethane and hydrogen and patented by Italgas 	<ul style="list-style-type: none"> Corporate identity Service quality and customer satisfaction Adoption of circular economy principles Generation of economic value and ESG finance Safety of the networks, assets and people Sustainable supply chain management Network innovation and digitisation
<ul style="list-style-type: none"> – Third Party Liability Insurance and Asset Protection coverage – Procedures and systems for emergency management, emergency plans with measures defined to make facilities safe and guarantee service continuity – Health and safety procedures, communication campaigns, training and meetings to raise awareness of and analyse the prevention of accidents, initiatives that also involve suppliers/contractors – Integrated Centre for Supervision (ICS) active 24/7 which makes it possible to monitor the status of the network remotely using remote monitoring systems, manage requests for prompt intervention, identify the places that require intervention and monitor the progress of making conditions safe – Facility and asset safety and network monitoring systems – Introduction of DANA – Digital Advanced Network Automation – the network command and control system with 3 main advantages: a) To ensure the monitoring of a distributed system in which physical variables are interdependent; b) To enable remote management with commands on the main processes of the network and facilities and to increase the efficiency of the governed processes and the flexibility of the network; c) To enable the management of renewable gases (e.g. biomethane, hydrogen). – Smart Maintenance initiative: development and gradual adoption of a GIS model for asset management used to plan smart maintenance of the Italgas networks. – Planned search for leaks using the best systems and technologies (Picarro Surveyor) and with higher levels of annual coverage of the network inspected than the standards defined by the Regulator – Adoption of internal leakage repair SLAs stricter than those defined by the Regulator – Continuous modernisation of the network (investments in maintenance, replacement of cast iron pipes with mechanical joints, plans to clean up upright columns and brackets) – Prevention of potential damage to pipes caused by third parties (e.g. other sub-services) – Qualification procedures for third-party construction, engineering and works supervision companies, contractor monitoring – Digital Factory for the development of innovative solutions intended to digitise processes and improve the network operating and management activities and the quality of service 	<ul style="list-style-type: none"> Corporate identity Protection, inclusion, development and well-being of human resources Safety of the networks, assets and people Network innovation and digitisation Service quality and customer satisfaction Sustainable supply chain management Management of ecosystems and biodiversity Dialogue and creation of value on the territory Energy transition and the fight against climate change Generation of economic value and ESG finance

Category	Risk	Description
Operational	Cyber attacks	Risks of cyber attacks on the IT (Information Technology), OT (Operational Technology) and IoT (Internet of Things) sectors

Main methods of management	Connected material topics
<ul style="list-style-type: none"> – Specific insurance coverage of the risks related to cybersecurity – Cybersecurity organisational and operational model – Group Policy on Integrated Security, Resilience and Crisis Management – Models and procedures for business continuity, network and information security, and emergency and crisis management – Monitoring of the Group's Bitsight cyber risk rating, currently positioned in an advanced range that corresponds to a high level of maturity of the cybersecurity frameworks – Adoption of conditional access solutions on the basis of certain risk factors (illegitimate accesses, accesses from unusual locations, etc.) and Multi-Factor-Authentication for the Group's employees and most critical IT suppliers – Adoption of security measures to protect endpoints (antimalware) and e-mail through the implementation of antispam solutions (protection of mail from spam), anti spoofing solutions (protection from attacks that impersonate the address of the sender of a communication), advanced hunting (advanced analysis to proactively verify possible threats), safe link/safe attachment (protection from harmful links and attachments present in e-mails through simulation in a test environment, sandbox) – Specific training for Group employees on cyber risks, common vulnerabilities, phishing and spam – Possibility for Group employees to report suspected phishing e-mails (phishing alarm) to a team specifically appointed to analyse and manage these e-mails – Phishing simulations for Group employees intended to test and strengthen their ability to recognise malicious emails – Secure Product Development Lifecycle process which defines an operational and project approach in which the considerations and measures to prevent and mitigate cybersecurity risks are integrated from the very start of the procurement process and/or the development of hardware and software – Security measures to protect the network infrastructure from unauthorised alteration, disservices, incorrect applications and unauthorised data disclosure through firewall solutions, intrusion prevention systems, web application firewalls, anti DDoS (Distributed Denial of Service) systems, protection of Internet browsing (proxy) and network segmentation – Continuous real time monitoring, through Security Information and Event Management (SIEM) solutions, of IT and OT systems aimed at identifying and correlating events on monitored devices and acting accordingly where necessary – Periodic IT and OT vulnerability assessments and penetration tests performed by third parties – Definition and periodic updating of contract technical specifications, including in relation to cybersecurity – Leading sector suppliers that guarantee maximum levels of security and performance, the service levels of which are defined by contract and monitored – "Cybersecurity Awareness for third parties", with which the suppliers of the Italgas Group must formally comply. It promotes the application of appropriate cybersecurity processes by third parties – Adoption of Cyber Threat Intelligence services aimed at proactively identifying new techniques used for attacks, monitoring the main players in threats and verifying any company data available outside the Group scope 	<p>Network cybersecurity</p> <p>Compliance, transparency and fight against corruption</p> <p>Sustainable supply chain management</p> <p>Service quality and customer satisfaction</p> <p>Safety of the networks, assets and people</p> <p>Generation of economic value and ESG finance</p> <p>Network innovation and digitisation</p>

Category	Risk	Description
Operational	Risks associated with the health and safety of people and environmental protection	<p>Risk of incidents and/or injuries involving employees and partner companies.</p> <p>Risk that Italgas may incur costs or liability, including to a significant extent, arising from any environmental damage, including in consideration of changes in legislation on protecting the environment and the possible occurrence of disputes.</p>

