

# ANNUAL FINANCIAL REPORT AS AT 31 DECEMBER

# 2022

Ascopiave Group



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Attachments:

- Declaration of the Manager in Charge - Attestation to the Consolidated Financial Statements pursuant to Article 81-ter of Consob Regulation No. 11971;
- Report on Corporate Governance and Ownership Structure.

Board of Auditors:

- Report of the Board of Statutory Auditors on the financial statements for the year ended 31 December 2022.

Auditing Company:

- Independent auditors' report to the consolidated financial statements for the year ended 31 December 2022;
- Auditor's Report on the Financial Statements for the Year Ended 31 December 2022;
- Auditor's report on the consolidated non-financial statement 2022.

## GENERAL INFORMATION

### Corporate bodies and corporate information

#### Board of Directors and Board of Auditors

Name	Office	Duration of office	From	To
Cecconato Nicola	Chairman of the Board of Directors and CEO	2020-2022	29/05/2020	Approval of budget 2022
Pietrobon Greta	Indipendet Director*	2020-2022	29/05/2020	Approval of budget 2022
Quarello Enrico	Director**	2020-2022	29/05/2020	Approval of budget 2022
Bet Roberto	Director	2020-2022	29/05/2020	Approval of budget 2022
Geronazzo Mariachiara	Indipendet Director	2020-2022	29/05/2020	Approval of budget 2022
Vecchiato Luisa	Indipendet Director***	2020-2022	29/05/2020	Approval of budget 2022
Novello Cristian	Indipendet Director	2020-2022	29/05/2020	Approval of budget 2022

The Board of Directors was appointed by the Ordinary Shareholders' Meeting of 29 May 2020 and has been in office since 4 June 2020.

(\*) Pietrobon Greta was appointed Lead Independent Director by the Board of Directors on 28 January 2021;

(\*\*) Quarello Enrico was an independent director until 28 January 2021 and, thereafter, a non-independent director;

(\*\*\*) Vecchiato Luisa was a non-independent director until 28 January 2021 and an independent director thereafter.

Name	Office	Duration of office	From	To
Salvaggio Giovanni	President of the Board of Auditors	2020-2022	29/05/2020	Approval of budget 2022
Moro Barbara	Statutory Auditor	2020-2022	29/05/2020	Approval of budget 2022
Biancolin Luca	Statutory Auditor	2020-2022	29/05/2020	Approval of budget 2022

#### Internal committees

In-Company Control Committee	From	To	In-Company Control Committee	From	To
Novello Cristian	08/06/2020	Approval of budget 2022	Pietrobon Greta	08/06/2020	Approval of budget 2022
Bet Roberto	08/06/2020	Approval of budget 2022	Quarello Enrico	08/06/2020	Approval of budget 2022
Geronazzo Mariachiara	08/06/2020	Approval of budget 2022	Vecchiato Luisa	08/06/2020	Approval of budget 2022

#### Auditing Company

PriceWaterhouseCoopers S.p.A.

#### Registered office and company data

Ascopiave S.p.A.  
Via Verizzo, 1030  
I-31053 Pieve di Soligo - TV Italy  
Tel: +39 0438 980098  
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Capital stock: Euro 234,411,575 fully paid-in  
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## Ascopiave Group Key Economic and Financial Data

### Economic Data

(Thousands of Euro)	Financial Year			
	2022	% of revenues	2021	% of revenues
Revenues	163,651	100.0%	134,911	100.0%
Gross operative margin	77,930	47.6%	66,382	49.2%
Operating result	31,911	19.5%	33,838	25.1%
Result for the period	30,972	18.9%	0	0.0%
Net result for the period	32,438	19.8%	45,326	33.6%

It should be noted that EBITDA is defined as earnings before depreciation, amortisation, bad debts, financial management and taxes.

### Balance Sheet Data

(Thousands of Euro)	31 <sup>th</sup> December 2022	31 <sup>th</sup> December 2021
Net working capital	(17,005)	2,359
Fixed assets and other non current assets	1,378,338	1,261,819
Non-current liabilities (excluding loans)	(63,073)	(48,187)
<b>Net invested capital</b>	<b>1,298,260</b>	<b>1,215,991</b>
Net financial position	(411,857)	(347,485)
Total Net equity	(886,403)	(868,505)
<b>Total financing sources</b>	<b>(1,298,260)</b>	<b>(1,215,991)</b>

Please note that 'net working capital' is defined as the sum of inventories, trade receivables, tax receivables, other current assets, trade payables, tax payables (within 12 months) and other current liabilities.

### Monetary flow data

(Thousands of Euro)	Financial Year	
	2022	2021
<b>Net income of the Group</b>	<b>35,104</b>	<b>59,397</b>
Cash flows generated (used) by operating activities	98,520	82,737
Cash flows generated/(used) by investments	(83,285)	(44,933)
Cash flows generated (used) by financial activities	19,143	(17,168)
<b>Variations in cash</b>	<b>34,378</b>	<b>20,636</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>42,539</b>	<b>21,902</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>76,917</b>	<b>42,538</b>

## MANAGEMENT REPORT

### Foreword

The Ascopiave Group closed the year 2022 with a consolidated net profit of Euro 32.4 million (Euro 45.3 million as of 31 December 2021), a decrease of Euro 12.9 million compared to the previous year.

Consolidated shareholders' equity as at 31 December 2022 amounted to EUR 886.4 million (EUR 868.5 million as at 31 December 2021), and net invested capital to EUR 1,298.3 million (EUR 1,216.0 million as at 31 December 2021).

During the year, the Group made investments of €87.0 million (€53.3 million in 2021), mainly in the installation of electronic meters, as well as in the development, maintenance and modernisation of gas distribution networks and plants for €58.0 million (€50.3 million in 2021). At the end of the reporting period, investments of €25.1 million were made in plants for the production of energy from renewable sources.

Estenergy Group's and Cogeide S.p.A.'s share of the results of operations is entered in the item 'Net result of companies consolidated using the equity method'.

### Activities

The Ascopiave Group operates mainly in the natural gas distribution sector. It currently holds concessions and direct consignments for the management of gas distribution in 306 municipalities, operating a distribution network that extends over about 14,600 kilometres and providing the service to about 902,000 users.

The Group is also present in the renewable energy sector, owning 28 hydroelectric and wind power plants.

The Group also operates in the field of cogeneration and heat management, as well as in the water sector, being a shareholder and technological partner of the company Cogeide, which manages the integrated water service in 15 municipalities, serving a basin of over 100,000 inhabitants through a network of 880 km.

### Strategic Objectives

The Ascopiave Group proposes to pursue a corporate strategy focused on creating value for its stakeholders, maintaining levels of excellence in the quality of services offered, respecting the environment and enhancing the social instances that characterise the context in which it operates.

To this end, it intends to consolidate its leadership position in the gas sector at a regional level and aims to achieve significant positions also at a national level, taking advantage of the liberalisation process currently underway. The main guidelines of its development strategy are dimensional growth, diversification into other sectors of the energy sector synergic with the core business, and the enhancement of operational processes.

### Operating performance

The volumes of gas distributed through the networks managed by the Group amounted to 1,472.2 million cubic metres, with a decrease of 7.6% compared to the previous year, mainly related to the continuation of relatively mild temperatures in the last quarter of the year.

The distribution network as at 31 December 2022 had a length of 14,614 kilometres, an increase of 1,625 kilometres compared to 31 December 2021, mainly as a result of recent acquisitions.

The 28 plants producing electricity from renewable sources, with a total installed capacity of 62.5 MW, produced 61.1 GWh during the year, a figure heavily affected by the significant drought experienced during the reporting period.

### Economic results and financial situation

Consolidated revenue for 2022 amounted to EUR 163.7 million, compared to EUR 134.9 million in the previous year.

The Group's operating profit amounted to EUR 31.9 million, down EUR 1.9 million from the previous year.

At EUR 32.4 million, the net result decreased by EUR 12.9 million compared to the previous year.

The Group's Net Financial Position as of 31 December 2022 was Euro 411.9 million, up Euro 64.4 million from Euro 347.5 million as of 31 December 2021.

The increase in financial debt is determined by the cash flow for the year (given by the sum of the net result and amortisation, depreciation and write-downs), which generated resources of €78.4 million, by the management of net working capital, which generated resources of €108.9 million from investment activities, which led to an outlay of 202.3 million Euro, from the management of assets (dividends and treasury shares), which absorbed resources of 10.3 million Euro, and from the company acquisitions completed, which led to an increase in the net financial position of 39.1 million Euro.

The ratio of Net Financial Position to Shareholders' Equity as at 31 December 2022 was 0.46 (0.40 as at 31 December 2021).

## The structure of the Ascopiave Group

The following table shows the corporate structure of the Ascopiave Group as at 31 December 2022.



## The economic framework

The year 2022 opened with the lingering uncertainty inherited from the previous year. The year 2021 had in fact been an uncertain year, which at first, as the health situation had enhanced, had gradually enhanced, recording a good recovery of the world economy with the recovery of consumption and trade had in fact supported the rebound of the economy of several European nations. The last few months of the year, however, had seen a strong resurgence of the health emergency caused by the spread of the Sars Cov2 virus in its delta variant, later surpassed by Omicron, the latter being particularly contagious. The measures to contain the spread of the Sars Cov2 virus were gradually relaxed during 2022, remaining active only in a few specific areas.

Also in 2021, inflation started an upward process, triggered by the mismatch between supply and demand, which led to higher price levels. The massive rebound in economic activity generated by the enhancement in the pandemic situation affected demand, which was particularly buoyant in the second half of the year, finding supply less flexible and insufficient to meet it, partly caused by the adoption of new restrictive measures to contain the spread of the virus, which created bottlenecks in supply chains.

Between February and March 2022, the Russian-Ukrainian conflict flared up and the international geopolitical tension increased day by day and continues to this day. NATO member states condemned the Russian invasion of Ukraine and introduced sanctions against Russia that became increasingly stringent. The situation of uncertainty and the continuing international crisis have significantly revived the inflationary trend, which had already started in 2021, primarily affecting the price of natural gas, oil and, consequently, energy produced to a large extent by gas turbines. These dynamics subsequently shifted their effects onto other consumer goods that, for manufacturing or transporting them, require energy consumption. In particular, among the most sensitive to commodity trends, foodstuffs reacted. A sector already partly affected by the contraction of Ukrainian production and reduced Russian exports.

The inflationary spiral was also fuelled by the decrease in the number of cubic metres of natural gas delivered to Europe by Gazprom, which revived the prices of the raw material, registering significant increases and considerable market turbulence throughout the year, reaching the highest peaks, especially in the summer period. A further blow to the supply of natural gas was dealt by the accidents in the Baltic Sea on 26 September, which affected the North Stream 1 and 2 pipelines. The explosions caused the two pipelines to be irreparably damaged or, if not totally, unusable for a long time.

World trade also suffered considerable delays due to the closure of some important trading ports in some parts of the world. The scarcity of raw materials and components, as well as the energy uncertainty during the year fuelled the inflationary flame, which continued its course until the end of the year.

To overcome these problems, the Government has started a process of supply substitution in order to decrease dependence on Russia in the energy field, and the agreements signed so far allow for the partial substitution of Russian gas quantities, with progressive growth in the coming years; the Government has also passed several legislative measures aimed at calming price increases: in some cases, such as bills or on the price of fuel at the pump by sanctioning discounts, while in others, by establishing bonuses. The subsidies attracted most of the available resources in the state budget and, even in the so-called budget manoeuvre, absorbed the most significant part of the planned deviations.

In its November economic outlook, the OECD stated how the world economy is reeling from the worst energy crisis since the 1970s. The energy shock has raised inflation, which is weighing on economic growth worldwide. According to OECD projections, world GDP growth in 2022 is expected to be 3.1 %, while in 2023 it is expected to fall to 2.2 %, showing a much lower trend than the growth rates predicted before the start of the conflict. In 2024, global growth is expected to rebound to 2.7%, supported by the first measures taken in several countries to reduce interest rates. The study reveals that the global outlook shows pronounced imbalances with, on the one hand, the major Asian emerging economies accounting for 75% of global GDP growth in 2023 and, on the other hand, sharp slowdowns in the Western region (US and Europe).

The Federal Reserve and the European Central Bank, like the world's other central banks, have started a process of raising interest rates in order to curb the run-up in inflation and, at the same time, try to avoid an excessively violent slowdown that would lead to a recession in their respective countries. The former in particular has carried out more decisive and robust increases.

Accomplice to a particularly mild fourth quarter of the year, demand for natural gas contracted significantly in the country, leading to a corresponding reduction in the price of the raw material with the advent of the new year (2023).

This curve had already begun to bend in December, but given the peaks recorded in the first few days of the month by the commodity, the price had not benefited. A flexion which, conversely, began to be perceptible in 2023. An indicator that would give an indication of a tendency for inflation to reabsorb also in the EURO area, a trend already anticipated in the US during the autumn.

Overall consumer price inflation in the major advanced economies is therefore expected to drop as a result of the stated restrictive monetary policies, the contraction in demand and the reorganisation of transport routes and the corresponding normalisation of costs and delivery times. The projections drawn by institutional bodies point to a path that should show positive effects in 2024, with a 2023 of transition and permeated by the effects put in place to stem the inflationary race.

As far as Italy is concerned, according to OECD projections, real GDP is expected to grow by 3.7% in the year just ended and then slowdown in 2023 to 0.2% before starting to grow moderately again in 2024 at 1%. Expectations for the year 2023 show a growth rate of essentially zero due to the restrictive policies described therein, but considering the context, it would seem to avert that these monetary and fiscal policies could trigger a full-blown economic recession. In 2023, unemployment will increase and labour market participation will decline, leading to a contraction in employment. As mentioned above, consumer price inflation in 2022, close to 10 per cent at the end of the year, is expected to gradually decrease in 2023 due to the corresponding decrease in energy prices.

## Gas distribution

Following the closing of the partnership between Ascopiave S.p.A. and the Hera Group, which took place on 19 December 2019, natural gas distribution represents the Group's leading activity in terms of its contribution to corporate income. It is an activity carried out under a concession or direct award and, as such, is subject to strong regulation by the public authority, both with regard to minimum standards of management and quality and to tariff levels.

As is well known, Legislative Decree No. 164/2000 introduced the obligation to assign the gas distribution service by means of a public tender, on the assumption that a competitive mechanism for selecting the operator should favour a containment of costs for the end customer, an efficient development of the plants and an enhancement in the quality of the service provided.

Decree Law 159/2007 (Law 222/2007) introduced, for the first time, the concept of the Minimum Territorial Ambit (Ambito territoriale Minimo - Atem) for the management of the service, establishing that tenders must be announced with reference to it. The tender for Atem was definitively assumed as the basic rule of the sector with Legislative Decree 93/2011, which, among other things, sanctioned, as of June 2011, the prohibition of tenders referring to individual municipalities, imposing the obligation to proceed exclusively with tenders for Atem.

Partly as a consequence of this, the majority of industry analysts expect a strong concentration of supply in the medium term, with a reduction in the number of operators and an increase in their average size.

As of 2011, the regulation of the Ambit tenders was further defined and specified with the issuance of several ministerial decrees. In particular:

With the Decree of the Ministry of Economic Development of 19 January 2011, issued in agreement with the Ministry for Relations with the Regions and Territorial Cohesion, the Minimum Territorial Ambits were identified for the holding of tenders for the entrusting of the gas distribution service;

With a subsequent Decree of 18 December 2011 (so-called Ambiti Decrees), the municipalities belonging to each ambit were identified;

With the Decree of the Ministry of Economic Development and the Ministry of Labour and Social Policies of 21 April 2011 (the so-called Employment Protection Decree), provisions were dictated to govern the social effects connected to the new assignments of gas distribution concessions in the implementation of Paragraph 6 of Article 28 of Legislative Decree No. 164 of 23 May 2000;

Decree of the Ministry for Economic Development No. 226 of 12 November 2011 (the so-called Criteria Decree), subsequently supplemented by Ministerial Decree 106/2015, approved the regulations on the tender criteria and for the evaluation of offers for the entrusting of the gas distribution service.

The enactment of this discipline has helped to give certainty to the competitive environment, laying the groundwork for the market-opening process, which began with the transposition of the European directives, to actually produce the desired benefits.

The Ascopiave Group has substantially welcomed the new legal and regulatory framework, as it is suited to favour important investment and development opportunities for qualified medium-sized operators, with a view to the positive rationalisation of supply.

At the end of 2013, with Decree-Law No. 145 of 23 December 2013, converted with amendments into Law No. 9/2014, the Legislator made substantial changes to Article 15, paragraph 5 of Legislative Decree 164/2000 on the subject of determining the reimbursement value of the plants due to the outgoing operator at the end of the so-called "Transitional Period".

June 2014 saw the entry into force of the Decree of the Ministry of Economic Development containing the "Guidelines on Criteria and Application Procedures for the Valuation of the Reimbursement Value of Natural Gas Distribution Plants", which, although formally aimed at explaining the criteria for the valuation of the plants set forth in Article 5 of Ministerial Decree 226/2011, substantially dictates a wholly peculiar discipline, only minimally implementing the same Article 5. (in its original version, in force at the time the Guidelines were issued).

Subsequently, with Decree-Law 91/2014, converted with amendments into Law 116/2014, a further substantial amendment was made to the same Article 15, paragraph 5 of Legislative Decree 164/2000. The contents of the amended text and its evolution are reported in the paragraphs "National Legislation" and "Group Objectives and Policies and Description of Risks" of this financial report.

Finally, in mid-2015, the Decree of the Ministry of Economic Development No. 106 of 20 May 2015 intervened, amending the previous Ministerial Decree 226/2011, reformulating Article 5, concerning the criteria for the valuation of plants. The new regulatory provision, in essence, "transferred" the discipline of the Guidelines (cited above) into the text, i.e., in a nutshell, it made the latter provision compatible with the provision (the Guidelines) that should have been its specification/punctualisation.

## The regulatory framework

### Natural gas distribution sector

**Resolution 23 December 2021 614/2021/R/com** - Rate of Remuneration of Capital Employed for Infrastructure Services in the Electricity and Gas Sectors for the Period 2022-2027: Criteria for Determining and Updating The document sets the criteria for determining the WACC for the second regulatory period.

**Resolution 620/2021/R/gas of 28 December 2021** - Update of tariffs for gas distribution and metering services for the year 2022 The measure approves the compulsory tariffs for natural gas distribution, metering and marketing services and the bimonthly advance equalisation amounts for the natural gas distribution service for the year 2022.

**Resolution 25 January 2022 24/2022/R/gas** - Recognition of costs for remote reading/telemangement and concentrators of natural gas metering systems, for the years 2017-2019 The measure sets the amounts of the annual operating costs incurred by certain gas distribution companies for the years 2017-2019 and related to remote reading/telemangement systems and concentrators.

**Resolution 08 February 2022 44/2022/R/gas** - Initiation of proceedings for the adjustment of the supply conditions of the service of supply of last resort and the service of default distribution of natural gas The measure initiates a procedure aimed at adjusting the supply conditions of the service of supply of last resort and the natural gas distribution default service.

**Resolution of 30 March 2022 141/2022/R/com** - Update, as of 1 April 2022, of the tariff components intended to cover general charges and other components of the electricity and gas sectors. Provisions to the energy and environmental services fund. Provisions regarding the electricity and gas bonus. The measure determines the quarterly update of general charges and other components in the electricity and gas sectors. Provisions regarding social bonuses.

**Resolution 05 April 2022 154/2022/R/gas** - Determination of final reference tariffs for gas distribution and metering services for the year 2021. Amendments to the RTDG. The measure determines the definitive reference tariffs for the year 2021.

**Resolution 12 April 2022 171/2022/R/gas - Advance payment of premiums** relating to safety recoveries in the natural gas distribution service for the year 2019 The measure provides for an advance payment on the total net amount of premiums for the year 2019.

**Resolution 26 April 2022 179/2022/R/gas** - Update of the directives for the connections of biomethane plants to natural gas networks The measure updates the directives for the connections of biomethane plants to natural gas networks.

**Resolution 03 May 2022 194/2022/R/gas** - Determination of provisional reference tariffs for gas distribution and metering services and redetermination of bimonthly equalization amounts on account, relative to the natural gas distribution service, for the year 2022 The measure approves the provisional reference tariffs for gas distribution and metering services for the year 2022 and redetermines the amounts of bimonthly equalisation on account relating to the same year 2022.

**Resolution No. 231/2022/R/com of 31 May 2022** - Update of the procedures for verifying commercial quality data for the distribution, metering and sale services of electricity and natural gas and the contractual quality of the integrated water service This measure concludes the process of updating the procedures for verifying commercial and contractual quality data by ordering the application of the "statistical method" also in the "further control" and extending it to the TIQV.

**Resolution 269/2022/R/gas of 21 June 2022** - Revision of the regulation of the metering service with adjustment of billing to end customers in the natural gas sector The measure determines the outputs and performance of the metering service provided by means of smart meters in the natural gas sector (commissioning, frequency of collection and time granularity of metering data, frequency of making metering data available, compensation to end customers and sellers), as well as adjustments to billing obligations.

**Resolution 28 June 2022 282/2022/R/gas** - Update of the interest rate for the purposes of determining the reimbursement, to outgoing operators, of the amounts relating to the one-off payment to cover the costs of the tender for the entrusting of the natural gas distribution service This measure updates, with validity for the three-year period 2019-2021 and for the three-year period 2022-2025, the interest rate to be applied for the determination of the reimbursement to outgoing operators of the amounts relating to the one-off consideration for covering the tender charges referred to in Decree 226/11, in line with the provisions of Resolution 10/2016/R/gas.



**Resolution 28 June 2022 292/2022/R/efr**- Determination of the tariff contribution to be recognised to distributors within the framework of the energy efficiency certificates mechanism for the 2021 obligation year This measure determines, pursuant to Resolution 270/2020, the tariff contribution to be recognised to distributors fulfilling their energy saving obligations under the TEE mechanism for the 2021 obligation year.

**Resolution 295/2022/R/com of 29 June 2022** - Update, as of 1 July 2022, of the tariff components intended to cover general charges and additional components of the electricity and gas sectors. Provisions to the Cassa per i servizi energetici e ambientali (Energy and Environmental Services Fund) regarding the electricity and gas bonus and modification of the deadline for concluding the procedure set out in Authority Resolution 41/2022/R/gas. The measure updates the general system charges for the electricity and gas sector for the third quarter of 2022.

**Resolution 295/2022/R/com of 30 June 2022** - Update, as of 1 July 2022, of the tariff components intended to cover general charges and additional components of the electricity and gas sectors. Provisions to the Cassa per i servizi energetici e ambientali (Energy and Environmental Services Fund) regarding the electricity and gas bonus and modification of the deadline for concluding the procedure set out in Authority Resolution 41/2022/R/gas. The measure updates the general system charges for the electricity and gas sector for the third quarter of 2022.

**Resolution of 29 July 2022 372/2022/R/gas** - Adjustment of the conditions for providing the service of supply of last resort and the natural gas distribution default service The resolution adjusts the supply conditions of the service of last resort and the default service of natural gas distribution and implements specific equalisation mechanisms for service operators.

**Resolution 02 August 2022 383/2022/R/gas** - Determination of the premiums and penalties relating to the safety recoveries of the natural gas distribution service for the year 2019 and redetermination of the premiums and penalties relating to the safety recoveries of the natural gas distribution service for the year 2014 for certain plants of a company. The measure determines the premiums and penalties relating to safety recoveries of natural gas distribution service, for the year 2019.

**Resolution 02 August 2022 386/2022/R/gas** - Introduction of a mechanism to make distribution companies responsible for managing the delta in-out The measure introduces a mechanism to make distribution companies responsible for the volumes to cover the difference between the quantities injected at the exit points of the transmission network interconnected with distribution networks and the quantities withdrawn by end customers (deltaIO).

**Resolution 13 September 2022 424/2022/A** - Revision of the unit fee to cover the costs of the Integrated Information System. The measure updates the fee to cover the costs incurred by the IIS for its activities.

**Resolution of 29 September 2022 462/2022/R/com** - Update, as of 1 October 2022, of the tariff components intended to cover general charges and other components of the electricity and gas sectors. Provisions regarding the TIVG. Provisions regarding the electricity and gas bonus. amendments to the RTTG. provisions to the Cassa per i servizi energetici e ambientali. The measure updates the rates of general charges in the electricity and gas sector. It also updates the TIVG and RTTG components. Provisions on social bonuses and the Cassa per i servizi energetici e ambientali.

**Resolution 25 October 2022 525/2022/R/gas** - Provisions on the application of the cap on the tariff recognition of investments in start-up locations. The measure regulates the operating procedures for the application of the cap on the tariff recognition of capital costs in start-up locations.

**Resolution of 15 November 2022 570/2022/R/gas** - Initiation of proceedings for the implementation of interventions provided for by Law No 118 of 5 August 2022 (Annual Law for the market and competition), regarding tenders for the entrusting of the natural gas distribution service The resolution initiates proceedings for the implementation of interventions provided for by Law No 118 of 5 August 2022, regarding tenders for the entrusting of natural gas distribution service.

**Resolution of 22 November 2022 599/2022/E/com** - Launch of a documentary verification campaign on accounting unbundling and declared investments for a sample of regulated companies exercising electricity distribution and natural gas distribution and transportation activities for the years 2018-2021. The Measure proposes to launch a documentary verification campaign on accounting unbundling.

**Resolution 29 November 2022 624/2022/R/gas** - Acceptance of the requests for derogation from compliance with the time limits referred to in paragraph 14.9 of Annex A to Authority Resolution 569/2019/R/gas for five gas distribution companies. The resolution provides for the acceptance of the requests for derogation from compliance with the time limits for the replacement/rehabilitation of pipelines in material not required by the technical standards, submitted by five gas distribution companies (including AP Reti Gas Nord Est Srl) pursuant to paragraph 14.9 of the RQDG.

**Resolution No. 639/2022/R/gas of 29 November 2022** - Advance of amounts related to the reintegration mechanisms for delinquency for the default transport service, the default distribution service and the service of last resort supply. Amendments to the TIVG. The measure defines specific provisions for the disbursement of advances of the amounts recognised within the compensation mechanisms for delinquency charges provided for each service of last resort gas and makes certain amendments to the TIVG.

**Resolution 01 December 2022 649/2022/R/gas** - Provisions on the technical interruptibility of withdrawals from the natural gas transportation and distribution network, for the thermal year 2022/2023, pursuant to Ministerial Decree 21 October 2022. The measure defines the implementation procedures of the technical interruptibility service of natural gas withdrawals pursuant to Article 1 of the Decree of 21 October 2022 of the Minister for Ecological Transition, now the Minister for the Environment and Energy Security.

**Resolution 679/2022/R/gas of 13 December 2022** - Redetermination of reference tariffs for gas distribution and metering services for the years 2009 to 2021. The measure redetermines the reference tariffs for distribution and metering services for the years from 2009 to 2021, to take into account the following cases- acceptance of requests for rectification of physical and asset data that entail benefits for end customers, pursuant to Article 4 of the RTDG; - treatment of divestments of conventional meters of class greater than or equal to G10 made after 2018, for the purposes of updating the tariff components covering depreciation for the metering service, with particular reference to the determination of the rate of change pursuant to Article 55, paragraph 1, letter c), of the RTDG.

**Resolution 22 December 2022 714/2022/R/gas** - Update of the provisions on the determination of the reimbursement value of natural gas distribution networks in implementation of the Annual Law for the Market and Competition. The measure updates the provisions on the determination of the redemption value of natural gas distribution networks in implementation of the Annual Law on the Market and Competition.

**Resolution 29 December 2022 736/2022/R/gas** - Update of tariffs for gas distribution and metering services, for the year 2023. The measure approves the compulsory tariffs for natural gas distribution, metering and marketing services, as per Article 42 of the RTDG, the different gas tariff options, as per Article 69 of the RTDG, and the bi-monthly advance equalisation amounts for the natural gas distribution service, as per Article 47 of the RTDG, for the year 2023. The maximum amount of the recognition of higher charges resulting from the presence of concession fees, as per Article 59 of the RTDG, for distribution companies that have submitted a request and provided appropriate documentation, is approved.

**Resolution 29 December 2022 737/2022/R/gas** - Infra-period update of the tariff regulation of gas distribution and metering services for the three-year period 2023-2025. Approval of the RTDG for the three-year period 2023-2025 and amendments to the Standard Network Code for the gas distribution service. The measure approves the new version of the Gas Distribution and Metering Service Tariff Regulation (RTDG) for the regulatory period, for the three-year period 2022-2025, downstream of the changes regarding the definition of the standard costs of electronic metering groups, parametric recognition of the costs of telemanagement/telemetry systems and concentrators, recognition of the residual value of first-installation smart meters decommissioned early, determination of the down payment to cover

the costs of metrological checks, mitigation measures resulting from reductions in redelivery points, transposition of the provisions of Prime Ministerial Decree of 29 March 2022 and Law 118/2022.

## Renewable energy production sector

In order to finance measures aimed at curbing the increase in energy prices, the Italian government introduced extraordinary levies from energy operators, including the following:

- ✓ by Article 37 of Decree-Law No. 21 of 21 March 2022 ('Energy Decree'), which aims to tax the extra profits made by energy companies as a result of rising raw material costs;
- ✓ Article 15-bis of Law no. 25 of 28 March 2022 (conversion of Legislative Decree no. 4 of 27 January 2022 - "Support Decree-ter"), applicable only to the energy produced by plants not operating under the incentive regime and which provides for the payment to the GSE of revenues in excess of the sales made at a price higher than the reference price, equal to €58/MWh (a value for plants operated by the Group). With the publication of ARERA Resolution No. 266/2022/R/EEL of 21 June, GSE announced the plants that fall within the scope of application of Art 15 bis of DL 27 January 2022, No. 4. It should be noted that this regulation was the subject of an appeal to the Lombardy Regional Administrative Court (TAR) with sentence 2676/22, which had annulled ARERA's Resolution 266/2022. ARERA subsequently challenged the operative part of the judgement and obtained the suspension of the enforceability of the challenged device - as a result, Resolution 266/2022 became effective again.

**Veneto REGIONAL LAW no. 24 of 04 November 2022** - Provisions concerning concessions for large water derivations for hydroelectric use in implementation of Article 12 of Legislative Decree no. 79 of 16 March 1999, 'Implementation of Directive 96/92/EC laying down common rules for the internal market in electricity'. The Veneto Region enacted the law regulating the granting of concessions for large derivations for hydroelectric use, i.e. for concessions with a nominal capacity of 3 MW or more. The law establishes that the works intended for hydroelectric use (the so-called 'wet works') pass, at the end of the concession, to the Veneto Region, which will also define the management method (entrusting by public tender, entrusting to mixed public and private capital companies). In addition, Article 13 of Regional Law No. 24 establishes the amount of the fees due, starting from the year following the entry into force of this Law, by the holders of large derivation concessions, equal to a minimum of €40/kW of concession power as a fixed fee and a minimum of 5% of normalised revenues as a variable fee.

Law No. 118/2022 ('Competition Law 2021'). The national legislation has introduced specifications that the procedures for awarding large derivation concessions must consider, such as:

- ✓ be based on competitive, fair and transparent parameters, taking into account the economic valorisation of rents, infrastructure enhancements and rehabilitation;
- ✓ provide the incoming concessionaire with adequate compensation, within the limits of what has already been paid to the outgoing concessionaire;
- ✓ define the duration of the concession on the basis of economic criteria based on the size of the proposed investments;
- ✓ determine the environmental and territorial compensation measures to the territories of the municipalities affected by the presence of the works.

This Law also introduced the obligation for the Regions and Autonomous Provinces to initiate the procedures for the assignment of large derivation concessions by 31 December 2023, while extending the deadline for the continuation of concessions that had already expired before the assignment to 27 August 2025, compared to the date of 31 December 2024 previously in force. The Group holds one large derivation concession that has expired as of today.

## Efficiency and energy-saving obligations

Article 16, paragraph 4 of the Letta Decree states that natural gas distribution companies must pursue energy saving objectives and the development of renewable sources. The definition of the national quantitative objectives and the

principles for evaluating the results obtained was delegated to the Ministry of Economic Development, in agreement with the Ministry of the Environment and Land Protection, which issued the Ministerial Decree of 20 July 2004. The achievement of energy savings is certified through the award of energy efficiency certificates, the so-called White Certificates. In order to comply with the obligations set forth in the Decree of 20 July 2004, supplemented by the Decree of 21 December 2007, and thus be awarded White Certificates, distributors may: (i) carry out interventions aimed at improving the energy efficiency of the technologies installed or of the relative methods of use; (ii) directly purchase White Certificates from third parties, through bilateral negotiation or through negotiation on a special market set up at the Electricity Market Operator (GME).

With the Ministerial Decree of 10 May 2018, the mechanism for valuing the contribution recognised to obligated parties for the cancellation of securities was modified by introducing a cap of 250 euro/TEE as the maximum reimbursement. In addition, given the scarcity of securities compared to demand, the short certificate was introduced, i.e. a security issued by the GSE at the request of the obligated distributor that has at least 30% of the securities of the current target in its portfolio. The short certificate could cost up to a maximum of EUR 15/TEE and could eventually be redeemed the following year by the distributor. With the resolution of 14 July 2020, ARERA revised the calculation of the tariff contribution by adding, among other things, the additional contribution that takes into account the market price of the target year and the scarcity of securities on the market. During the reporting year, the Ministerial Decree of 21 May 2021 was issued, which established the national targets for the period 2021-2024, with substantially reduced targets compared to the previous four-year period, as well as modified downwards the 2020 target, which for gas distributors goes from 3.17 to 1.57 million white certificates. The GSE has the task of verifying that each distributor possesses the energy efficiency certificates corresponding to the annual target assigned (increased by any additional quotas for offsets or updated following the introduction of new national quantitative targets) and of informing the Ministry of Economic Development, the Ministry of the Environment and Territorial Protection and the Manager of the Electricity Market of the certificates received and the results of the verifications. If a distributor does not reach the established target, it may be subject to an administrative penalty imposed by the Authority for Electricity, Gas and the Water System, in implementation of Law No. 481 of 14 November 1995 and the indications of the decree of 28 December 2012. For more in-depth information on energy efficiency and energy saving for Group companies, please refer to the section on "Energy Efficiency and Energy Saving".

## Ascopiave S.p.A. share price performance on the stock exchange

As of 30 December 2022, the share price of Ascopiave was quoted at Euro 2.395 per share, a decrease of 31.7 percentage points compared to the price at the beginning of 2022 (Euro 3.505 per share, referring to 3 January 2022).

Market capitalisation as at 30 December 2022 was EUR 564.19 million<sup>1</sup> (EUR 814.80 million as at 30 December 2021).

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<sup>1</sup> The stock market capitalisation of the main listed companies active in the local public services sector (A2A, Acea, Acinque, Hera and Iren) amounted to EUR 12.8 billion as at 30 December 2022. Official data taken from the Borsa Italiana website ([www.borsaitaliana.it](http://www.borsaitaliana.it)).



The share price over the financial year 2022 showed a deterioration in performance (-31.7%). During the same period, the FTSE Italia All Share and FTSE Italia Star indices decreased by 15.2% and 28.2%, respectively. The FTSE Italia Utilities sector index recorded a decrease of 25.5%.

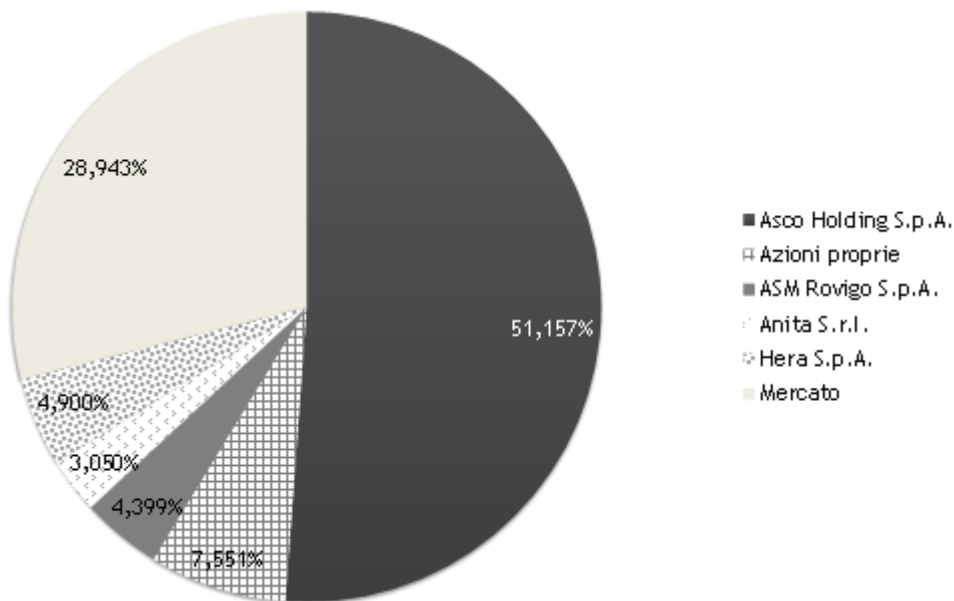
The following table shows the main share and stock market data as at 30 December 2022:

Share and stock-exchange data	30.12.2022	30.12.2021
Earning per share (Euro)	0.15	0.21
Net equity per share (Euro)	4.00	4.01
Placement price (Euro)	1.800	1.800
Closing price (Euro)	2.395	3.470
Maximum annual price (Euro)	3.630	4.080
Minimum annual price (Euro)	1.890	3.390
Stock-exchange capitalization (Million of Euro)	564.19	814.80
No. of shares in circulation	216,709,997	216,709,997
No. of shares in share capital	234,411,575	234,411,575
No. of own share in portfolio	17,701,578	17,701,578

## Control of the company

As of 30 December 2022, Asco Holding S.p.A. directly controlled the majority of Ascopiave S.p.A.'s capital as shown in the chart below.

The shareholding composition of Ascopiave S.p.A. (number of shares held by shareholders out of the total number of shares constituting the share capital) is as follows:



Internal processing on information received by Ascopiave S.p.A. pursuant to Article 120 of the Consolidated Law on Finance and based on information in the company's possession.

## Corporate Governance and Code of Ethics

During the 2022 financial year, Ascopiave S.p.A. continued along the path of developing the corporate governance system set up in previous years, strengthening the risk management system and making further enhancements to the tools aimed at protecting investors' interests.

### Internal control

The activity plan of the Internal Audit Manager is approved annually by the Board of Directors of the Company. In particular, the audit activities framed in the aforementioned activity plan, based on a prioritisation process of the main risks, concern both compliance areas and the corporate processes referable to the *business* areas considered most strategic.

### Manager in charge

The Manager in charge, with the help of the Head of Internal Auditing and the Compliance Function, reviewed the adequacy of administrative and accounting procedures as part of his verification activities, and continued to monitor and update the procedures deemed relevant for the purposes of compiling financial information. For this purpose, the Company is equipped with continuous auditing tools, which allow the automation of control procedures.

### Organisation, management and control model pursuant to Legislative Decree 231/2001

Ascopiave S.p.A. and its subsidiaries are equipped with an Organisation, Management and Control Model, updated by the Board of Directors on 11 November 2021; they have adhered to the Code of Ethics of the parent company Ascopiave. On 10 September 2021, the Board of Directors of Ascopiave S.p.A. approved an update to the Code of Ethics of the Ascopiave Group.

The Company, availing itself of the activity of the Supervisory Board, constantly monitors the effectiveness and adequacy of the Model adopted. Ascopiave S.p.A. approved the "Procedure for the management of Reports by the Ascopiave Group", adopted by all the Group's subsidiaries and an integral part of Model 231 (attachment 3 of Model 231). Reports are managed by a 'Reporting Committee'. The Company has also continued its activities to promote, raise awareness and understanding of the Code of Ethics among all its interlocutors, especially in the context of commercial and institutional relations. Please note that Model 231 and the Code of Ethics are available in the *corporate governance* section of the website [www.gruppoascopiave.it](http://www.gruppoascopiave.it).