Main methods of management

- Specific insurance policies for "individuals", which cover both cases of professional and non-professional accidents, and death by illness
- HSEQ system in compliance with the reference standards, certified according to international legislation for aspects of health, safety, environment, quality and energy efficiency, which envisages compliance audits carried out by the certification body
- Research and technological innovation and actions and projects for the energy efficiency of processes, the improvement of plant safety conditions and the environmental recovery of former manufactured gas production sites
- Monitoring of HSE legislation, formation and dissemination of applicable legislative oversight
- Training on HSE issues and digital management system for courses (Learning Management System)
- Digital applications for reporting and recording "near misses" and for waste management
- Communication campaigns and meetings to raise awareness about safety and other HSE topics
Reward systems for virtuous operating structures in terms of health and safety
- Establishment of the Partners HSE Lab with training, information and workshop events with suppliers/contractors intended to raise awareness/create alignment on HSE topics
- Internal procedures that involve specific measures with regard to suppliers/contractors in case of HSE non-compliance and reward system for virtuous behaviour (Contractor Safety Trophy)
- Compliance audits on the HSEQ and ISO 37001 integrated system and technical audits on suppliers and contractors during qualification and normal activities
- With particular reference to reclamation activities:
 - Established a specific provision to cover the estimated liabilities in relation to the formalities required by the law in effect
 - Reclamation process of contaminated sites, which defines the tasks, operating procedures and indications in operations of waste removal, land analysis, establishing safe conditions and/or reclamation of sites contaminated by previous activities
 - Structure dedicated to monitoring the design and construction phases. Audits on sites being reclaimed, carried out internally and by third parties, both during the works and for the final inspection

Connected material topics

Corporate identity

Protection, inclusion, development and well-being of human resources

Safety of the networks, assets and people

Adoption of circular economy principles

Management of ecosystems and biodiversity

Sustainable supply chain management

Dialogue and creation of value on the territory

Compliance, transparency and fight against corruption

Generation of economic value and ESG finance

Category	Risk	Description
Operational	Risks associated with human resources	Risks associated with the development of human resources, including risk of resources in key roles leaving, lack of technical and specialist know-how, increase in the age of company personnel, drop in the level of satisfaction and/or increase in workplace disputes
Operational	Risks associated with the quality and level of service	Risk of non-compliance of the commercial levels of service for services to sales companies and/or risk of delayed or partial compliance with the obligations assumed, such as execution of the investments plan related to concessions involving obligations borne by the concession holder

Main methods of management	Connected material topics
<ul style="list-style-type: none"> – Knowledge transfer system developed in the Italgas Digital Factory, which involves the video coding of operating activities and real-time instructions available via wearable devices – Refining of training processes, with a multimedia platform for planning, managing and accessing the various managerial, technical, HSEQ and digital training activities – Initiatives for the dissemination of the culture and digital knowledge (mapping of digital skills, creation of Digital Ambassadors and training on digital topics) – Personnel scouting and recruitment process, performance management system and development plans for resources with a role-specific training programme – I-Grow Programme, Italgas' graduate programme aimed at strengthening internal know-how in accordance with the principles of meritocracy and transparency, which provides for the acceleration of the development of transversal skills through induction paths, training programmes and structured job rotation paths – Succession plan for senior roles – Collaborations with Italian universities intended to anticipate talent acquisition – Organisational structures dedicated to diversity and inclusion and to HR sustainability – Periodic survey on the corporate climate extended to all Group employees – System of services and welfare under constant expansion in order to intercept new requirements and expectations – Italgas Human Rights Policy – Italgas Diversity and Inclusion Policy – Adoption of the Mac ecosystem, capable of ensuring ease of approach to new digital solutions, promoting the sharing and collaboration and improvement of the everyday experience – Smart Rotation system, the internal Italgas job posting, to foster the exchange of skills within the Group, enhancing its people and facilitating upskilling and reskilling – System for the classification and protection of information according to criteria of Confidentiality, Integrity and Secrecy 	<ul style="list-style-type: none"> Corporate identity Protection, inclusion, development and well-being of human resources Respect for human rights Generation of economic value and ESG finance Network innovation and digitisation
<ul style="list-style-type: none"> – Continuous monitoring of Key Performance Indicators on commercial processes, alerts and communication to Territorial Hubs for activation/acceleration of territorial interventions – Ad hoc analysis of commercial processes and development of improvement measures – Operating procedures and instructions for Commercial Management of the Service – Acceleration in improvements to the level of service driven by the digitisation of assets and processes – Surveys at sales companies – Italgas digital portal dedicated to Gas2Be sales companies, developed to strengthen the partnership, facilitate the accreditation process of the network and allow the sales companies direct and immediate access to information and news about Italgas such as the most recent promotions launched in the territory, or about the upcoming webinars designed specifically to increase and improve the exchange of know-how between Italgas and the sales companies – Allocation to a specific business unit of the responsibility for mapping the existing concession obligations, monitoring and activating the network technical units for prompt interventions – Monitoring of the works progress on the basis of the obligations assumed – Constant dialogue with contracting parties, including in order to understand and satisfy update requirements – CRM to support people working at the Italgas Contact Centre in carrying out front-end activities (Customer Service) 	<ul style="list-style-type: none"> Corporate identity Service quality and customer satisfaction Network development Dialogue and creation of value on the territory Generation of economic value and ESG finance Network innovation and digitisation

Category	Risk	Description
Operational	Supply chain risks	Risks associated with the availability and cost of materials, services and supplies, the operating capacity and scalability and the reputational and compliance reliability (including respect for human rights) of the suppliers and contractors of the Group

Main methods of management	Connected material topics
<ul style="list-style-type: none"> – Planning of procurement, analysis and monitoring of department KPIs – Supplier qualification process which provides for specific reputational checks, including regarding ESG – Anti-mafia audits in tender procedures relating to special sectors pursuant to Article 80 of Legislative Decree 50/2016, to the Reclamation sector and to works under Title IV of Legislative Decree 81/2008 – New digital IT4Buy platform, which improves i) the speed and simplicity of the supplier registration and qualification process; ii) the tender process; iii) contract management – ESG reward criteria during the tender phase on Legality topics, possession of specific ISO certifications, environmental impact (e.g. CO2 emissions) – Verification of sustainability and economic-financial requirements through recognised external providers, as early as during the supplier registration stage – Standardised tender processes and regulations – Weekly tender committee with analysis of the activities performed, vendor list, tender time frames. – Supplier performance evaluation, including in terms of sustainability, integrated into the vendor management module – Management of unforeseeable events: risk assessment to suppliers; procurement diversification; scouting for alternative raw materials – On-site technical and ESG checks for the Qualification purposes of Suppliers deemed Critical/ Strategic – Scouting activities for innovative assets, produced with alternative materials and/or different technologies, functional to asset management/maintenance – Technical specifications being continuously updated including in consideration of the technological changes and contractual clauses that govern cases of goods and services exposed to cyber risk – "Supplier Code of Ethics", requiring a commitment from suppliers. The code is inspired, among other things, by the information set out internationally in the UN Universal Declaration of Human Rights, the Declaration on Fundamental Principles and Rights at Work and the Conventions issued by the International Labour Organization (ILO) and the Ten Principles of the UN Global Compact, in addition to the contents of the UN Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises – Anti-Bribery Policy Awareness for third parties – request for anti-bribery and/or ISO 37001 declaration from suppliers – "Cybersecurity Awareness for third parties", with which the Italgas Group's suppliers must comply – Renewed logistics model with Warehouse Centralisation and management of Withdrawal Points in the territories (UT) and consequent digitisation of monitoring materials in stock/transit 	<p>Corporate identity</p> <p>Compliance, transparency and fight against corruption</p> <p>Protection, inclusion, development and well-being of human resources</p> <p>Sustainable supply chain management</p> <p>Adoption of circular economy principles</p> <p>Management of ecosystems and biodiversity</p> <p>Respect for human rights</p> <p>Energy transition and the fight against climate change</p> <p>Generation of economic value and ESG finance</p> <p>Network innovation and digitisation</p>

Category	Risk	Description
Operational	COVID-19, pandemics and new diseases	Risks associated with the health crisis arising from COVID-19 and/or the spread of new pandemics or new diseases that have repercussions on health and safety, on the operating context and on the resulting economic and financial framework of reference of Italgas
Legal and non-compliance	Risk of non-compliance and legislative changes	Risk of non-compliance with legislation at European, national, regional and local level with which Italgas must comply in relation to the activities that it carries out and/or risk of failure to intercept and transpose new regulations falling under the scope of application

Main methods of management	Connected material topics
<ul style="list-style-type: none"> – Establishment of a Crisis Committee to monitor and manage the different phases of the pandemic – Continuous monitoring of the changes in the reference regulations and solutions for the management of the COVID-19 emergency both nationally and internationally, maintaining constant connections with the authorities, research organisations and hospitals – Adoption of the Italgas Group Protocol regulating measures to combat and contain the spread of the COVID-19 virus in the workplace – Specific indemnity insurance policy for all employees who test positive for COVID-19 in case of hospitalisation – Flu vaccination campaigns – Specific operating measures to minimise contact (e.g. smart working, starting from home for operating staff) and control (e.g. temperature scanners upon entry, hand sanitiser towers, anti-gathering rules) – Periodic monitoring of positive cases and personnel in quarantine, including through the Appointed Physicians and process for the receipt and management of reports regarding positive COVID-19 cases, which provides for the identification, contact tracing and activation of quarantine in coordination with the Local Appointed Physicians – Periodic distribution of the rules of conduct in relation to changes in the pandemic and the provisions of the Health Authorities 	<p>Corporate identity</p> <p>Protection, inclusion, development and well-being of human resources</p> <p>Safety of the networks, assets and people</p> <p>Dialogue and creation of value on the territory</p> <p>Generation of economic value and ESG finance</p>
<ul style="list-style-type: none"> – Internal control and risk management system and areas of responsibility defined in terms of compliance – Code of Ethics, Model 231, Policy for the prevention of and fight against corruption, ISO 37001 anti-bribery certification – Monitoring, analysis, distribution and implementation of legislative measures on topics of interest for the Italgas Group and verification of correct implementation – Training for personnel on compliance issues – Analysis and monitoring of the reputational requirements of the Group's counterparties – "Supplier Code of Ethics" 	<p>Corporate identity</p> <p>Compliance, transparency and fight against corruption</p> <p>Protection, inclusion, development and well-being of human resources</p> <p>Adoption of circular economy principles</p> <p>Management of ecosystems and biodiversity</p> <p>Energy transition and the fight against climate change</p> <p>Sustainable supply chain management</p> <p>Service quality and customer satisfaction</p> <p>Respect for human rights</p> <p>Generation of economic value and ESG finance</p>

3.3 Internal control system

In order to ensure the correctness⁵⁷, accuracy⁵⁸, reliability⁵⁹ and timeliness of the information communicated to shareholders and the market, Italgas is committed to promoting and maintaining an adequate Corporate Reporting Internal Control System (hereinafter also referred to as the "SCIS") and should be seen as the set of all instruments necessary or useful to guiding, managing and verifying the corporate business.

In line with the decision to draw up an Integrated Annual Report that includes both financial and non-financial information, Italgas has aligned its internal control system also in respect of non-financial information.

The Corporate Internal Control System adopted by Italgas and its subsidiaries was defined in accordance with the provisions of the above-mentioned Article 154-bis of the CLF that Italgas is required to ensure compliance with, and is based in methodological terms on the "COSO Framework" ("Internal Control - Integrated Framework", issued by the Committee of Sponsoring Organisations of the Treadway Commission), the international reference model for the establishment, updating, analysis and assessment of the control system in respect of both financial and non-financial information.

The reference "COSO Framework" for Italgas is updated to May 2013 and this is the last version available.

The design, establishment and maintenance of the Corporate Reporting Internal Control System are guaranteed through scoping, identifying and assessing risks and controls (at corporate and process level, through risk assessment and monitoring activities), and the relevant information flows (reporting).

The control system structure provides for entity-level controls (CELCs - Company Entity Level Controls) which apply across the entire entity in question (group/individual company), and process-level controls (PLCs).

The controls, both at the entity level and process level, are subject to regular evaluation (monitoring) to verify the adequacy of the design and actual operability over time. For that purpose, there is provision for ongoing monitoring activities, assigned to the management responsible for the relevant procedures/ activities, as well as independent monitoring assigned to Internal Audit, which operates according to an annual plan agreed with the Executive responsible for preparing the corporate accounting documents (DP), which aims to define the scope and objectives of its actions through concerted audit procedures.