## Transactions with related and associated parties

The Group has the following transactions with related parties:

- ✓ Purchase of telematics and IT services from the subsidiary ASCO TLC S.p.A.;
- ✓ Administrative services from the parent company Asco Holding S.p.A..

The Group has the following transactions with related parties:

- ✓ Lease of owned real estate to the subsidiary ASCO TLC S.p.A.;
- ✓ Administrative and personnel services from Ascopiave S.p.A. with the parent company Asco Holding S.p.A..

In the year 2022, relations with affiliated companies generated revenues in connection with the following types of services:

- ✓ Natural gas transport service on local distribution network;
- ✓ Meter services performed as natural gas distributors and meter reading services;
- ✓ Administrative, IT, personnel and facility services.

It should be noted that these relations are based on the utmost transparency and on market conditions; please refer to the explanatory notes of this report for details on the individual relations.

The table below shows the economic and financial substance of the relationships already described:

(Thousands of Euro)	Trade receivables	Other receivables	Trade payables	Other payables	Costs			Revenues		
					Goods	Services	Other	Goods	Services	Other
<i>Parent company</i>										
Asco Holding S.p.A.	80	174	25	0	0	152	0	0	64	0
<b>Total parent company</b>	<b>80</b>	<b>174</b>	<b>25</b>	<b>0</b>	<b>0</b>	<b>152</b>	<b>0</b>	<b>0</b>	<b>64</b>	<b>0</b>
<i>Affiliated companies</i>										
Bim Piave Nuove Energie S.r.l.	171	0	0	0	0	313	0	0	18	0
Asco TLC S.p.A.	43	0	66	0	0	77	0	0	747	0
<b>Total affiliated companies</b>	<b>214</b>	<b>0</b>	<b>66</b>	<b>0</b>	<b>0</b>	<b>390</b>	<b>0</b>	<b>0</b>	<b>765</b>	<b>0</b>
<i>Subsidiary companies</i>										
Estenergy S.p.A.	8,139	0	58,136	0	0	(26,077)	0	0	0	0
ASM Set S.r.l.	33	0	2,468	0	0	(1,299)	0	0	48	0
Etra Energia S.r.l.	78	0	363	0	0	(164)	0	0	0	0
<b>Total subsidiary companies</b>	<b>8,250</b>	<b>0</b>	<b>60,967</b>	<b>0</b>	<b>0</b>	<b>(27,540)</b>	<b>0</b>	<b>0</b>	<b>48</b>	<b>0</b>
<b>Total</b>	<b>8,544</b>	<b>174</b>	<b>61,059</b>	<b>0</b>	<b>0</b>	<b>(26,647)</b>	<b>0</b>	<b>0</b>	<b>878</b>	<b>0</b>



## Significant events during the financial year 2022

### Shareholders' agreements - updating of voting rights

On 5 January 2022, pursuant to applicable laws and regulations, Ascopiave informed that an updated version of the key information relating to the shareholders' agreement signed on 16 March 2020 was published in the *Corporate Governance* section of the website [www.gruppoascopiave.it](http://www.gruppoascopiave.it). The sole purpose of this update was the change in the number of voting rights held by some of the peaceful shareholders as a result of the intervening increase in voting rights, as communicated by Ascopiave on 7 October 2021 and 5 November 2021. Pursuant to Articles *65-quinquies*, *65-sexies* and *65-septies* of the Issuers' Regulations, the document was made available to the public at the company's registered office, at Borsa Italiana S.p.A., on the authorised storage mechanism "eMarket Storage" ([www.emarketstorage.com](http://www.emarketstorage.com)) of Spafid Connect S.p.A. (now "Teleborsa S.r.l."), as well as in the Corporate Governance section of the website [www.gruppoascopiave.it](http://www.gruppoascopiave.it).

### Ascopiave Group enters the wind power sector

On 21 January 2022, the Ascopiave Group announced that it had acquired, through its subsidiary Asco Renewables S.p.A., a 60% stake in the capital of Salinella Eolico S.r.l., owned by Renco S.p.A.. Salinella Eolico S.r.l., the remaining 40% of which is owned by Renco S.p.A., is planning to build a wind farm in the Province of Catanzaro with a nominal capacity of up to 21 MW, part of which has already been authorised by the relevant authorities and part of which is at an advanced stage of authorisation. The construction of the wind farm, which will be carried out by Renco S.p.A., will entail a total investment of about EUR 30 million.

### Completed the acquisition of the majority shareholding in Eusebio Energia S.r.l. (now called 'Asco EG S.p.A.), a company active in the energy sector

On 28 January 2022, Ascopiave S.p.A. announced that it had finalised a further investment in the renewable energy sector relating to hydroelectric and wind power, as envisaged in the 2020-2024 Strategic Plan. The investment consisted in Ascopiave's acquisition of the majority shareholding, held by Supermissile S.r.l., equal to 79.74% of the share capital of Eusebio Energia S.r.l., now called "Asco EG S.p.A.") a company operating in the energy sector. The acquired company has 22 plants for the production of electricity from renewable sources, including 21 hydroelectric power plants, with a total capacity of 44 MW, located in Lombardy and Veneto and a wind farm, consisting of 14 blades of 1 MW each, located in Campania. The price paid at the closing for the acquisition of the above-mentioned majority stake is €44.8 million and includes an *earn-out* mechanism. Eusebio's estimated net financial position as of 31 December 2021 is Euro 18.5 million. Eusebio's preliminary EBITDA for the financial year 2021 is estimated to be approximately Euro 13 million and for 2022, the result is expected to be in line with the previous year, gross of the compensation provided for by the recent regulatory intervention.

### Strategic Plan 2021-2025

On 31 January 2022, the Board of Directors approved the Group's 2021-2025 strategic plan. The plan confirmed the strategic guidelines set out last year, outlining a path of sustainable growth both in the *core business of gas distribution* and in new areas of activity, particularly in the renewable energy - into which the Group has recently entered through M&A transactions finalised in the last two months - and *green gas* sectors.

The company announced that the development will take place under conditions of a balanced financial structure, ensuring a stable and remunerative dividend distribution.

The economic and financial highlights are:

- EBITDA to 2025: EUR 102 million (+ EUR 36 million compared to preliminary 2021)
- Net profit to 2025: EUR 46 million (+ EUR 2 million compared to preliminary 2021)
- Net investments 2021-2025: EUR 599 million
- Net debt to 2025: EUR 608 million
- Financial leverage (Net Financial Position / Shareholders' Equity) to 2025: 0.68
- Dividend forecast: 16.5 cents per share for the financial year 2021, increasing by 0.5 cents per share in the following years until 2025.

The plan presented a scenario that valorised the possible award by the Group of certain tenders for gas distribution services in minimum territorial areas of interest. This opportunity, which depends, among other things, on the actual

timing of the publication of calls for tenders, resulted in an estimated further growth in EBITDA to 2025 of EUR 16 million and an increase in investment volume of EUR 59 million.

#### **Disclosure of the total amount of voting rights pursuant to Article 85-bis, paragraph 4-bis, of Consob Regulation 11971 of 14 May 1999**

On 7 March 2022, Ascopiave S.p.A. announced that the increase in voting rights on 7,149,505 of the Company's ordinary shares had become effective, pursuant to Article 127-quinquies of Legislative Decree No. 98/1998 and Article 6 of Ascopiave's bylaws. For the sake of completeness, Ascopiave also specified on the same date that - consistently with the provisions of art. 6.11 of Ascopiave's bylaws - during the month of December 2021, 45,000 ordinary shares were cancelled from the Special List, following a communication from the shareholder Asco Holding S.p.A., received by the entity in charge of managing the Special List, concerning the loss of ownership of the real right legitimising registration in the Special List. These shares had been registered in the Special List on 26 March 2020.

Subsequently, specifically on 7 April 2022 and on 6 May 2022, Ascopiave S.p.A. announced that the increased voting rights of additional ordinary shares of the Company had become effective, pursuant to Article 127-quinquies of Legislative Decree No. 98/1998 and Article 6 of Ascopiave's Articles of Association.

Therefore, as of today's date, Ascopiave ordinary shares with increased voting rights total 159,965,485 shares. Please note that art. 6 of Ascopiave's bylaws provides that each share held by the same shareholder for a continuous period of at least twenty-four months from the date of its registration in the Special List established pursuant to art. 6.8 of the bylaws shall be attributed two votes. On the basis of the information in the Company's possession, the Company has published data on the shares outstanding and the number of voting rights that can be exercised.

#### **Completed the closing of the acquisition by the Consortium formed by Ascopiave, ACEA and Iren of certain concessions from A2A in the gas distribution sector**

On 1 April 2022, the Consortium, formed by Ascopiave S.p.A., ACEA S.p.A. and Iren S.p.A., announced that it had finalised the closing of the agreement with the A2A Group for the acquisition of certain assets in the natural gas distribution service, as anticipated in the press release of 31 December 2021.

The scope of activities covered by the transaction includes about 157,000 users, distributed in 8 regions of Italy, belonging to 24 ATEMs, for about 2,800 km of network.

Ascopiave S.p.A.'s perimeter of interest consists of concessions in 15 ATEMs in Veneto, Friuli-Venezia Giulia and Lombardy, for a total of approximately 114,300 PDRs. The valuation of the assets acquired in terms of Enterprise Value is equal to €73.2 million, including the 79.37% stake in the company Serenissima Gas S.p.A., owner of part of the concessions in the perimeter (about 41,700 PDR).

ACEA S.p.A.'s perimeter of interest consists of concessions in 5 ATEMs, including 2 in Abruzzo, 2 in Molise and 1 in Campania, for a total of approximately 30,700 PDRs. The Enterprise Value is EUR 35.8 million.

Iren S.p.A.'s perimeter of interest consists of concessions in 4 ATEMs, of which 1 in Lombardy and 3 in Emilia Romagna, for a total of about 12,000 PDRs. The Enterprise Value is EUR 16.4 million; the condition precedent for the sale of the business unit owned by Retragas has not been met, so the unit is currently excluded from the perimeter.

#### **Shareholders' agreements - variation**

On 25 April 2022, pursuant to applicable laws and regulations, Ascopiave S.p.A. informed that an update of the key information relating to the shareholders' agreement signed on 16 March 2020 was published in the Corporate Governance section of the website [www.gruppoascopiave.it](http://www.gruppoascopiave.it). The sole purpose of this update was the change in the number of voting rights held by some of the peaceful shareholders as a result of the intervening increase in voting rights, as well as the contribution to the agreement of additional Ascopiave S.p.A. shares by some peaceful shareholders.

Pursuant to Articles 65-quinquies, 65-sexies and 65-septies of the Issuers' Regulations, the document has been made available to the public at the company's registered office, at Borsa Italiana S.p.A. ([www.borsaitaliana.it](http://www.borsaitaliana.it)), on the authorised storage mechanism "eMarket STORAGE" ([www.emarketstorage.com](http://www.emarketstorage.com)) of Spafid Connect S.p.A. (now "Teleborsa S.r.l."), as well as in the *Corporate Governance* section of the website [www.gruppoascopiave.it](http://www.gruppoascopiave.it).

#### **Ordinary Shareholders' Meeting of 28 April 2022**

On 28 April 2022, the Ordinary Shareholders' Meeting of Ascopiave S.p.A. met under the chairmanship of Mr. Nicola Ceconato.

The Ordinary Shareholders' Meeting approved the financial statements for the financial year and took note of the Group's consolidated financial statements as at 31 December 2021 and resolved to distribute an ordinary dividend in the amount of EUR 0.165 per share, for a total of EUR 35.8 million, an amount calculated on the basis of the shares outstanding as at the end of the financial year 2021. The ordinary dividend was paid on 4 May 2022 with ex-dividend date, identified with the number 18, on 2 May 2022 (*record date* 3 May 2022).

The Shareholders' Meeting also approved, with a binding vote, the first section of the report on the remuneration and compensation policy prepared pursuant to Article 123-ter of Legislative Decree No. 58 of 24 February 1998 (the 'TUF') (i.e., the remuneration policy for the financial year 2022).

The Shareholders' Meeting also cast a favourable advisory vote on the second section of the report on remuneration policy and remuneration paid prepared pursuant to Article 123-ter of the Consolidated Law on Finance (i.e., the report on remuneration paid in the financial year 2021).

Finally, the Shareholders' Meeting approved the authorisation to purchase and dispose of treasury shares, subject to revocation of the previous authorisation granted by the Shareholders' Meeting of 29 April 2021, for the portion not executed.

### **Sustainability Report 2021 approved**

On 28 April 2022, Ascopiave S.p.A. announced that the 2021 Sustainability Report, approved by the Board of Directors of Ascopiave S.p.A. in its meeting of 21 April 2022, following the positive opinion of the Sustainability Committee, was published in the "Sustainability" section of its website. The Sustainability Report illustrates the Company's commitment with regard to "*Environmental, Social and Governance*" factors and provides an overview of the initiatives promoted by the Ascopiave Group with regard to corporate social responsibility.

### **Spin-off project of Romeo Gas S.p.A.**

On 1 October 2022, the partial demerger of Romeo Gas S.p.A. initiated on 27 July 2022 in favour of Adistribuzione S.p.A. (ACEA Group) took place. As a result, the company's shareholding structure and capital changed and Ascopiave S.p.A.'s stake in Romeo Gas S.p.A. increased to 80.293%. For the purposes of identifying the demerged compendium and calculating the adjustments, the value of the equity of the demerged company as at 1 April 2022 was taken as a reference, to be compared to the value of the equity of the demerged perimeter as at the effective date of the demerger, defined as the algebraic sum of the accounting balances of the assets and liabilities pertaining to the demerged compendium.

### **Merger by incorporation of Ascotrade S.p.A., Ascopiave Energie S.p.A. and Blue Meta S.p.A. into EstEnergy S.p.A.**

Effective 1 October 2022, the companies Ascotrade S.p.A., Ascopiave Energie S.p.A. and Blue Meta S.p.A., operating in the sale of gas and electricity, were merged by incorporation into EstEnergy S.p.A..

### **Adjustment of the annual calendar of corporate events, pursuant to Article 2.6.2 of the Rules of the Markets Organised and Managed by Borsa Italiana S.p.A.**

On 6 October 2022, Ascopiave S.p.A. announced that the Board of Directors' meeting to approve the interim report for the nine months ended 30 September 2022, initially scheduled for 10 November 2022, would be held on 3 November 2022, and that the analysts' presentation, initially scheduled for 11 November 2022, would be held on 3 November 2022.

### **Agreement signed on the rationalisation of gas distribution concessions**

On 25 November 2022, the Ascopiave Group and the IREN Group, already shareholders of Romeo Gas S.p.A. with a stake of 80.3% and 19.7% respectively, a company set up following the award of the tender for the sale by the A2A Group of concessions in the natural gas distribution service, agreed on a change to the agreements aimed at rationalising the presence in the North West of Ascopiave and its subsidiary Edigas S.p.A. and the exit of the IREN Group from Romeo Gas S.p.A..

In particular, the new agreement provides for:

- ✓ the transfer by the Ascopiave Group to the IREN Group of the entire capital of a newly-formed company by the Ascopiave Group into which the business branches relating to the management of the concessions of the Savona 1 ATEM and the Vercelli ATEM owned by Edigas S.p.A., a company of the Ascopiave Group, and equipped with about 20,000 PDRs, will have been previously transferred;

- ✓ the transfer by the IREN Group in favour of Ascopiave of its 19.7% stake in the capital of Romeo Gas S.p.A. and the waiver by the IREN Group to acquire from Romeo Gas S.p.A. the Piacenza 1 and Pavia 4 business branches - including Retragas - with the related 8,700 PDR, and
- ✓ the sale by Romeo Gas S.p.A. in favour of the IREN Group of the business units related to the management of the concessions of the Parma and Piacenza 2 ATEMs with about 3,000 RDCs.

On 25 November 2022, it was announced that, as a result of the transaction, which was expected to be finalised by 31 January 2023 subject to the fulfilment of certain conditions precedent, the Ascopiave Group would also receive a monetary adjustment estimated at €3.4 million.

#### **Hera Group and Ascopiave acquire 92% of Asco Tlc**

On 29 November 2022, the Hera Group, through its subsidiary Acantho, and Ascopiave were awarded the public tender procedure called by Asco Holding for the sale of 92% of the shares of Asco TLC, held by Asco Holding itself and by the C.C.I.A.A. of Treviso Belluno.

Asco TLC, a company that has been active since 2001 in the provision of ICT services mainly to *corporate* customers and public administrations, has a significant proprietary territorial network, located in the Veneto and Friuli-Venezia Giulia regions for more than 2,200 km of fibre optic backbones, 56 radio links and 24 xDSL exchanges in *unbundling*, and provides its services to more than 2,700 customers.

This *partnership* constitutes a strategic step in the evolution of Ascopiave and Hera Group's business portfolio in the IT sector, in line with the two groups' industrial plans. It also represents the first *step* of a potentially broader operation that would lead, through the merger by incorporation of Asco TLC into Acantho, to the birth of a multi-regional operator capable of achieving significant operating synergies compared to *stand-alone* companies, with benefits also for customers.

Ascopiave and Acantho, in *partnership with* stakes of 60% and 40% respectively, passed the selection process launched last April by Asco Holding and, after the *due diligence* phase to which they were invited at the end of July, jointly submitted their binding offer on 3 November, as required by the procedure itself.

It was announced that the acquisition price would be cash-settled, amounting to EUR 37.2 million, against a normalised net financial position as at 30 June 2022 of EUR 0.1 million.

Furthermore, it was announced that the *closing* of the transaction would be subject to the fulfilment of the conditions precedent provided for by the procedure, in particular the acquisition of the necessary authorisations by the competent bodies.

#### **Ascopiave sells 8% of the capital of EstEnergy to the Hera Group**

On 1 December 2022, the Hera Group, through its subsidiary Hera Comm, and Ascopiave S.p.A. signed an agreement for the sale by the latter of an 8% stake in the capital of EstEnergy, the commercial *joint venture* established in 2019 and constituting the largest *energy* operator in the North-East with over one million customers. The sale derives from the partial exercise of the put option held by Ascopiave on its shareholding in the company, as set out in the agreements signed between the parties when the partnership was established.

The transfer value is based on the *fair market value* of the company, estimated at EUR 79.2 million with payment in December 2022.

As a result of the transaction, which was finalised on 29 December 2022, the Hera Group's stake in EstEnergy has increased to 60%, while Ascopiave continues to hold 40% of the share capital, with the right to sell this stake under the conditions already defined, in addition to maintaining current *governance* rights. The transaction, which falls within the framework of the objectives announced in its strategic plan, allows the Ascopiave Group to enhance the sustainability of its capital structure, contributing to the financial coverage of medium-term investments in core and diversification activities. At the same time, the Hera Group, in line with the objectives of its business plan, further strengthens its presence in the North East, continuing to generate tangible benefits for customers and the communities it serves, through quality services, investment, innovation, and protection of the environment and resources.

#### **Annual corporate events calendar 2023**

On 6 December 2022, Ascopiave S.p.A., pursuant to art. 2.6.2 of the Rules of the Markets Organised and Managed by Borsa Italiana S.p.A., disclosed the calendar of the main economic and financial events for the year 2023.

#### **Hera Group and Ascopiave signed contracts for the acquisition of 92% of Asco Tlc**

On 29 December 2022, following the press release issued on 29 November 2022, the Hera Group and the Ascopiave Group announced that they had signed the contractual documentation governing the acquisition of 92% of Asco TLC from Asco Holding and the Treviso-Belluno Chamber of Commerce.

It was announced that the transfer of the Asco TLC shares would take place at the *closing* of the transaction, expected in the first quarter of 2023.

This *partnership* represents a strategic step in the evolution of Ascopiave and the Hera Group's business portfolio in the IT-TLC sector, in line with the industrial plans of the two groups.

For more information on the details of the transaction, please refer to the press release of 29 November 2022.

The transaction constitutes a transaction with related parties for Ascopiave, due to the fact that Asco Holding controls Ascopiave, without, however, exercising any management and coordination activity over the latter.

The transaction qualifies as a transaction of minor significance, pursuant to the Consob Regulation on Related Party Transactions (hereinafter referred to as the 'Regulation'), as well as the related procedure adopted by Ascopiave, and received a favourable, non-binding opinion from Ascopiave's Committee for Related Party Transactions.

It should be noted that, as the above-mentioned transaction qualifies as a transaction of minor importance, no information document will be published pursuant to Article 5 of the Regulation.

### International Crisis

Between February and March 2022, the Russian-Ukrainian conflict flared up and the international geopolitical tension increased day by day and continues to this day. NATO member states condemned the Russian invasion of Ukraine and introduced sanctions against Russia that became increasingly stringent. The situation of uncertainty and the continuing international crisis have significantly revived the inflationary trend, which had already started in 2021, primarily affecting the price of natural gas, oil and, consequently, energy produced to a large extent by gas turbines. These dynamics subsequently shifted their effects onto other consumer goods that, for manufacturing or transporting them, require energy consumption. In particular, among the most sensitive to commodity trends, foodstuffs reacted. A sector already partly affected by the contraction of Ukrainian production and reduced Russian exports.

The inflationary spiral was also fuelled by the decrease in the number of cubic metres of natural gas delivered to Europe by Gazprom, which revived the prices of the raw material, registering significant increases and considerable market turbulence throughout the year, reaching the highest peaks, especially in the summer period. A further blow to the supply of natural gas was dealt by the accidents in the Baltic Sea on 26 September, which affected the North Stream 1 and 2 pipelines. The explosions caused the two pipelines to be irreparably damaged or, if not totally, unusable for a long time.

World trade also suffered considerable delays due to the closure of some important trading ports in some parts of the world. The scarcity of raw materials and components, as well as the energy uncertainty during the year fuelled the inflationary flame, which continued its course until the end of the year.

To overcome these problems, the Government has started a process of supply substitution in order to decrease dependence on Russia in the energy field, and the agreements signed so far allow for the partial substitution of Russian gas quantities, with progressive growth in the coming years; the Government has also passed several legislative measures aimed at calming price increases: in some cases, such as bills or on the price of fuel at the pump by sanctioning discounts, while in others, by establishing bonuses. The subsidies attracted most of the available resources in the state budget and, even in the so-called budget manoeuvre, absorbed the most significant part of the planned deviations.

The Federal Reserve and the European Central Bank, like the world's other central banks, have started a process of raising interest rates in order to curb the run-up in inflation and, at the same time, try to avoid an excessively violent slowdown that would lead to a recession in their respective countries. The former in particular has carried out more decisive and robust increases.

Accomplice to a particularly mild fourth quarter of the year, demand for natural gas contracted significantly, leading to a corresponding reduction in the price of the raw material with the advent of the new year (2023). This curve had already begun to bend in December, but given the peaks recorded in the first few days of the month by the commodity, the price had not benefited. A flexion which, conversely, began to be perceptible in 2023. An indicator that would give an indication of a tendency for inflation to reabsorb also in the EURO area, a trend already anticipated in the US during the autumn.

Overall consumer price inflation in the major advanced economies is therefore expected to drop as a result of the stated restrictive monetary policies, the contraction in demand and the reorganisation of transport routes and the corresponding normalisation of costs and delivery times. The projections drawn by institutional bodies point to a path

that should show positive effects in 2024, with a 2023 of transition and permeated by the effects put in place to stem the inflationary race.

The scenarios, although some indicators are improving, consequently remain uncertain due to both the continuation of the Russian-Ukrainian conflict and the variables that it may trigger, and the modest growth expected in 2023 that could quickly turn into recession if some variables do not react as expected.

The Group's management continues to monitor, through the use of external indicators and internally developed values, the impacts in terms of performance so as to be able to intervene with any corrective measures aimed at mitigating the effects that might be reflected in the performance of the business.

## Other important facts

### Natural gas distribution

The Ascopiave Group manages concessions for the gas distribution service in a total of 306 municipalities in Veneto, Friuli, Lombardy, Emilia Romagna, Piedmont and Liguria through the companies AP Reti Gas S.p.A., AP Reti Gas Vicenza S.p.A., AP Reti Gas Rovigo S.r.l., Edigas Esercizio Distribuzione Gas S.p.A., AP Reti Gas Nord Est S.r.l., Romeo Gas S.p.A and Serenissima S.p.A.

## The natural gas distribution business

### Fully consolidated companies

Below is a summary table of the group's gas distribution business data for the year 2022 and a comparison with that of 2021:

	Financial Year	
	2022	2021
Volume of gas distributed (m <sup>3</sup> )	1,513	1,593
Length of distribution network in operation (Km)	14,614	12,988
Total distribution network laid / replaced	95	108
Total active gas meters (no.)	901,970	777,858
Total smart meters G4/G6 (no.)	741,370	596,404
Average time of arrival on site (minutes)	38.67	38.12
Distribution network inspected (%)	69.70%	72.70%

The planned inspection of the network in 2022, carried out entirely with the Group's own personnel and means, is well above the minimum standards required by the Autorità di Regolazione per Energia Reti e Ambiente (hereinafter ARERA) for distribution plants and reflects the particular attention paid by the Group's distribution companies to the issue of service safety.

Below is a table on percentages:

	target ARERA	Financial Year		
		2020	2021	2022
High and medium pressure network inspected on the total (100% inspection obligation in 3 years)	> 100% in 3 years	79.99%	72.97%	70.63%
Low pressure network inspected on the total (100% inspection obligation in 4 years)	> 100% in 4 years	80.00%	72.40%	69.25%

All safety indicators (arrival time at the call location for emergency response, scheduled network inspection and odour level measurements) and continuity indicators (service interruptions) were effectively kept under control, in full compliance with the service obligations set by ARERA.

	Financial Year	
	2022	2021
Compliance with the maximum time set for the execution of services subject to specific commercial quality standards	99.39%	98.95%
Respect for punctuality in the appointments agreed with the end customer	99.92%	99.91%

During the year, the company's emergency response structure, which operates 24 hours a day every day of the year and can be activated through dedicated company toll-free numbers, carried out 10,156 interventions, with an average arrival time at the call location of 38.67 minutes, far less than the 60 minutes required by the Authority's standards.

In addition, continuous monitoring of the proper odourisation of the gas was carried out, with a number of checks well above the Authority's requirements.

All schedules and deadlines for plant operation and maintenance activities were met and were carried out almost exclusively through the use of in-house personnel.

During the financial year, the process of streamlining the organisational structure continued, aimed at optimising the use of resources and synergy between the group's distribution companies, pursuing enhancements in all administrative, technical, process control and human resources management activities, and seeking to optimise the use of resources, internalising activities and increasing the possibility of making investments.

In particular, activities continued to pursue the enhancement of the energy efficiency of the REMI cabins by optimising the pre-heating system with various technological solutions such as heat pumps, photovoltaics and solar thermal energy. This initiative resulted in high energy savings by reducing the gas needed for the pre-heating system.

In addition, the company has expanded its use of innovative CRDS (Cavity Ring-Down Spectroscopy) technology for preventive pipeline monitoring and leak detection. This technology, thanks to a series of apparatuses, sensors and devices installed on an equipped vehicle, combined with the use of sophisticated analysis software, allows a sensitivity of detecting the presence of gas in the air that is at least three orders of magnitude higher than traditional technologies.

### **Stipulation of a proposed convention with the municipalities for the adoption of a shared procedure aimed at the agreed quantification of the "Industrial Residual Value" of the networks**

The regulatory changes that have taken place in recent years, and in particular the discipline that has provided for the selection of the distribution service manager by means of the so-called 'area tenders', have entailed, among other things, the need to determine the Residual Industrial Value (V.I.R.) of the plants owned by the Managers.

In this respect, the concession agreements governed two 'paradigmatic' situations, namely:

- early redemption (normally governed by Royal Decree No. 2578/1925) and
- repayment from the (natural) expiry of the concession.

The eventuality of an 'opere legis' expiry, prior to the commencement of the 'contractual' term, was (as a rule) not contemplated (and therefore regulated) in the concession deeds.

In substance, the case at issue (early expiry imposed by law) represents a "tertium genus", in some respects similar to the exercise of early redemption (from which, however, it differs markedly due to the lack of an autonomous will on the part of the Entity) and in other respects similar to the expiry of the term of the grant (which, however, has not expired).

At least until Ministerial Decree 226/2011, there were no laws and/or regulations that precisely defined the methods and criteria for determining the R.I.V. of plants and that could therefore supplement the contractual clauses, which were frequently lacking.

Even Legislative Decree 164/2000, until the amendment introduced first by Decree-Law 145/2013, and then by Law 9/2014 merely referred to Royal Decree 2578/1925 which, however, sanctioned the industrial estimation method without setting precise estimation parameters.

This situation made it extremely opportune, if not necessary, to establish specific agreements with the municipalities aimed at arriving at a shared estimate of the Residual Industrial Value. Suffice it to say that the very lack of such agreements, in the past, has often led to disputes in both administrative and civil/arbitration courts.

The situation of Asco Holding's shareholder municipalities was even more peculiar, in the sense that, with them, there was no actual concession deed in the 'canonical' forms, but various acts of conferment into a company (the then Special Company) that at the same time sanctioned the continuation of the service previously carried out by the Consorzio Bim Piave.

It is clear that, as acts of contribution, a regulation of their own concerning the redemption and/or expiry of the management was neither contemplated nor contemplated.

With the aforementioned municipalities, Ascopiave therefore entered into an agreement that provided for the identification of an expert of recognised professionalism, competence and independence called to establish the fundamental criteria to be applied in calculating the Residual Industrial Value of gas distribution plants. The relative negotiated procedure, conducted with the criterion of the most economically advantageous offer, was concluded on 29 August 2011. The expert thus identified drew up the Report (made available on 15 November 2011) on "Fundamental criteria for calculating the Industrial Residual Value of the natural gas distribution plants located in the municipalities currently served by Ascopiave S.p.A.", which was approved on 2 December 2011 by the Board of Directors of Ascopiave S.p.A. and subsequently by all 92 municipalities with a resolution of the Municipal Council.



In 2013, Ascopiave S.p.A. transmitted the state of consistency and the valuation of the plants resulting from the application of the criteria defined in the Report, at the same time offering its willingness to enter into discussions with the municipalities to analyse the documents.

To date, at the outcome of the relevant technical discussion, 86 municipalities (unchanged from 31 December 2015) have approved the relevant valorisations.

As part of the aforementioned process, mutual relations more strictly related to the management of the service were also regulated, providing for the payment of both lump sums (2010 - stipulation of supplementary deeds) in the amount of Euro 3,869 thousand, and (from 2011) of actual fees in variable amounts equal to the difference, if positive, between 30% of the Revenue Constraint recognised by the tariff regulation and the amount received by each individual municipality as a 2009 dividend (2008 budget).

In particular, they corresponded:

- Euro 3,869 thousand for 2010;
- Euro 4,993 thousand for 2011;
- Euro 5,253 thousand for 2012;
- Euro 5,585 for 2013;
- Euro 5,268 for 2014;
- Euro 5,258 for 2015;
- Euro 5,079 thousand for 2016;
- Euro 5,190 thousand for 2017;
- Euro 5,258 for 2018;
- Euro 5,482 thousand for 2019;
- Euro 5,467 thousand for 2020;
- Euro 5,430 for 2021;

for a total of Euro 62,132 thousand.

During 2015, Ascopiave S.p.A. made available to the municipalities belonging to the Ambiti Territoriali Minimi Treviso 2 - Nord and Venezia 2 - Entroterra and Veneto Orientale (69 municipalities out of 92) an update of the plant valuations as at 31 December 2014. Subsequently, in the biennium 2016-2017, the municipalities belonging to the Treviso 2 - North ambit and some municipalities of the Treviso 1 - South ambit were provided with an update as of 31 December 2015, applying the agreed valuation criteria and providing a count of the valuation of private contributions to be deducted from the residual industrial value pursuant to Law 9 / 2014.

The contracting stations of the territorial ambits Treviso 2 - North and Venice 2 - Hinterland and Eastern Veneto sent to ARERA the valuations of the reimbursements of some municipalities for the purposes of the verifications required by the regulations. The Authority made some observations (then forwarded by the same contracting stations) against which AP Reti Gas proposed its own 'counter-deductions'.

## Renewable energies

Consistently with its strategic plan, the Ascopiave Group has started a path of diversification of its managed activities oriented towards the energy transition by entering the renewable energy sector. As of 31 December 2022, this sector represents the Group's second largest activity in terms of contribution to company income, and in particular is active in the production of electrical energy from renewable sources, such as hydroelectric and wind power.

The portfolio of plants held by the Group has an installed capacity of 62.5 MW, of which c. 10.3 MW operating under the incentive tariff regime deriving from agreements stipulated with GSE S.p.A., while the remaining 52.2 MW operate on the free market.

At the policy level, the European Union and Italy laid the foundations for the transition to a sustainable economic model by including a series of energy-related targets to tackle climate change, summarised in the European Green Deal. In implementation of the same, the 'Fit for 55' package was presented in 2021, which set the goal of 'carbon neutrality' to 2050, passing intermediate targets to be reached by 2030, such as a 55% reduction in net greenhouse gas emissions, at

least 40% incidence of renewables in energy consumption, and a 39% reduction in primary energy consumption. In light of the energy crisis generated by the Russian-Ukrainian conflict, the European Commission issued the RePower EU Plan in 2022, updating previously set targets including a 45% increase in the share of renewables in energy consumption. Implementing the European Green Deal and the 'Fit for 55' package, Italy issued the Energy Transition Plan (ETP) setting a target of 72% incidence of renewables on the electricity generation mix by 2030, increased from the 55% set in 2019 by the Piano Nazionale Integrato Energia e Clima (PNIEC).

In 2022, national energy consumption amounted to 316.8 TWh, with renewables accounting for 31.1%, while net electricity production stood at 276.4 TWh, of which 35% from renewables.

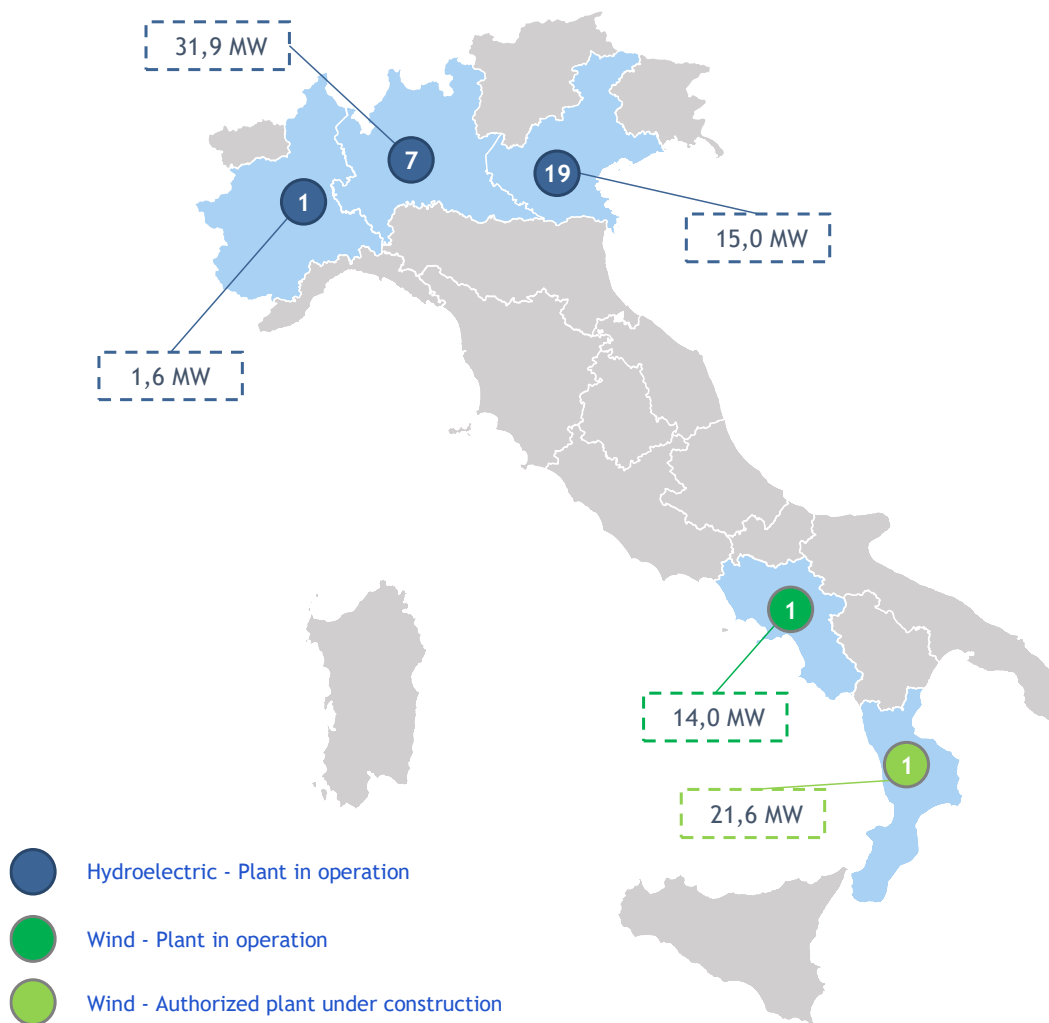
Renewable production, as explained above, will see a development in the coming years mainly driven by wind and photovoltaics.

At the incentive level, the Ministerial Decree of 04/07/2019 (the so-called 'RES 1' Decree) is currently in force, which provides for the recognition of an incentive tariff to be determined on the basis of the discount offered by the proponents when participating in the auctions with respect to the auction base (the so-called reference tariff). The duration of the proposed incentives varies from 20 to 35 years depending on the renewable source at base. The incentive refers both to the construction of new plants and to the refurbishment or upgrading of existing plants and has an overall quota in terms of installed power of 8 GW to be allocated through seven tenders. To date, the entire available quota has not yet been allocated and the new decree is awaited in an update, currently in draft form.

The Group's hydroelectric plants are operated under concessions with defined expiry dates, while the wind power plant is operated on the basis of authorisations with no duration limits.

### **Activities managed**

The Ascopiave Group holds a portfolio of electrical generation from renewable sources equal to 62.5 MW in terms of installed power, consisting of 27 hydroelectric plants (3 large derivation plants, i.e., with concession power greater than 3MW, and 25 small derivation plants) for a total power of 48.5 MW and 1 wind farm with a power of 14 MW. In addition, through its subsidiary Salinella Eolico S.r.l., whose majority shareholding was acquired on 25 January 2022, it has started the construction of a new wind farm in the Province of Catanzaro, which will have an installed capacity of 21.6 MW.



## Cogeneration

In 2022, the operation of the cogeneration plants was carried out by the Research and Development Division of the Ascopiave Group on behalf of Asco Energy S.p.A.

As far as activities on thermal cogeneration plants are concerned, the operation of three plants was managed during 2022:

- ✓ Concerning the 'Le Cime' plant in Mirano (VE), following the latest extension of the district heating network, the fill rate of the connected residential customers increased from 129% to 130%. The cogeneration unit worked at full capacity, being switched on in the winter period to supply thermal energy for heating use by the

connected customers and in the summer period to feed the absorber for the production of cooling energy for the same customers;

- ✓ Concerning the 'Bella Mirano in Mirano (VE)' plant, following the connection to the district heating network of the last condominium in the original agreement, the saturation rate of the connected residential customers increased from 115% to 121%. The exceeding of the 100% saturation rate is due to the fact that, in addition to the original project, two new apartment blocks were connected to the district heating network during 2014, which were not part of the original project, but were connected following a full cost contribution paid by the builders of the two new apartment blocks. The cogeneration unit worked at full capacity, being switched on in the winter period to supply thermal energy for heating use;
- ✓ the "Cà Tron a Dolo (VE)" plant has maintained the same fill rate as the connected residential customers. It should be emphasised that to date, only the first section (about 50%) of the entire lot covered by the Agreement has been completed. The cogeneration unit has been working at full capacity, being switched on during the winter period to supply thermal energy for heating purposes to the connected customers;

As far as thermal plant activities are concerned, the Group managed the operation of five plants in 2022.