During 2022, all 11 audits provided for in the Audit Plan were carried out and 19 monitoring reports were prepared: 15 relating to the monitoring in a single session in 2021, which was concluded during the early months of 2022 and 4 relative to the first session of 2022, which was concluded late 2022. During the year, the Internal Audit Department issued 19 separate evaluation reports.

To allow for the assessment of the efficacy of the Internal Control and Risk Management System with respect to Italgas' specifications and the risk profile accepted, the Internal Audit Department carried out 11 audits envisaged by the Audit Plan approved by the BoD on 16 December 2021. The results of the audits have been presented to the Control, Risk and Related Party Transactions Committee.

For the Control, Risk and Related Party Transactions Committee, on the basis of the controls performed and taking into account the areas for improvement identified and the related actions taken or being taken by the management, it has been possible to conclude that the Internal Control System is fit for the purpose and the Internal Audit Department meets the necessary requirements of autonomy, adequacy, efficiency and effectiveness to go about its activities.

The Company has adopted a whistleblowing procedure – approved by the Board of Directors – in line with the best practices on the subject. This regulates the process of receiving, analysing and processing reports sent or forwarded by anyone, even in confidential or anonymous form, about any irregularities or breaches of applicable regulations and internal procedures (so-called whistleblowing). It also covers the management of so-called qualified reports concerning members of the Board of Directors or Control Bodies (Board of Statutory Auditors and Supervisory Bodies).

57. Attendibilità dell'informativa: informativa che ha le caratteristiche di correttezza e conformità ai principi contabili generalmente accettati e possiede i requisiti richiesti dalle leggi e dai regolamenti applicabili.

58. Accuratezza dell'informativa: informativa priva di errori.

59. Affidabilità dell'informativa: informativa che ha le caratteristiche di chiarezza e completezza tali da indurre decisioni di investimento consapevoli da parte degli investitori.

Each notification is analysed by the Notifications Committee, composed of the Head of Human Resources & Organisation, the General Counsel and the Head of Internal Audit. It is the responsibility of the latter department to promptly inform the senior management of the Company concerned and to forward notifications to the Company's Supervisory Body for the relevant evaluations and actions.

The whistleblowing report is prepared twice a year and sent by the Internal Audit department to the following Company bodies and departments: Chairman, Chief Executive Officer, General Manager, Board of Statutory Auditors, Control, Risk and Related Party Transactions Committee, Supervisory Body, Auditing Company, Legal and Anti-Corruption departments. With reference to the reports relating to the subsidiaries, the statements, insofar as relevant, are sent to the Chief Executive Officers of each subsidiary concerned, as well as to the related Control and Supervisory Bodies.

The widest circulation of information about the Procedure is ensured, both internally (through publication on the corporate intranet and postings on notice boards, as well as in the context of internal training activities, particularly with regard to newly appointed employees) and externally (<https://www.italgas.it/it/governance/etica-dimpresa/procedura-segnalazioni/>).

During 2022, 9 reports were received, of which 8 concerned the internal control system and 1 related to other matters. As at 31 December 2022, all reports received during the year had been properly investigated, processed and archived. In particular, 5 reports were dismissed for lack of evidence or untruthfulness, including that relating to other matters, while 4 reports, all relating to the Internal Control System, were referred to the Judicial Authority. In the period between September and December 2022, the Greek Subsidiaries did not receive any reports

 Italy				
	u.m.	2020	2021	2022
Total reports received	no.	13	15	9
of which relating to the internal control system	no.	12	12	8
of which relating to other matters (Code of Ethics, mobbing, thefts, security, etc.)	no.	0	1	1
of which relating to administrative liability pursuant to Legislative Decree 231/2001	no.	1	2	0
Reports closed	no.	12	15	9
Reports pending	no.	1	0	0

Italgas regulatory system

The Regulatory System is characterised by a tiered structure, corresponding to different types of regulatory instruments. Each regulatory instrument is applied with reference to the defined Group processes

The Bylaws, the Code of Ethics, the Corporate Governance Code, Model 231 and the Internal Control System on Corporate Information are placed in the general framework of the Regulatory System, as, although specific tools, the principles that inspire them are recognised as the founding principles of the conduct of the Italgas Group and, therefore, part of the general framework of the entire regulatory system. These regulatory tools are part of the efficient handling of the Management and Coordination activities performed by Italgas concerning Subsidiaries, and they are subject to regular delivery to, and/or formal adoption by, the Boards of Directors of the Subsidiaries.

The regulatory system also includes as an integral part thereof, the documents belonging to the certified management systems for health, safety, environment, quality, energy and, lastly, anticorruption in accordance with international ISO standard.

Regulatory instruments are drafted and updated in accordance and in compliance with the legislation applicable in each case. The elements of the Group's Regulatory System are as follows:

Italgas Enterprise System (IES) - constitutes the guide and reference for the Group's organisation and operation;

Policies - regulatory instruments drawn up for specific issues that contain declarations of intent, define reference principles and identify behaviours that each Group company must adopt, share and promote;

Quality Manuals and Plans - regulatory instruments drawn up, where necessary, in accordance with the requirements of the specific reference standard and that describe the processes, activities, reference structure, departments involved and related responsibilities with which the Certified Management Systems achieve their objective and direct their work processes.

Regulations - regulatory instruments that, depending on their specificity, can:

- define regulatory rules across several business processes in order to implement provisions issued, for instance, by the Legislator, independent authorities or Certification Bodies;
- define, with a more or less operational level of detail, the roles, responsibilities and activities of the various Departments involved in the individual business processes;

Regulatory circulars - regulatory instruments that regulate or expand on specific issues, including those of temporary significance.

The day-to-day implementation of policies is ensured through the general rules dictated by the Italgas Enterprise System and by organisational and regulatory in-

struments that specify the responsibilities and operating methods to be followed by each process owner. In particular, the responsibility for the implementation of the commitments is set out within the missions of the individual organisational structures of each Group Company, whereas, the process aspects are incorporated within the individual company procedures on the basis of an intricate map of Group processes.

3.4 Ethics and compliance



The Italgas Group operates on the basis of a Corporate Management System comprising an Organisational System and a Regulatory System that defines roles, responsibilities, powers and rules of conduct to be upheld in going about the corporate business. The Corporate Management System is updated continuously with a view to guaranteeing the effectiveness and efficiency of processes, safeguarding the company's assets and ensuring compliance with legislation, thereby allowing Italgas to also direct the management and coordination of the subsidiaries.

The correctness and transparency of business management aim not only to ensure a correct management model and dialogue with stakeholders, but also to prevent corruption.

The Code of Ethics

On 14 December 2022, the Italgas S.p.A. Board of Directors approved the update of the Code of Ethics (general essential principle of the 231 Model adopted by Italgas and by the Group companies in accordance with Italian Legislative Decree no. 231/2001) in order to optimise the Italgas Group commitment to protecting cultural and landscape heritage.

The Code of Ethics, available on the Company's website, is a collection of the values that the Group recognises, accepts and shares and the responsibilities it assumes within and outside of its organisation.

The Code of Ethics recalls the principles of corporate responsibility that must be respected, *inter alia*, in the areas of sustainability, the prevention and fight against corruption, health and safety in the workplace, relations with stakeholders and suppliers, and personal data protection.

The Code of Ethics applies with regard to all "Italgas people", i.e. directors, statutory auditors, management and employees of the Group, as well as all of those who work to achieve its objectives, each within the scope of their functions and responsibilities.

The Supervisory Bodies of each Group company, reporting on a half-yearly basis to the Control, Risk and Related Party Transactions Committee and the Board of Statutory Auditors on the implementation and need for update of the Code of Ethics, are assigned the tasks of "Guarantors" of the Code of Ethics.

With reference to the Greek companies of the DEPA Infrastructure Group, which have become part of the Italgas

Group as at 1 September 2022, it should be noted that both EDA Thess and EDA Attikis have adopted their own Code of Ethics containing the set of values that each company recognises and respects in the conduct of its activities and in its relations with its stakeholders. In addition, in early 2023, all Greek companies have implemented the Italgas Group Code of Ethics

Organisational and management model pursuant to Legislative Decree 231/2001

In accordance with Legislative Decree 231/2001, Italgas has adopted its own Model 231 aimed at mitigating the risks of committing the offences referred to in the aforementioned Legislative Decree 231/2001. Model 231, periodically updated in line with regulatory and/or organisational changes, is intended for members of the corporate bodies, management and employees of Italgas, as well as for all those operating to achieve Italgas' objectives.

The most recently updated version was approved by the Company's Board of Directors on 14 December 2022.

In application of its Model 231, Italgas appoints a Supervisory Body consisting of three external members, one of whom, acting as Chairman, was chosen from scholars and professionals with proven expertise and experience on legal, corporate and economic issues and corporate organisation.

The term of office of members of the Supervisory Body is aligned with that of the Board of Directors which appointed them. The term of office of the members expires on the date of the Shareholders' Meeting called for the approval of the financial statements for the last year of their office, although they continue to carry out their functions over the *ad interim* period, until new members of the Supervisory Body are appointed.

Each subsidiary adopts and updates its own 231 Model (available for consultation on the website), taking into account the indications and implementing methods defined by Italgas S.p.A.

Certified management systems and accreditations

For Group companies, Italgas assures the adoption of both the Integrated management system for health and safety at work, the environment, quality and energy (HSEQE) and the Management system for the prevention of and fight against corruption.

The management systems are structured and implemented in compliance with the requirements of the following reference international standards:

- UNI ISO 37001:2016 "Anti-bribery management systems"
- UNI EN ISO 9001:2015 "Quality management systems"
- UNI EN ISO 14001:2015 "Environmental management systems"

- UNI ISO 45001:2018 “Occupational health and safety management systems”
- UNI CEI EN ISO 50001:2018 “Energy management system”

and commitments to these topics are expressed in the related corporate policies in order to inspire activities and conduct in specific regulatory and market contexts.

Under the scope of the Group Company management systems, the regulatory tools prepared help ensure regulatory compliance and personal health and safety (of employees, end customers, contractors, etc.) as well as preventing accidents, safeguarding the environment, ensuring public safety and a rational use of energy, global quality and the prevention of and fight against corruption.

To verify compliance of the Management systems with the requirements set by the standards, Italgas uses the DNV Certification Body, which, in 2022, carried out the relevant audits and issued the relevant certificates, or the relevant maintenance.

The Companies’ accreditations, or of some sectors of such, are verified and issued by ACCREDIA (single accreditation entity).

According to their corporate purpose and business, as at 2022, the Italgas Group companies have the following certifications and accreditations.

CERTIFICATIONS OF ITALGAS S.p.A.		
Degree of certification coverage	Reference standard	Year of first certification
Company/Group	UNI ISO 37001	2018

CERTIFICATIONS AND ACCREDITATIONS OF ITALGAS RETI S.p.A.		
Degree of certification/accreditation coverage	Reference standard	Year of first certification/accreditation
Company	UNICEI EN ISO 50001	2012
	UNI EN ISO 14001	2001
	UNI ISO 45001	2019*
	UNI EN ISO 9001	1996
	UNI ISO 37001	2018
Calibration laboratory	UNI CEI EN ISO/IEC 17025	2009
Test laboratory	UNI CEI EN ISO/IEC 17025	1994
Type C Inspection Body	UNI CEI EN ISO/IEC 17020	2014

* Since 2001 for the former reference standard OHSAS 18001

CERTIFICATIONS AND ACCREDITATIONS OF TOSCANA ENERGIA S.p.A.		
Degree of certification/accreditation coverage	Reference standard	Year of first certification/accreditation
Company	UNI CEI EN ISO 50001	2017
	UNI EN ISO 14001	2003
	UNI ISO 45001	2019*
	UNI EN ISO 9001	1998
	UNI ISO 37001	2020
Type C Inspection Body	UNI CEI EN ISO/IEC 17020	2016

* Since 2003 for the former reference standard OHSAS 18001.

CERTIFICATIONS OF MEDEA S.p.A.		
Degree of certification coverage	Reference standard	Year of first certification
Company	UNI CEI EN ISO 50001	2021
	UNI EN ISO 14001	2021
	UNI ISO 45001	2021
	UNI EN ISO 9001	2021*
	UNI ISO 37001	2020

* Since 2014 for the Sassari site only.