### Efficiency and energy saving

With regard to the targets to which the Group's natural gas distribution companies are obliged with regard to energy efficiency certificates (TEEs), with the publication of the Ministerial Decree of 21 May 2021, the 2020 target was considerably reduced, the quantities of certificates subject to the targets for the four-year period 2021- 2024 were determined, and the normal deadline of 31 May for delivery of the certificates was postponed to 16 July (for the year 2021). Following the changes made by the decree itself to the 2020 target, with the delivery of 16 July 2021 and the advance payment of 30 November 2021, all group companies have completed the 2019 target, fulfilled the minimum share of the 2020 target and delivered part of the 2021 target, the latter within the legal limits. With regard to the delivery of May 2022 (target 2021), approximately 9,200 securities were delivered, which, together with the advance payment of November 2021, made it possible for all obligated companies of the group to meet the minimum target of 60%.

In the November 2022 session, the 2020 target was completed for all obligated companies, with the exception of AP Reti gas Nordest, and the down payment for the 2022 target was delivered.

### Litigation

#### **DISPUTES ON PLANT VALUE - CIVIL JURISDICTION**

As at 31 December 2022, there were no pending litigations.

#### **PLANT VALUE DISPUTES - ARBITRATIONS**

As at 31 December 2022, there were no pending litigations.

#### **ADMINISTRATIVE / CIVIL LITIGATION - RELATING TO CONCESSIONS**

As at 31 December 2022, they are pending:

### **MUNICIPALITY OF SOVIZZO**

A civil lawsuit initiated by the Municipality of Sovizzo, with summons served on AP Reti Gas S.p.A. on 21 February 2019. The Entity is claiming the payment of a concession fee of Euro 65 thousand/year starting from 01 January 2013.

The appearance hearing, initially set for 19 June 2019, was postponed to 10 September.

Reply briefs were filed in February and March 2020.

With a judgement dated 10 December 2021, the monocratic judge accepted the Municipality's request and ordered AP Reti Gas S.p.A. to pay €65 thousand/year, from 2013 and until the end of the current management.

The Company disagreed with the ruling and considered it unlawful and appealed within the relevant time limit (16 January 2022).

The first hearing was held on 16 May 2022.

The Venice Court of Appeal set a hearing on 12 June 2023 for the conclusions.

### **MUNICIPALITIES OF CONCORDIA SAGITTARIA, FOSSALTA DI PORTOGRUARO AND TEGLIO VENETO**

Three administrative proceedings, pending before the Veneto Regional Administrative Court, brought by AP Reti Gas S.p.A. for the annulment of Municipal Council Resolutions nos. 92, 85 and 70 of 2020, by which the three Authorities approved the respective estimates of the residual value of the plants, drawn up by the technician appointed by the S.A. (Metropolitan City of Venice) using the criteria of the Ministerial LGs, instead of, as obligatory under Article 15, paragraph 5 of Legislative Decree 164/2000 and as previously done, applying the contractual criteria duly and timely shared, with a lower value recognised to AP Reti Gas S.p.A, respectively, of about Euro 412 thousand, Euro 375 thousand and Euro 48 thousand.

The Municipality of Concordia Sagittaria (again at the urging of the Ambito S.A.) forwarded a further GC Resolution (No. 3/2022) with which it approved another estimate (again at ministerial LGs) that, albeit marginally, further reduces the reimbursement value recognised to AP Reti Gas S.p.A. The Company, therefore, provided for the relative appeal with additional grounds.

Similarly, on 11/08/2022, the Municipality of Fossalta di Portogruaro forwarded GC Resolution No. 37/2022 (adopted in March) concerning the approval of the estimated VIR (at LG), which exceeds the previous Resolution No. 85/2020. Even though the difference with the previous value (referred to in the contested Resolution No. 85/2020) is minimal (less than one thousand euro), the Company had to proceed with the appeal with additional grounds, duly filed and notified within the terms.

At present, there are no further court documents.

### **MUNICIPALITY OF FOSSALTA DI PORTOGRUARO**

A civil suit commenced by the Municipality of Fossalta di Portogruaro, with a writ of summons served on AP Reti Gas S.p.A. on 10 November 2022. The entity is claiming the payment of a concession fee of approximately Euro 72,000/year as of 1 January 2013, for a total of approximately Euro 700,000.

The company, believing that it owes nothing to the municipality, will enter an appearance in court to oppose the municipality's claim.

The first hearing, set in the writ of summons for 28 February 2023, was postponed to 07 April 2023.

### **MUNICIPALITIES OF ALBIGNASEGO AND CADONEGHE**

Two administrative lawsuits, pending before the Veneto Regional Administrative Court (TAR), initiated by AcegasApsAmga (parent company of AP Reti Gas Nord Est), against the Municipalities of Albignasego and Cadoneghe, in relation to the ownership of networks in the sectioned areas.

At present, there is no reported litigation activity. AP Reti Gas Nord Est will probably not settle the aforementioned disputes.

### **ADMINISTRATIVE DISPUTES - NOT RELATING TO CONCESSIONS**

As at 31 December 2022, they are pending:

### **ARERA DELIBERATION ARG/GAS 310/2014 and ARG/GAS 414/2014 (now 905/2017)**

An appeal before the Regional Administrative Court for Lombardy - Milan against ARERA, initiated by Ascopiave S.p.A. for the annulment of Resolutions ARG/gas 310 and 414/2014 concerning the procedures for verifying the delta VIR RAB, due pursuant to Article 15, paragraph 5 of Legislative Decree 164/2000 (current text) where the difference is greater than 10%.

To date, there are no further court documents.

Resolutions 310 and 414 were formally repealed by Resolution 905/2017 which, however, in substance, re-proposed the same regulation. Ascopiave S.p.A., therefore, together with the other plaintiff companies and AP Reti Gas S.p.A. (as Ascopiave's assignee and subject to the regulation), in order to avoid the declaration of lack of interest, proceeded to challenge, with additional grounds, Resolution 905/2017.

On 3 December 2019, the notice of impending peremption was received. Accordingly, the Company filed the application for the setting of a hearing, within the prescribed time limit.

In Sentence No. 1502 of 21.06.2022, the Regional Administrative Court, in line with the provisions (since there had been no concrete instances of declarations of unsuitability of the VIR against AP Reti Gas - or other distributions of the Group - during the proceedings), held that the contested measure was not immediately harmful, specifying, however, that the right of the plaintiff companies to take action at a later date for their own protection remains intact. It states, in particular: *"The profiles of illegitimacy deduced must therefore be asserted by the companies concerned at the actual (and not only hypothetical or potential) occurrence of the injury, i.e. at the time of the adoption of the application acts with reference to specific tenders"*.

This achieved the objective of shielding any subsequent challenges from possible exceptions of tardiness (in connection with the failure to challenge the 'upstream' regulatory act).

The costs of the proceedings were compensated in full.

The companies involved have consequently decided not to appeal. As a result, the litigation can be considered definitively concluded.

#### **ANAC GUIDELINES ON ART. 177 LEGISLATIVE DECREE 50/2016**

An appeal to the Regional Administrative Court for Lazio - Rome, brought by AP Reti Gas S.p.A. (together with other leading gas and electricity distribution service operators, as well as with the intervention, ad adiuvandum, of Utilitalia) for the annulment of the ANAC Guidelines No. 11/2018, provided for in Article 177 of Legislative Decree 50/2016.

Article 177 of Legislative Decree 50/2016 stipulates that, as of 18 April 2018, holders of concessions for an amount of EUR 150,000 or more, if identified 'without a tender', will have to award a portion equal to 80 per cent of their contracts by means of public procedures, with the remainder being able to use in-house companies or subsidiaries/associates.

ANAC is called upon to supervise in a manner laid down in its own Guidelines (No. 11/2018).

These Guidelines - although, formally, they have no binding effect on the point - establish that the concessionaire is obliged to put out to tender (being included in the 80% percentage) all the activities carried out in the exercise of the concession, including those carried out directly with its own means and resources, thereby drawing from the rule an obligation to outsource. The Special Commission of the Council of State considered this interpretation to be correct, but noted that, understood in this way, Article 177 could be unconstitutional.

If applied in those terms, the rule would have a very significant impact both on business choices and on the employment levels of companies holding concessions without tenders (which were, moreover, perfectly lawful at the time they were awarded).

Article 177, thus interpreted, therefore appears to be illegitimate both with regard to constitutional principles (e.g. free economic initiative under Article 42 of the Constitution) and with regard to the 'prohibition of aggravation' enshrined in Community law.

In this context, AP Reti Gas S.p.A., as the Group's main distribution company, filed an appeal against the aforementioned Guidelines, also raising a question of constitutional and community legitimacy with regard to the primary provision.

To make matters worse, on 2 November 2018, ANAC, faced with a mere collection of data referring to all the existing concessions in any sector, adopted a Report to the Government and Parliament on the state of the concessions (dwelling in particular on the gas sector) in which it noted that they did not comply with the current regulations in force. As a mere precautionary measure, the Appeal was supplemented with additional grounds concerning the above-mentioned Report.

The discussion hearing was held on 22 May 2019.

The Regional Administrative Court, in line with the previous rulings on the proceedings brought by other operators, with Sentence No. 9326, published on 15 July 2019, declared the appeal of AP Reti Gas S.p.A. inadmissible due to the lack of lesiveness of the challenged acts.

The "positive" point of the ruling concerns the "de-qualification" of the Guidelines No. 11 made by the TAR. The Judges, in fact, considered the same LGs as merely interpretative acts, as regards Part I, and acts that are not immediately harmful, as regards Part II.

In particular, Part I would not be suitable for identifying the persons obliged to apply Article 177 and/or the scope and manner of application of Article 177, but would only have a 'reconnaissance function of principles of a general nature and an interpretative aid to the administrations to which they are addressed ...'.

Part II, on the other hand, although self-qualified as 'binding', does not have an immediately damaging character because '... economic operators who consider that they do not have to comply with the indications contained therein because of the peculiarities of the concessionary relationship do not immediately incur the sanction'.

It should be added that Decree-Law No. 32/2019, converted into Law No. 55/2019, extended the deadline set forth in paragraph 2 of Article 177, which now reads: 'The concessions referred to in paragraph 1 that are already in place shall adapt to the aforementioned provisions by 31 December 2022'.

AP Reti Gas S.p.A. appealed the judgment.

Moreover, merely as a matter of prudence, essentially in order to avoid censures in terms of supervening lack of interest, the Company also challenged ANAC's Resolution 570/2019 (which approved the updated text of Guideline 11, although substantially identical to the previous one).

The appeal is currently suspended because, in an entirely similar appeal, the CoS raised the issue of the constitutional legitimacy of Article 177, Legislative Decree 50/2016.

With Sentence No. 218/2021 of 5 October 2021, the Constitutional Court ruled that Article 177 of Legislative Decree No. 50/2016 (as well as the corresponding enabling act) is unconstitutional. As a result, the CoS, once the proceedings are resumed, shall consequently declare the illegitimacy of the challenged LGs (deriving the latter from the (unconstitutional) legal provision set forth in Article 177 cited).

In an entirely similar appeal brought by another company, the CoS has already done so (Judgment No. 2221/2022).

The hearing on AP Reti Gas's appeal has been set for 7 July 2022.

ANAC informed the College (in note no. 40651 of 27 May 2022) that it had implemented the Constitutional Court's ruling and the aforementioned Sentence and that, consequently, Guidelines no. 11 are annulled and ineffective, as is also apparent from ANAC's website.

With Sentence No. 7386, published on 23/08/2022, the Council of State acknowledged (i) Sentence No. 218/2021 of the Constitutional Court, declaring the constitutional illegitimacy of Article 177 of the Public Contracts Code, and (ii) the ANAC's note of 27 May 2022, mentioned above. Consequently, the Council of State declared that the interest brought before the Court by the Company had already been fully satisfied and protected. Therefore, it declared that the matter in issue in respect of the application for annulment of the Guidelines 11 had ceased to exist.

As a result, the litigation can be considered definitively concluded.

#### **ANAC DELIBERATIONS 214 and 215 of 2022**

An appeal to the Regional Administrative Court for Lazio - Rome, brought by AP Reti Gas S.p.A. (together with other leading operators of gas and electricity distribution services), for the annulment of ANAC Resolutions Nos. 214 and 215 of 2022, through which, the Authority, in alleged execution of Sentence No. 2607/2022 of the Lazio Regional Administrative Court, substantially reproduced what was stated in the President's Announcements, annulled for lack of jurisdiction of the same Court.

Previously, in fact, AP Reti Gas (together with other leading gas and electricity distribution service operators) had requested and obtained the annulment of the Communiqué of the ANAC President of 16 October 2019. Said measure, in substance, extended the obligations proper to contracts subject to the application of Legislative Decree 50/2016 (e.g. acquisition of CIG and payment of ANAC contribution) also to contracts excluded and even outside the application of the Code.

With Sentence No. 2607/2022, the Lazio Regional Administrative Court upheld AP Reti Gas's appeal and annulled the contested measure, finding that the President lacked jurisdiction with respect to the issuance of the same measure. ANAC, however, in alleged compliance with the Judgment, substantially reproduced the content of the measures annulled by the TAR in two resolutions (Nos. 214 and 215 of 2022).

The measures were therefore appealed, for the most part, by re-proposing the 'substantive' complaints already set out in the first judgement and not examined by the TAR, not because they were considered unfounded, but because the Court, in accordance with the CPA, considered the ruling of lack of jurisdiction to be absorbent and exhaustive .

#### **ARERA DELIBERA ARG/GAS 570/2019 and related access to documents proceedings**

An appeal to the Regional Administrative Court for Lombardy - Milan, promoted against ARERA by Ascopiave S.p.A. and AP Reti Gas S.p.A. (together with other leading gas distribution service operators), for the annulment of Resolution

570/2019/R/gas, concerning the "tariff regulation of gas distribution and metering services for the period 2020-2025". The new regulatory discipline provides for a strong and unjustified reduction of tariff items to cover the operating costs recognised to distributors. The appeal was filed on 25 February 2020.

With an appeal on additional grounds, filed within the terms of the appeal (24 May 2021), an appeal was also lodged against ARERA Resolution No. 117/2021/R/gas published on 23 March 2021, concerning the "Determination of the definitive reference tariffs for gas distribution and metering services for the year 2020". The Companies in fact considered that the measure, being part of the determinations resulting from the tariff regulation set forth in Resolution No. 570/2019, could be further detrimental to the Group's distribution companies.

Following the appeal by Italgas Reti, the Lombardy Regional Administrative Court, with Sentence No. 1517 of 4 August 2020, partially granted the petition, ordering ARERA to produce the documents used to determine the rate of return on invested capital (beta parameter) .

Subsequently, Italgas itself, first initiated 'compliance' proceedings, aimed at enforcing the judgment, then appealed the same (evidently, for the parts not upheld).

Both measures were notified to AP Reti Gas, as a mere counter interested party. The Company, in order to protect its own legitimate interests, which are only partially congruent with those of Italgas Reti, decided to intervene in the two proceedings .

With respect to the appeal pending at the CdS, on 16 February 2022, Italgas filed a declaration of supervening lack of interest in the continuation of the proceedings.

The case is currently pending and a date for the hearing has not yet been set.

#### **ATEM "BELLUNO" TENDER ADJUDICATION and related access to documents procedure**

Appeal brought before the Regional Administrative Court of Veneto by AP Reti Gas S.p.A. against the decision awarding the 'Belluno' tender to Italgas Reti, notified on 29 June 2020.

The main grounds relate essentially to anomalies, therefore to the actual sustainability of the bid by Italgas Reti. They also criticise, in the alternative, certain irregularities inherent in the procedure.

Following the results of the access to the files carried out at two different times, two appeals for additional grounds were filed.

In turn, Italgas Reti brought a cross-appeal against AP Reti Gas S.p.A.

The appeal filed by AP Reti Gas S.p.A. pursuant to Article 116 of the Code of Administrative Procedure, to obtain access to the parts of the offer indicated by Italgas as covered by secrecy, was upheld by order dated 16 October 2020. Italgas Reti filed an appeal. By order published on 6 April 2021, the CdS upheld the appeal and, overturning the ruling of the TAR, denied access to the secret bid documents .

With respect to the main appeal, on 2 September 2020, the parties waived the discussion of the interlocutory application on the basis of the Municipality's commitment not to proceed with the conclusion of the Contract until the outcome of the litigation.

The TAR finally set the hearing on the merits for January 2021. The Parties, however, by mutual agreement, also in consideration of the pending appeal referred to the access to documents procedure, requested and obtained the postponement of the same to 16 June 2021.

With Sentence No. 1202, published on 11 October 2021, the Regional Administrative Court rejected AP Reti Gas S.p.A.'s appeal and declared the appeal by Italgas Reti inadmissible.

AP Reti Gas S.p.A., after a thorough reading of the grounds, appealed to the CdS (R.G. 10967/21) .

The discussion hearing took place on 16 June 2022.

With Sentence No. 11465, published on 28 December 2022, the Council of State rejected the appeal, thus confirming the first instance sentence. The costs of litigation were compensated.

It should be noted that the entire administrative process that led to the ATEM tender was the subject of a judicial appeal, filed by the municipalities belonging to the Ambito against the Contracting Authority. The municipalities, in particular, with the action taken, aimed at cancelling the entire procedure.

By Judgment No. 1208 of 7 December 2020, the Veneto Regional Administrative Court declared the appeal inadmissible. The municipalities appealed. By Judgment No. 2313/2022, the Veneto Regional Administrative Court, albeit with partially different grounds, confirmed the Veneto Regional Administrative Court's ruling, rejecting the municipalities' appeal.



## **CIVIL LITIGATION - NOT RELATED TO CONCESSIONS**

As at 31 December 2022, they are pending:

### **CLAIM FOR DAMAGES FOR SUPPLY INTERRUPTION VS AP RETI GAS VICENZA**

A lawsuit, pending before the Court of Vicenza, brought against AP Reti Gas Vicenza, for compensation for damages resulting from the temporary interruption of the supply (which occurred during the performance of activities on the distribution network, entrusted to the contractor Costruire e Progettare in Lombardy), brought by Ariston Cavi S.p.A. The Company, while hoping for an amicable solution, duly entered an appearance and, in the exercise of its negotiating indemnity, sued the contractor.

The final hearing is set for 11 May 2023.

### **EDELWEISS ENERGIA S.P.A.**

A lawsuit before the Court of Bergamo (R.G. 3453/21), brought by Edelweiss Energia S.p.A. with a writ of summons dated 19 April 2021, against the then Eusebio Energia, relating to the failure to finalise an agreement for the sale and purchase of the electricity produced in the year 2018, claiming that Eusebio Energia had failed to comply with its contractual obligations arising from a tacit agreement concerning the purchase by Edelweiss of the energy produced by certain of Eusebio's plants. Edelweiss claimed to have suffered damages amounting to approximately Euro 485,000.

The Company disputes the merits of the claim for damages.

The first hearing took place on 20 July 2021, and the hearing for closing arguments was scheduled for 10 April 2024.

The Parties finally reached a settlement agreement, which was formalised on 23/27 December 2022, resulting in the abandonment of the pending litigation.

### **INTERNATIONAL FACTORS ITALIA S.P.A.**

A lawsuit c/o the Court of Appeal of Milan, for the annulment of Judgment No. 1945/20 of 2 March 2020, by which the Court of Milan rejected the claim initially brought by Epiù S.R.L. (a company subsequently merged into Eusebio Energia in November 2018), against International Factors Italia S.p.A. (IFI), for the payment of a sum of approximately Euro 260,000 as a result of a factoring contract, previously existing between Epiù and IFI, under which Epiù had assigned to IFI certain credit positions of former customers (with respect to gas and electricity supply relationships).

Eusebio Energia challenged the ruling before the Court of Appeal of Milan, considering it flawed in many parts. Among these, also the breach of Article 112 of the Code of Civil Procedure in that the court of first instance decided on the basis of exceptions that could not be raised ex officio and were not raised by the other party (which remained contumacious).

The first hearing was held on 24 March 2021.

### **FIN ENERGY S.A.**

A lawsuit before the Court of Enterprises of Venice (R.G. 5768/22), initiated by Fin Energy S.A., a minority shareholder of Asco EG, with an appeal notified on 03 August 2022, challenging the capital increase resolved by the shareholders' meeting of Asco EG on 27 May 2022, by means of an appeal against the relevant resolution.

The first hearing is scheduled for 21 December 2022.

The Company, considering the claim unfounded, entered an appearance within the time limit.

### **EXTRA PROFITS (Revenue Agency and other Entities)**

A lawsuit before the Regional Administrative Court of Lazio (R.G. 10986/22), brought by ASCO EG (notified on 16/09/2022), against the measures of the Inland Revenue Agency (and other Entities) implementing the provisions of Article 37 of Law Decree 21/2022, converted with amendments by Law 51/2022 and subsequently further amended by Law Decree 50/2022, in turn converted with amendments by Law 91/2022 .

As part of the appeal, the questions of constitutionality and conformity with European law of the primary legislation were raised.

The public hearing for the discussion of the appeal on the merits is set for 04 April 2023.

### **AID DECREE (ARERA Resolution No. 266/2022 and GSE Notice of 07/07/2022)**

A lawsuit before the Regional Administrative Court of Lombardy in Milan (R.G. 1770/22), brought by ASCO EG (notified on 08/09/2022), against ARERA Resolution No. 266/2022 and the GSE Notice of 07/07/2022, implementing Article 15 bis

of Decree-Law No. 4/2022, converted by Law No. 25/2022, and amended by Decree-Law No. 115/2022, converted with amendments by Law No. 142/2022.

As part of the appeal, the questions of constitutionality and conformity with European law of the primary legislation were raised.

With Sentence no. 2676/2022 of 23 November 2022, the Regional Administrative Court upheld the appeal and consequently annulled ARERA Resolution 266/2022 and the consequent acts of the GSE. The reasons for the decision have not yet been disclosed (only the operative part of the Sentence was published on 01 December 2022).

As a mere precautionary measure, on 05 December 2022, the Company, together with the other plaintiffs, filed a further appeal on additional grounds, as a result of the supervening force of EU Regulation 2022/1854, for the annulment of all the measures resulting from Resolution No. 266/2022, as well as to ascertain the lack of the prerequisites for the application of Article 15-bis of Legislative Decree No. 4/2022 and the consequent invalidity of all the application measures issued by ARERA and the GSE. The issues of constitutionality and compliance with European law of the primary regulation were also raised.

### **FORCED ACCESS - DEFAULT SERVICE**

The distribution companies of the Ascopiave Group, in fulfilment of their regulatory obligation to do so (with particular reference to Article 40.2-a of TIVG), take action, as a rule pursuant to Article 700 of the Italian Code of Criminal Procedure, in order to obtain forced access to property and be able to disconnect the utilities served under the Default Service Directive (SDD) delinquency regime.

Appeals are directed against end customers (or de facto users).

For this purpose (and in order to comply with regulatory requirements), a management procedure has been defined that starts with the activation of the SDD and ends with its termination (for one of the various hypotheses envisaged).

It provides for the carrying out of closure attempts in the ordinary forms, the obtaining of information, the carrying out of registry checks and/or attempts to contact the end customers involved, the transmission of notices and warnings and, finally, where these initiatives are unsuccessful (and limited to users with AC > 500 smc/year), the commencement of emergency legal actions.

Currently, they are:

- 8 files filed (hearings already scheduled and/or already under consideration);
- n. 0 files under enforcement;
- n. 1 file with critical procedural issues (e.g. with appeal and/or complaint rejected);
- 16 files under management (for which an appeal may therefore have to be filed);

The annual number of cases for which legal action is likely to be required in 2023, for all Group companies (including the latest, Romeo Gas and Serenissima Gas), can be roughly estimated at between 10 and 25 actions.

## **Relations with the Internal Revenue Service**

### **ROBIN TAX**

The companies Ascopiave, Ap Reti Gas Rovigo, Edigas Esercizio Distribuzione Gas, Unigas Distribuzione (merged into Ascopiave) and Asco Energy (ex. Veritas Energia) starting from the year 2008 were subject to the additional IRES (Robin Tax) introduced by Article 81 DL. 112/2008. Subsequently, during 2015 the Constitutional Court declared the constitutional illegitimacy of the aforementioned tax and following this ruling the companies requested the refund of the tax unduly paid, filing the various appeals on the basis of a retroactive interpretation of the aforementioned ruling supported also by an opinion formulated by a constitutional lawyer.

After negative rulings by the respective Regional Tax Commissions, the companies appealed to the Supreme Court of Cassation.

In March 2022, the first negative orders were announced, with the Constitutional Court rejecting the appeal filed by AP Reti Gas Rovigo and Edigas Esercizio Distribuzione Gas, which proceeded with the filing of the appeal with the European Court of Human Rights. The appeals filed by the other companies are still pending.

#### **VENETO REGIONAL DIRECTORATE AUDIT**

In the month of September 2019, a short access began against the companies Ascopiave S.p.A. and Ascotrade S.p.A. (the latter merged into EstEnergy S.p.A. with effect from 1 October 2022) by the Veneto Regional Directorate of the Agenzia delle Entrate in relation to the Ires, Irap and Iva sectors with respect to the years ranging from 2013 until the date of access.

The first phase of the audit activities led to the issuance on 29 October 2019 of a Formal Notice of Findings against Ascotrade S.p.A., a company sold the following 19 December 2019 to the Hera Group and subject to a specific guarantee, containing findings regarding direct and indirect taxes related to the years 2013 and 2014; this act was followed, following the presentation of specific pleadings by the company, by the issuance by the Inland Revenue Agency of notices of assessment related to the contested matters, for which the company filed an appeal before the Provincial Tax Commission of Venice, which was upheld with the ruling of 21 April 2021, providing for the annulment of the related contested acts. Against the first instance judge's ruling, on 15 November 2021, the Agenzia delle Entrate filed an appeal before the Regional Tax Commission of Venice; the company appeared on 30 December 2021 with a counter-argument and a contextual cross-appeal. The discussion of the appeal took place on 13.02.2023, as of today there are no further updates.

With reference to the subsequent financial years, the audit activities continued with the issuance on 29 September 2020, against Ascotrade S.p.A., of the Formal Notice of Assessment referring to the year 2015, after which, after the presentation of specific pleadings, the Inland Revenue issued on 23 December 2020 the notices of assessment, subject to the subsequent appeal by the company before the Venice Provincial Tax Commission, which was accepted with the sentence of 23 February 2022, which provided for the annulment of the relative contested acts. On 27 October 2022, the Agenzia delle Entrate filed an appeal, which has not yet been discussed.

Finally, on 23 December 2021, the company was served notices of assessment relating to IRES for the years 2016 and 2017, as well as IRAP and VAT for the years 2016, 2017 and 2018, for which an appeal was filed on 18 February 2022. To date, we are waiting for the Venice Provincial Tax Commission to set the hearing for discussion.

The company, with the support of its tax advisor, considers the risk as 'possible' or 'remote' and therefore has not made any provision.

#### **REGIONAL REVENUE DEPARTMENT AUDIT - FINANCIAL YEAR 2019**

On 28 July 2022, the Regional Directorate of Inland Revenue started an audit activity against Ascopiave for the tax year 2019, for the purposes of IRES, IRAP and VAT. The work was completed in November 2022.

## **Significant events after the end of the financial year 2022**

### **Shareholders' agreements - updating of voting rights**

On 7 January 2023, pursuant to the laws and regulations in force, notice is hereby given that an updated version of the key information relating to the shareholders' agreement signed on 16 March 2020 was published in the *Corporate Governance* section of the website [www.gruppoascopiave.it](http://www.gruppoascopiave.it). This update exclusively relates to the change in the number of voting rights held by some of the peaceful shareholders as a result of the intervening increase in voting rights, as last communicated by Ascopiave on 6 May 2022.

Pursuant to Articles *65-quinquies*, *65-sexies* and *65-septies* of the Issuers' Regulations, the document is available to the public at the company's registered office, at Borsa Italiana S.p.A., on the authorised storage mechanism "eMarket STORAGE" ([www.emarketstorage.com](http://www.emarketstorage.com)) of Teleborsa S.r.l., and in the Corporate Governance section of the website [www.gruppoascopiave.it](http://www.gruppoascopiave.it).

### **Adjustment of annual calendar of corporate events, pursuant to Article 2.6.2 of the Rules of the Markets Organised and Managed by Borsa Italiana S.p.A**

On 13 January 2023, Ascopiave S.p.A. announced that the analysts' presentation for the approval of the draft financial statements and consolidated financial statements for the year ended 31 December 2022, initially scheduled for 10 March 2023, will be held on 9 March 2023.

On 23 February 2023, Ascopiave S.p.A. announced that the Board of Directors' meeting to approve the draft financial statements and consolidated financial statements for the year ended 31 December 2022, initially scheduled for 9 March 2023, will be held on 7 March 2023, and that the Analyst Presentation, initially scheduled for 9 March 2023, will be held on 7 March 2023. In addition, Ascopiave S.p.A. informed that the Board of Directors' meeting for the approval of the half-yearly report as at 30 June 2023, initially scheduled for 3 August 2023, will be held on 27 July 2023, and that the Analyst Presentation, initially scheduled for 4 August 2023, will be held on 27 July 2023.

Today Ascopiave S.p.A. announces that the Shareholders' Meeting for the approval of the financial statements and presentation of the consolidated financial statements as at 31 December 2022, initially scheduled for 26 April 2023, on first call, and 27 April 2023, on second call, will be held on 18 April 2023, on first call, and 19 April 2023, on second call, respectively.

Furthermore, Ascopiave S.p.A. announces that the Analyst Presentation, initially scheduled for 12 May 2023, will be held on 11 May 2023, and the Analyst Presentation, initially scheduled for 10 November 2023, will be held on 9 November 2023.

### **Completed the closing of the rationalisation of gas distribution concessions between Ascopiave and Iren**

On 31 January 2023, Ascopiave and Iren finalised the transaction for the rationalisation of certain assets within the natural gas distribution service (see press release of 25 November 2022), following the fulfilment of the contractually envisaged conditions precedent.

Overall, the asset rationalisation transaction entailed the recognition of a monetary adjustment of €3.6 million in favour of the Ascopiave Group based on the different expected profitability. The transaction just concluded highlights the two companies' desire to rationalise their gas distribution concessions by pursuing their strategic plan based on the territorial continuity of the assets.

### **Strategic Plan 2022-2026**

On 9 February 2022, the Board of Directors approved the Group's Strategic Plan 2022-2026.

The plan confirms the strategic directions set out last year, outlining a sustainable growth path in the core businesses of gas distribution and renewable energies and in new areas of activity.

The development will take place under conditions of a balanced financial structure, ensuring a remunerative dividend distribution.

The plan presents a scenario that makes the most of the Group's possible award of certain tenders for gas distribution services in minimum territorial areas of interest. This opportunity, which depends, among other things, on the actual timing of the publication of calls for tenders, entails an estimated further growth in EBITDA to 2026 of EUR 21 million and an increase in investment volume of EUR 220 million.

### **Guidance from the Board of Directors of Ascopiave S.p.A. to Shareholders on the future composition of the Board of Directors**

On 23 February 2023, Ascopiave S.p.A. announced that the document "Orientations of the Board of Directors of Ascopiave S.p.A. to Shareholders on the future composition of the Board of Directors" was published on the Company's website ([www.gruppoascopiave.it](http://www.gruppoascopiave.it) section "Investor relator" - "Shareholders' Meetings") and on the authorised storage mechanism "eMarket STORAGE" ([www.emarketstorage.com](http://www.emarketstorage.com)) of Teleborsa S.r.l.

## **Territorial areas**

In 2011, with the issuance of several ministerial decrees, the regulatory framework of the sector was further defined, with particular reference to area tenders.

In particular:

1. With the Decree of the Ministry of Economic Development of 19 January 2011, issued in agreement with the Ministry for Relations with the Regions and Territorial Cohesion, the Minimum Territorial Ambits (ATEMs) were identified for the carrying out of tenders for the entrusting of the gas distribution service, and with the subsequent Decree of 18 December 2011, the municipalities belonging to each ambit were identified (the so-called Ambit Decrees);
2. With the Decree of the Ministry of Economic Development and the Ministry of Labour and Social Policies of 21 April 2011, provisions were dictated to govern the social effects connected to the new assignments of gas distribution concessions in implementation of Paragraph 6 of Article 28 of Legislative Decree No. 164 of 23 May 2000 (the so-called Employment Protection Decree);
3. The Decree of the Ministry for Economic Development No. 226 of 12 November 2011 approved the regulation for the tender criteria and the evaluation of the offer for the entrusting of the gas distribution service (the so-called Criteria Decree).

The issuance of the Ministerial Decrees has helped to give certainty to the competitive environment within which operators will move in the coming years, laying the groundwork for the market opening process, initiated with the transposition of the European directives, to concretely produce the desired benefits.

The Ascopiave Group - like many other operators - has substantially welcomed the new regulatory framework, believing that it can create important investment and development opportunities for qualified medium-sized operators, moving in the direction of a positive rationalisation of supply.

At the end of 2013, the Government issued Decree-Law No. 145 of 23.12.2013, making changes to the rules governing the determination of the redemption value of plants due to the outgoing operator at the end of the so-called "Transitional Period". The Decree was converted, with amendments, into Law No. 9/2014, which substantially changed the original provisions of the Decree.

The law converting the Decree (Law No. 9/2014) amended the content of Article 15 of Legislative Decree No. 164/2000, providing that, to the holders of the entrustments and concessions existing in the transitional period, a reimbursement shall be recognised at the expense of the new operator, calculated in compliance with the provisions set forth in the conventions and contracts and, for what cannot be deduced from the will of the parties as well as for the aspects not governed by the same conventions or contracts, based on the guidelines on criteria and operating methods for the evaluation of the reimbursement value referred to in Article 4, paragraph 6, of Decree-Law No. 69, converted, with amendments, by Law No. 98 of 9 August 2013. In any case, private contributions relating to locational assets, valued according to the methodology of the tariff regulation in force, are deducted from the reimbursement value. If the reimbursement value is greater than ten per cent of the value of the net locality fixed assets calculated in the tariff regulation, net of the public capital contributions and the private contributions related to the locality assets, the granting local authority shall transmit the relevant detailed assessments of the reimbursement value to ARERA, gas and water system for verification prior to the publication of the call for tenders.

Law No. 9/2014 also provided that the deadlines set forth in paragraph 3 of Article 4 of Decree-Law No. 69 of 21 June 2013, converted, with amendments, by Law No. 98 of 9 August 2013, be extended by a further four months and that the deadlines set forth in Annex 1 to the regulation referred to in the Decree of the Minister of Economic Development of 12 November 2011, No. 226 of 12 November 2011 (the so-called Criteria Decree), relating to the areas falling within the third grouping of the same annex 1, as well as the relevant deadlines referred to in Article 3 of the same regulation, are extended by four months.

On 6 June 2014, the Decree of the Minister of Economic Development dated 22 May 2014 was published in the Official Gazette, approving the "Guidelines on criteria and application methods for the valuation of the reimbursement value of natural gas distribution plants" pursuant to Article 4, paragraph 6, of Decree-Law No. 69/2013, converted, with amendments by Law No. 98/2013 and Article 1, paragraph 16, of Decree-Law No. 145/2013, converted, with amendments, into Law No. 9/2014. Pursuant to Law No. 9/2014, the "Guidelines on Criteria and Application Procedures for Assessing the Reimbursement Value of Natural Gas Distribution Facilities" define the criteria to be applied for assessing the reimbursement value of facilities in addition to those aspects that are not already provided for in the agreements or contracts and to the extent that they cannot be inferred from the will of the parties.

The 'Guidelines' have several critical aspects, not only in terms of the resulting enhancements, but also in terms of their scope of application, which the Ministry has extremely broadened, to the point of deeming all the

plant valorisation agreements entered into between operators and municipalities after 12 February 2012 (the effective date of Ministerial Decree 226/2011). Moreover, the same Guidelines are in contrast with the provisions of Article 5 of the same Ministerial Decree 226/2011. This is contrary to the regulatory provision that refers to Article 4, paragraph 6 of Decree Law 69/2013, which, in turn, makes explicit reference to Article 5 of Ministerial Decree 226/2011.

In consideration of the aforesaid illegitimacy profiles, Ascopiave S.p.A. challenged the Ministerial Decree of 21 May 2014 (hence the Guidelines) before the administrative court (TAR Lazio). As part of the aforesaid suit, a question of constitutional legitimacy was raised with respect to the (substantially retroactive) interpretation of the new rules on the deduction of private contributions set forth in Law No. 9/2014.

Subsequently, with Resolution 310/2014/R/gas - "Provisions on the determination of the reimbursement value of natural gas distribution networks", published on 27 June 2014, the Authority for Electricity, Gas and the Water System approved provisions on the determination of the reimbursement value of gas distribution networks, implementing the provisions of Article 1, paragraph 16, of Decree-Law No. 145 of 23 December 2013, converted, with amendments, by Law No. 9 of 21 February 2014.

This provision provides that the granting Local Authority shall send the documentation with the detailed calculation of the reimbursement value (RAB) to the Authority for verification, if this value is more than 10% higher than the RAB of the locality. The Authority performs the verifications provided for in Article 1, paragraph 16 of Decree-Law No. 145/13 within the ordinary term of 90 days from the date of receipt of the documentation by the Contracting Stations, guaranteeing priority according to the deadlines set for the publication of calls for tenders.

With Law No. 116/2014 of 11 August 2014 (conversion with amendments of Decree-Law No. 91 of 24 June 2014), the legislature provided for a further extension of the maximum deadlines for the publication of calls for tenders. Specifically, for the areas belonging to the first grouping in Annex 1 of Ministerial Decree 226/2011, the maximum deadline was postponed by eight months, for the areas belonging to the second, third and fourth groupings, the deadline was postponed by six months, and finally, for the areas belonging to the fifth and sixth groupings, the extension is four months.

On the other hand, these extensions do not apply to the areas that, although falling within the first six groupings, fall within the areas considered "earthquake-affected" because more than 15% of the redelivery points in the area fall within the municipalities affected by the earthquakes of 20 and 29 May 2012, in accordance with the provisions set forth in the annex to the Decree of the Minister of Economy and Finance of 1 June 2012.

Lastly, the same law, making a further amendment to Article 15 paragraph 5 of Legislative Decree No. 2000, established that the reimbursement value must be calculated in accordance with the provisions of the agreements or contracts, provided that the latter were entered into prior to the effective date of Ministerial Decree No. 226 of 12 November 2011, i.e. prior to the date of 12 February 2012, thereby affirming a principle of retroactivity of the application of the Guidelines, which had already been challenged in the judicial appeal filed against the Guidelines.

On 14 July 2015, the Decree of the Minister of Economic Development and the Minister of Regional Affairs and Autonomies No. 106 of 20 May 2015 was published in the Official Gazette, containing amendments to Decree No. 226 of 12 November 2011 concerning the tender criteria for the entrusting of the gas distribution service.

Among the most significant changes are:

1. the provisions concerning the valorisation of the reimbursement of the plants to be applied in the event of the absence of specific agreements between the parties entered into prior to the entry into force of Decree No. 226/2011, which largely reproduce what was already provided for in the "Guidelines".
2. an increase in the maximum threshold of the amount of annual fees that can be offered in tenders to local authorities, a threshold that has been raised from the previous 5% of the share of the tariff revenue constraint to cover the capital costs of localities, to the current 10%;
3. the regulation of some important technical-economic aspects related to energy efficiency investments on offer, concerning the valorisation of the amounts to be recognised to local authorities and the recognition of the coverage of costs to the operator that carries out the interventions and accrues the related energy efficiency certificates.

Finally, the conversion law of the so-called 'Decreto Mille Proroghe' (Law No. 21 of 25/02/2016) provided for another extension of the deadline for the publication of calls for tenders. Specifically, for the areas belonging to the first grouping in Annex 1 of Ministerial Decree 226/2011, the deadline was further extended by 12 months; for the areas belonging to the second grouping, 14 months; for those in the third, fourth and fifth groupings, 13 months; for the areas in the sixth and seventh lots, 9 months; and 5 months for the areas in the eighth grouping.

The same rule, regulated the timing of substitutive interventions by the regions, or, as a last resort, by the Mi.SE, and repealed the penalties for delay that had previously been imposed on municipalities.

During the two-year period 2015-2016, a number of calls for tenders were published to entrust the service with the Ambit procedure. Many of them did not follow the procedure envisaged by the regulations, which envisage, among other things, the prior examination by the Authority both of the reimbursement values of the plants due to the outgoing operators and of the overall contents of the notice and its annexes before publication. Most of the tenders, moreover, deviate, even significantly, from the indications contained in the ministerial regulations, also with regard to the criteria for evaluating the offers; according to the current regulation, these deviations should be the subject of a specific justification by the Contracting Stations.

In the situation that is now emerging, the standardisation of the tendering process required by the legislation is encountering serious difficulties in imposing itself, realising the risk that procedures may become blocked due to the effect of extensive litigation.

Law No 124 of 4 August 2017 (Annual Market and Competition Law) introduced innovations concerning the natural gas distribution sector.

In particular, Article 1(93) amends the provisions of Article 15(5) of Legislative Decree 164/00, exempting Local Authorities from the obligation to send detailed assessments to the Authority if all the following conditions are jointly met:

- the grantor local authority may also certify through an appropriate third party that the reimbursement value has been determined by applying the provisions of the Guidelines of 7 April 2014;
- the aggregate VIR-RAB deviation does not exceed 8 per cent;
- the VIR-RAB deviation of the individual municipality does not exceed 20 per cent;

Article 1 Para. 93 provides that, in the case of a value of net fixed assets misaligned with respect to the sector averages as defined by the Authority, the value of net fixed assets relevant for the calculation of the deviation is to be determined by applying the parametric valuation criteria defined by the Authority (see, to date, Article 23 Para. 1 of the RTDG);

Finally, Article 1.94 stipulates that the Authority, by means of its own provisions, shall define simplified procedures for the evaluation of tender notices, applicable in cases where such notices have been drawn up in compliance with the standard contract notice, the standard specifications and the standard service contract, specifying that in any case, the tender documents may not deviate from the maximum scores provided for the tender criteria and sub-criteria in Articles 13, 14 and 15 of the aforementioned Decree No. 226/11, l except within the limits set forth in the same articles with regard to certain sub-criteria.

The Authority implemented the provisions of Law No. 124/2017 with Resolution 905/2017/R/gas of 27 December 2017. The Municipality of Belluno, the contracting station of the Ambito Territoriale Minimo di Belluno, after having followed the procedure required by the regulations, published the call for tenders for the concession of the service in December 2016. In September 2017, the AP Reti Gas S.p.A. Group company participated in the tender, submitting its offer.

The tender acts were challenged by an operator participating in the tender. With Sentence No. 886/2017, the Veneto Regional Administrative Court rejected the appeal. Against the decision, the appellant appealed to the Council of State, filing an application for suspension of the first instance measure. The Council of State, with a ruling published on 22 January 2019, rejected the appeal.

In December 2018, the Municipality of Schio, contracting station of the Ambito Territoriale Minimo Vicenza 3 - Valli Astico Leogra e Timonchio, issued the call for tenders for the concession of the gas distribution service. The Ascopiave Group currently manages the service in 28 municipalities of the Ambito, for a total of approximately 80,000 users. The Group's companies, AP Reti Gas S.p.A. AP Reti Gas Vicenza S.p.A., holders of concessions in the Ambit, challenged the call for tenders due to irregularities, appealing to the Veneto Regional Administrative Court.

A hearing on the merits was held on 8 May 2019; however, there is no further evidence to date.

## Dividend distribution

On 28 April 2022, the Shareholders' Meeting approved the financial statements and resolved to distribute an ordinary dividend of EUR 0.165 per share with an ex-dividend date of 2 May 2022, record date 3 May 2022 and payment on 4 May 2022.

## Own shares

Pursuant to Article 40 of Legislative Decree 127, paragraph 2 d), it is acknowledged that as of 31 December 2022, the company held 17,701,578 treasury shares for a value of Euro 55,423 thousand, which are accounted for as a reduction of other reserves, as can be seen in the statement of changes in shareholders' equity.

## Foreseeable development of operations

As far as gas distribution activities are concerned, in 2022 the Group will continue to be involved in the normal management and running of the service and in carrying out preparatory activities for the next tenders for the awarding of concessions. In the event that in 2022 the process of the tenders relating to the Ambits of interest to the Ascopiave Group were to progress, given the time normally envisaged for the presentation of the offers and those required for their evaluation and for the adoption of the award decisions by the contracting stations, it is believed that the possible start-up of the new management could take place after the end of the 2022 financial year and therefore would not be able to change the perimeter of the activities currently managed. It should be noted that some concessions currently held by Romeo Gas are expected to cease by the end of the 2022 financial year or, more likely, in the 2023 financial year, following the awarding of the relevant Ambit tender (Udine 2) to another operator. The 2021 RAB of these concessions, with more than 4,300 users, amounts to about EUR 2.6 million.

With regard to economic results, it should be noted that in 2019 the Authority adopted the new tariff regulation for the five-year period 2020-2025. The new regulation provides for a significant annual reduction in the revenue components intended to cover operating costs.



In addition, at the end of 2021, the Authority redetermined the rate of remuneration (real pre-tax) of the invested capital recognised for tariff purposes, which for the financial year 2022 is 5.6% (compared to 6.3% in 2021).

With regard to energy efficiency obligations, the Decree of 21 May 2021 of the Minister of Ecological Transition determined the national energy saving targets for the years 2021-2024. The estimated targets for 2022 for the Group's distribution companies are higher than the annual obligations for the year 2021.

With regard to the production and sale of electricity from renewable energy sources, in 2022, the effects of the decrees issued on the containment of energy prices will persist.

With regard to the effects of the health emergency caused by the Covid 19 virus, in light of the Ascopiave Group's focus on the distribution business, there were limited impacts on profitability in 2021 and 2022, having overcome the most intense phase of the emergency, at the moment little impact is expected on future profitability, since adequate mechanisms to cover credit risk are envisaged in the Network Code, which regulates the activities of distributors. Although in the area in which the Group operates the emergency presents a lesser degree of criticality, the management will continue to monitor the progress of the pandemic both nationally and internationally in order to be able to promptly deal with any worsening of the emergency situation.

As far as gas and electricity sales activities are concerned, Ascopiave will benefit from the consolidation of its share of the result of the minority shareholding held in Est Energy and of the dividends distributed by Hera Comm, both companies controlled by the Hera Group. Ascopiave holds put options on these shareholdings and it is not excluded that they may be exercised, in whole or in part, with a consequent impact on the Group's economic results and financial structure.

It should be noted that actual results for 2022 may differ from those indicatively projected above due to various factors including: general macroeconomic conditions, the impact of energy and environmental regulations, the evolution of the ongoing health emergency, success in the development and application of new technologies, changes in stakeholder expectations and other changes in business conditions.

## COVID Emergency Evolution 19

Approximately three years after the emergency caused by the Covid virus, everything is returning to normal even though, at company level, caution and prevention have always been called for to avoid possible sources of contagion. The emergency has meant that, even in 2022, special attention has been paid to the organisation of work in order to secure and provide continuity of operations for all Group companies. After the forced exodus from the sites and the generalised use of smart working in 2020, in 2021 there was an endemicisation stage with a gradual elimination of restrictions (green passes, masks in certain places) to then face a totally different 2022, with a variant of the Coronavirus, called Omicron, which is very contagious but much less lethal, with milder symptoms and reduced hospitalisation times (in most cases at home).

2022 was also the year in which the highest number of absences from work due to viruses was recorded within the Ascopiave Group, all of which were due to family and non-family contacts within the company, without, however, the need for any hospitalisation. If in 2020 and 2021 there were a total of 68 infected among employees, in January 2022 alone there were 51, followed by 18 in February and 14 in March, for an annual total of 190 new cases, all with very mild symptoms and, apart from a few sporadic exceptions that lasted longer, all with recovery times of 5/7 days.

The employees almost all returned to work at their respective locations, apart from, upon request, the resources who took advantage of smart working because they were frail, disabled or immunocompromised workers or parents with children under 14 years of age, all cases covered by the regulations that were issued.

The Ascopiave Group has always kept its employees informed on the evolution of the pandemic and on the regulations to be complied with, even though these have gradually been eroded and are now almost null and void. Even though there have been no updates on the 'Shared protocol for updating measures to combat and contain the spread of the SARS-CoV-2/COVID-19 virus in the workplace' (extended from 30 June to 31 October 2022 with the pact that the government and social partners would meet to check the updating of prevention measures, but then totally forgotten), the company continued to invite everyone to common sense by keeping dispensers for measuring temperature and sanitising hands located at strategic points and confirming the distribution of masks on request.

No further cases of infection have been reported recently.

## Group objectives and policies and description of risks

### Credit and liquidity risk

The main financial instruments used by the Group are cash and cash equivalents, bank debt and other forms of financing. It is considered that the Group is not exposed to a credit risk higher than the sector average, considering that it provides its business services to a limited number of operators in the gas sector, whose rules for access to the services offered are established by the Regulatory Authority for Energy, Networks and Environment and are set forth in the Network Codes, which dictate contractual clauses that reduce the risks of non-compliance by customers. The Codes provide, in particular, for the issuance of suitable guarantees to partially cover the obligations undertaken if the customer does not have a credit rating issued by leading international bodies.

To protect against residual possible risks on receivables, an allowance for doubtful accounts was allocated, which at year-end was equal to about 18.3% (12.2% at 31 December 2021) of the gross amount of receivables from third parties for invoices issued. Significant commercial transactions take place in Italy.

With regard to the company's financial management, the directors assess the generation of liquidity, deriving from operations, to be adequate to cover its needs.

### Risks related to tenders for the award of new natural gas distribution concessions

As of 31 December 2022, the Ascopiave Group held 306 natural gas distribution concessions (268 as of 31 December 2021). In accordance with the provisions of the regulations in force applicable to the concessions it holds, the tenders for new assignments of the gas distribution service will no longer be called for each individual municipality, but exclusively for the territorial areas determined by the Ministerial Decrees of 19 January 2011 and 18 October 2011, and according to the timeframes indicated in Attachment 1 to the Ministerial Decree on the criteria for tenders and evaluation of bids, issued on 12 November 2011, as subsequently amended. As the tenders progress, the Group may not be awarded one or more of the new concessions, or it may be awarded on less favourable terms than the current ones, with possible negative impacts on operations and on the Group's economic and financial position, without prejudice, in the case of non-tender, to the collection of the expected reimbursement value in favour of the outgoing operator for the municipalities currently managed by the company.

### Risks related to the quantification of the reimbursement to be paid by the new operator

With regard to gas distribution concessions for which the Group is also the owner of the networks and plants, Law no. 9 / 2014 establishes that the reimbursement recognised to be borne by the incoming operator is calculated in compliance with what is established in the conventions and contracts and, for what cannot be deduced from the will of the parties as well as for aspects not governed by the same conventions or contracts, according to the guidelines on criteria and operating methods for the evaluation of the reimbursement value referred to in Article 4, paragraph 6, of Decree-Law No. 69 of 21 June 2013, converted, with amendments, by Law No. 98 of 9 August 2013. In any case, private contributions relating to locational assets, valued according to the methodology of the tariff regulation in force, are deducted from the reimbursement value. Moreover, if the reimbursement value is greater than ten per cent of the value of the net fixed assets of the locality calculated in the tariff regulation, net of the public capital contributions and the private contributions relating to the locality assets, the granting local authority shall forward the relevant detailed assessments

of the reimbursement value to the Regulatory Authority for Energy Networks and Environment for verification prior to the publication of the call for tenders.

The Decree of the Minister of Economic Development No. 266 of 12 November 2011 states that the incoming operator acquires ownership of the plant with the payment of the redemption value to the outgoing operator, with the exception of any portions of the plant owned by the municipality.

When fully operational, i.e. in the periods following the first, the reimbursement to the outgoing operator will in any case be equal to the value of the net fixed assets of the locality, net of public capital contributions and private contributions relative to the locality assets, calculated with reference to the criteria used by the Authority to determine the distribution tariffs (RAB). On this point, it should be noted that the Authority intervened with Resolution 367/2014/R/gas, providing that, the reimbursement value, pursuant to Article 14, paragraph 8, of Legislative Decree no. 164/00, at the end of the first period of entrustment of the area is determined as the sum of: a) residual value of the stock existing at the beginning of the entrustment period, assessed for all the assets subject to transfer for consideration to the incoming operator in the second period of entrustment according to the redemption value, referred to in Article 5 of Decree No. 226/11, recognised to the outgoing operator at the time of the first entrustment per ambit, taking into account the depreciation and divestments recognised for tariff purposes during the period of entrustment b) residual value of new investments made during the period of entrustment and existing at the end of the period, valued on the basis of the revalued historical cost criterion for the period in which the investments are recognised for tariff purposes, as provided for in Article 56 of the Regulation of Tariffs for Gas Distribution and Metering Services (RTDG), and as the average between the net value determined on the basis of the revalued historical cost criterion and the net value determined on the basis of the standard cost valuation methodologies, in accordance with the provisions of paragraph 3.1 of Resolution 573/2013/R/GAS, for the subsequent period.

## **OPERATIONAL RISKS**

Ascopiave oversees the company's processes and activities with respect for the health and safety of workers, environmental protection, quality and energy saving in the services offered and anti-corruption.

### **Risks of malfunctioning and/or interruption of the distribution service**

Accidental unforeseen events such as accidents, failure of equipment or control systems, drop in plant performance, and exceptional events such as explosions, fires, or other similar events, lead to risks of infrastructure malfunctioning up to the possible unforeseen interruption of the distribution service. Such events could lead to a reduction in revenues and cause significant damage to people, property or the environment. The Group has stipulated specific insurance contracts to cover the risks described. Although the insurance lines activated are in line with the best policies, they may be insufficient to cover all the losses that the Group may incur due to possible increases in expenses and/or compensation to be paid.

### **Risks related to environmental protection, health and safety**

The Group conducts its business in compliance with Italian and European Union regulations on environmental protection, observing the laws that regulate and govern environmental and safety issues. Despite the attention paid to this matter, it cannot be excluded with certainty that the Group may incur costs or liabilities, even of a significant entity. In fact, it is difficult to foresee the economic and financial repercussions of any past environmental damage, also considering the possible effects of new laws and regulations for the protection of the environment, the impact of any technological innovations for environmental remediation, the possibility of disputes arising and the difficulty of determining their possible consequences, also in relation to the liability of other parties. The Group is engaged in activities for the remediation of contaminated sites substantially due to the removal and disposal of waste (mainly for the demolition of obsolete plant structures).

### **Risk associated with the installation of Smart Meters**

For years, the Group has been implementing a plan to replace traditional meters with smart meters, initially involving meters of class higher than G6 and subsequently also those of a lower class. In the first phase of replacement, the new remote meters represented a technology that was still evolving. The construction characteristics set by the Authority meant that manufacturers had to design and produce a product dedicated solely to the Italian market in a time frame

consistent with the obligations set by ARERA. Moreover, it should be noted that the reference technical standards by CIG (Comitato Italiano Gas, a standard-setting body affiliated with UNI) have only been fully available since 2015. The Group has started the installation of these devices according to the timetable defined by ARERA (only the Group company AP Reti Gas Nord Est is behind schedule); therefore, there is a risk that levels of malfunctioning will be higher than the historical performance recorded for traditional meters and that greater maintenance costs will be generated for the company.

#### **Risks associated with energy efficiency certificates**

Article 16.4 of Legislative Decree No. 164/2000 provides that natural gas distribution companies pursue energy saving objectives in end-use and in the development of renewable sources; in return for the results achieved, distributors are assigned the so-called Energy Efficiency Certificates, the cancellation of which entails a reimbursement by the Cassa per i Servizi Energetici e Ambientali (Energy and Environmental Services Fund) financed by funds constituted through the RE (Energy Saving) component of distribution tariffs. ARERA determines the specific energy saving targets for electricity and natural gas distributors taking into account the annual national savings quantities to be pursued through the white certificates mechanism. There is a potential risk of economic loss for the Group due to the possible negative difference between the average purchase value of the certificates and the recognised tariff contribution and/or the possible failure to achieve the assigned targets.

#### **Risk related to the execution of the investment plan under the concessions**

Natural gas distribution concessions provide for commitments on the part of the concessionaire, including commitments related to investments to be made in the cost of the period of the concession. It cannot be ruled out that, also due to delays in obtaining authorisations and permits, these investments may be carried out beyond the foreseen time limits, with the risk that charges may be incurred by the Group.

#### **Regulatory risk**

The Group operates in a regulated sector. The directives and regulatory measures issued on this matter by the European Union and the Italian Government, the decisions of ARERA and, more generally, changes in the reference regulatory context may have an impact on the Group's operations, economic results and financial balance.

Of particular importance is the evolution of the criteria for determining the reference tariffs. Future changes in the regulations adopted by the European Union or at a national level cannot be excluded, which could have unforeseen repercussions on the reference regulatory framework and, consequently, on the Group's business and results.

#### **Legal and non-compliance risk**

The legal and non-compliance risk consists of the failure to comply, in whole or in part, with European, national, regional and local regulations with which the Group must comply in carrying out its activities. Violation of the rules may result in criminal, civil and/or administrative sanctions as well as financial, economic and/or reputational damage. With reference to specific cases, inter alia, the violation of regulations to protect the health and safety of workers and the environment and the violation of regulations to fight corruption may lead to sanctions, even significant ones, against the Group under the regulations on the administrative liability of entities (Legislative Decree no. 231/01).

#### **Climate change risk management**

Continuous greenhouse gas emissions since the industrial revolution have led to approximately 1.2 °C of global warming. Although this change is seemingly small, current temperatures are unprecedented for at least the last 12,000 years and are affecting living conditions in many parts of the world. If left unchecked, climate change will have profound impacts on ecosystems, health, infrastructure and the economy. While there are worrying signs, for which the main causes have been identified (spread of greenhouse gases, global warming), the possible consequences on the balance of the planet in terms of the continuity of the availability of natural resources and their price, the course of the seasons and the effect on productive activities are still being studied.

Financial markets need clear and comprehensive information on the impacts of climate change. This includes the risks and opportunities presented by rising temperatures, climate-related policies and regulations, and emerging technologies in our changing world. While climate change affects almost all economic sectors, the level of exposure and impact of climate-related risks differs by sector, industry, geography and organisation. Furthermore, the financial impact of climate-related issues on organisations is not always clear or direct, and for many organisations, identifying issues,

assessing potential impacts and ensuring that material issues are reflected in financial documents can be difficult. The main reasons for this are probably due to (1) limited knowledge of climate-related issues within organisations, which can inhibit the identification of such risks; (2) the difficulty of quantifying climate-related risks; (3) and the tendency to focus mainly on short-term risks without paying adequate attention to risks that may arise in the long term.

In this regard, the Ascopiave Group, aware that it works in a sector that is extremely influenced by climate change, has carried out an initial analysis useful for adjusting the framework of risks and opportunities within its corporate perimeter. The analysis was conducted taking as a reference the TCFD (Task Force on Climate-related Financial Disclosure) guidelines implemented by the European Commission in the 'Guidelines on the Disclosure of Non-Financial Information: Integration Concerning the Disclosure of Climate-related Information'. The project, resulting in a preliminary disclosure, analysed the 4 pillars recommended by the document:

- Governance,
- Strategy,
- Risk Management,
- Metrics & Targets.

Operating in the energy sector, the Ascopiave Group has a synergic relationship with the phenomenon of "climate change" and its business operations contribute in an immediate form to the various climate scenarios dictated by international literature such as the IPCC (International Panel for Climate Change) and NGFS (Network for Greening the Financial System). Following the acquisitions made in 2021 and 2022 in the renewable energy sector with Asco Renewables S.p.A. and its subsidiaries (Eosforo S.r.l., Morina S.r.l., Sangineto Energie S.r.l., Salinella Eolico S.r.l. and Green Factory S.r.l.) and Asco EG S.p.A. Ascopiave Group, with its updated Strategic Plan 2022-2026, continues its commitment to the climate change mitigation activities defined by the European Green Deal, to create a "carbon neutral" economy by 2050, and, to reduce emissions by 55% by 2030.

**Governance:** The strategic management of "climate change" aspects, as well as the governance of all aspects of sustainability, is the responsibility of the Board of Directors, in compliance with applicable regulations. During 2021, Ascopiave S.p.A. placed the pursuit of the objective of "sustainable success" at the centre of its corporate culture and corporate governance system. Also to this end, on 15 January 2021, the Board of Directors of Ascopiave S.p.A. formally adhered to the new Corporate Governance Code which, in Principle I, promotes "sustainable success". In 2021, the Ascopiave Group also established the Sustainability Committee with investigative, propositional and advisory functions in the parent company's assessments and decisions on environmental sustainability and the so-called "energy transition". In addition to the Sustainability Committee, the Board of Directors also relies on the support of the Control and Risk Committee in evaluations and decisions relating to the internal control and risk management system.

**Strategy:** The Group's strategy aims to pursue sustainable success and is oriented towards the objective of stable value creation for shareholders, aware of the potentially significant impacts that the climate can have on customers, stakeholders and the business. On the other hand, on the production and distribution process front, the constant effort to enhance energy efficiency is bringing benefits in terms of less energy used for the same activity, resulting in lower costs and emissions.

The 2022-2026 Strategic Plan, approved by the Board of Directors on 9 February 2023, confirms the strategic guidelines set forth in the strategic plans published in the previous two years, outlining a path of sustainable growth in the core businesses of gas distribution and renewable energy and in new areas of activity.

In particular, the 2022-2026 Strategic Plan envisages the realisation of considerable investments in the field of renewable energies, some of which are related to business acquisition transactions already finalised in 2022 or related to concessions for the construction of new generation plants currently already obtained. As part of the process of energy transition and business diversification, the Ascopiave Group aims, through growth based on the enhancement of the skills possessed, to identify one or more useful strategies to mitigate the negative effects of the possible scenarios resulting from climate change. Part of the planned investments in diversification in the renewable energy sector are aimed at the energy transition by focusing on gases defined as 'green', i.e. Green Hydrogen and Biomethane. With reference to the first of the two, the Group is developing an integrated project along the entire green hydrogen chain, starting from its 'production' using electricity from photovoltaic systems. Another significant portion of investments will be dedicated to the development of new wind power plants (some already authorised, others in the process of applying for authorisation) for 57.6 MW of power and photovoltaic plants (in the process of applying for authorisation) for 38.6 MW of power.

Diversification within its business perimeter, besides making the Group more profitable and resilient to exogenous events, has pervasive effects on the Group's consciousness and responsibility. Growth in diversified areas can take place

through the development of in-house expertise, participation in competitive processes, company acquisitions or, finally, through the establishment of partnerships with experienced players. The phenomenon of climate change forces companies to promote innovation and find solutions to increase energy efficiency within their business. In this regard, Ascopiave has achieved appreciable results on the energy efficiency front, implementing organisational and technological solutions functional both to improving the quality and reliability of the service and to containing costs.

**Risk Management:** With particular reference to risks and opportunities related to climate change, the Ascopiave Group relies on the support of the endoconsiliar committees Sustainability Committee and Control and Risk Committee, and, starting from October 2022, on the figure of the Risk Manager. As will be specified in the following table of risks and opportunities, in line with the recommendations of the TCFD, risk management includes the following phases: identification and assessment of risks/opportunities, definition of the response, periodic review and continuity/enhancement of controls. For more information on the internal control and risk management system and its actors, please refer to Section 9 of the Report on Corporate Governance and Ownership.

**Metrics & Targets:** As far as the metrics used by the Group are concerned, to date reference can be made to the chapter "Energy management and emissions" where the indicators relating to energy consumption, atmospheric emissions, water use and waste production and management are described in detail. The metrics used for reporting the indicators follow the GRI Standards published by the Global Reporting Initiative.

The "Sustainable Development Goals" identified by Ascopiave through dialogue with Stakeholders are the elements on which the Group will base its sustainable growth path. The sustainability path undertaken by Ascopiave is inspired by the Sustainable Development Goals (SDGs) connected on the one hand to its own business activities (SDGs 6, 7, 8 and 9) and on the other to the impact and effects the Group has on the territories in which it operates (SDGs 11, 12 and 13). In this context, Ascopiave's strategy acknowledges the concept of assuming responsibility that the 2030 Agenda requires of every reality, not only for what it carries out at business level, but also as an activator of change with a view to creating sustainable systems both locally and globally.

Next, in line with the recommendations of the TCFD, is the Group's general and specific risk-opportunity matrix. The identification of risks and their attributability, as mentioned above, may be difficult due to limited knowledge of climate-related issues and/or the tendency to focus mainly on short-term risks. A preliminary distinction must therefore be made between physical and transitional risks:

- physical risk, i.e. the risk arising from progressively changing climatic conditions, linked to long-term variations (chronic risk) and extreme weather events (acute risk). These risks expose the Group to damage to or destruction of 'physical capital' such as industrial buildings, plant and infrastructure, potential disruptions to essential supplies, and potential contraction of production and distribution capacity;
- Transition risk is related to legislative, regulatory and technological changes associated with the fight against climate change and the transition to a low-emission economy.

In view of the complexity of quantitative analyses at the company level, the Group set out to carry out a preliminary analysis, starting with more qualitative considerations, which are represented as follows.

Type of event	Potential event	Description of risk/opportunity	Potential financial impacts	Risk management strategy / opportunity realisation strategy
PHYSICAL (Acute)	Increase in Frequency and intensity of Extreme weather events	RISKS Damage to the gas distribution and other assets  OPPORTUNITIES n.a.	Plant unavailability. Emerging and lucricessant damages. Increased Extraordinary costs for repair and/or replacement of assets damaged.  OPPORTUNITIES n.a.	Diversification technological and/or portfolio geography generation that allows you to limit the impacts.  OPPORTUNITIES n.a.
PHYSICAL	Heat waves	RISKS	RISKS	RISKS

(Acute)		<p>Reducing the performance of the facilities and impact negative on their efficiency. Increased plant maintenance.</p> <p>OPPORTUNITIES Increased demand of electricity for cooling.</p>	<p>Increased operating costs. Lower revenues.</p> <p>OPPORTUNITIES Increased revenues.</p>	<p>Diversification technological (wind/sun / water / hydrogen) and portfolio geography generation that compensates the impact due to the change in the temperature. Innovative systems of predictive maintenance.</p> <p>OPPORTUNITIES Innovative systems of predictive maintenance.</p>
PHYSICAL (Chronic)	Increase in Average temperature	<p>RISKS Lower plant efficiency. Decrease in water availability.</p> <p>OPPORTUNITIES Increased radiation resulting in an increase in the production of photovoltaic systems.</p>	<p>RISKS Revenue reduction</p> <p>OPPORTUNITIES Increased revenues.</p>	<p>RISKS Diversification technological (wind/sun / water / hydrogen) and/or geography of the portfolio generation that compensates impact due to the change in the temperature. Innovative systems of predictive maintenance.</p>
PHYSICAL (Chronic)	Major increases or reductions in annual rainfall.	<p>RISKS Decrease in energy production electrical assets Hydroelectric. Possible maintenance extraordinary.</p> <p>OPPORTUNITIES n.a.</p>	<p>RISKS Reduced revenues. Higher running costs.</p> <p>OPPORTUNITIES n.a.</p>	<p>RISKS Diversification technological (wind/sun / hydrogen) and/or portfolio geography generation that compensates impact due to the variation of precipitation.</p> <p>OPPORTUNITIES Collaboration with sector operators/integrated water service operators for the provision of specialised services, software sharing to stimulate the digitisation of the sector, enhancing the expertise gained in the</p>

				core business of gas distribution.
PHYSICAL (Chronic)	Change in intensity, management and frequency of the windiness.	<p>RISKS</p> <p>Decrease in energy production electricity due to the scarcity of the resource or prevailing direction for wind farms. Uncertainty of weather forecasts that could generate inaccurate production schedules</p> <p>OPPORTUNITIES</p> <p>Increased production of electricity for wind power plants in case of increase in the frequency and intensity of windiness.</p>	<p>RISKS</p> <p>Reduced revenues. Increased operating costs.</p> <p>OPPORTUNITIES</p> <p>Higher revenues</p>	<p>RISKS</p> <p>Diversification technology (sun/water / hydrogen) and/or geography of the portfolio generation that compensates impact due to the change in the windiness.</p> <p>OPPORTUNITIES</p> <p>Diversification geography of the portfolio generation.</p>
TRANSITION (Regulatory and policy-related)	Change of subsidies and incentives from the government or international	<p>RISKS</p> <p>Reduction of incentives for investments in RES production.</p> <p>OPPORTUNITIES</p> <p>Increased incentives for investments in RES production. Increased availability of capital for Green investments.</p>	<p>RISKS</p> <p>Lower revenues.</p> <p>OPPORTUNITIES</p> <p>Increased revenues.</p>	<p>RISKS</p> <p>Establishment and maintenance of relations with institutions of reference in the field national and international aimed at protect the interests of the Group.</p> <p>OPPORTUNITIES</p> <p>Establishment and maintenance of relations with institutions of reference in the field national and international interests to protect the Group's interests.</p>



TRANSITION (Regulatory and policy-related)	Change of regulatory framework of gas emissions greenhouse effect (GHGs)	<p>RISKS Tightening of regulation international / national with introduction of greenhouse gas emission limits for installations of energy production.</p> <p>OPPORTUNITIES Price increase of energy in the short term following the coal phase-out.</p>	<p>RISKS Lower revenues.</p> <p>OPPORTUNITIES Increased revenues.</p>	<p>RISKS Diversification technological and/or geography of the portfolio with low GHGs emissions which makes it possible to limit impacts. Enhancement of efficiency in the network management.</p> <p>OPPORTUNITIES Enhancement of efficiency in the network management.</p>
TRANSITION (Market)	Increased pressure competitive	<p>RISKS Increase in competitive pressure in following new technological innovations and/or operators more efficient.</p> <p>OPPORTUNITIES Leadership in the innovation of market.</p>	<p>RISKS Lower revenues. Reduction capitalisation of market.</p> <p>OPPORTUNITIES Increased revenues.</p>	<p>RISKS Great attention towards RES and to methods of innovative management of resources and networks of distribution.</p> <p>OPPORTUNITIES Developing new partnership and investing more in Research and Development.</p>
TRANSITION (Reputational)	Change reputation	<p>RISKS n.a.</p> <p>OPPORTUNITIES Greening the Group's reputation</p>	<p>RISKS n.a.</p> <p>OPPORTUNITIES Lower revenues. Increase in market capitalisation.</p>	<p>RISKS n.a.</p> <p>OPPORTUNITIES Great focus on RES and innovative management methods for resources and distribution networks. Assume an important role in the energy transition of the target territories based on diffusion of green gases.</p>
TRANSITION (Technology)	Innovations technology	<p>RISKS Dissemination of new</p>	<p>RISKS Lower revenues</p>	<p>RISKS Great attention towards RES and to methods of</p>

		<p>technologies and sources energy outside those managed by the organisation, resulting in a reduction in the use of existing infrastructure.</p> <p>OPPORTUNITIES Adaptability of existing networks and facilities to the deployment of new energy sources, such as green gases (biomethane and hydrogen).</p>	<p>OPPORTUNITIES Increased revenues. Increase in capitalisation market.</p>	<p>innovative management of resources and networks of distribution.</p> <p>OPPORTUNITIES Investment in Research and Development of technology and market.</p>
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## Other information

### Research and Development

#### Information systems

The main project carried out in 2022 was the creation, on the application park used by the Group's Distribution companies, of the new company Romeo Gas and the simultaneous migration, on the same application park, of the company Serenissima Gas. The project became necessary following the award, in consortium with Acea and IREN, of the tender for the sale by A2A of concessions in the natural gas distribution service for about 157,000 PdR, which took place at the end of 2021.

Then, in the last quarter of 2022, a project was started to create Romeo2, also on the application pool already used by the other distribution companies, which is scheduled to start on 1 February 2023.

The period also saw the continuation of the fine-tuning of the new works management process for all the Group's Distribution companies. The project entailed the modification of the processes for estimating, assigning, reporting works and creating new assets, understood as new realisations and extraordinary maintenance of the gas networks, introducing

significant automation to make the entire management of activities more effective and efficient. The objectives were pursued by integrating the main software and in particular the RetiNext software that supports the user management processes, the Infor EAM software that supports the maintenance processes, the Geocall WFM that was also extended to the work assignment part, and the SAP accounting system. The solution was then enriched with a construction site management module, designed to monitor, verify and validate construction site activities assigned to external contractors. This application allows the client and the contractor to interact in real time, optimising the control and validation activities of the works.

During the year, work continued on the development of new software capable of simulating the fluid-dynamic behaviour of networks in real time. The project's objectives are to allow the monitoring of networks and plants in real time, the validation of fluid-dynamic models by means of calibration graphs, and the profiling of consumption by main users.

Work continued on the development and expansion of the remote control system for monitoring pressures upstream and downstream of the GRFs, installing the relevant peripherals.

In the second half of the year, the implementation of a new management system to support the main processes for managing an integrated water system was completed. This system represents an important element of investment in the digitalisation of processes related to the water service, allowing support for all management activities, ranging from the management of the counter and activities requested by customers, to the management of readings and activities in the field, up to invoicing.

As part of the investment in digital innovation, an RPA (Robotic Process Automation) technology experimentation project was carried out with the aim of automating and simplifying some IT processes that required repetitive and low added-value activities from users. The project allowed the automation of a series of processes such as those related to the sending of SM1 (suspension for arrears), A02 (activation of the supply following suspension for potential danger) and IGMG (readings on meter change activities) flows, the WKR coefficient acquisition process and the photo-letter acquisition process.

During the period, the implementation of a project to renew the production system of operational reporting continued, automating and simplifying its production and usability. Integrations between the different feeding systems and the production of the main operational reports (investments, hours worked, operational activities performed, installation of reduction units, etc.) were carried out.

During the year, activities also continued to enable the adjustments and changes to systems necessary to meet regulatory updates and internal process enhancement requirements. One example of enhancement was the redesign of the data acquisition process from the dispersion search system into the mapping system.

## Human Resources

As at 31 December 2022, the Ascopiave Group had 513 employees, distributed among the various companies as shown below:

Description	31/12/2022	31/12/2021	Variation
Ascopiave S.p.A.	83	86	-3
Ap Reti Gas S.p.A.	180	166	14
Ap Reti Gas Rovigo S.r.l.	15	16	-1
Edigas Esercizio Distribuzione S.p.A.	60	64	-4
Ap Reti Gas Vicenza S.p.A.	35	38	-3
Ap Reti Gas Nord Est S.p.A.	94	98	-4
Cart Acqua S.r.l.	3	3	0
Romeo Gas S.p.A.	6	0	6
Serenissima Gas S.p.A.	26	0	26
Asco EG S.p.A.	11	0	11
<b>No. of persoal employed of the companies hel for sale</b>	<b>513</b>	<b>471</b>	<b>42</b>

Compared to 31 December 2021, the Ascopiave Group's workforce increased by 42 employees, mainly due to the entry of Romeo Gas (+6 employees), Serenissima Gas (+26 employees) and Asco EG (+11 employees) into the scope of consolidation. On a like-for-like basis, the Group's workforce decreased by 1 employee; the changes are attributable to the following companies:

- ✓ Ascopiave: -3 employees, due to 5 hirings and 8 terminations;
- ✓ AP Reti Gas: +14 employees, due to 21 hirings and 7 terminations;
- ✓ AP Reti Gas Rovigo: -1 employee, due to 1 termination;
- ✓ Edigas Esercizio Distribuzione Gas: -4 employees, due to 2 hirings and 6 terminations;
- ✓ AP Reti Gas Vicenza: -3 employees, due to 3 terminations;
- ✓ AP Reti Gas Nord Est: -4 employees, due to 1 hiring and 5 terminations.

The table shows the breakdown of the workforce by qualification:

Description	31/12/2022	31/12/2021	Variation
Managers (average)	14	13	1
Office workers (average)	326	307	19
Manual workers (average)	173	151	22
<b>No. of persoal employed of the companies hel for sale</b>	<b>513</b>	<b>471</b>	<b>42</b>

### Seasonality of the activity

The natural gas distribution business managed by the Ascopiave Group is not significantly affected by seasonality. In fact, it is less influenced by the thermal trend recorded during the year, except for some minor items. With the recent acquisitions made in the sector of electric energy production from renewable sources, the Group is instead exposed to environmental factors that characterise the seasons, such as rainfall/dryness, solar radiation and windiness.

The Group is significantly exposed to the effects of seasonality in relation to investments in associated companies, active in the sale of natural gas and electricity, which will be valued using the equity method. Gas consumption varies considerably on a seasonal basis, with greater demand in the winter period, in relation to higher consumption for heating use. Seasonality influences the trend of gas sales revenues and supply costs, while other operating costs are fixed and incurred by the Group in a homogeneous manner throughout the year. Therefore, the data and information, relative to these companies, contained in the interim financial statements do not allow for immediate representative indications of the overall trend for the year.

#### **Remuneration paid to members of management and control bodies, general managers and managers with strategic responsibilities and shareholdings held**

Information on the remuneration paid to the members of the administration and control bodies, general managers and managers with strategic responsibilities, and on the shareholdings held by them, is provided in the Remuneration Report, prepared pursuant to Article 123 - ter of Legislative Decree No. 58/1998 (TUF) and approved by the Board of Directors on 4 March 2021, to which reference should be made.

The aggregate remuneration of the Group's Directors, Statutory Auditors, and Senior Management recognised in the financial year 2022 was Euro 1,050 thousand for the Directors, Euro 392 thousand for the Board of Statutory Auditors, and Euro 1,048 thousand for Senior Management, for a total of Euro 2,490 thousand compared to Euro 2,466 thousand the previous year.

## **Commentary on the financial results for the financial year 2022**

### **Performance Indicators**

Pursuant to the provisions of Consob communication DEM 6064293 of 28 July 2006 and recommendation CESR/05-178b on alternative performance indicators, it should be noted that the Group considers other performance indicators useful for monitoring its business, in addition to the normal performance indicators established by the IAS/IFRS international

accounting standards, which, although not specifically established by the aforementioned standards, are of particular relevance. In particular, the following indicators should be noted:

- **EBITDA:** is defined by the Group as the result before depreciation, amortisation, bad debts, financial management and taxes.
- **Operating profit:** this indicator is also required by the relevant accounting standards and is defined as the operating margin (EBIT) minus the balance of non-recurring costs and income. It should be noted that this last item includes contingent assets and liabilities, capital gains and losses from asset disposals, insurance reimbursements, contributions and other minor positive and negative items.
- **Gas distribution tariff revenues:** defined by the Group as the amount of revenues earned by the Group's distribution companies for the application of natural gas distribution and metering tariffs to their end customers, net of equalisation amounts managed by the Cassa per i Servizi Energetici e Ambientali.

## Operating Performance - Key Operational Indicators

NATURAL GAS DISTRIBUTION	Financial Year		Var.	Var. %
	2022	2021		
<b>Ascopiave Group</b>				
Number of Concessions	306	268	38	14.2%
Length of distribution network (km)	14,614	12,988	1,625	12.5%
Total active meters (no.)	889,739	777,858	111,881	14.4%
Volumes of gas distributed (cm/mln)	1,455.6	1,593.0	-137.4	-8.6%

PRODUCTION OF ENERGY FROM RENEWABLES SOURCES	Financial Year		Var.	Var. %
	2022	2021		
<b>Ascopiave Group</b>				
Number of plants	28	0	28	n.a.
Installed power (MW)	62.5	0.0	62.5	n.a.
Volumes of electricity produced (GWh)	91.78	0.0	91.8	n.a.