CERTIFICATIONS OF ITALGAS ACQUA S.p.A.		
Degree of certification coverage	Reference standard	Year of first certification
Company	UNI CEI EN ISO 50001	2021
	UNI EN ISO 14001	2021
	UNI ISO 45001	2020
	UNI EN ISO 9001	2020
	UNI ISO 37001	2020

CERTIFICATIONS OF GEOSIDE S.p.A.		
Degree of certification coverage	Reference standard	Year of first certification
Company	UNI EN ISO 14001	2021
	UNI ISO 45001	2021
	UNI EN ISO 9001	2021*
	UNI ISO 37001	2020
	UNI CEI 11352	2015
	FGAS (DPR 43/12)	2013
	SA8000	2007

* Since 2014 for the Bologna site only

CERTIFICATIONS OF BLUDIGIT S.p.A.		
Degree of certification coverage	Reference standard	Year of first certification
Company	UNI ISO 45001	2022
	UNI EN ISO 9001	2022
	UNI ISO 37001	2022

In addition to the above, the Greek companies EDA Thess and EDA Attikis hold the following certifications: ISO 45001:2018, ISO 9001:2015, ISO 14001:2015, ISO 50001:2018, ISO 27001:2013, ISO 39001:2012. In addition, EDA Thess holds ISO 22301:2019 and ISO 37001 certifications.

Anti-corruption

The Italgas Group prohibits and actively cooperates in preventing and opposing, without exception, any form of corruption, public or private, active or passive, direct or indirect, both nationally and internationally.


In this context, Italgas adopts and effectively implements multiple regulatory and organisational measures, which can be consulted on the Italgas' website, aimed at preventing and countering corruption risks that could potentially be associated with corporate activities:

- the Model 231;
- the management System for preventing and combating corruption which constitutes one of the elements of the internal control and risk management system;
- the Policy for the prevention and fighting of corruption, which defines objectives and principles of the Anti-Bribery Management System;
- The Anti-Corruption Compliance Standard that provides a systemic overview of reference of the regulatory tools adopted by Italgas to prevent and fight corruption, incorporating the measures Italgas has taken to prevent all forms of corruption.

Adherence to and compliance with the anti-corruption measures adopted by Italgas is required of all stakeholders with whom the Group has relations, including but not limited to employees, suppliers, intermediaries, etc.

During 2022, no incidents of corruption were recorded⁶⁰.

Standard GRI 205-3 Confirmed incidents of corruption and actions take	u.m.	2020	2021	2022
Total confirmed incidents of corruption	no.	0	0	0
Confirmed incidents of corruption with dismissal/ disciplinary measure of employees	no.	0	0	0
Confirmed incidents of corruption with termination/ non-renewal of contracts with business partners	no.	0	0	0

 Italy				
Standard GRI 205-2 Disclosure and training on anti-corruption policies and procedures ⁶¹	u.m.	2020	2021	2022
Anti-corruption training*	hours	3,849	1,950	4,132
Participations	no.	2,914	1,686	4,239

* The training considered covers the following subjects: Code of Ethics, Model 231, Anti-corruption, Antitrust and Data Protection.

60. The figure also includes the new Greek companies.

61. During Sep-Dec 2022, the new Greek companies delivered 30 hours of training on anti-corruption policies and procedures related to 27 participations



Historical headquarters of Italgas
in Largo Regio Parco - Turin

ISO 37001

In May 2022, the maintenance audits were held aimed at confirming the certification obtained for the first time in 2018 and thereafter confirmed in 2021, for the three years 2021-2024, ensuring compliance with the requirements laid down by Standard ISO 37001 by the Anti-Bribery Management Systems adopted by Italgas and by the subsidiary Italgas Reti S.p.A. The maintenance audits were also held of the management systems for preventing and fighting corruption, adopted by the subsidiaries Italgas Acqua S.p.A., Geoside S.p.A., Medea S.p.A. and Toscana Energia S.p.A., which led to the confirmation of the related 2020-2023 three-year certifications in accordance with Standard 37001.

The certification body verified the commitment and cooperation of the corporate officers and departments, supervised by the Compliance Department for preventing and combating corruption, in the implementation of and compliance with the adopted anti-corruption measures, as well as the commitment shown in ensuring the adequacy and suitability of the management systems for preventing and combating corruption to the requirements of Standard 37001.

Finally, in 2022, activities were also carried out for the certification of the management system for preventing and combating corruption adopted by Bludigit S.p.A. in accordance with Standard 37001.

At the conclusion of the procedure for the privatisation of DEPA Infrastructure S.A., EDA Thess became part of the Italgas Group. In 2021, with Standard 37001, EDA Thess obtained a three-year certification for the compliance of its management system concerning the prevention and combating of corruption. In addition, the first maintenance audit of the aforementioned management system took place in 2022, leading to the re-issuance of its certification according to Standard 37001.

Conflict of Interest

The Board of Directors periodically assesses the independence and integrity of the Directors and verifies that there are no grounds for ineligibility and incompatibility.

On 14 June 2021 the Italgas' Board of Directors updated a procedure which establishes the principles and rules which Italgas and its Subsidiaries should adhere to in order to ensure the transparency and essential and procedural correctness of transactions conducted by Italgas Group companies with related parties or "parties of interest" (the "Italgas Related-Party Transactions Procedure"). For further details on this matter, see Italgas' Corporate Governance and Ownership Structure Report, which contains information on, among other things, the existence of controlling shareholders and shareholders' agreements, parties that hold significant equity investments pursuant to applicable regulations, as well as the offices held by Italgas' Directors in other administrative or control bodies.

Antitrust

On 18 October 2016 the Board of Directors approved its Antitrust Code of Conduct which defines the guide-

lines of the behaviour which all employees of the Italgas Group should conform to in order to guarantee the compliance with the principles dictated by the applicable regulations on antitrust issues.