Below we comment on the performance of the main operating indicators of the Group's activities.

Please note that the value of each indicator is obtained by summing the values of the indicators of each consolidated company.

As regards gas distribution activities, during the year the volumes supplied through the networks managed by Group companies totalled 1,472.2 million cubic metres, a decrease of 7.6% compared to the previous year. This decrease is mainly attributable to the continuation of relatively mild temperatures in the fourth quarter of the year.

As of 31 December 2022, the number of redelivery points (PDR) operated by Group companies is 889,739.

The 28 plants producing electricity from renewable sources, with a total installed capacity of 62.5 MW, produced 91.78 GWh during the year. The volume of GWh produced was significantly affected by the weather that characterised the financial year, and in particular the persistent drought. It should be noted that the plants were acquired between December 2021 and January 2022 and therefore the period under comparison was not affected by these quantities.

## Operating Performance - The Group's Economic Results

(Thousands of Euro)	2022	% of revenues	2021	% of revenues
Revenues	163,651	100.0%	134,911	100.0%
Total operating costs	85,721	-52.4%	68,529	-50.8%
<b>Gross operative margin</b>	<b>77,930</b>	<b>47.6%</b>	<b>66,382</b>	<b>49.2%</b>
Amortization and depreciation	45,975	-28.1%	32,509	-24.1%
Provision for risks on credits	44	-0.0%	34	-0.0%
<b>Operating result</b>	<b>31,911</b>	<b>19.5%</b>	<b>33,838</b>	<b>25.1%</b>
Financial income	4,412	2.7%	3,526	2.6%
Financial charges	6,223	-3.8%	1,993	-1.5%
Evaluation of subsidiary companies with the net equity method	7,871	4.8%	19,892	14.7%
<b>Earnings before tax</b>	<b>37,971</b>	<b>23.2%</b>	<b>55,263</b>	<b>41.0%</b>
Taxes for the period	6,999	-4.3%	9,937	-7.4%
<b>Result for the period</b>	<b>30,972</b>	<b>18.9%</b>	<b>45,326</b>	<b>33.6%</b>
Net result from transfer/disposal of assets	1,466	0.9%	0	0.0%
<b>Net result for the period</b>	<b>32,438</b>	<b>19.8%</b>	<b>45,326</b>	<b>33.6%</b>
Group's Net Result	32,664	20.0%	45,326	33.6%
Third parties Net Result	(226)	-0.1%	0	0.0%

Pursuant to Consob Communication No. DEM/6064293 of 28 July 2006, it should be noted that the alternative performance indicators are defined in the 'Performance Indicators' section of this document.

In the financial year 2022, the Group realised revenues of Euro 163,651,000, an increase of 21.3% over the previous year. The following table provides a breakdown of revenues.

(Thousands of Euro)	2022	2021
Revenues from gas transportation	115,168	110,378
Revenues from electricity sale	422	(0)
Revenues from connections	863	571
Revenues from heat supply	7	7
Revenues from distribution services	4,761	4,283
Revenues from services supplied to Group companies	14,070	9,082
Revenues from ARERA contributions	12,426	6,129
Revenues from hydro-electric plants	10,904	
Other revenues	5,031	4,461
<b>Revenues</b>	<b>163,651</b>	<b>134,911</b>

**Tariff revenues on gas distribution activities** (which increased from Euro 108,852 thousand to Euro 113,561 thousand) show an increase of Euro 4,708 thousand compared to the previous year. The differential between the tariff revenues and the item "gas transportation revenues" shown in the table (as of 31 December 2022 equal to Euro 1,607 thousand and as of 31 December 2021 equal to Euro 1,526 thousand) is explained by the revenues recorded due to the chargeback of concession fees related to Art. 46bis. It should be noted that these revenues contribute to the formation of the other cost and revenue items described in the following disclosure.

Revenues from **Wind-Hydroelectric Power Stations** amounted to Euro 10,904,000 at year-end and were generated by the companies subject to the expansion of the scope of consolidation in the last months of 2021 and the first months of 2022.



**Revenues from energy efficiency certificates** (which increased from Euro 6,129 thousand to Euro 12,426 thousand) show a positive change of Euro 6,297 thousand compared to the previous year. The change is mainly explained by the increase in energy saving targets expected for the financial year 2022.

The **operating result** for the financial year 2022 amounted to Euro 31,911 thousand, a decrease of Euro 1,927 thousand (-6%) compared to the previous year.

The decrease in the operating result is due to the following factors:

- negative change related to the enlargement of the scope of consolidation in the amount of Euro 944,000;
- lower margin on energy efficiency bonds in the amount of Euro 807,000;
- decrease in tariff revenues on gas distribution activity for Euro 6,498 thousand;
- positive change in other cost and revenue items of Euro 6,323,000.

The positive change in other cost and revenue items, amounting to Euro 6,323,000, is due to

- higher other revenues of Euro 4,009 thousand;
- lower costs for materials, services and other charges for €7,898,000;
- higher personnel costs of Euro 1,980,000;
- higher depreciation on fixed assets and provisions of €3,604 thousand.

It should be noted that the negative change related to the operating result achieved by the companies included in the enlargement of the scope of consolidation is related to the economic performance recorded by the companies operating in the sector of energy production from renewable sources. In fact, these companies were penalised by the persistent and persistent drought that affected the production of energy from hydroelectric sources, as well as by the regulatory changes enacted during the year, such as the support decree ter and the rule on extra profits. The negative operating result accrued by this sector was partly offset by the results achieved by the newly acquired companies operating in the natural gas distribution sector.

Consolidated net profit for the year 2022, amounting to Euro 32,438 thousand, recorded a decrease of Euro 12,888 thousand (-28%) compared to the previous year.

The change in profit is due to the following factors:

- lower operating income, as previously commented, for Euro 1,927 thousand;
- an increase in financial income of Euro 886,000;
- increase in financial expenses for Euro 4,229 thousand;
- lower result of companies consolidated under the equity method for Euro 12,021 thousand; this item is representative of Ascopiave's 40% shareholding in the EstEnergy Group and the 18.33% shareholding in Cogeide);
- lower taxes in the amount of €2,938,000;
- higher net result from assets held for sale in the amount of Euro 1,466 thousand.

The tax rate, calculated by normalising the pre-tax result of the consolidation effects of the consolidated company with the equity method and higher taxes related to extra-profits, from 31.2% in 2021 to the current 21.3%.

## Operating Performance - The Financial Situation

The following table shows the composition of net financial debt as required by Consob Communication No. DEM/6064293 of 28 July 2006. The table and disclosures shown have been adjusted to reflect the updates reported in ESMA document 32-382-1138 of 4 March 2021:

(Thousands of Euro)	31.12.2022	31.12.2021
A Cash and cash equivalents	76,917	42,538
B Equivalent to cash and cash equivalents	0	0
C Other current financial assets	6,493	1,175
- of which related parties		0
<b>D Liquid assets (A) + (B) + (C)</b>	<b>83,410</b>	<b>43,713</b>
E Current financial liabilities (including debt instruments, but excluding the current portion of non-current financial debt)	(98,917)	(140,985)
- of which related parties	0	0
- of which debt instruments current part	0	0
F Current portion of non-current financial debt	(119,280)	(60,631)
- of which related parties	0	0
<b>G Current financial indebtedness (E) + (F)</b>	<b>(218,196)</b>	<b>(201,616)</b>
<b>H Net current financial indebtedness (D) + (G)</b>	<b>(134,786)</b>	<b>(157,903)</b>
I Non-current financial debt (excluding the current portion and debt instruments)	(279,939)	(192,447)
J Debt instruments	0	0
K Trade payables and other non current payables	0	0
<b>L Non-current financial indebtedness (I) + (J) + (K)</b>	<b>(279,939)</b>	<b>(192,447)</b>
<b>M Net financial indebtedness (H) + (L)</b>	<b>(414,726)</b>	<b>(350,350)</b>

Pursuant to Consob Resolution No. 15519 of 27 July 2006, the effects of transactions with related parties are shown in the special schedule in the section 'Transactions with related parties' of this annual financial report.

Net financial debt increased from Euro 350,350 thousand at 31 December 2021 to Euro 414,726 thousand at 31 December 2022, an increase of Euro 64,376 thousand.

The net financial position monitored by the Group, which also includes non-current financial receivables, increased by Euro 64,372 thousand, from Euro 347,485 thousand at 31 December 2021 to Euro 411,857 thousand at 31 December 2022.

The table below shows the reconciliation between the ESMA net financial position and the Group's monitored financial position:

(Thousands of Euro)	31.12.2022	31.12.2021
ESMA Net financial position	(414,726)	(350,350)
Non current financial assets	2,868	2,864
<b>Net financial position monitored by the group</b>	<b>(411,857)</b>	<b>(347,485)</b>

Some data on the Group's cash flows are presented below:

(Thousands of Euro)	Full year	
	2022	2021
Net Income	32,438	45,326
Depreciations and amortizations	46,019	32,544
<b>(a) Self financing</b>	<b>78,457</b>	<b>77,870</b>
<b>(b) Adjustments to reconcile net profit of changes in financial position generated by operating activities:</b>	<b>103,597</b>	<b>4,368</b>
<b>(c) Change in financial position generated by operating activities = (a) + (b)</b>	<b>182,053</b>	<b>82,337</b>
<b>(d) Change in financial position generated by investing activities</b>	<b>(197,017)</b>	<b>(67,223)</b>
<b>(e) Other financial position changes</b>	<b>(49,409)</b>	<b>(24,054)</b>
<b>Net financial position changes = (c) + (d) + (e)</b>	<b>(64,372)</b>	<b>(9,039)</b>

The cash flow generated by operations (c), in the amount of Euro 182,053 thousand, was determined by self-financing in the amount of Euro 78,457 thousand and other positive financial changes in the amount of Euro 103,597 thousand, related to the management of net working capital in the amount of Euro +111,466 thousand and the valuation of companies consolidated using the equity method in the amount of Euro -7,871 thousand.

The management of net working capital, which generated financial resources in the amount of Euro 111,466 thousand, was influenced by the change in net operating working capital, which generated financial resources in the amount of Euro 131,251 thousand, by the negative change in the position with the tax authorities for the accrual of IRES and IRAP taxes in the amount of Euro 1,927 thousand, and by the negative change in the VAT position in the amount of Euro 16,583 thousand.

The following table shows the changes in net working capital that occurred during the year:

(Thousands of Euro)	Full Year	
	2022	2021
Inventories	1,103	6,737
Trade receivables and payables	154,165	(1,344)
Operating receivables and payables	(24,017)	26,407
Income from equity investments	(13,517)	(3,495)
Assets write-off and capital losses	1,367	1,253
Other changes in the income statement that don't generate cash flows	(597)	(1,278)
Severance pay and other funds	(1,110)	(1,350)
Current taxes	6,999	9,937
Taxes paid	(12,926)	(12,607)
<b>Change in net working capital</b>	<b>111,466</b>	<b>24,259</b>

The investment activity generated a cash requirement of Euro 202,270 thousand, and involved net investments in intangible and tangible fixed assets, mainly for interventions and developments of infrastructures suitable for the distribution of natural gas and for the development of plants in the renewable energy sector (wind, hydroelectric and photovoltaic), for a total of Euro 92,153 thousand, and investments in shareholdings for Euro 110,116 thousand.

The other changes in Net Financial Position, equal to Euro 49,409 thousand, are represented by dividends for a total of Euro 10,298 thousand, determined by the balance between dividends distributed (Euro -35,757 thousand) and dividends received from affiliated companies (Euro +25,459 thousand). The enlargement of the consolidation perimeter to the companies Asco EG and Salinella Eolico, operating in the hydroelectric and wind power sectors, and to the companies Romeo Gas and Serenissima Gas, operating in the gas distribution sector, determined an increase in the Group's net financial position for Euro 39,111 thousand.

The following table shows the other changes in the financial position that occurred during the year:

(Thousands of Euro)	Full Year	
	2022	2021
(Purchase) / Sale of treasury shares	0	39
Dividends paid to Ascopiave S.p.A. shareholders	(35,757)	(34,663)
Dividends collected from subsidiaries	25,459	20,862
Expansion of the consolidation perimeter	(39,111)	(10,291)
<b>Other changes in financial position</b>	<b>(49,409)</b>	<b>(24,054)</b>

## Operating Performance - Investments

During the year, the Group realised investments in intangible and tangible assets in the amount of Euro 87,001,000, an increase of Euro 33,702,000 compared to the previous year.

The increase recorded is mainly explained by the investments made during the year by the newly acquired companies for Euro 30,893 thousand, investments that have involved for Euro 25,062 thousand the renewable energy sector and, in particular, plants for the production of energy from wind power, and for Euro 5,816 thousand investments in the natural gas distribution sector. Net of the investments made by the companies subject to the enlargement of the consolidation perimeter, investments recorded an increase of Euro 2,808 thousand.

The investments made in infrastructures for the distribution of natural gas amounted to Euro 57,987 thousand at the end of the financial year. They relate to the installation and maintenance of the natural gas distribution network and plants for Euro 30,280 thousand, to the realisation of connections to the same for Euro 15,563 thousand and to the installation of measuring equipment for Euro 12,144 thousand.

Investments in renewable energy amounted to Euro 25,062,000 and mainly related to the construction, not yet completed, of a wind farm.

Other investments amounted to Euro 3,953,000 and mainly related to the purchase of hardware and software licences for Euro 2,584,000 (mainly licences purchased by the Group's distribution companies for telemetering management) as well as the purchase of company vehicles for Euro 784,000.

(Thousands of Euro)	Financial Year	
	2022	2021
Connecting a gas users	15,563	13,488
Expansions, reclamations and network upgrades	26,123	22,981
Flowmeters	12,144	11,374
Maintenance	4,157	2,438
<b>Raw material (gas) investments</b>	<b>57,987</b>	<b>50,281</b>
Hydroelectric energy production plants	575	0
Wind farms	24,481	0
Solar energy production plants	6	0
Other green energy plants	0	0
<b>Investments in renewable energies</b>	<b>25,062</b>	<b>0</b>
Land and buildings	307	813
Industrial and commercial equipment	248	158
Forniture	23	17
Vehicles	784	322
Hardware e Software	2,584	1,541
Other assets	8	168
<b>Other investments</b>	<b>3,953</b>	<b>3,019</b>
<b>Investments</b>	<b>87,001</b>	<b>53,300</b>

## Statement of Reconciliation of Individual Shareholders' Equity with Consolidated Shareholders' Equity

(Thousands of Euro)	31.12.2022		31.12.2021	
	Groups' operating result	Total net equity	Groups' operating result	Total net equity
Net equity and results for the year as recorded in the statutory financial statements of the parent company	41,793	838,060	53,252	827,666
Net equity and results for the year obtained by subsidiary companies net of the book values of the shareholdings	28,929	(25,594)	26,060	(14,989)
Variations				
Goodwill	986	35,205	986	21,936
Added value of the shareholdings	(4)	4,140	(0)	4,140
Appreciation of gas distribution network, net of tax effects	(1,387)	47,487	256	32,250
Effects deriving from the valuation of assets and equity investments made in companies in the renewable sector	(0)	(0)	(0)	(0)
Elimination of infra-group dividends	(26,719)	(0)	(38,224)	(0)
Capital gains on the sale of shareholdings	1,775	1,775		
Effects of the evaluation of companies consolidated with the net equity method	(13,280)	(8,865)	2,520	3,102
Effects deriving from the adjustment of the revaluation of assets carried out in the subsidiaries companies	399	(6,920)	(0)	(7,749)
Effects deriving from the redemption of goodwill	(38)	1,600	(0)	1,676
Other effects	(16)	(485)	476	473
<b>Total variations, net of tax effects</b>	<b>(38,284)</b>	<b>73,937</b>	<b>(33,986)</b>	<b>55,828</b>
<b>Net Shareholders' equity and result for the period as recorded in the consolidated financial statement</b>	<b>32,438</b>	<b>886,403</b>	<b>45,326</b>	<b>(886)</b>
<b>Minority interests and results</b>	<b>(226)</b>	<b>20,123</b>	<b>(0)</b>	<b>(39)</b>
<b>Operating result and net equity for the period as recorded in the consolidated financial statement</b>	<b>32,664</b>	<b>866,280</b>	<b>45,326</b>	<b>868,544</b>

# ANNUAL NON-FINANCIAL DECLARATION

# 2022

Drafted pursuant to Legislative Decree No. 254/2016

## Message from the President

*We present you with a new edition of our Non-Financial Statement, drafted according to GRI international standards, to transparently illustrate not only our Group's economic data but also our daily efforts to enhance environmental sustainability and to look to the future with strategies aimed at new energy sources.*

*The year 2022 was a year that saw us finally, albeit slowly, resume a normal lifestyle after two years of restrictions following the Covid pandemic, but it was also a year where new conflicts were triggered around the world that will heavily influence the energy supply front and lead to an upheaval in the economic and financial situation of all nations with negative repercussions on the budgets of companies, institutions and families.*

*With great attention to what is happening and with the social responsibility that we have always shown towards the territory and the people, respectful of international energy and climate policies that set ambitious goals for the achievement of energy transition in the medium term, our growth objectives look to the achievement, through a careful programme that combines consolidation in the reference sector where we are among the first Italian companies, of the development of other activities in the field of renewable energy.*

*It is a strategy of diversification, which can count on the valorisation of acquired skills and efficiency, looking at photovoltaics, wind power, hydroelectricity, green hydrogen, biomethane, and seeking out what is perscrutable to enhance energy efficiency and help mitigate climate change.*

*Sustainability is a priority for us, with a view to safeguarding both employment levels and the value of what has been built by the community, attentive to the needs of the community and prepared to deal competitively with new macroeconomic and market scenarios.*

*The President  
Dr. Nicola Ceconato*

## Methodological note

This document of the Ascopiave Group (hereinafter also referred to as "Ascopiave", the "Ascopiave Group" or the "Group"), approved by the Board of Directors on 7 March 2023, constitutes the consolidated non-financial statement (hereinafter also referred to as the "Non-Financial Statement" or "DNF") prepared in accordance with Legislative Decree 254/16 and the amendments dictated by Law no.145 published in the Official Gazette on 30 December 2018.

This document reports, to the extent necessary to ensure an understanding of the company's activities, its performance, results and impact on the issues deemed relevant and provided for by Art 3 of Legislative Decree 254/16 with reference to the financial year 2022 (1 January to 31 December).

The definition of relevant aspects for the Group and its stakeholders was based on a structured materiality analysis process. During 2022 and in the first months of 2023, the materiality analysis of the Ascopiave Group was updated, in order to meet the requirements of the new GRI Standards 2021, deepening the impacts underlying the 17 material topics previously identified. Following this analysis, the Group confirmed the material topics previously identified, because they were considered still relevant and in line with the impacts identified on the environment, the economy, people, including human rights. The material themes were prioritised in order of significance and approved by the Board of Directors on 23 February 2023.

The contents of the non-financial statement were prepared in accordance with the Global Reporting Initiative (GRI) Sustainability Reporting Standards of 2021.

For more details on the information required by the Standards and the indicators reported, please refer to the GRI Content Index table in the appendix of this document.

The scope of the **economic and financial data and information** is the same as in the Ascopiave Group's Consolidated Financial Statements as at 31 December 2022.

The perimeter of **social and environmental data and information** consists of the companies belonging to the Ascopiave Group as of 31 December 2022 consolidated on a line-by-line basis within the Group's Consolidated Financial Statements.

In order to allow comparability of data over time and to assess the performance of the Group's activities, a comparison with the previous year has been proposed, where possible.

Furthermore, for the purpose of a correct representation of performance and to ensure the reliability of the data, the use of estimates has been limited as much as possible, which, if present, are based on the best available methodologies and appropriately reported.

It should be noted that for the timely preparation of the Non-Financial Declaration and the collection of non-financial data and information, the Group has adopted a reporting procedure to ensure the adoption of standardised reporting methods and the implementation of an adequate internal control system at the Parent Company and Subsidiaries, for the reporting year and future years.

The Ascopiave Group has embarked on a path of continuous enhancement in the area of issues and policies practised with respect to the reduction of environmental impacts, the development of social and personnel-related policies, respect for human rights along the supply chain, and a constant commitment to the fight against active and passive corruption.

In 2021, Ascopiave's Board of Directors included 'sustainable success' in its Articles of Association and, with reference to Sustainability Governance, established the Sustainability Committee, with investigative, propositional and advisory functions in the Company's assessments and decisions on environmental sustainability and energy transition.

In February 2023, the Board of Directors approved the new 'Strategic Plan 2022-2026', which confirms the strategic directions indicated last year. This plan outlines the Group's lines of development over the next few years, transparently indicating the objectives to be pursued and the strategic levers that will enable them to be achieved, within a path of sustainable growth, both in the core business of gas distribution and in new areas of activity, particularly in the renewable energy and green gas sectors.

With the publication of the Strategic Plan, the Group equipped itself with new specific Sustainability Targets, in order to develop a sustainability strategy integrated to the business and business processes with specific targets - as further detailed in the Non-Financial Statement.



The Group is committed to progressively expanding and improving its analysis of the risks generated and incurred related to sustainability issues and their respective monitoring controls, as better detailed in the specific section of the Non-Financial Statement. The preliminary analysis of risks related to climate change has also been updated, according to the indications of the TCFD (Task Force on Climate-related Financial Disclosure) guidelines implemented by the European Commission.

#### COMBATING ACTIVE AND PASSIVE CORRUPTION

This issue is already covered in the 231/01 Organisational Model, adopted by the Parent Company and its subsidiaries and investee companies, and in the Group's Code of Ethics.

During the 2022 financial year, the newly acquired subsidiaries started a process to adopt their own Model 231. At the same time, a further updating activity was also started due to the latest legislative changes, addressed to all Group subsidiaries that already have their own Model 231.

#### ENVIRONMENT, SOCIAL, PERSONNEL-RELATED ASPECTS AND RESPECT FOR HUMAN RIGHTS

The parent company Ascopiave and the subsidiaries AP Reti Gas S.p.A., AP Reti Gas Vicenza S.p.A., AP Reti Gas Nord Est S.r.l., AP Reti Gas Rovigo S.r.l. and Edigas Esercizio Distribuzione Gas S.p.A. have adopted an integrated QSA Policy, with the aim of formalising the principles of reference to the international standards ISO 9001, ISO 14001 and ISO 45001. The Ascopiave Group is committed to implementing the Policies it has adopted with a view to continuous commitment and enhancement towards verifiable objectives, compliance with laws and regulations and protection of the environment and its people and employees. The document reports the new certifications acquired or renewed during the year, testifying to the Group's constant commitment to monitoring these issues.

The issues concerning the provision of the Service to Customers and Interested Parties are monitored through specific integrated quality management systems: the companies Ascopiave S.p.A., AP Reti Gas S.p.A., AP Reti Gas Vicenza S.p.A., Edigas Esercizio Distribuzione Gas S.p.A., AP Reti Gas Nord Est S.r.l., AP Reti Gas Rovigo S.r.l., Cart Acqua S.r.l., Asco Energy S.p.A. and Serenissima Gas S.p.A. have the management system certification according to ISO 9001:2015.

With particular reference to respect for human rights, considering the operating and regulatory context in which Ascopiave operates, the issue is declined by the Group in the management of relations with its employees and suppliers, in compliance with the principles and values referred to in the Group's Code of Ethics. It should be noted that the latter was updated in 2021, reinforcing the prohibition of any form of discrimination and promoting the inclusion and enhancement of diversity.

Ascopiave's Non-Financial Statement is prepared on an annual basis: this DNF 2022 was approved by the Board of Directors of Ascopiave S.p.A. on 7 March 2023.

This Non-Financial Statement is audited for compliance in accordance with the criteria indicated by the "ISAE 3000 Revised" standard by the auditing firm PwC, which, at the end of the work carried out, has issued, in a separate report, an attestation regarding the compliance of the information provided pursuant to Article 3, paragraph 10, of Legislative Decree 254/2016. The verification is carried out according to the procedures indicated in the "Report of the independent auditing firm", included in this document.

The DNF is an integral part of the Management Report, published in the 'Investor Relations' section of the Company's website [www.gruppoascopiave.it](http://www.gruppoascopiave.it).

## 4 IDENTITY AND RESPONSIBILITY

### The Ascopiave Group in the territory

The Ascopiave Group operates mainly in the natural gas distribution sector, as well as in other sectors related to its core business, such as energy efficiency and distributed generation, and through its shareholding in the company EstEnergy, is also active in the sale of gas and electricity.

The Group holds concessions and direct entrustments for the management of activities in 305 municipalities, providing service to approximately 880,000 users through a network of more than 14,500 kilometres.

The Ascopiave Group is also present in the water sector, being a shareholder and technological partner of the company Cogeide, which manages the integrated water service in 15 municipalities in the Province of Bergamo, serving a basin of over 100 thousand inhabitants through a network of 880 km.

In addition, starting in 2021, in line with the Strategic Plan, an investment in the renewable energy sector, in particular hydroelectricity, has been finalised.

In fact, Ascopiave is currently present in the renewable energy sector, owning 28 hydroelectric and wind power plants with a nominal installed capacity of 62.5 MW. Through its subsidiary Salinella Eolico S.r.l., it is also about to start the construction of a new wind power plant for about 22 MW.

The distribution companies of the Ascopiave Group, with operational headquarters in Pieve di Soligo (TV), have an Emergency Service available to solve problems related to the supply of gas on the managed networks, such as leaks or dispersions, interruptions or irregularities in supply and damage to distribution plants. The service is completely free of charge from both landlines and mobile phones, and is active 24 hours a day, every day of the year.

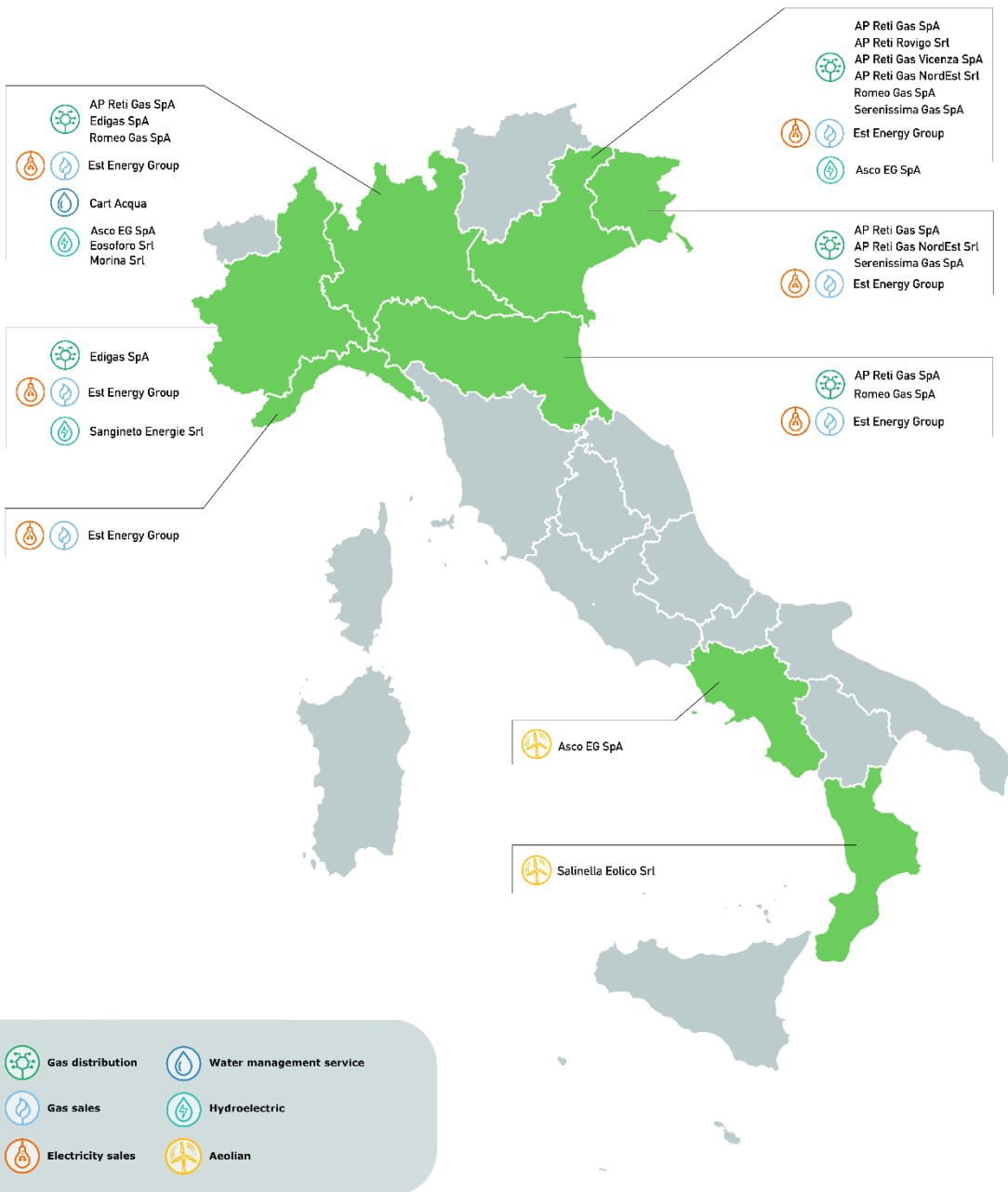
Particular attention is also paid to the environment, sustainability and safety, and this includes the purchase of a new technology, called Picarro Surveyor, one of the most innovative systems for preventive pipeline monitoring and leak detection, based on CRDS (Cavity Ring- Down Spectroscopy) technology.

The system consists of a series of apparatuses and devices installed on a special vehicle that, combined with the use of sophisticated analysis software, guarantees a sensitivity in detecting the presence of gas in the air that is at least three orders of magnitude higher than traditional systems (parts per billion versus parts per million). In addition, therefore, to the extreme sensitivity of detection, another distinguishing feature is the width of the areas subjected to inspection per route, allowing the detection of the smallest dispersions at a distance from the vehicle used for the inspection, thus extending the detection to 200 metres from the axis of the vehicle. A first vehicle purchased in 2021 was followed by a second vehicle purchased in the summer of 2022.

By adopting this system, the company aims to:

- Improving the safety conditions of the distribution service for the greater effectiveness of the inspection system.
- Enhance the criteria for planning network reclamation plans and be able to implement a predictive system for pipeline replacement.
- Contributing to the progressive reduction of methane gas emissions into the atmosphere, in line with the objectives set by the EU declared at national level within the framework of the National Integrated Energy and Climate Plan (PNIEC 2030). During 2022, the two vehicles inspected about 5,600 kilometres of network, concentrating mainly in the Veneto region (Provinces of Treviso, Padua, Rovigo, Vicenza, Venice).

Through progressive company acquisitions, the Ascopiave Group has seen the geographical areas in which it operates increase, so that today it is present not only in the province of Treviso, but also in the rest of Veneto, Friuli-Venezia Giulia, Lombardy and Piedmont, Emilia-Romagna, Trentino-Alto Adige, Liguria, Campania and Calabria.



## Mission, values and strategic goals

### The Mission

The Ascopiave Group operates directly in the natural gas distribution sector and, by participating in the partnership established with the Hera Group through the company EstEnergy, in the sale of gas and electricity.

Ascopiave is also present in the water sector, being a shareholder and technological partner of the company Cogeide, which manages the integrated water service in 15 municipalities in the Province of Bergamo, serving a basin of over 100,000 inhabitants through a network of 880 km. Through an effective and flexible organisation of managerial and technical skills, the enhancement and growth of which it constantly takes care of, it pursues objectives of increasing the economic value of the company and of sustainable social and environmental development.

The Group implements a strategy focused on satisfying its stakeholders, maintaining levels of excellence in the quality of services offered and respecting the environment and social concerns to enhance the context in which it operates.

The Ascopiave Group pursues a development system whose main guiding principles are dimensional growth, diversification into other sectors complementary to the core business, and the enhancement of operating processes.

The strategy that will guide the Group to 2026 is based on four pillars: growth in the core business of gas distribution, diversification into synergetic sectors, economic and operational efficiency and innovation.

The Group's strategy aims to pursue sustainable business success and is oriented towards the goal of stable value creation for shareholders, evolving a profitable relationship with other relevant stakeholders.

### Values

The core values on which the company orients its strategy are:

- *Customer satisfaction*

In carrying out its activities, the Ascopiave Group considers the provision of a quality service at competitive economic conditions to be of primary importance in order to meet the needs and expectations of all stakeholders (stakeholders). This objective is achieved through compliance with the methodological standards required by regulations, the consolidated skills of personnel and the adoption of the best technologies.

- *Environmental protection and rational use of energy*

In accordance with a development model that is compatible with the territory and the environment, the Ascopiave Group is committed to managing its processes according to criteria of environmental protection and efficiency, through the identification, management and control of the impact of its activities, as well as through the rational use of energy resources.

- *The safety of the working environment and the health of workers*

The Ascopiave Group considers the protection of workers' health and safety to be of primary importance. It therefore aims not only to comply with the requirements of the specific regulations on the subject, but also to continuously enhance working conditions, promoting the integration of safety in all company activities and the sense of responsibility of personnel.

- *Continuous Enhancement*

The Ascopiave Group believes that the continuous enhancement of processes and systems is a necessary condition for the company's success and growth in a competitive context and for the satisfaction of stakeholders' needs. The continuous enhancement process, i.e. the identification of areas for enhancement and the definition of measurable parameters and objectives, is also implemented through the application of international certification standards on quality, safety and the environment.

- *Respect for and appreciation of people*

The Ascopiave Group is aware that the main factor in the success of any company is its human resources, and promotes the involvement of personnel in the achievement of the company's strategic objectives and recognises the professional contribution of each individual, in a context of loyalty, mutual trust and cooperation, enhancing professional skills through training and growth activities.

- *Innovation and change*

The Ascopiave Group operates in a constantly evolving socio-economic reality, in which innovation and change become fundamental aspects in order to face market challenges under the banner of efficiency and competitiveness.

- *Sustainable development and cooperation with the community*

All Ascopiave Group's activities are carried out with an awareness of social responsibility towards its stakeholders: employees, shareholders, customers, suppliers, communities, commercial and financial partners, institutions, trade associations and trade union representatives. The Ascopiave Group therefore adopts a growth model that pursues both objectives of increasing the economic value of the company and sustainable development.

The aforementioned values, corporate principles and rules of conduct set forth in the Code of Ethics inspire the daily activities of all those who operate, internally or externally, in the sphere of action of the Ascopiave Group.

## Strategic Objectives

Ascopiave's strategy is strongly integrated with sustainability issues with the aim of acting in the company's main areas of interest: the quality of services, people, the environment and social issues; this is done by setting basic objectives (Sustainable corporate growth from an economic-financial, social and environmental point of view), intermediate objectives (Opportunities for growth and enhancement offered by the dynamics of the sectors of interest) and strategic levers (Exploitation of current positioning and valorisation, strengthening and development of the resources and skills possessed).

- **Attention to social issues to enhance the context in which the Ascopiave Group operates:** the Group has a strong focus on the local community and expresses its commitment also through its support for initiatives in the territory in six areas of intervention: health and prevention, community and care, culture, history and traditions, sport, environment, emergencies (see chapter: Territory and community);
- **Respect for the environment:** Ascopiave Group's commitment to protecting the environment and reducing environmental impacts is guided by the integrated quality, environment and safety policy and continuously monitored for all activities of the organisation (see chapter: Environmental sustainability);
- **Excellence and quality of services offered:** The pursuit of high standards of service quality is a primary objective of the Ascopiave Group, which is applied to all activities starting with those of a technical nature, such as emergency services and network inspections (see chapter: Customers and citizens served);
- **Safety, wellbeing and staff development:** Promotion of actions to minimise health and safety risks for its people and development of adequate working practices and conditions to ensure equal opportunities, through the removal of all forms of discrimination; provision of development and training programmes aimed at enhancing the skills of its people and consolidating the professionalism required by the role held (see chapter: Social sustainability).

The Ascopiave Group's initiatives aim to combine sustainability and industrial growth by placing great attention and commitment on environmental issues, with the objective of minimising the impact of its activities.

## Governance of the Parent Company

The system and rules for the management and control of the company are a founding element of the Ascopiave Group's business model and, flanking the corporate strategy, are aimed at supporting the relationship of trust between the company and its *stakeholders*, contributing to the pursuit of the objective of sustainable success. Transparency and fairness are the principles that inspire the Ascopiave Group in defining its Corporate Governance system, which is based on the applicable general and special regulations, its Articles of Association, Code of Ethics and best practices.

The governance system is oriented towards the best interpretation of the impulses coming from the sector and the territory of reference, allowing an open and transparent dialogue with public and private administrations and bodies. During the financial year, the Ascopiave Group placed the pursuit of the goal of 'sustainable success' at the centre of its corporate culture and *corporate governance* system.

To this end, it should be noted that on 15 January 2021, the Board of Directors of Ascopiave S.p.A. adopted the new *Corporate Governance* Code of listed companies in the current version approved by the *Corporate Governance* Committee promoted by Borsa Italiana S.p.A., which, in Principle I, promotes "sustainable success".

Ascopiave S.p.A. adopts a 'traditional' governance system that is characterised by the following corporate bodies:

- **Shareholders' Meeting:** which is responsible for decisions on the supreme acts of governance of the company;
- **Board of Directors:** entrusted with the management of the social enterprise with the attribution of operational powers to delegated bodies and individuals;
- **Chairman and Chief Executive Officer:** in addition to the legal representation and powers provided for by Law and the Articles of Association with regard to the functioning of the corporate bodies (Shareholders' Meeting and Board of Directors), he has a role of impetus and supervision over the functioning of the Board of Directors, within the scope of those fiduciary powers that make him the guarantor, vis-à-vis all shareholders, of the legality and transparency of the company's activities; the Chairman and Chief Executive Officer, in addition to his legal and institutional representation and the powers vested in him by law and the Articles of Association, has been granted powers, exercisable in compliance with the budget and the investment plan as well as the Board of Directors' guidelines and in compliance with the Code of Ethics, the administrative and accounting separation regime (so-called unbundling) and, where applicable, the Procedure for Transactions with Related Parties. It should also be noted that, on 28 January 2021, the Board of Directors qualified the Chairman and Chief Executive Officer, Mr. Nicola Ceconato, as Chief Executive Officer of the Issuer, also pursuant to the Corporate Governance Code.
- Please note that as of 1 January 2022, Mr. Nicola Ceconato as General Manager of Ascopiave S.p.A., in addition to his legal and institutional representation and the powers vested in him by law and the Articles of Association, is granted all the powers to carry out acts relating to the management, coordination and control of the activities of corporate functions and services, including, in particular, the powers, exercisable in compliance with the budget and investment plan as well as the Board of Directors' guidelines and in accordance with the Code of Ethics, the administrative and accounting separation regime (so-called unbundling) and, where applicable, the procedure for transactions with related parties;
- **Board of Statutory Auditors:** called upon to supervise compliance with the law and the Articles of Association and observance of the principles of proper administration, as well as to check the adequacy of the company's organisational structure, internal control system and administrative accounting system;
- **Auditing Company:** registered with the Register of Auditors to which the statutory auditing service is entrusted;
- **Supervisory Board:** set up to oversee the operation of and compliance with the Organisation, Management and Control Model pursuant to Legislative Decree 231/01 (Model 231) and prevent offences relevant for the purposes of that decree;
- **Remuneration Committee:** its task is to assist the Board of Directors with investigative, proposal-making and advisory functions in the assessments and decisions relating to the drafting of the remuneration policy;
- **The Control and Risk Committee** has the task of assisting the Board of Directors with investigative, propositional and advisory functions in evaluations and decisions relating to the internal control and risk management system, as well as those relating to the approval of periodic financial and non-financial reports.
- **Sustainability Committee:** established in November 2021 by Ascopiave's Board of Directors. The Sustainability Committee has investigative, propositional and advisory functions in the Company's assessments and decisions on environmental, social and economic sustainability and energy transition.

Board of Directors - members as at 31.12.2022	
Nicola Ceconato	President and Chief Executive Officer

Roberto Bet	Administrator
Mariachiara Geronazzo	Independent director
Cristian Novello	Independent director
Greta Pietrobon	Independent director *
Enrico Quarello	Administrator
Luisa Vecchiato	Independent director
<b>Board of Statutory Auditors - members as at 31.12.2022</b>	
Giovanni Salvaggio	President
Luca Biancolin	Acting auditor
Barbara Moro	Acting auditor

\* Greta Pietrobon was appointed *Lead Independent Director* by the Board of Directors on 28 January 2021

Members of the Board of Directors		
Genre	Men	Women
n. 7	4	3

Members of the Board of Directors			
Age group	<30	30-50	>50
n.	0	4	3

## Model 231 and Code of Ethics

Each company of the Ascopiave Group adopts its own Model 231, aimed at ensuring that corporate representatives, at every level of the organisation, cannot engage in unlawful conduct in the interest or to the advantage of Group companies.

The Ascopiave Group's Code of Ethics, which is an integral part of Models 231, states that all activities must be carried out in compliance with the law, within a framework of fair competition, honesty, integrity, fairness and good faith, respecting the rights and legitimate interests of customers, employees, shareholders, commercial and financial partners and the community.

With a view to the constant enhancement and implementation of internal rules of conduct, by resolution of 10 September 2021 of the Board of Directors of Ascopiave S.p.A., the Code of Ethics of the Ascopiave Group was updated by including, among other things, the alignment of the definition of "sustainable success" (the Group's mission) with the new corporate purpose of the Articles of Association of Ascopiave S.p.A, adopted by the Shareholders' Meeting in an extraordinary part on 29 April 2021, as well as the revision of the order of classification of the Group's values, prioritising the issue of sustainability and the respect and enhancement of personnel.

All Group companies, including the most recently acquired ones, have adopted and apply the Ascopiave Group Code of Ethics in the version approved by the Board of Directors of Ascopiave S.p.A. on 10 September 2021.

With regard to the respect for and appreciation of individuals, the Code of Ethics explicitly prohibits and reiterates the prohibition of any form of discrimination and in particular any discrimination based on race, nationality, gender, age, physical disability, sexual orientation, political or trade union opinions, philosophical views or religious beliefs. Ascopiave promotes inclusion and the enhancement of diversity.

The Ascopiave Group censures any kind of harassment in the workplace, interpreting its entrepreneurial role not only in the protection of working conditions, but also in the protection of workers' psycho-physical integrity and respect for their moral personality, preventing them from being subjected to unlawful conditioning or undue discomfort.

Model 231 is periodically updated with respect to regulatory and jurisprudential developments, to better respond to the company's organisational changes and as a further guarantee of the efficiency and transparency of the company's operations. During 2019, the Ascopiave Group began a process of updating the 231 Models of the parent company Ascopiave and its subsidiaries, which was substantially completed in 2020. In 2021, the process continued, with further implementation of Model 231 by Ascopiave S.p.A.

In particular, the update of Model 231 of the parent company Ascopiave was approved by the Board of Directors on 11 November 2021. As part of this, in addition to updating the predicate offences, a general simplification of the text has been implemented, aimed at making it easier to understand and apply, also clarifying, both in the context of the general part, and in the context of the individual special parts, the main and mandatory obligations and/or prohibitions for all those who have to act and/or interface with Ascopiave and the companies of the Group, highlighting, in particular, the duties of reporting in the presence of potential violations or non-compliance, even if only presumed.

A similar integration/updating process was initiated on the 231 Models of the subsidiaries.

In particular, during the 2022 financial year, the newly acquired subsidiaries started a process to achieve the adoption of their own Model 231. At the same time, a further updating activity has also been started due to the latest legislative changes, addressed to all the Group's subsidiaries that already have their own Model 231. The aforementioned drafting and updating activities are expected to be completed in 2023.

Please note that, during 2019, the Company, in compliance with Law No. 179 of 30 November 2017, also approved the "Ascopiave Group's Reporting Management Procedure" (adopted by all Group companies), Annex 3 to the Model, with the aim of regulating the process of receiving, analysing and processing Reports, also transmitted anonymously or confidentially, relating to violations and/or critical issues referring to one or more of the following topics:

- Code of Ethics;
- Model 231;
- Procedures related to and/or explanatory of the Code of Ethics or Model 231;
- Internal Control and Risk Management System;
- Laws, regulations, or measures of public authorities.

Ascopiave therefore decided to extend the scope of application of this Procedure beyond the perimeter of Legislative Decree No. 231/2001, considering it to be a valid and effective instrument of general verification and control to protect the legality that must guide the actions of the Company, and therefore of its directors, employees, collaborators, consultants and suppliers and, in general, of anyone who is called upon to act and/or work for or on behalf of Ascopiave or the companies of the Group.

The Procedure assigns maximum protection to whistle-blowers, with the limit of bad faith, or unfounded reports due to gross negligence. Reports may be transmitted by any useful means and pursuant to Article 6 of Legislative Decree No. 231/2001, as amended by Law No. 179/2017, the Procedure provides for the following specific and additional channels:

- a) dedicated mailbox: [segnalazioni@gruppoascopiave.it](mailto:segnalazioni@gruppoascopiave.it);
- b) a special computer portal (or *web form*), available in the Reporting section at <https://gruppoascopiave.segnalazioni.net/>

The Procedure assigns the management of reports to a "Reporting Committee" (made up of (i) the Head of the Internal Audit Function, (ii) the Legal and Corporate Affairs Director (iii) the Supervisory Board of Ascopiave S.p.A.), in close relation with the Supervisory Boards of the individual Group companies.

However, the Procedure does not modify or otherwise limit or bind the prerogatives and autonomy attributed, by law and/or internal procedures, to the Boards of Statutory Auditors and/or Supervisory Boards and/or other control bodies of Ascopiave and the companies of the Group. The contact methods provided for in the Procedure are in addition to and do not replace those of the Supervisory Boards.

It should be noted that, as part of the continuous training process pursued by the Ascopiave Group, in 2021, all employees took an in-depth online course on 231 issues and the structure of the Models. The course included a final test, the outcome of which conditioned the successful completion of the course. This initiative follows the similar one carried out in 2016 (also aimed at employees of the entire Group), as well as other initiatives implemented by individual companies in 2018/2019.

In the course of 2022, as a continuation of the training course, a training/updating activity was carried out (addressed to all Group employees) referring, in particular, to the updating of the Code of Ethics and the Whistleblowing Procedure. Also in these cases, a final test was provided for, the outcome of which conditioned the successful conclusion of the training activity.



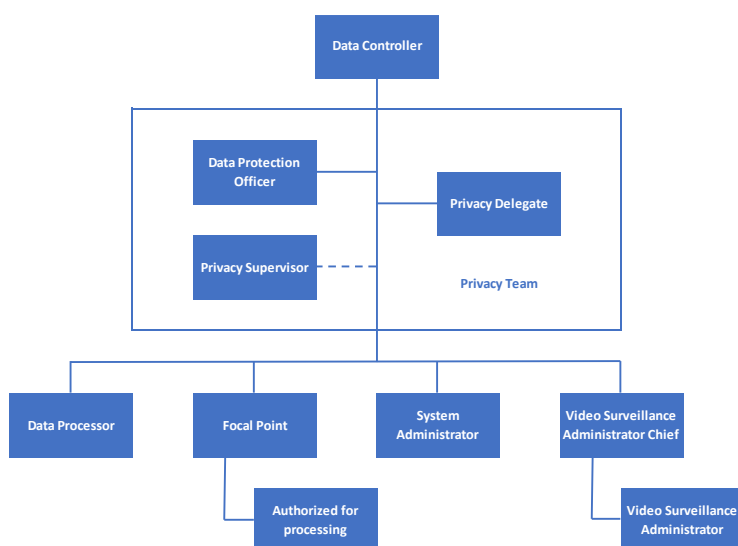
## Compliance with privacy regulations

The Ascopiave Group, in order to safeguard the rights and freedoms of "Data Subjects" (such as End Customers, employees, collaborators, suppliers and private citizens in general), pays the utmost attention to compliance with privacy regulations, as most recently defined, by virtue of EU Regulation 2016/679 (or GDPR) and Legislative Decree No. 196 of 30 June 2003, as amended by Legislative Decree 101/2018 (the so-called "Privacy Regulation").

Ascopiave, together with the Group's distribution companies (with the exception of Romeo Gas S.p.A.), has adopted, first of all, its own "general" Privacy Policy, which can be found in the dedicated sections of each company's website, aimed at regulating the management structure created to comply with the Privacy Regulation. In particular, the Privacy Policy contains:

- ✓ definitions and general principles on privacy;
- ✓ the roles, responsibilities and appointments of the figures involved in the management of issues related to the Privacy Regulation;
- ✓ the rights granted to data subjects, whose Data are processed, with the limitations to their transfer;
- ✓ principles, fulfilments, general rules and guidelines for the processing of Data and document management.

It configures the management structure according to the following scheme, defining, within it, the roles of each figure involved.



Following the adoption of the Privacy Policy, Ascopiave and the Group's distribution companies (with the exception of Romeo Gas S.p.A.), in line with the provisions of the GDPR and to complete the internal discipline, also prepared and adopted detailed Policies, dedicated respectively to

- a. Handling of data subjects' requests referring to the exercise of their rights under EU Regulation 2016/679;
- b. Privacy By Design;
- c. Data Breach;
- d. Data Protection Impact Assessment (DPIA);
- e. Data Retention.

Asco EG S.p.A., Asco Renewables S.p.A. (and the companies controlled by it) and Cart Acqua S.R.L., due to the small amount of Personal Data held by them, have adopted a single (own) Privacy Policy which, however, is a summary of the general Privacy Policy and of the five detailed Privacy Policies adopted by the other Group Companies.

Romeo Gas S.p.A. has also adopted, on a temporary basis, a single Privacy Policy.

With respect to Personal Data resulting from the performance of services provided by Ascopiave S.p.A. in favour of the Group's Subsidiaries, Co-ownership Agreements have been entered into, pursuant to Article 26 of the GDPR.

A similar Joint Ownership Agreement (concerning Personal Data related to the services mutually exchanged between the distribution companies, by virtue of the existing SBU contract) was concluded between the SBU Distribution companies of the Group.

Extracts of these agreements, pursuant to the same regulation, are published both on the Ascopiave Group website and on the websites of each company concerned.

Ascopiave, like its subsidiaries (subject to the relevant obligation) with the exception of Romeo Gas S.p.a., pursuant to the GDPR, has also appointed a Data Protection Officer (DPO). Cart Acqua, Asco EG and Asco Renewables (and the companies controlled by them) are not subject to the obligation to appoint a DPO and have therefore not done so. The position of Romeo Gas will be re-evaluated at the outcome of the relevant corporate events, consequent to the transactions underway.

In the exercise of its functions, the DPO is independent of the operational functions and has been provided with the human and financial resources necessary to fulfil its tasks.

Internal coordination is ensured by the Group's "Privacy Function", a collegial body (composed of the Privacy Contact Person, Ascopiave's Privacy Delegate and the DPO), which combines the competences inherent to the operational management of fulfilments and practices connected to the application of the Privacy Regulations, with those more strictly related to control and verification of management performance. During 2022, the Privacy Function met periodically both to assess the progress of activities and to deal with specific problems and/or issues of particular importance.

In order to guarantee the necessary link with the core business activities carried out by the individual companies, "Focal Points" have also been identified, i.e. persons designated (and appointed) by each Group Company, who, by virtue of their strategic role within the individual corporate organisations, in addition to the typical duties of each "Authorised Officer" for Processing, in their respective areas of competence, are called upon to (1) supervise projects and activities that have and/or may have an impact on Personal Data (e.g. the need to initiate new Processing operations or the need to amend or supplement existing Processing operations), (2) as the first point of contact, assess privacy issues, (3) constantly inform and, if necessary, promptly alert the Privacy Department on the progress of activities affecting Privacy and on the most significant situations (with particular reference to possible cases of Data Breach). Ascopiave and the Group's Distribution companies have appointed their own focal points respectively for general services provided by Ascopiave to Group companies and within the scope of the current SBU Distribution Contract.

The ordinary activity of managing privacy obligations (e.g. updating the Registers of Data Processing and the summary of security measures, preparing and formalising the necessary appointments, updating the information notices referring to the various areas of operations, managing and maintaining access to the group's applications by company employees, etc.) is constantly monitored and updated by the Privacy Contact, in close cooperation with the DPO and the Privacy Function. Procedures are still being implemented to enhance the periodic assessment of system administrators.

During 2022, no measures and/or other requests were notified against one or more Group Companies by the Italian Data Protection Authority. Furthermore, there were no Data Breaches of particular significance and/or with significant consequences for the rights and freedoms of Data Subjects. There are no requests from Data Subjects, aimed at exercising their rights under Articles 16 to 22 of the GDPR, pending or in progress, or in any case not processed.

## Sustainability Targets

On 9 February 2023, the Board of Directors approved the 'Strategic Plan 2022-2026', integrating the environmental, social and economic sustainability of business activities in the pursuit of sustainable success. In particular, the new plan confirmed the four strategic guidelines already indicated in the plan approved in 2022, namely growth in core businesses, diversification into synergic sectors, economic and operational efficiency, and innovation.

The sustainability commitments on which the company focuses its strategy are:

**Staff training:** target of 25 hours/year of training per employee by enriching the e-learning training offer available to Group employees. In the long term, the offer of generalist and non-generalist online training content will be channelled into a structured platform involving the largest number of users.

**Average age:** the average age of the company's workforce is about 47 years and there is a certain homogeneity in the distribution of the different age groups of employees. The group intends to maintain this balance as it ensures on the one hand the retention of the best experiences and on the other hand the influx of new incipits in terms of creativity, flexibility and openness to change .

**Gender Equality Certification:** activities aimed at obtaining gender equality certification will be undertaken.

**Welfare:** the Group offers welfare initiatives to all employees through an internal platform. This platform offers a wide range of services, ranging from education and training, social security and health benefits, to the purchase of other goods from suppliers accredited to the platform. This offer will be further expanded, maintaining the current scope of involvement at 100 per cent of employees.

**Worker safety:** the group considers worker protection to be of primary importance, setting itself the goal of maintaining high levels of safety, with an occupational accident rate of around 10 with a multiplier of 1,000,000. The integration of safety is promoted in all company activities and the prevention of accidents and occupational diseases is an essential objective of its business activities, focusing on the continuous training of personnel, so that they are aware of the importance of working in accordance with the laws and regulations in force, as well as the consequences that may affect their safety.

**Sustainable vehicles:** renewal of the company fleet according to the highest industry standards, continuing with the replacement of obsolete vehicles with vehicles powered by alternative fuels or the Euro 6 category and through the installation of charging stations at the headquarters. By 2026 the target for the electric/hybrid car fleet is 24.6% (7% by 2022).

**Waste:** the Group is committed to maintaining the standard already achieved with over 99% of special waste being sent for recovery.

**Renewable power:** photovoltaic power installed at the company's premises that will save 1.3 ktonne of CO2 avoided from 2022 to 2026

**Asset renewal:** conversion of the first six gas compression plants into gas/electric hybrids and start of energy efficiency actions on existing assets. The Group plans a project to digitise the network in order to have intelligent networks capable of vectoring gases other than methane (biomethane, green synthetic gases, hydrogen-methane blending, etc).

**Renewal of domestic meters:** special attention will be paid to the choice of solutions that guarantee measurement accuracy as the gas composition changes, so as to update the infrastructure to accommodate new gas mixtures. In addition, the use of meters made of recyclable material is also planned for the packaging.

Over the next few years, it is planned to gradually replace meters with GPRS communication technology in favour of the latest NB-IOT technology. This will have a positive impact on battery life, reducing the amount of spent batteries to be disposed of over time.

**Reduction of CO2 and CH4 emissions:** through the implementation of efficiency measures for pre-heating in REMI substations and the adoption of innovative methods to search for CH4 dispersions in the networks.

## Possible risk factors associated with sustainability issues

The Ascopiave Group has adopted an internal control and risk management system that complies with the principles and recommendations of the Corporate Governance Code and is aligned with reference best practices. During the 2022 financial year, the Board of Directors of Ascopiave S.p.A. updated the guidelines of the internal control and risk management system - consisting of the set of rules, procedures and organisational structures aimed at an effective and efficient identification, measurement, management and monitoring of the main risks, in order to contribute to the sustainable success of the Company - in line with the strategies of the parent company. Since October 2022, Ascopiave has also established the figure of Risk Manager, with the aim of instructing and setting up the development of risk management functions consistent with the organisational structure, activities and size of the Ascopiave Group.

With reference to sustainability, the Group constantly monitors the main ESG risks, produced or suffered, deriving from its business activities, and is aware of the impacts it generates on the environment and society, strives to reduce their negative impacts, and implements tools and actions aimed at mitigating them. Below are the main risk factors associated with sustainability issues:

- **Governance and compliance risks:** possible errors, frauds or possible episodes of corruption that may be committed; risks related to non-compliance with applicable pro tempore regulations to which the Group is subject; possible risks of lack of or incorrect management of emergencies with possible damage to persons and infrastructures;
- **Economic and/or business responsibility:** potential market, operational and/or management and strategic risks, i.e. risks related to general and/or specific macroeconomic trends in the markets in which the Group operates and/or potential new operational risks related to entry into new business sectors and/or other changes in business conditions and/or risks related to the evolution of the current health emergency potential risks related to the failure to achieve any objectives of offering innovative energy services due to the presence of competitors already entrenched in the target sectors and changes in the market scenario, potential risks related to the failure to implement planned national decarbonisation programmes, the Group's difficulties in coping with growth and investment strategies, potential risks related to the successful development and application of new technologies, potential risks related to geopolitical imbalances and changes in the behaviour of consumption choices by end users.
- **Responsibilities towards human resources:** Potential risks associated with the failure to develop talent and talent retention; possible risks in the area of workers' health and safety, related to possible occupational injuries and illnesses involving staff working in offices and at operational sites; potential risks of failure to promote the inclusion and enhancement of diversity in staff; potential risks inherent in the need to provide specific training, including in occupational health and safety, following entry into new business sectors; possible risks related to local employment due to a lack of attention to workers' rights and forms of employment protection.
- **Responsibilities towards customers:** potential risks related to possible suspensions of the operation of network facilities and infrastructures, malfunctions, misalignments or temporary unavailability of dedicated information systems, possible risks related to the availability, integrity and confidentiality of information.
- **Environmental and climate change risks:** Potential risks of non-compliance with current and future environmental regulations; potential risks related to the impact of energy and environmental regulations associated with combating climate change; potential physical risks, i.e. risks arising from progressively changing climatic conditions, related to long-term variations and extreme weather events, which expose the Group to possible risks of damage to infrastructure; potential risks related to a decrease in energy demand as a result of rising average temperatures related to Global Warming; risks of transition to new energy sources and new distribution network infrastructure.
- **Risks to the territory and local community:** risks of an indirect nature linked to the Group's performance; reputational and image risk; risk of lack of dialogue with its reference public; changes in stakeholders' expectations.
- **Risks related to cyber security:** risks of failure to protect computer systems and company data, possible cases of fraud and cyber-attacks, which are being conducted against companies with increasing frequency and complexity.

Following the analysis, the relevant safeguards in place were identified, also in the light of the issues identified by the Group as material, reinforcing the progressive inclusion of social responsibility in the Group's management and strategic frameworks.

The Group is committed to implementing effective management of the risk factors listed above, implementing procedures and systems to prevent any critical issues and with the aim of protecting and increasing its own value over time and that of its stakeholders.

In particular, the Group has the following risk management tools, some of which have recently been implemented:

- **Model 231:** Ascopiave S.p.A. and all its subsidiaries adopt an Organisation, Management and Control Model, pursuant to Legislative Decree No. 231 of 8 June 2001 (similarly, newly acquired companies take steps to adopt it), the purpose of which is, among others, to set up a prevention and control system aimed at reducing the risk of committing offences related to the company's activities. Model 231, among others, includes special parts dedicated to the protection of offences relating to health and safety at work, environmental offences and computer crimes and unlawful data processing. All Group employees receive adequate training on the Model and its contents. In particular, during the 2022 financial year, the newly acquired subsidiaries started a process to adopt their own Model 231. At the same time, a further updating activity was also started due to the latest legislative changes, addressed to all the Group's subsidiaries that already have their own Model 231. The aforementioned drafting and updating activities are expected to be completed in 2023. For more in-depth information on Ascopiave Group's Model 231, please refer to the "Model 231 and Code of Ethics" section of this document, the "Organisational Model pursuant to Legislative Decree No. 231/2001" section of the Report on Corporate Governance and Ownership Structures, the "Corporate Governance" section of the website [www.gruppoascopiave.it](http://www.gruppoascopiave.it), and the "About Us" sections of the websites of the Group's subsidiaries.
- **Code of Ethics:** The Code of Ethics of the Ascopiave Group, an integral part of Model 231, is a tool used to define the set of ethical values and corporate culture that Ascopiave S.p.A. recognises, accepts and shares, and the set of responsibilities that the Group assumes in its internal and external relations. On 10 September 2021, the Ascopiave Group's Code of Ethics was updated by placing "sustainable success" at the centre of its corporate culture. The Group pursues sustainable success as the creation of long-term value for the benefit of its shareholders and other stakeholders relevant to the Company (including customers, employees, shareholders, suppliers, commercial and financial partners, institutions, trade associations and trade union representatives, communities in the territories in which the companies operate, etc.). With regard to the respect for and appreciation of individuals, the Code of Ethics explicitly prohibits and reiterates the prohibition of any form of discrimination and in particular any discrimination based on race, nationality, gender, age, physical disabilities, sexual orientation, political or trade union opinions, philosophical views or religious beliefs. Ascopiave promotes the inclusion and enhancement of diversity. The Code of Ethics states that Ascopiave Group employees are required, within the scope of their duties, to participate in the process of risk prevention, environmental protection and protection of their own health and safety, that of colleagues and third parties. The subsidiaries have adhered to the Parent Company's Code of Ethics and are committed to sharing its values among their employees. In the course of 2022, as a continuation of the training path, a training/updating activity was carried out (aimed at all Group employees) referring, in particular, to the updating of the Code of Ethics and the Reporting Procedure. For in-depth information on the Ascopiave Group's Code of Ethics, please refer to the section "Model 231 and Code of Ethics" of this document, the section "Organisational Model pursuant to Legislative Decree No. 231/2001" of the Report on Corporate Governance and Ownership Structures, as well as the "Corporate Governance" section of the website [www.gruppoascopiave.it](http://www.gruppoascopiave.it), and the "About Us" sections of the websites of the Group's subsidiaries.
- **Ascopiave Group Whistleblowing Management Procedure:** in 2019, the Group adopted the procedure that regulates the process of receiving, analysing and processing whistleblowing reports, through the dedicated whistleblowing channels, guaranteeing the confidentiality of the whistle-blower. The procedure is aimed at ensuring the effectiveness of the reporting system, promoting the corporate culture on the matter and ensuring that the appropriate actions are taken, including sanctions, and all measures are put in place to prevent their recurrence. In 2022 there were no cases of reports to the Supervisory Bodies in the individual Group companies. For further information on the Ascopiave Group's Whistle-blowing Management Procedure, please refer to the

section "Model 231 and Code of Ethics" of this document, the section "Organisational Model pursuant to Legislative Decree No. 231/2001" of the Report on Corporate Governance and Ownership Structures, and the section "Corporate Governance" of the website [www.gruppoascopiave.it](http://www.gruppoascopiave.it).

- **Stakeholder engagement and materiality analysis:** in light of the importance of engagement and dialogue with its stakeholders, also reaffirmed by the new corporate purpose of "sustainable success", the Group carries out engagement activities with its main stakeholders, in order to identify and monitor material issues and their associated risks. On 22 December 2021, Ascopiave's Board of Directors approved the "Policy for the management of dialogue with the generality of shareholders and other stakeholders", a document published in full on the Company's website ([www.gruppoascopiave.it](http://www.gruppoascopiave.it) "Corporate Governance" section and in the "Investor relations" section).
- **Policy 'Financial Risk Management and Control'**, which aims to identify and manage risks associated with financial management, such as interest rate, exchange rate and liquidity risks.
- **Training:** aware of the importance of enhancing and developing the skills of its resources, the Group has implemented a new training planning and reporting system. In particular, the Group provided training on the Code of Ethics, Whistleblowing Management, Sustainability and Cyber Security to all Group employees; special focus was also given to training on safety, prevention and health protection.
- **Health and Safety Management System**, (as referred to in the Integrated Quality, Environment and Safety Policy) in application of the ISO 45001:2018 standard in common with the parent company and the certified subsidiaries (Ascopiave, AP Reti Gas, AP Reti Gas Vicenza, AP Reti Gas Nord Est, AP Reti Gas Rovigo, Edigas Esercizio Distribuzione Gas are UNI ISO 45001:2018 certified, adopting procedures in compliance with Legislative Decree 81/08). The system defines the management model for health and safety in the workplace, and is configured as a guide and a tool to keep risks and legal obligations under control and to supervise and periodically verify, in a systematic manner, the company's compliance with enhancement objectives. The model's objectives are to ensure legal compliance, to manage workplace risks at levels considered acceptable or compliant with legal limits, and to reduce the level of risk with equal working conditions. The Group also monitors the accidents of workers from third-party companies that occur at work sites pertaining to the Ascopiave Group; in fact, according to the provisions of the "Terms and Conditions for Contracts" Sheet, the subcontractors/contractors for "open" contracts for network connections, maintenance and extensions must provide annual statistics on accidents that have occurred.
- **Gas emergency and incident management plan:** defines the operational methods to be adopted in the emergency response and management of gas emergencies and incidents, in order to avoid the emergence of risks to public safety and users, and to ensure the continuity of services.
- **Integrated Quality and Environmental Management System** (as referred to in the Integrated Quality, Environment and Safety Policy) compliant with ISO 9001:2015 and ISO 14001:2015 standards respectively, is shared by the parent company and the certified subsidiaries: Ascopiave, AP Reti Gas, AP Reti Gas Vicenza, AP Reti Gas Nord Est, AP Reti Gas Rovigo, Edigas Esercizio Distribuzione Gas. The Environmental System adopted contemplates a practice of identification, assessment and significance of the environmental aspects and impacts pertaining to Ascopiave and the ISO 14001 certified companies: this analysis allows, for each individual company, the formalisation of an "Environmental Analysis" document and an "Environmental Impact Register". The subsidiary Cart Acqua S.r.l. acquired ISO 9001:2015 certification and the company Asco Energy S.p.A. holds UNI CEI 11352:2014 "Provision of energy services" certification. These documents are periodically updated also through the periodic evaluation of specific monitoring indicators, essential for the management and continuous enhancement of potential significant risks and opportunities.
- **Climate change:** the Group has prepared a preliminary analysis of climate change risks in accordance with the guidelines of the Task Force on Climate-related Financial Disclosure (TCFD) implemented by the European

Commission - presented below. This analysis makes it possible to identify the main risks and opportunities that the climate change phenomenon may entail on company performance. It should be noted that these opportunities are an integral part of the 2022-2026 Strategic Plan, approved by the Board of Directors of Ascopiave S.p.A. on 9 February 2023, as well as the previous editions of the same approved in the two previous financial years (Strategic Plan 2020-2024 and 2021-2025 of the Ascopiave Group).

- **Privacy Policy:** the protection of personal data is an aspect of primary importance for the Ascopiave Group. Ascopiave S.p.A. and its subsidiaries have implemented a series of measures aimed at guaranteeing organisational compliance with current privacy regulations, first of all by adopting dedicated procedures, such as the general Privacy Policy, which can be accessed in the dedicated sections of the institutional websites of each Group company, and the five detailed Privacy Policies. All Group employees have taken an in-depth online course on Privacy issues, with a certificate of attendance issued upon successful completion of a final test. Moreover, the same course is compulsorily provided for every new employee. For further information on the Ascopiave Group's Privacy Policy, please refer to the paragraph "Compliance with privacy regulations" in this document and to the dedicated section of the website [www.gruppoascopiave.it](http://www.gruppoascopiave.it).
- **Sponsorships and investments for the community:** the Group supports projects and initiatives proposed by municipalities or associations in the social, cultural, sporting, prevention and health promotion of citizens, and support in emergency situations; for the disbursement of contributions for commercial initiatives with a social impact, in an impartial manner, the Group uses the internal policy, according to which each company is required to draw up a quarterly report to account to the parent company for the sponsorships it has undertaken.
- **Cyber security:** Protecting the integrity and confidentiality of data and information is part of the company's digital strategy and is also gaining in importance in the light of the new Covid-19 pandemic operation. The Group works constantly to ensure the protection of information systems and data, to guard against the risks of network breaches, data corruption, sensitive processes and/or access to privileged information, by carrying out prevention, detection and action against potential cyber-attacks. Vulnerability Assessments and Penetration Tests are carried out periodically in order to assess the effectiveness of the systems adopted, taking the necessary corrective actions to increase the security of managed systems. During the year, in addition to managing and maintaining all existing safeguards, the training process in terms of cybersecurity was continued for all Group employees through an online training platform. During the year, the transition to Office365 was carried out for all Group companies, abandoning the internal management of the e-mail system, in line with what has now become an industry standard of no longer having it managed internally. Also during the year, a segregation process was started within the data-centre networks, whereby newly established servers, and in an opportunistic manner also by revising already existing architectures, are 'isolated' in strictly controlled areas and contexts (to limit cyber risks related to 'lateral movements'). In addition, a new contract was awarded for the management of multifunctional devices (printers/copiers/scanners), benefiting from an innovative cloud-based management of the fleet of devices that has eliminated the risks associated with vulnerabilities related to printing spoolers in the Windows environment. During the year, the company's outdated NAS was replaced with a larger, higher-performance architecture, and geographically redundant in two separate data centres.

## The risk management of climate change

Continuous greenhouse gas emissions since the industrial revolution have led to approximately 1.2 °C of global warming. Although this change is apparently small, current temperatures are unprecedented for at least the last 12,000 years and are affecting living conditions in many parts of the world. If left unchecked, climate change will have profound impacts on ecosystems, health, infrastructure and the economy. While there are worrying signs, for which the main causes have been identified (spread of greenhouse gases, global warming), the possible consequences on the balance of the planet in terms of the continuity of the availability of natural resources and their price, the course of the seasons and the effect on productive activities are still being studied.

Financial markets need clear and comprehensive information on the impacts of climate change. This includes the risks and opportunities presented by rising temperatures, climate-related policies and regulations, and emerging technologies in our changing world. While climate change affects almost all economic sectors, the level of exposure and impact of climate-related risks differs by sector, industry, geography and organisation. Furthermore, the financial impact of climate-related issues on organisations is not always clear or direct, and for many organisations, identifying issues, assessing potential impacts and ensuring that material issues are reflected in financial documents can be difficult. The main reasons for this are probably due to (1) limited knowledge of climate-related issues within organisations, which can inhibit the identification of such risks; (2) the difficulty of quantifying climate-related risks; (3) and the tendency to focus mainly on short-term risks without paying adequate attention to risks that may arise in the long term.

In this regard, the Ascopiave Group, aware that it works in a sector that is extremely influenced by climate change, has carried out an initial analysis useful for adjusting the framework of risks and opportunities within its corporate perimeter. The analysis was conducted taking as a reference the TCFD (Task Force on Climate-related Financial Disclosure) guidelines implemented by the European Commission in the 'Guidelines on the Disclosure of Non-Financial Information: Integration Concerning the Disclosure of Climate-related Information'. The project, resulting in a preliminary disclosure, analysed the 4 pillars recommended by the document:

- Governance,
- Strategy,
- Risk Management,
- Metrics & Targets.

Operating in the energy sector, the Ascopiave Group has a synergic relationship with the phenomenon of "climate change" and its business operations contribute in an immediate form to the various climate scenarios dictated by international literature such as the IPCC (International Panel for Climate Change) and NGFS (Network for Greening the Financial System). Following the acquisitions made in 2021 and 2022 in the renewable energy sector with Asco Renewables S.p.A. and its subsidiaries (Eosforo S.r.l., Morina S.r.l., Sangineto Energie S.r.l., Salinella Eolico S.r.l. and Green Factory S.r.l.) and Asco EG S.p.A. the Ascopiave Group, with its updated Strategic Plan 2022-2026, continues its commitment to the climate change mitigation activities defined by the European Green Deal, to create a "carbon neutral" economy by 2050, and, to reduce emissions by 55% by 2030

**Governance:** The strategic management of "climate change" aspects, as well as the governance of all aspects of sustainability, is the responsibility of the Board of Directors, in compliance with applicable regulations. During 2021, Ascopiave S.p.A. placed the pursuit of the objective of "sustainable success" at the centre of its corporate culture and corporate governance system. Also to this end, on 15 January 2021, the Board of Directors of Ascopiave S.p.A. formally adhered to the new Corporate Governance Code which, in Principle I, promotes "sustainable success". In 2021, the Ascopiave Group also established the Sustainability Committee with investigative, propositional and advisory functions in the parent company's assessments and decisions on environmental sustainability and the so-called "energy transition". In addition to the Sustainability Committee, the Board of Directors also relies on the support of the Control and Risk Committee in evaluations and decisions relating to the internal control and risk management system.

**Strategy:** The Group's strategy aims to pursue sustainable success and is oriented towards the objective of stable value creation for shareholders, aware of the potentially significant impacts that the climate can have on customers, stakeholders and the business. On the other hand, on the production and distribution process front, the constant effort to enhance energy efficiency is bringing benefits in terms of less energy used for the same activity, resulting in lower costs and emissions.

The 2022-2026 Strategic Plan, approved by the Board of Directors on 9 February 2023, confirms the strategic guidelines set forth in the strategic plans published in the previous two years, outlining a path of sustainable growth in the core businesses of gas distribution and renewable energy and in new areas of activity.

In particular, the 2022-2026 Strategic Plan envisages the realisation of considerable investments in the field of renewable energies, some of which are related to business acquisition transactions already finalised in 2022 or related to concessions for the construction of new generation plants currently already obtained. As part of the process of energy transition and business diversification, the Ascopiave Group aims, through growth based on the enhancement of the skills possessed, to identify one or more useful strategies to mitigate the negative effects of the possible scenarios resulting from climate change. Part of the planned investments in diversification in the renewable energy sector are aimed at the energy transition by focusing on gases defined as 'green', i.e. Green Hydrogen and Biomethane. With reference to the first of the two, the Group is developing an integrated project along the entire green hydrogen chain, starting from its 'production' using electricity from photovoltaic systems.



Another significant portion of investments will be dedicated to the development of new wind power plants (some already authorised, others in the process of applying for authorisation) for 57.6 MW of power and photovoltaic plants (in the process of applying for authorisation) for 38.6 MW of power.

Diversification within its business perimeter, besides making the Group more profitable and resilient to exogenous events, has pervasive effects on the Group's consciousness and responsibility. Growth in diversified areas can take place through the development of in-house expertise, participation in competitive processes, company acquisitions or, finally, the establishment of partnerships with experienced players. The phenomenon of climate change forces companies to promote innovation and find solutions to increase energy efficiency within their business. In this regard, Ascopiave has achieved appreciable results on the energy efficiency front, implementing organisational and technological solutions functional both to improving the quality and reliability of the service and to containing costs.

**Risk Management:** With particular reference to risks and opportunities related to climate change, the Ascopiave Group relies on the support of the endoconsiliar committees Sustainability Committee and Control and Risk Committee, and, starting from October 2022, on the figure of the Risk Manager. As will be specified in the following table of risks and opportunities, in line with the recommendations of the TCFD, risk management includes the following phases: identification and assessment of risks/opportunities, definition of the response, periodic review and continuity/enhancement of controls. For more information on the internal control and risk management system and its actors, please refer to Section 9 of the Report on Corporate Governance and Ownership.

**Metrics & Targets:** As far as the metrics used by the Group are concerned, to date reference can be made to the chapter "Energy management and emissions" where the indicators relating to energy consumption, atmospheric emissions, water use and waste production and management are described in detail. The metrics used for reporting the indicators follow the GRI Standards published by the Global Reporting Initiative.

The "Sustainable Development Goals" identified by Ascopiave through dialogue with Stakeholders are the elements on which the Group will base its sustainable growth path. The sustainability path undertaken by Ascopiave is inspired by the Sustainable Development Goals (SDGs) connected on the one hand to its own business activities (SDGs 6, 7, 8 and 9) and on the other to the impact and effects the Group has on the territories in which it operates (SDGs 11, 12 and 13). In this context, Ascopiave's strategy acknowledges the concept of assuming responsibility that the 2030 Agenda requires of every reality, not only for what it carries out at business level, but also as an activator of change with a view to creating sustainable systems both locally and globally.

Next, in line with the recommendations of the TCFD, is the Group's general and specific risk-opportunity matrix. The identification of risks and their attributability, as mentioned above, may be difficult due to limited knowledge of climate-related issues and/or the tendency to focus mainly on short-term risks. A preliminary distinction must therefore be made between physical and transition risks:

- physical risk, i.e. the risk arising from progressively changing climatic conditions, linked to long-term variations (chronic risk) and extreme weather events (acute risk). These risks expose the Group to damage or destruction of 'physical capital' such as industrial buildings, plants and infrastructure, potential disruptions to essential supplies, and the potential contraction of production and distribution capacity;
- Transition risk is related to legislative, regulatory and technological changes associated with combating climate change and the transition to a low-emission economy.

In view of the complexity of quantitative analyses at the company level, the Group set out to carry out a preliminary analysis, starting with more qualitative considerations that are represented as follows.

Type of event	Potential event	Description of risk/opportunity	Potential impacts of financial	Risk management strategy / Opportunity realisation strategy (main aspects)
PHYSICAL (Acute)	Increase in frequency and intensity of events extreme weather	RISKS Damage to the gas distribution network and other assets	Plant unavailability. Emerging damages and lost profits. Increased extraordinary costs for repair and/or replacement of damaged assets.	Technological and/or geographical diversification of the generation portfolio to limit impacts.
		OPPORTUNITIES n.a.	n.a.	n.a.
PHYSICAL	Heat waves	RISKS	Increased operating costs. Lower revenues.	Technological (wind/sun/water/hydrogen)

(Acute)		Reduced performance of plants and negative impact on their efficiency. Increased plant maintenance.		and geographical diversification of the generation portfolio to compensate for the impact of temperature variation. Innovative predictive maintenance systems.
		<b>OPPORTUNITIES</b> Increased demand for electricity for cooling.	Increased revenues.	Innovative predictive maintenance systems.
PHYSICAL (Chronic)	Increase in Average Temperature	<b>RISKS</b> Lower plant efficiency. Decline in water availability.	Reduced revenues.	Technological (wind/sun/water/hydrogen) and/or geographical diversification of the generation portfolio to compensate for the impact of temperature variation. Innovative predictive maintenance systems.
		<b>OPPORTUNITIES</b> Increased irradiation resulting in increased production of photovoltaic systems.	Increased revenues.	Enhanced network management. Regular maintenance.
PHYSICAL (Chronic)	Increase or major reductions in annual rainfall.	<b>RISKS</b> Decrease in energy production electrical assets Hydroelectric. Extraordinary maintenance possible.	Reduced revenues. Higher running costs.	Technological diversification (wind/sun/hydrogen) and/or geographical diversification of the generation portfolio to compensate for the impact of rainfall variation.
		<b>OPPORTUNITIES</b> n.a.	n.a.	n.a.
PHYSICAL (Chronic)	Change in intensity, wind direction and frequency.	<b>RISKS</b> Decrease in electricity production due to scarcity of the resource or prevailing direction for wind farms. Uncertainty of weather forecasts that could generate inaccurate production schedules.	Reduced revenues. Increased operating costs.	Technological diversification (sun/water/hydrogen) and/or geographical diversification of the generation portfolio to compensate for the impact of changes in windiness.
		<b>OPPORTUNITIES</b> Increased production of electricity for the wind turbines in the case of increase in the frequency and intensity of wind.	Increased revenues.	Geographical diversification of the generation portfolio.
TRANSITION (Regulatory and policy-related)	Change of subsidies and incentives by the government or bodies international	<b>RISKS</b> Reduction of incentives for investment in the RES production.	Lower revenues	Establishment and maintenance of relations with relevant national and international institutions aimed at protecting the Group's interests.
		<b>OPPORTUNITIES</b> Increased incentives for investments in RES production. Increased availability of capital for Green investments.	Increased revenues.	Establishment and maintenance of relations with relevant national and international institutions aimed at protecting the Group's interests.
TRANSITION (Regulatory and policy-related)	Changing the regulatory framework for greenhouse gas emissions (GHGs)	<b>RISKS</b> Tightening of international / national regulations with the introduction of greenhouse gas emission limits for energy production plants.	Lower revenues.	Technological and/or geographical diversification of the portfolio with low GHGs to limit impacts. Enhanced efficiency in network management.
		<b>OPPORTUNITIES</b> Rising energy prices in the short term as a result of the coal phase-out.	Increased revenues.	Enhanced efficiency in network management.
TRANSITION (Market)	Increased pressure competitive	<b>RISKS</b> Increased competitive pressure as a result of new technological innovations and/or more efficient operators.	Lower revenues. Reduced market capitalisation.	Great focus on RES and innovative management methods for resources and distribution networks.