The adoption of the Antitrust Code is part of the antitrust compliance programme promoted by the Italgas Group, which develops also through the establishment of an antitrust department within the Legal Department, which anyone in the Group can apply to for communications concerning the interpretation and application of the Antitrust Code and whenever a situation with potential antitrust risk arises.

Due to the evolution of the Italgas Group, on 27 July 2020, the Board of Directors approved the update of the "Antitrust" Compliance Standard.

This update was preceded by an assessment aimed at verifying the level of adequacy with respect to the criteria established by the guidelines of the Italian Competition Authority, of the "Antitrust" Compliance Standard already in force for Group companies.

An Antitrust and Consumer Protection Manual is attached to the Antitrust and Consumer Protection Code of Conduct, which describes the main antitrust and consumer protection provisions and provides an overview of the most important decision-making practices of the Italian Competition Authority.

Integrated security

In 2022, Italgas evolved its security system from a reactive-type approach to an active protection model that can involve and correlate all corporate events from different domains and areas, with the aim of preventing, acknowledging and mitigating potential security incidents, starting out from simple signs and evidence.

Resilience as the key value guiding the organisation does not only regard the prevention of risks and the correct restoration of operations, but actually represents the capacity to anticipate, respond and adapt to sudden changes and crisis situations, including cybernetic issues.

The Group therefore developed an approach that enables for the integrated management of different information levels and, in particular:

- the level of digital data and IT infrastructures (the "Logical Domain") relative to all technical-organisational measures that, by means of the Cyber Security services and tools, aim to safeguard the confidentiality, integrity and availability of information, with reference to systems, applications, platforms, IT networks, data and processes necessary to manage it;
- the level of material assets and staff (the "Physical Domain") or rather the set of measures, controls and solutions whose aim, through the integrated management of the alarms from the various systems present on the territory, is to guarantee suitable protection of the Group's people and infrastructures (offices and operative sites);
- the level of information (the "Information Domain") relative to all measures that, through early warning services, intelligence activities and social-environ-

mental analyses seek to collect, manage and distribution information and instructions for the protection of the organisation's reputation, assets and for personal safety.

One concrete example of this vision of security is our new Italgas centre called the ISC³ (Integrated Security Cloud Command Centre) hosted at the Turin offices, headquarters of Italgas Reti.

Cybersecurity

With the aim of converging towards the Integrated Security System able to interface multi-domain security management platforms, applications, services and operative processes to manage vulnerabilities, threats and security events, to guarantee a quantitative and dynamic vision of the risk and direct and facilitate decision-making processes.

The Group Security and Cybersecurity departments work together, implementing corporate security policies and procedures; the respective roles and responsibilities are defined through a shared RACI matrix⁶², which allows for the harmonisation of efforts to protect the company's information assets.

The principles of cybersecurity adopted by Italgas include:

- the development of incremental cybersecurity operating capacities and the update of existing ones in line with the business needs of the Group and in the context of external threats;
- a clear definition of the roles and responsibilities under the scope of aspects and processes relating to cybersecurity;
- the guarantee of access to data according to the principle of least privilege;
- the assurance of confidentiality, integrity and availability of the Group's information assets;
- the monitoring by the Enterprise Risk Management Department of the risks connected with cybersecurity in the corporate risk portfolio;
- the monitoring of aspects of logical and organisational security necessary to maintaining commensurate levels of cybersecurity;
- the use of communication management processes with specialised groups and professional associations operating in cybersecurity, in order to promote the continuous update, improve knowledge of best practices, exchange information on threats, vulnerabilities, new services, products and/or technologies;
- specific information sessions for corporate governance bodies regarding events or updates relative to Italian and international legislation.

The Italgas procedures establish that at least once a year, the Group Security Officer (GSO) shall report to the Board of Directors and Control Bodies on the level of conformity with national and international regulations on cybersecurity and the corporate policies on technical-organisational measures able to manage risks and prevent cyber incidents. In addition, business continuity tests and cybersecurity assessments are performed once every six months.

Relative to the working conditions deriving from the pandemic crisis, Italgas implements technical procedures and controls aimed at allowing internal and external staff to securely connect from a remote position to the company network. Remote connections take place through a private network (VPN), enabling secure communications. Access to the systems is only enabled after passing specific security posture checks of the asset.

Furthermore, in order to increase the level of security and protection of access and identities, Italgas has adopted Multi-Factor Authentication (MFA) technology for all its employees. This type of protection was then extended to all Group suppliers.

62. The RACI matrix (responsibility assignment matrix) specifies the type of relationship between the resource and the asset: Responsible, Accountable, Consulted, Informed. This instrument is used to indicate "who does what" within an organisation.

The Group ensures 24-hour monitoring of IT and OT security incidents through a Next Generation Security Operation Centre (Next Generation-SOC): this facility provides managed security services and ongoing activities related to incident monitoring, detection and response.

The cybersecurity incident management process is structured into the following phases: detection, analysis and classification of the incident, mitigation and resolution of the incident, closure of the incident and reporting and continuous improvement.

In the last three years (2020-2022), there were no cybersecurity incidents that generated data breach events or compromised corporate systems. As a means of greater protection, Italgas has an insurance policy that can be activated in the event of cyber incidents.

Italgas adopts cyber threat intelligence processes and tools, which allow for the preventive identification of cyber threats and attacks that could impact the organisation, with the aim of proactively implementing security measures and actions aimed at risk reduction and continuous management. These activities are in support of the security measures in place in the company and are a tool to facilitate preventive operations to detect security incidents. Through its Cyber Threat Intelligence capability, Italgas proactively protects the company's logical assets, IT assets, reputation and sensitive data.

In order to analyse and assess the security of its IT systems, Vulnerability Assessment and Penetration Test activities are planned and carried out periodically. They enable the definition and identification of possible vulnerabilities in the infrastructure, applications and devices, and classify the risk arising from the potential impact of the threat detected. At the end of this analysis, mitigation plans are drawn up and executed if necessary.

The maturity level of its information security is also constantly verified and monitored using synthetic indicators (ratings), prepared by external international companies, which, in 2021, saw Italgas positioned in the group of the most advanced organisations at global level and at the top of the energy sector in Italy.