		<b>OPPORTUNITIES</b> Hold the leadership in market innovation.	Increased revenues.	Develop new partnerships and invest more in R&D.
<b>TRANSITION Reputational</b>	<b>Change reputation</b>	<b>RISKS</b> n.a.	n.a.	n.a.
		<b>OPPORTUNITIES</b> Increase in Group's reputation from a green perspective.	Lower revenues. Increase in market capitalisation.	Strong focus on RES and innovative management methods for resources and distribution networks
<b>TRANSITION Technological</b>	<b>Technological innovations</b>	<b>RISKS</b> Diffusion of new technologies and energy sources outside those managed by the organisation.	Lower revenues.	Great focus on RES and innovative management methods for resources and distribution networks.
		<b>OPPORTUNITIES</b> Ability to adapt networks and installations to the spread of new energy sources.	Increased revenues. Increase in market capitalisation.	Investment in technological and market research and development.

## Sustainability Management System and Technological Innovation

### Continuous enhancement of processes and systems

Continuous enhancement is a necessary condition, both for the company's success and growth in a competitive context, and for the qualification of its institutional image and the satisfaction of stakeholders' emerging needs. Ascopiave implements it through the identification of corporate enhancement areas, the definition of measurable parameters and objectives, and the punctual application of international standards concerning quality, safety, environment, energy services (Esco) certifications.

### Certifications

The Ascopiave Group has decided to integrate economic, social and environmental sustainability aspects into its strategies and activities, in a progressive and organic path, in line with the organisation's business objectives. With these decisions, Ascopiave intends to demonstrate to its Stakeholders the inclination towards sustainability that has always distinguished the Company.

Since its establishment, Ascopiave has paid increasing attention to sustainability aspects, such as:

- quality, reliability, safety and accessibility, to the natural gas distribution service to end users and the community;
- implementation of initiatives for the benefit of its employees in terms of health and safety at work, company climate and training;
- respect for the community and any initiatives in favour of the local community;
- protection of the environment and water and energy resources;
- search for cutting-edge solutions to strengthen the economic system for the benefit of the entire community, with investments in infrastructure and innovative projects.

The Management System certifications, progressively acquired and maintained, attest to the existence of a reliable and structured company system, which allows the quality of the services provided, health and safety at work and environmental protection to be monitored and managed in the best possible way.

As proof of this commitment, as of 31.12.2022, the Ascopiave Group had the various system certification classifications listed below:

- ISO 9001:2015 - Quality Management System - Guidelines, Requirements, Fundamentals;
- ISO 14001:2015 - Environmental Management System - Guidelines Requirements;
- ISO 45001:2018 - Occupational health and safety management systems - Requirements and guidance for use;
- UNI CEI 11352 - Energy management: Energy service companies (ESCOs) - General requirements.

The table shows the certifications as at 31.12.2022, associated with the individual Group companies:

Certification type	Group Companies	Scope of application	Deadline
UNI EN ISO 9001:2015	Ascopiave S.p.A.	Service delivery Group companies	11/03/2024
UNI EN ISO 14001:2015	Ascopiave S.p.A.	Service delivery Group companies	11/03/2024
UNI EN ISO 45001:2018	Ascopiave S.p.A.	Service delivery Group companies	08/03/2024
UNI EN ISO 9001:2015	AP Reti Gas S.p.A.	Methane gas distribution	07/06/2025
UNI EN ISO 14001:2015	AP Reti Gas S.p.A.	Methane gas distribution	21/10/2023
UNI EN ISO 45001:2018	AP Reti Gas S.p.A.	Methane gas distribution	21/10/2023
UNI EN ISO 9001:2015	AP Reti Gas Vicenza S.p.A.	Methane gas distribution	26/09/2025
UNI EN ISO 14001:2015	AP Reti Gas Vicenza S.p.A.	Methane gas distribution	26/09/2025
UNI EN ISO 45001:2018	AP Reti Gas Vicenza S.p.A.	Methane gas distribution	03/12/2023
UNI EN ISO 9001:2015	Edigas Esercizio Distribuz. Gas S.p.A.	Methane gas distribution	30/07/2025
UNI EN ISO 14001:2015	Edigas Esercizio Distribuz. Gas S.p.A.	Methane gas distribution	28/07/2024
UNI EN ISO 45001:2018	Edigas Esercizio Distribuz. Gas S.p.A.	Methane gas distribution	28/07/2024
UNI EN ISO 9001:2015	AP Reti Gas Nord Est S.r.l.	Methane gas distribution	29/09/2023
UNI EN ISO 14001:2015	AP Reti Gas Nord Est S.r.l.	Methane gas distribution	05/10/2024
UNI EN ISO 45001:2018	AP Reti Gas Nord Est S.r.l.	Methane gas distribution	05/10/2024
UNI EN ISO 9001:2015	AP Reti Gas Rovigo S.r.l.	Methane gas distribution	06/12/2024
UNI EN ISO 14001:2015	AP Reti Gas Rovigo S.r.l.	Methane gas distribution	01/12/2024
UNI EN ISO 45001:2018	AP Reti Gas Rovigo S.r.l.	Methane gas distribution	05/12/2024
UNI EN ISO 9001:2015	Serenissima Gas S.p.A.	Methane gas distribution	10/06/2024
UNI EN ISO 9001:2015	ASCO ENERGY S.p.A.	Energy Service Management	07/08/2023
UNI CEI 11352:2014	ASCO ENERGY S.p.A.	ESCO Provision of energy services	15/10/2023
UNI EN ISO 9001:2015	Cart Acqua S.r.l.	Integrated water service consultancy	13/12/2024

In the financial year 2022, the following system certifications were acquired and updated:

- 06/2022: three-year renewal of the Quality Certificate (ISO 9001) of the company AP Reti Gas;
- 07/2022: three-year renewal of the Quality (ISO 9001) and Environment (ISO 14001) certificates of the company AP Reti Gas Vicenza;
- 07/2022: three-year renewal of the Quality Certificate (ISO 9001) of the company Edigas Esercizio Distribuzione Gas.

By virtue of the high standardisation of processes, the Group also started in 2022 a unified certification of the companies of the Distribution SBU in 'Corporate' mode for the Quality (ISO 9001), Environment (ISO 14001) and Safety at Work (ISO 45001) schemes.

## Stakeholder listening and materiality analysis

In formulating its strategies, the Ascopiave Group takes into account the indications and expectations of the main stakeholder categories: for each of them, the specific composition, the most relevant and material issues ("material" is defined as all the issues that influence the decisions, actions and performance of an organisation and/or its stakeholders) and the listening and dialogue activities underway have been identified. Listed below are the main dialogue, consultation and engagement initiatives carried out during 2022, with the different categories of related stakeholders, considering that the methods and frequency of stakeholder engagement vary depending on the occasions of discussion during the year.

Stakeholders	Procedures of listening and dialogue
Shareholders and investors	<i>Conferences, regular meetings, periodic reporting, press releases, institutional website, materiality analysis</i>
Staff (workers and their families, trade unions)	<i>Company meetings, one-to-one meetings, internal committees, training courses, interviews, evaluations, internal surveys, corporate intranet, code of ethics, materiality analysis, releases</i>
Institutions and Communities (e.g. Bodies, Associations, Schools, etc.)	<i>Technical tables, meetings with local mayors and other authorities, focus groups, press conferences, audit visits, events in the area, collaboration with the Authorities, meetings with Associations, relations with schools and universities</i>
Customers (sales companies, end customers households and private citizens, companies, local authorities, consumer and trade associations)	<i>Emergency service, meetings, service conferences, dedicated web areas, discussion with committees and representative associations, materiality analysis</i>
Suppliers (suppliers of raw materials, suppliers of goods and services, local suppliers, suppliers with social value - coop. Social - other business partners)	<i>Quality assessment dialogue, regular meetings, supplier audits, e-procurement portal, code of ethics, materiality analysis</i>

Confirming its commitment to transparency and dialogue with its stakeholders, the Ascopiave Group has expanded its reporting by publishing not only this document, but also its Sustainability Report, in order to tell the story of its activities, describe its industrial developments, explain its commitment to its employees, provide information on its internal and external actions, and illustrate its ties with the territory.

This commitment is essential for gas distribution companies to demonstrate their commitment to sustainability, comply with regulations, enhance reputation, engage with stakeholders and increase transparency. By publishing sustainability reports on a regular basis, Ascopiave can demonstrate its commitment to creating a sustainable future and promote positive change in the communities in which it operates.

The Ascopiave Group believes in dialogue with the territory and adheres to multiple organisations that protect the same interests; the main associations in which the group participates are listed below: Assonime, Utilitalia, Assindustria Venetocentro, Anigas.

### Analysis of relevant issues for the Ascopiave Group and its stakeholders on sustainability topics

The process of defining Ascopiave Group's material sustainability topics for its stakeholders has been underway for some time. During 2022 and early 2023, the materiality analysis was revised by Ascopiave in order to meet the requirements of the new GRI Standards 2021, deepening the impacts underlying the 17 material topics previously identified. Following this analysis, it should be noted that in 2022 the Group did not deem it necessary to update the process of determining material topics because it was considered still current and in line with the impacts identified on the environment, the economy and people, including those on human rights.

The process of updating the Group's materiality analysis followed the following steps:

- **Analysis of the sustainability context and initial identification of the impacts of the Ascopiave Group:** The Group carried out an analysis of its activities and business relations in relation to the sustainability context in which it operates in order to be able to identify the main current and potential impacts, both positive and negative, with respect to the governance, social and environmental areas. In this phase, Ascopiave carried out an initial high-level analysis of its activities and business relations, the sustainability context in which these take place and a general description of its stakeholders. These were identified through interviews with management and analysis of internal documentation (2021-2025 Business Plan, Code of Ethics, Financial Report, institutional website, etc.) and external documentation (studies and sector publications), as well as through a structured benchmarking analysis against industry best practices.
- **Linking of impacts to the Group's material themes:** each identified impact was linked to a corresponding material theme of the Ascopiave Group. There are 23 impacts identified and they are understood in the context of the material themes and specific to the sector in which the Group operates.
- **Prioritisation of material issues:** The prioritisation of issues was carried out starting from the previous analysis and using the results of the stakeholder engagement carried out at the end of the 2021 financial year, through the administration of a questionnaire to several categories of stakeholders. Benchmarking activities with the best players in the sector and the strategic importance of certain topics mentioned in the Sustainability Report 2021 were also taken into account for prioritisation purposes.
- **Approval of the materiality analysis by the Board of Directors of the Ascopiave Group on 23 February 2023.**

List of material topics in order of significance:

Worker health and safety
Atmospheric emissions
Corporate governance and risk management
Energy consumption and management
Responsible supply chain management
Promoting diversity and equal opportunities
Ethics and integrity
Security, timeliness and reliability of services
Professional growth paths
Innovation Research and Development
Contribution to the development of the territory
Sustainable value creation over time
Relations with the regulatory authority
Emergency management
Employment
Protection of Human Rights
Corporate Welfare

Details of identified impacts associated with material issues:

<i>Macroarea</i>	<i>Thematic material</i>	<i>Negative impact</i>	<i>Description</i>	<i>Actual/potential</i>	<i>Positive impact</i>	<i>Description</i>	<i>Actual/potential</i>

Economic and governance responsibility	Corporate governance and risk management				Effective and efficient management of the organisation	The objective of good governance is to ensure that companies have adequate decision-making processes and controls in place to ensure that the interests of all stakeholders (shareholders, employees, suppliers, customers and communities) are balanced.	Current
	Ethics and integrity	Non-compliance with laws, regulations, internal and external standards	The adoption of unethical/integral conduct may result in fines or penalties as well as reputational damage to the organisation	Potential	Promoting a culture of ethics and integrity	The decision to promote activities and training courses on ethics culture in the company brings a reputational and economic return, both internally and externally	Current
		Incidents of corruption	Lack of transparency in the organisation's activities and choices can lead to reputational damage	Potential			
	Sustainable value creation over time				Economic/financial stability	Stable economic growth allowing a fair distribution of the value created to the main stakeholders	Current
	Relations with regulatory authorities	Incidents of non-compliance with instructions given by the authorities	Penalties, fines and reputational damage caused by possible non-compliance with the regulations issued by the authorities.	Potential	Transparent administration	Administration in cooperation and compliance with industry regulators.	Current
	Emergency management	Damage to persons and infrastructure	A lack of an emergency plan or emergency governance in case of danger can lead to physical damage to infrastructure as well as possible injuries to persons.	Potential			
Environmental Responsibility	Atmospheric emissions	Climate change	The organisation, through its activities, produces direct and indirect emissions, therefore, it must strive to use and implement new technologies and practices to reduce GHG emissions	Current			

	Energy consumption and management				Reducing consumption	The further expansion of electricity production and supply from renewable sources can bring a reputational return as well as a reduced impact of airport infrastructure on the environment	Current
Liability towards employees	Employment	Lack of attention to workers' rights and forms of employment protection	A lack of attention to the protection of workers' rights can generate reputational and economic damage	Potential	Job creation and recruitment	Positive spin-offs in terms of job creation within the Group	Current
	Worker health and safety	Accidents and illnesses at work	Negative impacts on workers affected by occupational accidents, and on productivity related to hours lost due to accidents in the production process	Current			
	Personal growth paths				Staff development, talent and key knowledge retention	A focus on employee training and development can generate a reputational and economic advantage (low staff turnover and acquisition of key knowledge with indirect impacts on stakeholders)	Potential
	Promoting diversity and equal opportunities				Inclusiveness within the working environment	Creating a healthy and inclusive work environment that promotes diversity and employment	Potential
	Corporate Welfare				Employee satisfaction	Corporate welfare programmes promote employee satisfaction and wellbeing in professional activities and work-life balance.	
Social Responsibility	Contribution to the development of the territory				Promoting territorial development	An organisation that is careful to promote the territory and its peculiarities (on a productive and social level) can have a reputational and economic return, as	Current



					well as organise events and initiatives in the social and cultural sphere	
Innovation Research and Development				New products and services	New technologies for process optimisation and service enhancement	Current
				Relations with companies, universities, start-ups	Positive synergies with academia and innovation	Current
Protection of Human Rights				Protect, respect and remedy human rights violations	Acknowledge the company's responsibility for any human rights violations throughout the value chain	Current
Responsible supply chain management				Sustainable supply chain	A sustainable supply chain aims to enhance long-term performance through the strategic integration - along the entire supply chain - of social, economic and environmental objectives.	Current
Security, timeliness and reliability of services	Emergencies and Service Failure	Failure to carry out regular maintenance work and to comply with regulations may lead to emergencies, service failures and penalties	Potential	Quality and efficiency of the services offered	Maintaining the highest level of service quality and ensuring an efficient and secure gas distribution network and continuous service	Potential

Please refer to the individual chapters of this non-financial statement for more information on the issues and how impacts are managed, as well as to the section 'Possible risk factors associated with sustainability issues' for details of the safeguards in place to mitigate the organisation's main risks.

Please note that the materiality analysis of the Ascopiave Group will be supplemented during 2023 by a new structured stakeholder engagement activity.

## ECONOMIC SUSTAINABILITY

### Sustainable development and cooperation with the community

All the activities of Ascopiave and the companies of the Group are carried out with an awareness of Social Responsibility towards its stakeholders: employees, shareholders, suppliers, communities, customers, institutions, trade associations and trade union representatives. Ascopiave therefore adopts a growth strategy that pursues both objectives of increasing the economic value of the company and objectives of development and social impact.

### Economic and financial results

As the figures below testify, the Ascopiave Group has been able to create wealth, putting human capital at the centre, enhancing resources and professionalism, adopting virtuous personnel management practices, and innovating. A company that over the years has broadened its range of action, which continues to have all the credentials to continue on a path of important growth in order to still be an integral part of the territory, contributing to the creation of wealth and development.

<i>Main economic results (in millions of euro)</i>	<b>2021</b>	<b>2022</b>
Revenues	134.9	163.7
Gross operating margin	66.4	77.9
Operating Profit	33.8	31.9
Profit before tax	55.3	38.0
Consolidated net profit	45.3	32.4
Group net profit	45.3	32.7

<i>Total Group</i>	<b>2021</b>	<b>2022</b>
Gas millions of m3 distributed	1,593.0	1,455.6
GWh of renewable electricity produced	-	91.78

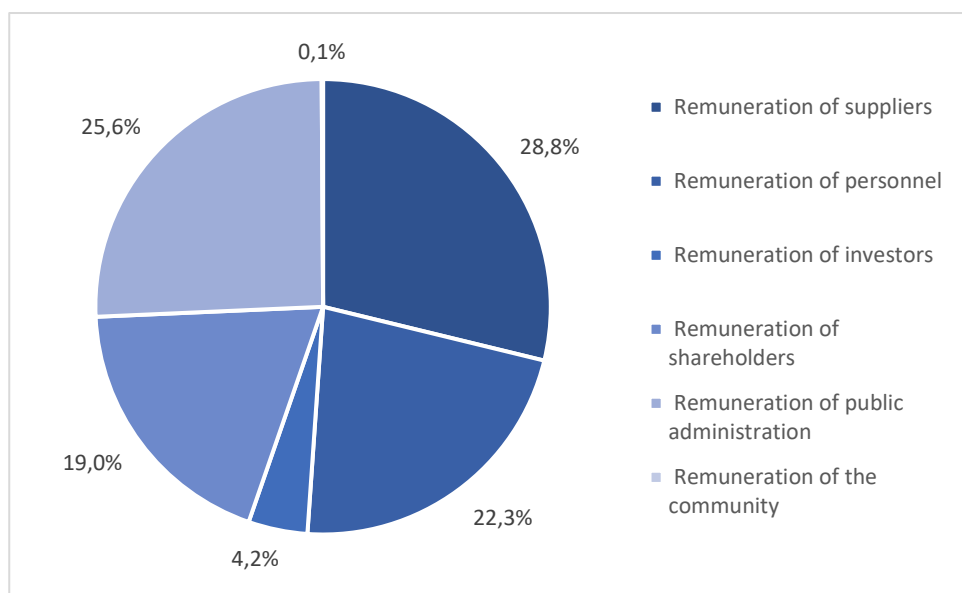
Maintaining profitability in the medium and long term, therefore, guarantees adequate remuneration for shareholders but also contributes to the creation of value for numerous stakeholders: the maintenance of employee employment levels, customer access to energy services, the financing of initiatives in the local area, the ancillary business created for suppliers and contributions paid to the public administration, etc.

### Production and distribution of added value

The economic value generated by the Group and consequently distributed to the stakeholders is represented by the diagram of generated and distributed value. This value is determined by the value generated in the reporting period, net of depreciation and amortisation, and value redistributed, in various forms, to the Group's stakeholders. Part of the economic value is retained by the Group in the form of depreciation and reserves.

This value was based on the items in the income statement used in the Consolidated Financial Statements of the Group as at 31 December 2022.

The economic value generated by the Ascopiave Group in 2022 amounts to EUR 198.5 million and has been redistributed to stakeholders as shown in the tables below:



Directly generated and distributed economic value (in thousands of euros)	2022
(A) Directly generated economic value	198,536
(B) Economic value distributed	148,204
(A-B) Economic value retained	50,331

Statement of Distributed Economic Value (in thousands of euros)	2022
Staff Remuneration	33,009
Remuneration of suppliers	42,642
Remuneration of lenders	6,223
Shareholder remuneration	28,172
Public Administration Remuneration	37,972
Community Remuneration	186
<b>Total economic value distributed</b>	<b>148,204</b>

## The European Taxonomy (EU Reg. 2020/852)

Regulation (EU) 2020/852 (hereinafter the 'Taxonomy Regulation') introduced the EU Taxonomy into the European regulatory system, with the aim of defining the conditions under which certain economic activities can be considered 'eco-sustainable' and stimulating transparency in relation to the initiatives implemented to foster the ecological transition also through sustainable finance models.

In line with what is defined by Article 8 of the Taxonomy Regulation, the Ascopiave Group (hereinafter referred to as the "Group") is subject to the obligation to include within the DNF, drawn up pursuant to Legislative Decree 254/2016 in transposition of the European legislation of reference, a specific disclosure on how and to what extent the company's activities are associated with economic activities considered "eco-sustainable" pursuant to Articles 3 and 9 of the same Taxonomy Regulation.

The Taxonomy Regulation and the further Delegated Regulations (EU) 2021/2178, (EU) 2021/2139 and (EU) 2022/1214 provide that for the reporting period 2022 enterprises subject to the above-mentioned obligations must report a set of information on economic activities that are considered eligible<sup>2</sup> or ineligible<sup>3</sup> to the EU Taxonomy (hereinafter also

<sup>2</sup> Economic activity described in the delegated acts adopted pursuant to Article 10(3), Article 11(3), Article 12(2), Article 13(2), Article 14(2) and Article 15(2) of Regulation (EU) 2020/852, irrespective of whether such economic activity meets any or all of the technical screening criteria set out in those delegated acts.

<sup>3</sup> Economic activity not described in the delegated acts adopted pursuant to Articles 10(3), 11(3), 12(2), 13(2), 14(2) and 15(2) of Regulation (EU) 2020/852.

"Eligible Activity"/"Eligible Activity" and "Ineligible Activity"/"Ineligible Activity") and on aligned activities<sup>4</sup> to the EU Taxonomy, i.e. which meet the technical requirements defined in the legislation, do not cause significant damage to any of the environmental objectives, and are carried out in compliance with minimum safeguards.

In particular, for the reporting year 2022, the Taxonomy Regulation and the other regulatory elements related to it, require the reporting of the shares of turnover, Capex and Opex considered eligible and aligned. In this sense, at the date of publication of this DNF, in line with last year, only information related to economic activities that are considered to be able to contribute substantially to two of the six environmental objectives defined in Article 9 of the Taxonomy Regulation: Climate Change Mitigation and Climate Change Adaptation. Therefore, the Group conducted specific analyses to assess the degree of eligibility and alignment, in line with the above, considering the economic activities described in the reference documentation available to date and adopting an overall conservative approach.

In order to meet the above-mentioned requirements, the list of economic activities included in the reference documentation for the two objectives of Climate Change Mitigation and Climate Change Adaptation, for which the technical reference documentation is available at the date of publication of this document, was examined and compared with those of the Group.

On the basis of its interpretation of the requirements applicable to date, the Group has assessed, in particular, that its economic activities dedicated to the production of renewable energy can be included among those identified to date by the relevant legislation for the two climate change objectives mentioned above, and consequently be considered eligible, but not aligned.

They are, in particular, the activities 4.1 Production of electricity from photovoltaic solar technology, 4.3 Production of electricity from wind power, 4.5 Production of electricity from hydropower.

In light of these considerations, the Group performed the analysis of turnover, investments and operating expenses referring to the year 2022, in order to calculate the KPIs required under the Taxonomy Regulation and further applicable regulatory references<sup>5</sup>, as described below.

In particular:

- the share of turnover of economic activities eligible for the taxonomy derives from the production, transfer and sale of electricity from renewable sources;
- Capex's share of economic activities eligible for the taxonomy derives from the significant investments made by the Ascopiave Group in 2022 in plants for the production of renewable energy (wind, hydroelectric and photovoltaic) - for more details on the breakdown of these investments, please refer to the table in the following paragraph "Investments" - a significant increase over the previous year;
- The Opex share of economic activities eligible for the taxonomy derives from expenses for maintenance activities, purchase of technical equipment and technical consultancy, incurred for the operation and efficiency of renewable energy production plants (wind, hydro).

## SHARE OF ASSETS ELIGIBLE AND ALIGNED UNDER THE EU TAXONOMY IN TERMS OF TURNOVER, CAPEX AND OPEX - 2022

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<sup>4</sup>Economic activity that meets the requirements of Article 3 of Regulation (EU) 2020/852, i.e. that simultaneously meets the following requirements: a) it contributes substantially to the achievement of one or more of the environmental objectives defined in Art. 9 of Regulation (EU) 2020/852; b) it does not cause significant harm to any of the environmental objectives set out in Article 9, in accordance with Article 17; c) it is carried out in compliance with the minimum safeguards set out in Article 18; and d) it complies with the technical screening criteria established by the Commission pursuant to Articles 10(3), 11(3), 12(2), 13(2), 14(2) and 15(2).

<sup>5</sup>The analysis and calculation methodology of the KPIs were carried out with particular reference to the interpretation of the information defined in Annex I of the "Delegated Regulation (EU) 2021/2178 of the European Commission of 6 July 2021 supplementing Article 8 of Regulation (EU) 2020/852) and the document "Draft Commission notice on the interpretation of certain legal provisions of the Disclosures Delegated Act under Article 8 of the EU Taxonomy Regulation on the reporting of eligible economic activities and assets" published on 2 February 2022.

	Total (Euro thousand)	Percentage of economic activities eligible for taxonomy (unaligned)	Percentage of economic activities aligned to the taxonomy (in %)	Percentage of economic activities not eligible for taxonomy (in %)
Turnover	163,651	7%	0%	93%
Capital Expenditure (Capex)	87,001	29%	0%	71%
Operating expenses (Opex)	85,764	1%	0%	99%

Please refer to the 'Annexes' section of this document for more detailed information.

## Fiscal approach

The Ascopiave Group's approach to taxation is inspired by the principles outlined in its Code of Ethics, which describes the criteria of conduct to be adopted, with reference to accounting, financial reporting and internal controls, in order to ensure the timely fulfilment of all tax obligations and to monitor and mitigate tax risk. The Group operates according to the principle of legality by complying with the laws and tax regulations in force in Italy, as well as establishing relations of cooperation and transparency with the tax authorities, by not adopting conduct that could hinder their verification and control activities. Ascopiave acts with honesty and integrity, aware of tax revenues as a source of contribution to economic and social development.

In order to ensure the reliability of the administrative-accounting system and the correct representation of the economic, asset and financial situation of the Company and the Group in internal documents, financial statements and other corporate communications, as well as in information addressed to investors, the public or Supervisory Authorities, accounting records must be transparent and based on truth, accuracy and completeness of information.

The existence of an adequate internal control system is a value recognised by the Ascopiave Group for the contribution that controls make to improving corporate efficiency. The task of guaranteeing the correct fulfilment of tax obligations and providing support to the various company functions on tax-related issues is entrusted to the Board of Directors and the Corporate Governance structure, which defines the principles and guidelines for their correct implementation. Top management is duly informed about the most complex and important tax issues. The governance of tax issues can also be supported by the 'Control and Risk' Committee, with advisory and propositional functions on decisions and assessments on risk management and approval of financial statements.

Tax risks are monitored periodically by the parent company during the year when quarterly financial statements - audited by the statutory auditor - are drawn up, any changes in current legislation are analysed, any tax audits in progress/concluded and their potential risks.

As far as corporate income tax (IRES) is concerned, the subsidiaries of Ascopiave S.p.A. exercised the option for the national tax consolidation scheme pursuant to articles 117/129 of the Consolidated Income Tax Law (T.U.I.R.) for the three-year period 2022-2024. Ascopiave S.p.A. acts as consolidating company and determines a single taxable base for the group of companies adhering to the national tax consolidation.

The value of taxes in 2021 of the Ascopiave Group in the Italian perimeter is almost EUR 34 million and consists of local and state taxes and duties.

## Investments

Confirming its commitment to creating a long-term sustainable business and to offering an excellent service to its customers, in 2022 the Ascopiave Group made investments of €87 million (€53.3 million in 2021), mainly in the development, maintenance and modernisation of gas distribution networks and plants, and in the installation of measuring equipment.

The increase is mainly explained by the investments made during the year by the newly acquired companies. The investments concerned the renewable energy sector and, in particular, plants for the production of energy from wind power.

<i>Type of investment</i>		
<i>Thousands of euros</i>	<b>2021</b>	<b>2022</b>
Connections	13,488	15,563
Network expansions, upgrades and enhancements	22,981	26,123
Measuring equipment	11,374	12,144
Reduction plants	2,438	4,157
<b>Methane investments</b>	<b>50,281</b>	<b>57,987</b>
Hydroelectric power generation plants	-	575
Wind parks	-	24,481
Photovoltaic power generation plants	-	6
<b>Renewable energy investments</b>	<b>-</b>	<b>25,062</b>
Land and buildings	813	307
Equipment	158	248
Furniture	17	23
Vehicles	322	784
Hardware and software	1,541	2,584
Other investments	168	8
<b>Other investments</b>	<b>3,019</b>	<b>3,953</b>
<b>Total</b>	<b>53,300</b>	<b>87,001</b>

## Relations with the Regulatory Authority

The Ascopiave Group mainly operates in sectors subject to regulation. The directives and regulatory measures issued on the subject by the European Union and the Italian Government, the Decisions of ARERA and more generally the modification of the reference regulatory context may have a significant impact on the Group's operations, economic results and financial balance.

In particular, the natural gas distribution sector is regulated by the Regulatory Authority for Energy, Networks and Environment (ARERA) which, through specific provisions, determines and updates the tariffs applied to users, defines the minimum levels of quality and safety of the services provided, and establishes the procedures for access and non-discriminatory use of the infrastructures.

The Authority also performs consultative functions vis-à-vis Parliament and the Government, to which it can address reports and proposals.

The regulation of the way in which the Minimum Territorial Ambit tenders are carried out for the concession of the service, including the criteria for evaluating the bids, is mainly a ministerial responsibility, with a major role played by the Ministry for Economic Development (MISE) and, as of 2023, by the Ministry for the Environment and Energy Security (MASE).

Ascopiave is engaged in a constructive dialogue with ARERA and the competent Ministries to contribute to the definition of a clear, transparent and stable regulatory framework that safeguards the sustainable development of the gas system and ensures the maintenance of satisfactory conditions of profitability and financial equilibrium for operators.

To this end, Ascopiave constantly monitors legislative and regulatory developments in the sector, assessing in advance

their economic, financial, operational, organisational and strategic impacts, taking the necessary initiatives vis-à-vis the competent institutional bodies to promote its point of view and contribute to orienting regulation towards choices that are sustainable and compatible with corporate objectives.

Should the Group consider the choices made detrimental to its legitimate interests, it shall consider activating the appropriate legal remedies.

With regard to the measures issued by ARERA, Ascopiave participates both independently and through its trade association in the consultation procedures, formulating its own proposals and observations.

## The gas and supply chain of the Ascopiave Group

In carrying out its activities, the Ascopiave Group relies on numerous suppliers and/or contractors, and sets its collaborations on the principles of fairness, equity, transparency and mutual cooperation. In addition to suppliers of energy raw materials, the two main categories with which it maintains relations are suppliers of goods and services and contractors.

The Ascopiave Group operates with the primary intent of achieving maximum effectiveness, rationalisation and speed in its contractual actions, while at the same time guaranteeing high quality standards in service provision. To ensure these objectives are achieved, it has set up a supplier qualification process, through registration in the company register, and a selection process based on objective criteria for awarding supply contracts.

## Qualification of Suppliers

A prerequisite for the establishment of a contractual relationship with the Ascopiave Group is the assumption of prior qualification as 'supplier and/or executor', through registration in the suppliers' register.

In order to apply to be a partner of the Ascopiave Group, suppliers must meet and maintain the requirements set by the Procurement Code and additional criteria set by the company, in line with its values:

- ✓ Respect for human rights, workers and the environment;
- ✓ The scrupulous observance of labour law, with particular regard to obligations concerning the protection of child and women's labour, health and safety conditions, trade union rights and the employment of foreign workers, combating and emerging from 'undeclared work';
- ✓ The correct and timely fulfilment of wage, contribution, insurance and tax obligations;
- ✓ Respect for the principles of legality, transparency and fairness in business;
- ✓ The highest degree of professionalism and diligence, as well as utmost honesty, good faith in relations with the Ascopiave Group.

Each supplier and executor must ensure that the above requirements are maintained until the end of the contract, comply with the Code of Ethics of the Ascopiave Group, the provisions and procedures set forth in the Organisation, Management and Control Model pursuant to Legislative Decree No. 231/01, regularly fulfil all obligations concerning safety in the workplace, and not engage in anti-competitive behaviour or practices that violate laws, regulations and the rights of third parties.

Finally, the qualification system adopted is also based on UNI EN ISO 9001 (quality certification), UNI EN ISO 14001 (environmental certification) and UNI EN ISO 45001 (formerly OHSAS 18001) (occupational health and safety certification), which provide the Ascopiave Group with a structured and comprehensive system of procedures that even the executors of works must comply with.

## Selection of Suppliers

Suppliers and executors are chosen in compliance with the principles of competition and equality, and on the basis of objective assessments of competitiveness, quality, utility and price. The Ascopiave Group does not enter into relations with companies in relation to which situations of dubious legitimacy or conflict of interest emerge and, where economically compatible, prefers to use local executors, strengthening ties with the territory, favouring its economic development, believing that local businesses guarantee a greater capacity for dialogue and feel involved in the development of public services offered to citizens.

With regard to the execution of works and in order to guarantee an adequate level of specialisation of the qualification process, the types of assignment are grouped into Merchandise Groups subdivided according to levels of criticality. Different candidate evaluation criteria correspond to each level.

Possible further verifications may be carried out to examine aspects of professionalism, reliability, solvency, etc. of the supplier taken into consideration, in order to ascertain the correspondence of the supplier's declarations.

NUMBER OF CERTIFIED SUPPLIERS	2021	2022
ISO 9001	536	572
ISO 14001	236	261
ISO 45001 (formerly OH SAS 18001)	237	259

The Ascopiave Group pays attention to environmental, quality and health and safety certifications held by its suppliers, which are more in line with the Company's sustainability choices.

With specific reference to contractors, also in 2022 all new suppliers are included in an evaluation process according to the social and environmental criteria described above. Evidence of the existence of adopted management systems and the commitment to observe their principles in the event of the absence of specific certifications is already requested during the selection process. In addition, for works of significant amounts (generally over EUR 500,000), the Group directly verifies with the Authorities and/or bodies in charge, the correctness and truthfulness of suppliers' requirements and qualifications, especially with reference to compliance with laws and regulations.

The systematic use of electronic procedures aims to better respond to market needs, while increasing the degree of collaboration between the Group and its partners.

## E-procurement Portal

During 2022, 93 tenders for the purchase of goods, services and works totalling approximately EUR 54.0 million were carried out on the e-procurement portal, in addition to the numerous requests for tenders, for purchases of less significant amounts, which are carried out through 'traditional' procedures.

In the online supplier register, 1,708 entities are registered and authorised to date.

The online Supplier Register solutions help the Ascopiave Group identify - in a very broad market - the best supply alternatives for its needs on sustainable terms (in terms of search and evaluation time, risk management, cost, etc.). Information can be collected, qualified, evaluated on the basis of objective parameters and systematically updated in an almost automatic way so as to guarantee the exchange of information both with the supply markets and between the various company contacts involved. The e-procurement system also allows the enhancement of company performance in terms of stock management costs.



## Value distributed to suppliers

In terms of purchase volumes, during 2022 the Ascopiave group worked with 1,166 suppliers, for a total of 16,565 purchase orders and approximately EUR 94.5 million invoiced, excluding gas and electricity purchases.

Number of suppliers and purchase orders	2021	2022
No. suppliers	863	1,166
No. of purchase orders	8,200	16,565

Analysing the wealth distributed to its suppliers in order to assess its impact on the local economy, it appears that more than half of the 2022 turnover value refers to local suppliers (i.e. from the North-East area). Although we do not intend to favour specific categories of suppliers (with reference to geographic origin), the Group's impact on the area of greatest presence is nevertheless evident. In 2022, in fact, the Ascopiave Group collaborated with 609 local suppliers, representing 41.58% of the total, for a total invoiced value of approximately Euro 39.3 million.

No. of suppliers by geographical area	2021	2022
North-East	479	609
North-West	321	448
Centre	39	64
South and Islands	8	39
Foreign	16	6
<b>Total</b>	<b>863</b>	<b>1,166</b>

Purchases by geographical area in thousands of €	2021	2022
North-East	31,737	39,296
North-West	13,120	16,912
Centre	6,672	36,283
South and Islands	679	1,960
Foreign	408	58
<b>Total</b>	<b>52,615</b>	<b>94,509</b>

## SOCIAL SUSTAINABILITY

### Respect for and appreciation of people

Ascopiave, aware that the main factor in the success of any company is its human resources, ensures respect for human rights, promotes the involvement of personnel in the achievement of the company's strategic objectives and recognises the professional contribution of people in a context of loyalty, mutual trust and cooperation, enhancing professional skills through training and growth activities

### The people of Ascopiave

The Ascopiave Group considers people to be the main resource for achieving its strategic objectives and a fundamental value for the growth and development of its business and service to the communities it serves.

A fundamental element of the management approach is accountability at all levels, which is embodied in respect for roles, the relationship between manager and employee and the work of cross-functional teams. As stated in its Code of Ethics (delivered to all employees upon hiring), Ascopiave is committed to implementing initiatives that enhance and increase the skills, creativity and active participation of personnel, in order to increase their motivation and foster their personal growth.

The Group recognises work performance and professional potential as determining criteria for salary and career development. Selection, recruitment, training, management, development and remuneration policies are strictly based on merit and competence criteria, with exclusively professional assessment, without any discrimination. The group is actively committed to ensuring equal opportunities for women's work by developing projects to protect family needs.

The Ascopiave Group's activities are managed in full compliance with current regulations on the employment of workers, contribution, pay, tax and insurance obligations, accident prevention and protection, and safety at work.

The Group is committed to spreading and consolidating a culture of safety at work, to developing risk awareness, and to using the necessary resources to ensure the safety and health of its recipients, customers and the communities in which it operates.

Ascopiave and the companies of the Group expect employees, at all levels, to cooperate in maintaining a climate of mutual respect for the dignity, honour and reputation of each individual in the company.

### Staff characteristics

As of 31 December 2022, there were 513 employees in the Ascopiave Group.

Total Group	2021		2022	
	Men	Women	Men	Women
Employees	362	109	402	111
Total	471		513	

99.2% of personnel are employed on a permanent basis, confirming the Ascopiave Group's commitment to guaranteeing a stable working relationship and thus enhancing the professional contribution of each person within the company. Moreover, 89.7% of employees are employed on a full-time basis.

The Group does not resort to atypical forms of contract because it values the professional contribution of each of its people and is committed to building long-lasting relationships based on the principles of loyalty, mutual trust and cooperation.