In relation to the management of so-called "Third Parties", Italgas defines the information security requirements necessary to limit the risks associated with access to information. Italgas also regulates supplier access to equipment used for processing information, implementing adequate security controls.

At the same time, the alerting system has also been strengthened, with the mass dispatch of reporting e-mails, in the case of malicious or phishing campaigns.

In order to consolidate the public-private collaboration network, Italgas held meetings with the government authorities in charge of information security and with the main national and international think tanks. In this regard, Italgas has defined memoranda of understanding with the Postal Service Police (CNAIPIC) and national CSIRT; furthermore, since 2021 Italgas has adhered to the European Cyber Security Organisation (ECSO) in order to implement and strengthen its collaboration with the EU Commission, the European Union Agency for Cybersecurity (ENISA), Competence Centres and academia.

Italgas plays an active role in the "Cyber Resilience of Economy, Infrastructure & Services" Working Group, whose objectives include the creation of a "trusted" Information Sharing and Strategic Threat Intelligence environment and the development, within the European Community of Cybersecurity, of a shared network and exchange of competences with the aim of facilitating dialogue between companies, governments and suppliers and increasing the maturity level on security topics.

One very important initiative in which Italgas participates as a corporate partner is the 'CyberXcelerator' programme, an accelerator aimed at start-ups operating in the world of Cybersecurity and Artificial Intelligence.

Information and personal data security

The Italgas Group approach to information security and personal data protection, in line with the principles of Corporate Social Responsibility, envisages, in the first instance, the voluntary adoption of virtuous behaviours that go beyond mere compliance with regulatory provisions: a specific paragraph of the Code of Ethics calls for a strong commitment from employees and the Supply Chain with regard to the protection of information and personal data.

In 2018, Italgas adopted the Data Protection Organisational Model defined in compliance with the provisions of Regulation (EU) 2016/679 (GDPR). Through this Model, the roles and responsibilities have been formalised with regard to the protection of personal data processed in the context of company activities. Italgas also contractually obliges its suppliers to comply with the requirements of the Data Protection regulations, in particular with reference to the provisions of Article 28 of the GDPR. All contractual agreements with suppliers processing personal data on behalf of Italgas include a specific "Data Protection Agreement".

Over the last two years, the principles and best practices on information security, personal data and cybersecurity have been further extended to the supplier chain, starting from the application phase for inclusion in the Group Vendor List through the creation of a special Cyber criticality classification.

The company has designated a Data Protection Officer (or "DPO"), identified from the Internal Audit Department, who is responsible for informing and advising the company departments and people involved in the processing of personal data, monitoring compliance with the Regulation, national provisions and company policies on the protection of personal data and cooperating with the Supervisory Authority, acting as a point of contact with the same. The DPO has also assigned tasks relating to the promotion of the personal data protection culture within the company, the management of requests made by data subjects and to support the Data Protection assessment of aspects of each new project that may impact personal data protection. The DPO is supported by the Data Protection Team, which includes legal, IT, organisational and security experts.

Italgas has established its own Data Protection policy in the form of a compliance standard, aimed at outlining the principles applicable to the processing of personal data and defining specific tasks and functions related to the processing of personal data, assigned within the corporate organisational structure, to ensure their correct processing.

In order to ensure the governance and implementation of the process for managing possible breaches of personal data (so-called "data breaches") Italgas has adopted a compliance standard on Data Breach Management.

Compliance standards relating to the protection of personal data are published on the company's website.

Italgas has also issued and updated the "Information Security Standard" and the "Information Classification Standard".

The Group has kept a register of the processing activities which contains all the information referred to in art. 30.1 of the Regulation.

In line with the principle of risk-based management of processing, appropriate technical and organisational measures are implemented to ensure an appropriate level of security, especially taking into account the risks represented by the processing, resulting from the accidental or unlawful destruction, loss, alteration, unauthorised disclosure or access to personal data transmitted, stored or otherwise processed. Where processing operations may present a high risk to the rights and freedoms of data subjects, a data protection impact assessment has been carried out to determine, in particular, the origin, nature, particularity and severity of that risk, and to implement, where necessary, appropriate additional security measures.

The Group has also issued the 'Digital Storage Manual' that defines the storage process implemented by Italgas and all the requirements put in place in order to comply with legal obligations and reference standards.

It is worth noting, in the context of the changing regulatory framework linked to the COVID-19 pandemic, the commitment shown in 2022 by all corporate structures, supported by the DPO and the Data Protection Team, in ensuring full compliance with personal data protection regulations.

Throughout the course of the year, Italgas updated the process of mapping and classifying information, which aims to categorise data according to their level of criticality; Italgas' classification model is described within the "Classification of Information" Standard, which defines clear guidelines for the classification of information for the entire Italgas Group, aimed at protecting its information assets, as well as rules of conduct and security measures for managing classified information.

The Group Security and Cyber Security Departments have also defined processes, finalised the sale transaction and adopted Data Loss Prevention tools that enable them to protect and prevent the loss of critical data by detecting the sensitive elements present in any information, document or communication, including on the basis of the origin, access and use of the data.

This approach protects the main communication channels and the data that users exchange via the main business collaboration tools.

All the Subsidiaries also defined and formally approved a Data Protection Model consistent with the standards which inspired the Italgas Data Protection Model albeit designed in accordance with their specific requirements and their organisational structure. In implementing its Model, each subsidiary has adopted policies and procedures, appointed a DPO, kept its processing register up-to-date, defined appropriate security measures and carried out training activities.

With reference to all Italgas Group companies, in the three-year period 2020-2022:

- no data breach reports were received;
- no justified complaints relating to personal data breaches were received;
- the Data Protection Authority did not receive requests of any kind;
- no penalties for regulatory breaches concerning personal data protection were applied.

In order to verify the implementation and effectiveness of the Data Protection Organisational Model and of the policies adopted in the field of privacy, the Italgas Group not only carries out Internal Audit activities, within the scope of which a specific focus on privacy issues is developed, but also from 2021 it has undergone third-party audits. In this regard, the process adopted by the Group companies for drafting and updating the information to data subjects pursuant to Articles 13 and 14 of the GDPR was subject to a third-party audit in 2022; the audit did not reveal any significant gaps.