Total Group Employees	2021		2022	
	DETER	INDETER	DETER	INDETER
Men	1	361	3	399
Women	0	109	1	110
Total	1	470	4	509

According to the Group's areas of operation, all the above figures refer to the Italian perimeter

With regard to the geographical distribution of employees, it emerges that 70.2% work at the Group's offices in Veneto (37.0% in the province of Treviso and 33.2% in the other provinces of Veneto), followed by Lombardy, Friuli-Venezia Giulia, Liguria, Emilia Romagna and Piedmont

PROVINCE OF RESIDENCE/DOMICILE	No. of employees 2022
Province of Treviso	190
Province of Padua	88
Province of Vicenza	63
Province of Bergamo	40
Province of Venice	40
Province of Rovigo	19
Province of Udine	15
Province of Savona	8
Province of Pordenone	7
Province of Varese	6
Province of Biella	5
Province of Brescia	5
Province of Monza Brianza	4
Province of Milan	4
Province of Mantua	2
Province of Belluno	2
Province of Cremona	2
Province of Lodi	2
Province of Pavia	2
Province of Verona	2
Province of Piacenza	1
Province of Caltanissetta	1
Province of Como	1
Province of Gorizia	1
Province of Novara	1
Province of Ragusa	1
Province of Trento	1
<b>Total</b>	<b>513</b>

With regard to the presence of women within the companies, about one third of the employees in the white-collar category are women.

Total Group	Men		Women		TOTAL	
	2021	2022	2021	2022	2021	2022
Managers	12	13	1	1	13	14
Middle Managers	21	23	6	7	27	30
Clerks	179	191	101	103	280	294

Workers	150	175	1	0	151	175
<b>Total</b>	<b>362</b>	<b>402</b>	<b>109</b>	<b>111</b>	<b>471</b>	<b>513</b>

The present population has a medium-high average age, between 30 and 50 years in 50.5 per cent of cases; employees under 30 years of age account for 5 per cent of the workforce, while those over 50 are 44.5 per cent.

Age groups	<30		30-50 inclusive		>50	
	2021	2022	2021	2022	2021	2022
Managers	0	0	4	4	9	10
Middle Managers	0	0	10	11	17	19
Clerks	21	14	154	157	106	123
Workers	9	12	74	87	68	76
<b>Total</b>	<b>30</b>	<b>26</b>	<b>242</b>	<b>259</b>	<b>200</b>	<b>228</b>

#### Staff recruitment and turnover rate

One element that highlights the Group's solidity and commitment to offering stable and continuous employment is the turnover rate, which is low and physiological. In 2022, the turnover rate was 7.02%.

In addition, the Ascopiave Group implemented 24 recruitments in 2022, reaching a recruitment rate of 4.7%. In terms of age groups, recruitment mainly concerned the 30-50 age group.

Total Group	Recruitment 2021			
Age groups	M	F	Tot.	% tot.
<30 years	9	2	11	36.7%
30-50 years inclusive	11	3	14	5.8%
>50	2	1	3	1.5%
<b>Total</b>	<b>22</b>	<b>6</b>	<b>28</b>	<b>5.9%</b>

Total Group	Recruitment 2022			
Age groups	M	F	Tot.	% tot.
<30 years	5	1	6	23.1%
30-50 years inclusive	14	2	16	6.4%
>50	2	0	2	0.9%
<b>Total</b>	<b>21</b>	<b>3</b>	<b>24</b>	<b>4.7%</b>

Total Group	Terminations 2021			
Age groups	M	F	Tot.	% tot.
<30 years	2	0	2	6.7%
30-50 years inclusive	4	1	5	2.1%
>50	14	1	15	7.5%
<b>Total</b>	<b>20</b>	<b>2</b>	<b>22</b>	<b>4.7%</b>

Total Group	Terminations 2022			
	M	F	Tot.	% tot.
Age groups				
<30 years	4	0	4	14.8%
30-50 years inclusive	12	3	15	5.8%
>50	9	3	12	5.3%
<b>Total</b>	<b>25</b>	<b>6</b>	<b>31</b>	<b>6.0%</b>

According to the Group's areas of operation, all the above data refer to the Italian perimeter

Total Group	Men		Women		TOTAL	
	2021	2022	2021	2022	2021	2022
Employees with non-guaranteed hours	0	0	0	0	0	0
Employees with guaranteed hours	362	402	109	111	471	513

#### Non-employees

Total Group	Men		Women		TOTAL	
	2021	2022	2021	2022	2021	2022
Self-employed workers	0	0	0	0	0	0
Interims	4	0	2	2	6	2
Interns	0	7	0	0	0	7
Other ( <i>specify</i> )	0	0	0	0	0	0
<b>Total</b>	<b>4</b>	<b>7</b>	<b>2</b>	<b>2</b>	<b>6</b>	<b>9</b>

#### Portion of senior management hired locally

The percentage of senior managers (executives) recruited from the local community is 85.7 per cent of the entire Group's executives.

	2022
Total number of Group executives	14
Number of managers employed in the Italian region in which they reside	12
% senior manager hired locally	85.7

## Development and growth of human capital

The enhancement of human resources is one of the fundamental objectives of the Ascopiave Group that is realised through the direct involvement of employees in the development of training plans during:

- ✓ Company placements;
- ✓ Transfers to other job positions;
- ✓ Organisational changes and/or technical/technological innovations that significantly alter professional content;

- ✓ Professional growth paths

## Training

TRAINING HOURS 2021	AVERAGE HOURS MEN	AVERAGE HOURS WOMEN	TOTAL AVERAGE HOURS
Managers	8.9	6	8.7
Middle Managers	8.7	7.3	8.4
Clerks	19.2	13.4	17.1
Workers	28.3	8	28.2
Total	22.00	12.9	19.9
TRAINING HOURS 2022	AVERAGE HOURS MEN	AVERAGE HOURS WOMEN	TOTAL AVERAGE HOURS
Managers	4.3	4	4.3
Middle Managers	13.6	10.9	12.9
Clerks	32.9	9.5	24.7
Workers	20.9	0	20.9
Total	25.7	9.6	22.1

Particular focus is placed on the continuous training and updating of employees and those specifically dedicated to safety management (supervisors and managers).

In 2022, total training hours (calculated as the sum of all hours used by all workers) amounted to approximately 11,130, with an average of 22.1 hours per worker. The topics also covered various aspects of prevention and health protection.

## Incentive and remuneration policies

The Ascopiave Group promotes people management and motivation through incentive and development policies and tools. To this end, interventions in addition to those deriving from organisational changes and/or contractual automatism are defined and planned on an annual basis, interventions that are 'not contractually due' and that enhance individual professionalism.

Ascopiave has a streamlined and efficient appraisal system through which the majority of personnel receive regular appraisals.

The Ascopiave Group has implemented an incentive system based on objectives (the so-called MBO), which represents a remuneration mechanism that links the payment of a variable bonus to the achievement of company and individual objectives. The system, which concerns management figures and is subject to approval by the Board of Directors, aims to consolidate the entire organisation's commitment to strategic lines and promote individual development, enhancing the responsibility and growth of all personnel, according to objective and fair criteria.

In addition, since 2018, long-term, three-year incentive plans based on performance indicators and the Group's share performance have been approved in favour of executive directors and management personnel. The adoption of the Plan named "Long-Term Incentive Plan 2021-2023", is aimed at incentivising and building the loyalty of directors and employees of the Ascopiave Group who occupy positions of greater responsibility.

In order to strengthen the link between remuneration and the Group's sustainable growth and corporate strategy, the long-term variable incentive mechanisms are based not only on the achievement of the targets set out in the 2020-2024 strategic plan, but also on the pursuit of the creation of sustainable value generated towards the Group's stakeholders through the inclusion of targets linked to the Group's sustainable strategy, the so-called sustainable performance, conditioned by the achievement of the 2024 target for the reduction of CO2 emissions in relation to the Group's activities.

## Equal opportunities and corporate welfare

### FROM THE CODE OF ETHICS

*"All forms of discrimination must be avoided and in particular any discrimination based on race, nationality, gender, age, physical disability, sexual orientation, political or trade union opinions, philosophical views or religious beliefs. Ascopiave and the companies of the Group undertake to avoid and prosecute any type of harassment in the workplace, interpreting its entrepreneurial role both in the protection of working conditions and in the protection of the psycho-physical integrity of workers, respecting their moral personality, avoiding that they suffer unlawful conditioning or undue inconvenience".*

The Ascopiave Group does not discriminate of any kind and is sensitive to equal opportunity issues both in the selection and management of personnel and in the organisation of work. In fact, the Ascopiave Group's Code of Ethics expressly recalls the Company's commitment to non-discrimination and equal opportunities and any violation of this right is recognised as a breach of the Code of Ethics.

Ascopiave pays particular attention to the work/life balance of its workers: in particular, with a 2nd level contractual agreement, the company provides for flexibility at the start and end of the working day and allows mothers to obtain part-time work and/or a more conciliatory work schedule, up to the age of twelve.

Employees can also request part-time contracts and, as of 31 December 2022, 52 contracts were active (about 10% of the total), requested in 90% of cases by female workers. The Group also offers the opportunity to use the company canteen service during part-time working hours.

Total Group	FULL TIME		PART TIME	
	2021	2022	2021	2022
Men	355	396	7	6
Women	64	64	45	47
Total	419	460	52	53

According to the Group's areas of operation, all the above figures refer to the Italian perimeter

In 2022, 16 parental leaves were granted, divided between the male and female population of the Group (62% women, 38% men). All persons returned to work at the end of the leave. Of those who returned to work, 100% were still employed by the company 12 months later.

PARENTAL LEAVE AND RETURN RATE			
TO 31 DECEMBER 2021			
N. EMPLOYEES	M	F	T
No. of employees entitled to parental leave	362	109	471
No. parental leave granted	6	9	15
No. of workers who returned to work after taking parental leave	6	9	15
TO 31 DECEMBER 2022			
N. EMPLOYEES	M	F	T
No. of employees entitled to parental leave	402	111	513
No. parental leave granted	6	10	16
No. of workers who returned to work after taking parental leave	6	10	16

### Benefits offered to employees

The Ascopiave Group has defined 2nd level agreements with the trade unions of the individual companies that provide for the assignment to employees of a result bonus, commensurate with the achievement of a system of profitability, efficiency, productivity and quality indicators. The agreements envisage the possibility for the beneficiary to receive the bonus in the form of Corporate Welfare services, benefiting from additional tax and contribution advantages. Furthermore, in order to make the management of the provision of services effective, the Group has implemented an internal platform for the use of services. The platform offers a wide range of services, ranging from education and training, social security and healthcare benefits, to the purchase of other goods and services from suppliers accredited with the platform. In 2022, about 18% of the staff converted a portion of the 2021 performance bonus into their Welfare account.

As additional corporate welfare measures, the Group offers its employees the opportunity to join:

- ✓ Supplementary contractual pension funds (Pegaso, Solidarietà Veneto, Previndai Negri);
- ✓ Supplementary Health Care Fund, with a contribution from the Group for staff in the gas-water contract;
- ✓ Welfare plan provides that employees can have the amount of their 2022 performance bonus, increased by 15%, with welfare services (supplementary pension, health services, cultural services, baby sitting, etc.).

## Covid-19

Approximately three years after the emergency caused by the Covid virus, everything is returning to normal even though, at company level, caution and prevention have always been called for to avoid possible sources of contagion. The emergency has meant that, even in 2022, special attention has been paid to the organisation of work in order to secure and provide continuity of operations for all Group companies. After the forced exodus from the sites and the generalised use of smart working in 2020, in 2021 there was an endemicisation phase with a slow elimination of restrictions (green passes, masks in certain places) to then face a totally different 2022, with a variant of the Coronavirus, called Omicron, which is very contagious but much less lethal, with milder symptoms and reduced hospitalisation times (in most cases at home).

2022 was also the year in which the highest number of absences from work due to viruses was recorded within the Ascopiave Group, all of which were due to family and non-family contacts within the company, without, however, the need for any hospitalisation. If in 2020 and 2021 there were a total of 68 infected among employees, in January 2022 alone there were 51, followed by 18 in February and 14 in March, for an annual total of 190 new cases, all with very mild symptoms and, apart from a few sporadic exceptions that lasted longer, all with recovery times of 5/7 days.

The employees almost all returned to work in their respective locations, apart from, upon request, the resources who took advantage of smart working because they were frail, disabled or immunocompromised workers or parents with children under 14 years of age, all cases covered by the regulations that were issued.

The Ascopiave Group has always kept its employees informed on the evolution of the pandemic and on the regulations to be complied with, even though these have gradually been eroded and are now almost null and void. Even though there have been no updates on the 'Shared protocol for updating measures to combat and contain the spread of the SARS-CoV-2/COVID-19 virus in the workplace' (extended from 30 June to 31 October 2022 with the pact that the government and social partners would meet to check the updating of prevention measures, but then totally forgotten), the company continued to invite everyone to common sense by keeping dispensers for measuring temperature and sanitising hands located at strategic points and confirming the distribution of masks upon request. All personnel were informed and constantly made aware of the preventive measures and hygiene rules to be observed in the workplace and of the instructions for the correct use of personal protective equipment.

The Human Resources department has always been available to listen and try to resolve any pandemic-related issues raised by the RLs.

No further cases of infection have been reported recently.

## Safe working environment and workers' health

Ascopiave and the companies of the Group consider the protection of the health and safety of workers to be of primary importance: they therefore set themselves the objective of not only complying with the requirements of specific



regulations on the subject, but also of taking action aimed at continuously improving working conditions. The integration of safety is promoted in all company activities.

For the Group, the prevention of accidents and occupational diseases is an indispensable objective of its business activities.

The core elements of the health and safety policy are:

- Targets to increase the economic value of the company, while respecting safety;
- Carrying out activities in full compliance with rules and regulations, health and safety of workers;
- Continuing training of personnel, so that they are aware of the importance of working in accordance with the laws and regulations in force, as well as the consequences that may affect their safety;
- Defining and reviewing objectives for quality, safety and environment, to maintain an adequate control system and provide resources for their achievement.

The prevention of workplace hazards that may constitute occupational disease risks is pursued by Ascopiave in its activities. Specific occupational illnesses attributable to different tasks could be related to (here are some examples) manual handling of loads affecting the musculoskeletal system, illnesses from chemical agents, terminal video illnesses, psychosomatic illnesses, etc.

Since these are pathologies that can be generated by continuous exposure over time to typical workplace hazards, the criteria for identifying these factors and the actions taken to mitigate them are the same as those adopted to identify and reduce the aforementioned accident risks.

No cases of occupational diseases have been recorded in the last two years of reporting.

Occupational Diseases	2021	2022
Number of deaths resulting from occupational diseases	0	0
Number of cases of occupational diseases recorded;	0	0

### ISO 45001' Certification 'Management of Safety at Work

The Ascopiave Group has defined common guidelines for all Group companies in order to promote a Safety Management System that meets the criteria of the ISO 45001 standard, which is increasingly effective and efficient, able to guarantee not only compliance with mandatory regulations but also continuous enhancement, in line with the objectives of the company's safety policy. The system is fully integrated with those for Quality and the Environment, guaranteeing a shared working culture, marked by professionalism and efficiency.

The companies Ascopiave S.p.A., AP Reti Gas S.p.A., AP Reti Gas Vicenza S.p.A., AP Reti Gas Nord Est S.r.L., AP Reti Gas Rovigo S.r.L. and Edigas Esercizio Distribuzione Gas S.p.A. are still UNI ISO 45001 certified. The certifications of all the companies are being maintained during 2022. The new companies acquired and incorporated into the SBU Distribuzione, Romeo Gas S.p.A. and Serenissima Gas S.p.A., adopted the same Occupational Health and Safety Management System in 2022. The formalisation of the ISO 45001 certification of Serenissima Gas, now already ISO 9001 certified, is planned for 2023.

It is also foreseen, for a better standardisation of processes and a more consistent verification of them, the unification in a Corporate certification process of the Distribution SBU companies in 2023, already formalised through a document of Agreement between the parties concerned.

Thanks to its certified Occupational Health and Safety Management System, the Ascopiave Group is able to keep the risks related to its work activities under control, enhance performance, make the work environment safer, comply with and correctly apply the relevant laws and ensure compliance in the event of audits. As of 31 December 2022, the number of workers employed by the Group was 513, of which 478 (93%) were covered by a certified occupational health and safety management system. The remainder (excluding resources belonging to CART ACQUA), amounting to 32 employees, are part of the companies (i.e. Romeo Gas and Serenissima) that have recently joined the Ascopiave Group and have aligned themselves with the procedures and practices of the Group's Occupational Health and Safety Management System.

The Ascopiave Group adopts a preventive approach involving the active involvement of all stakeholders and a scrupulous assessment of health and safety risks. In addition, the Group has set up a specific organisation to ensure that activities aimed at eliminating or minimising risks are carried out correctly and adequately, guaranteeing the correct flow of information between employer and employee on workplace risks. Any reports of danger by workers are addressed to the

supervisor, a figure that the latest amendments to Legislative Decree 81/08 have identified as one of the main cornerstones for the development of a safe working environment. All the Group's supervisors have been trained with the latest legislative changes, and all have been given a new appointment that unequivocally states their responsibilities. This has made the relationship with the SPP even more proactive, which remains a constant point of reference for the Group's workers. In addition, each worker can refer to the Workers' Safety Representative (RLS), who both during the inspections carried out in accordance with his or her attributions and by participating in the annual meetings (Art. 35 of Legislative Decree 81/08) can be the spokesperson for any critical issues in terms of work safety, thus contributing to constant enhancement.

Particular attention is paid by the Ascopiave Group to analysing accidents, detailing each type of activity that caused the event. In this regard, an accident management procedure is in place that regulates all activities related to communication and the subsequent stages of analysis and implementation of enhancement measures.

In 2022, there were a total of 10 accidents in the workplace, mainly involving operational staff. The nature of the injuries was mainly accidental, resulting from contusions, sprains, impacts, muscle strains and road collisions. Two of the accidents were in itinere.

The Ascopiave Group's commitment to constant enhancement remains unwavering and in 2022 this is also evident from the data we obtain from the accident indices below, which confirm that accidents remain low and are due to accidental causes, as mentioned above.

<b>Accidents at work*</b>	<b>2021</b>	<b>2022</b>
<b>Total number of deaths due to occupational accidents</b>	0	0
<b>Total number of occupational accidents with serious consequences (excluding deaths) resulting in days of absence of more than 180 days</b>	0	0
<b>Total number of recordable occupational accidents</b>	8	8
<b>Hours worked</b>	784,103	789,964
<b>Multiplier for calculation</b>	1,000,000	1,000,000
<b>Rate of deaths due to occupational accidents</b>	0.00	0.00
<b>Rate of serious accidents at work (excluding fatalities)</b>	0.00	0.00
<b>Recordable work accident rate</b>	10.20	10.13

\* Index composition:

- Rate of deaths due to accidents at work: (number of deaths resulting from accidents at work / number of hours worked) \* 1,000,000
- Rate of accidents at work with serious consequences (excluding deaths): (number of accidents at work with serious consequences / number of hours worked) \* 1,000,000
- Rate of recordable occupational accidents: (number of recordable occupational accidents / number of hours worked) \* 1,000,000

The number of accidents indicated excludes commuting accidents.

The data on hours worked and the related 'Recordable Injury Rate' do not include those for Serenissima and Romeo.

Figures do not include Asco Energy S.p.A., Asco EG S.p.A., Asco Renewables S.p.A., Eosforo S.r.l., Morina S.r.l., Sangineto Energie S.r.l., Salinella Eolico S.r.l. and Green Factory S.r.l.

As mentioned above, a periodic meeting (Art. 35 of Legislative Decree 81/2008) is called annually at all Group companies, at which the Employers, the Competent Doctor, the RLS and the SPP can discuss health and safety topics for the purpose of constant enhancement of good company practices.

It is worth mentioning that a process for reporting and managing near misses and hazards is in place to identify and promptly resolve issues that may expose workers to health and safety risks.

Ascopiave and the Group companies appointed a competent doctor who, during 2022, carried out 367 medical examinations, finding 166 fully fit, 180 with prescriptions, 9 with limitations, 11 with limitations and prescription and 1 permanently unfit.

A special focus is placed on the continuous training and updating of employees and figures specifically dedicated to safety management (supervisors and managers). In 2022, total training hours (calculated as the sum of all hours used

by all workers) were **3,286**, with an average of about 6.4 hours per worker trained. The topics covered various aspects of prevention and protection and health and safety in the workplace.

### Construction site safety for contractors

In order to guarantee an enhancement in safety conditions also for the personnel of supplier companies working inside its premises and plants, the Ascopiave Group has prepared special procedures regulating their access and operations. Third-party companies report to Ascopiave any accidents that occur to their personnel while working at the company's sites.

Labour relations with third parties that are not directly employed by the Ascopiave Group are regulated by Article 26 of Legislative Decree 81/08 on the subject of obligations connected to contracts, works or supply contracts. Since 2016, the Terms and Conditions Sheet for Contracts provides that contractors/contractors for "open" contracts for connections, maintenance and network extensions must provide statistics on accidents that occurred during the year at construction sites pertaining to the Ascopiave Group.

For the year 2022 there were 1 cases of accidents at construction sites, the figure emerges from the 23 companies involved in the works. Ascopiave also involves suppliers working at its sites through safety training: courses, updates, and meetings are held for employers/managers when work begins and whenever the specific nature of the work requires it.

<i>Occupational accidents to outside workers working on construction sites*</i>	<b>2021</b>	<b>2022</b>
<b>Total number of deaths due to occupational accidents</b>	<b>0</b>	<b>0</b>
<b>Total number of serious occupational accidents (excluding fatalities)</b>	<b>0</b>	<b>0</b>
<b>Total number of recordable occupational accidents</b>	<b>3</b>	<b>1</b>

\* Time data for the calculation of accident indices are not available.

## CUSTOMERS AND CITIZENS SERVED

### Customers and markets served

The Ascopiave Group is one of the main national operators in the natural gas distribution sector. The Group holds direct concessions and assignments for the management of activities in 305 municipalities, providing service to approximately 880,000 users through a network of over 14,500 kilometres.

Ascopiave is also a partner of the Hera Group in the marketing of gas and electricity, holding a 40% stake in the company EstEnergy S.p.A., a leading operator in the sector with a portfolio of over 1 million sales contracts to end consumers, mainly in the Veneto, Friuli Venezia-Giulia and Lombardy regions.

Ascopiave is also present in the renewable energy sector, owning 28 hydroelectric and wind power plants with an installed nominal capacity of 62.5 MW. Through its subsidiary Salinella Eolico S.r.l., it is also about to start construction of a new wind power plant for about 22 MW. Finally, in the water sector, the Group is a shareholder and technological partner of the company Cogeide S.p.A., which manages the integrated water service in 15 municipalities in the Province of Bergamo, serving a basin of over 100,000 inhabitants through a network of 880 km.

In terms of the size of its customer base and quantities of gas sold, the Group is currently one of the leading players in the sector nationwide.

The Ascopiave Group continues to work to ensure the achievement and maintenance of high standards of service quality offered to customers and the granting municipalities. This involves complex operations and services in the design, construction and management of the plants, which require high levels of professionalism and careful monitoring of the

conditions under which the service is carried out, as well as periodic maintenance operations to ensure safety and efficiency conditions over time in compliance with regulations.

The Ascopiave Group sets as one of its primary objectives:

- Maintaining the highest level of quality in the services offered;
- Ensuring an efficient and safe gas distribution network and continuous service.

Underlying these commitments is the desire to guide the company towards a service of excellence that leads it to be a high quality interlocutor. For this reason, the company's work is constantly oriented towards improving its business with investments based on innovative and future-oriented services for the benefit of the community.

Thanks to shared values that are decisive for its growth, the Ascopiave Group is close to the territory, municipal administrations and local associations, contributing to their sustainable, social and environmental development. With this baggage of intentions, the company strives to ensure the growth of the territory while respecting sustainability and eco-compatible solutions in order to make the community aware of energy saving, safety and respect for the environment. Very attentive to voluntary work, the Group also supports initiatives of great social value, bringing tangible support to citizenship and seeking to favour, through the investee companies active in sales, the weaker segments of the population through concrete tools for the recognition of benefits.

The Ascopiave Group represents an important industrial reality, attentive to people, social issues and the needs of the territory.

The development of technological innovation projects has also led the company to evolve towards objectives of efficiency and cost-effectiveness in management, confirming a quality of service offered at levels of excellence.

### Quality, safety and continuity of service

The service quality indicators represent in qualitative and quantitative terms the performance levels of the service provided; in particular, they refer to

- Commercial quality (mainly relating to the timeliness of performing activities such as quoting and performing work at end customers' premises, activation and deactivation of the supply, punctuality for customised appointments);
- Quality of a technical nature (response time, number of odour inspections carried out and percentage of network inspected).

Below are the results considered satisfactory by the Ascopiave Group in 2021 and 2022 for each of the established quality indicators:

Service quality indicators	2021	2022
Compliance with the maximum time limit set for the performance of services subject to specific commercial quality standards	98.95%	99.39%
Adherence to punctuality in appointments agreed with the customer	99.91%	99.92%

### Plant inspection plan

The Group's focus on plant safety and service continuity is demonstrated by its increasingly concrete commitment to prevention, through inspections of the distribution network as summarised in the following tables:

Gas network inspections and leaks	2021	2022
No. of controls carried out for odourisation	1,766	2,671
% High and medium pressure network inspected out of total	72.97%	70.63%
% Low pressure network inspected out of total	72.4%	69.25%

During 2022, there were no incidents related to the company's facilities and involving the population and community.

### Intervention Plan

Since 1969, the year in which methanisation of the territory by the Ascopiave Group began, a highly qualified group of engineers and technicians has applied the most advanced technologies to guarantee high quality standards in the construction of distribution networks and plants. The design phase is characterised by the use of technologically advanced computer tools and sophisticated equipment for carrying out simulations of the fluid-dynamic structure of the entire network. This makes it possible to:

- Ensuring the optimal utilisation of the networks, through the correct sizing of the pressures of the components of the entire network, so as to guarantee the continuity of supply even in possible 'out-of-service' situations of some plants;
- Preventing the need to adjust pipeline capacity;
- Plan effective network replacement interventions to adapt them to the emerging urban/industrial development needs of the territory.

When building its plants, the Ascopiave Group has also always adopted the most advanced construction solutions, technologies and equipment and entrusted the construction of the works to contractors with proven experience in the sector and proportionate skills. Continuity in service delivery, by-pass works and no-dig techniques are just some of the measures taken to guarantee an effective and efficient service and safe site management.

### Ready for action

The Group has an Emergency Response Service to solve problems related to the supply of gas on the managed networks, such as leaks or dispersions, interruptions or irregularities in supply, and damage to distribution systems. The service is completely free of charge from both landlines and mobile phones, and is active 24 hours a day, every day of the year. All incoming calls are recorded and their outcome monitored.

Emergency gas intervention	2021	2022
% answers within 120 sec.	98.99%	97.18%
% Calls with intervention within the standard*	99.03%	98.52%
Average arrival time at site (minutes)	38.12	38.67

\* On average 60 minutes, but for some installations the standard stipulates different timescales

### Emergency Management Plan

The Ascopiave Group has adopted a 'Management Plan for Gas Emergencies and Accidents' with which it defines the responsibilities, objectives, activities, organisational structure and methods for collecting, recording and transmitting the information necessary to ensure the rapid and effective management of emergency situations or accidents involving the gas distribution service. An emergency is defined as an event affecting combustible gas in the network, capable of producing serious and/or far-reaching effects on the safety and continuity of the distribution service. It also applies to any event that causes the interruption without warning of the gas supply to at least 250 end customers and for which the supply is not reactivated within 24 hours from the beginning of the interruption.

It should be noted that during the year 2022 there was only one gas emergency due to an interruption of supply to 304 users at the Rovigo plant (AP Reti Gas Rovigo). The emergency was caused by a break in the water system of a private building. The rupture caused the consequent infiltration of water into the internal gas system and then flowed back to the user shunt to saturate important sections of the network exercised at low pressure, with the consequence of a gradual interruption of the supply to the connected users. The interruption affected more than 250 end customers for more than 24 hours.

The networks were then emptied of water and put back into operation, thus guaranteeing the continuity and safety of the distribution service.

## TERRITORY AND COMMUNITY

### Distribution of Sponsorships and Donations by Scope

Even 2022, as 2020 and 2021 had been, was a year characterised by government measures in relation to the pandemic caused by the spread of the Covid-19 virus, but the gradual easing of restrictions reawakened the demand for support for events from the territory, with organisations and associations re-scheduling various initiatives. A response was given to the requests that were made, in some cases even and precisely to try to restore a climate of serenity and normality to social life, which had been negatively transformed with constraints following the pandemic emergency. Particular attention was paid to the social and health sector, but also to the resumption of those events that aimed to develop initiatives to enhance the natural, cultural, and historical heritage of their territory, also for tourism purposes.

Donations to local community associations:

2022		
Type of activity	Total disbursed (€)	No. of subjects
Health and Prevention	46,760	2
Community and care	25,000	11
Culture, history, traditions	99,100	28
Sport	4,500	2
Environment	1,500	1
Various	3,000	2
<b>Total</b>	<b>179,860</b>	<b>38</b>

Numerous interventions and initiatives, supported by Ascopiave, but also by other Group companies, are part of this direction.

Contributions take various forms: involvement in community support projects, also in partnership with local organisations, aimed at addressing issues that are significant for both the local area and the Group; medium- to long-term initiatives related to community development and relations with organisations operating in the social and welfare, environmental, cultural, foundations and research institutes; support to municipalities to help low-income households, to support the educational, cultural, and sports activities of children from families in difficulty, to provide help or assistance to the elderly or disabled, to contribute to the purchase of vehicles or equipment to help remove architectural barriers or for public health, and more.

Ascopiave dialogues with the territory through various forms and the main areas of intervention at the social level are as follows:

- **Health and prevention:** activities in support of health and prevention in general, including activities in support of medical and scientific research and training;
- **Community and assistance:** support for associations or non-profit organisations working on social issues and for initiatives aimed at providing assistance to disadvantaged people and people in difficulty; initiatives of a solidaristic nature and interventions in the social and welfare field;
- **Culture:** cultural, artistic and musical initiatives with special educational content, initiatives to promote specific local features and initiatives to preserve and enhance the artistic, historical and cultural heritage of the territories in which the Group operates;
- **Sport:** support for sports initiatives that are representative of the universal values that sport embodies such as dedication and commitment to improving physical condition, as an aid to socialisation, as a factor in education, and as an example of respect and fairness;
- **Environment:** support for initiatives to protect the environment and raise awareness of issues such as safeguarding resources and reducing environmental impacts.
- **Emergencies:** contributions to support and sustain populations that have suffered damage as a result of natural disasters, conflicts, etc.

## Social Commitment

The Ascopiave Group has a corporate policy that expresses a strong focus on the territory and the local community, with a vision marked by social commitment, solidarity, and support for groups and associations that, in agreement with municipalities, operate on a non-profit basis in favour of the community.

### Ascopiave Group's main campaigns and initiatives for the local community

Given that the year was still characterised by the pandemic, albeit in a lesser form, the main initiatives supported in 2022 by Ascopiave Group companies in favour of the territory and the local community concerned health, prevention, community and assistance issues. Of note was the purchase of an ultra-modern surgical instrument, donated to Ulss 2 and placed in the urology department of Treviso Hospital, used to remove tissue masses during laparoscopic or endoscopic surgery. Other support initiatives include the creation of a didactic playground in the Cral spaces of the Treviso hospital, a structure that will be made available to the youngest patients and their parents and families, a specially equipped area where patients can spend a few hours of the day in recreation and serenity.

### Projects in schools

A number of initiatives have been supported in the school sector, including a training project on behavioural disorders aimed at creating a climate of inclusion within the classroom context to provide tools for understanding and dealing with fragile situations, and a project called 'Save the world, save the earth' on the recovery of what is commonly called electronic waste (e-waste in technical terms) that is potentially still functional and, once reconditioned, can be put back into circulation, generating a virtuous system of development and a circular digital economy.

### Cultural sphere

Several initiatives were implemented in 2022 in favour of culture, including the project '*Asolo sotterranea: dall'acquedotto romano La Bot e di altri cunicoli antichi*' (Underground Asolo: the Roman La Bot aqueduct and other ancient tunnels) linked to the exhibition '*Asolo invisibile: gli acquedotti in cunicolo romano e medievale*' (Invisible Asolo: the Roman and medieval aqueducts), an initiative that highlighted the historical roots of an artefact that has been of fundamental importance to the local community. Also supported was the activity to give prestige to characteristic villages, events that enhance the landscape and its history and can become a driving force for tourist activities. Attention was also given to the 'Goffredo Parise' award for reportage, an initiative of international scope that enjoys the patronage of the Presidency of the Republic.

## ENVIRONMENTAL SUSTAINABILITY

### Core Values and Environmental Policy

The set of values, corporate ethical principles and rules of conduct set forth in Ascopiave's Code of Ethics constantly guide the activities of those who operate, internally or externally, in the sphere of action of the Ascopiave Group. The Environmental Policy has been adopted by the parent company and the two largest distribution companies. In all six companies it is always integrated with Quality and Safety in a single document, expressing the principles and values in the environmental field adopted by the parent company Ascopiave and outlined as follows:

- sensitivity to ecological issues that limit the impact of activities and services on the environment;
- research and development of technologies to safeguard resources and reduce environmental impact and related risks;
- ensuring full respect for the environment in the provision of the service, optimising the management of the special waste produced and the consumption of the resources used (water, fuel and energy);
- ensuring constant compliance with environmental standards and legal requirements and preventing risks to the environment in direct processes (employees) and in indirect processes, entrusted to qualified suppliers and contractors;
- pursue the continuous training of its personnel, so that they are aware of the importance of working in accordance with the laws and regulations in force, as well as the consequences that may affect both their own safety and their impact on the surrounding environment;
- setting and reviewing specific environmental objectives, maintaining an adequate control system and providing resources for their achievement.

### Environmental protection and rational use of energy

In accordance with a development model that is compatible with the territory and the environment, Ascopiave is committed to managing its processes according to criteria of environmental protection and efficiency, through the identification, management and control of its environmental aspects, as well as through the rational use of energy resources.

Ascopiave is a large company active throughout the country that sets itself the daily goal of distributing energy, as well as providing services to the community while minimising the environmental impact of its activities, also through serious and careful research, technological development and investment.

### UNI EN ISO 14001 'Environmental Management Systems' Certification

The ISO 14001 Environmental Management System, integrated with that for Quality and Occupational Health and Safety, is a guarantee of an organisation that is punctually committed to these issues: this choice guarantees a commitment to improving environmental performance and the constant review of the main documents for analysing and assessing environmental risks, both for the Parent Company and the Distribution companies.

#### QSA Integrated Gas Distribution Service Certification

Sensitivity to ecological issues, correlated with the indirect economic benefits of choices that limit the impact on the environment of activities and services rendered, were decisive elements in the decision to adopt an Environmental Management System, first and foremost for methane gas distribution activities, today extended to five companies and in the process of further extension to Serenissima Gas S.p.A., acquired in 2022 and already certified for its Quality Management System (ISO 9001).

#### AP Reti Gas S.p.A.

The consolidated ten-year experience of the Quality Management System has motivated the Ascopiave Group to the objective of certification of the Environmental Management System and the Occupational Health and Safety Management



System: the joint certification of Ascopiave for the methane gas distribution business was achieved in October 2011. The joint certification was then transferred from 01.07.2016 to the subsidiary AP Reti Gas.  
On 24/06/2020 the ISO 14001 Certificate of AP Reti Gas was renewed with an expiry date of 21/10/2023.

#### **AP Reti Gas Vicenza S.p.A.**

The management model of the Ascopiave Group motivated the sole shareholder Ascopiave to confirm the pre-existing Environment and Safety certifications of the Pasubio Group (acquired in April 2017).  
They are now owned by the renamed company AP Reti Gas Vicenza S.p.A.  
The company's ISO 14001 Certificate was subsequently renewed in 2022, with a new expiry date of 26 September 2025.

#### **Edigas Esercizio Distribuzione Gas S.p.A.**

In the year 2021, the two-year experience gained in Quality System certification motivated the organisation to also adopt Environmental Management System and Occupational Health and Safety Management System certification.  
The ISO 14001 and ISO 45001 Certificates were acquired in July 2021 and expire on 28 July 2024.

#### **AP Reti Gas Nord Est S.r.l.**

In the year 2021, the experience of the other Group companies motivated the new Group organisation to supplement the ISO 9001 certification, achieved in 09/2020, by adopting the Environmental Management System and Occupational Health and Safety Management System certification.  
The ISO 14001 and ISO 45001 Certificates were acquired in October 2021 and are due to expire on 05 October 2024.

#### **AP Reti Gas Rovigo S.r.l.**

The positive experience of the Group's other gas distribution companies also stimulated AP Reti Gas Rovigo, the smallest of the five companies, to adopt the triple integrated QSA certification: ISO 9001 (Quality), ISO 14001 (Environment) and ISO 45001 (Occupational Health and Safety).

The triple certificate was issued in December 2021; the individual certificates expire in December 2024.

Integrated QSA certification of the parent company Ascopiave

On 12 March 2018, the parent company Ascopiave obtained the Certifications of Conformity of its Management Systems to the reference standards UNI EN ISO 9001 (Quality), BS OHSAS 18001 (Safety), UNI EN ISO 14001 (environment), in relation to the field of application "Provision of services for Ascopiave Group companies".

For ISO 14001, Ascopiave adopted a simplified Environmental Analysis, due to the reduced environmental impacts of relevance (soil, water, emissions, special waste, energy and fuel consumption).

In March 2021, it renewed its three certifications, with 'Security' being upgraded to ISO 45001.

The three Integrated System Certificates expire in March 2024.

## **Company vehicle fleet**

The Ascopiave Group has 331 company vehicles, fuelled by diesel, petrol and natural gas.

Considering the territorial dimension in which Ascopiave operates, the impact on vehicle traffic related to its corporate fleet can be considered negligible: nevertheless, the Group constantly monitors fuel consumption.

<b>FUEL CONSUMPTION</b>	<b>2021</b>	<b>2022</b>
Petrol (in thousand litres)	24	30
Diesel fuel (in thousand litres)	398	392
Methane (in thousand kg)	10	9

With regard to the group's vehicle fleet in 2022, the share of EURO 6 vehicles will be increased to 43%, new hybrid vehicles will be introduced in 2023, and charging stations connected to the photovoltaic system will be activated at the headquarters.

TYPE OF VEHICLE	N. VEHICLES	% OF TOTAL	% CATEGORY EURO		
			% EURO 6	% EURO 5, EURO 4	% EURO 3, 2, 1 and 0
Diesel	278	84 %	124	149	5
Petrol	21	6%	12	9	0
Bifuel	32	10%	21	11	0
<b>Total</b>	<b>331</b>		<b>157</b>	<b>169</b>	<b>5</b>

## Energy management and emissions

During 2021, work on a new section of the photovoltaic plant was completed. The plant went into final operation in January 2022. The new section of 180kW/p, supplemented the electricity needed to power the new heat pump serving the headquarters' buildings, contributing to greater coverage of the headquarters' self-consumption, as well as increasing the feed-in of renewable energy into the public grid.

Total Group	2021	2022
Natural gas (m3)	2,085,413	2,036,939
Car fuel - Diesel (lt)	398,000	391,832
Car fuel - Petrol (lt)	23,849	29,782
Car fuel - Natural gas (kg)	10,000	9,197
Purchased electricity (kWh)	3,087,621	4,364,591
Electricity from photovoltaic system (kWh)	220,572	442,464

Total Group	2021	2022
Natural gas (GJ)	73,621	71,865
Automotive Fuel - Diesel (GJ)	14,292	14,070
Automotive Fuel - Petrol (GJ)	766	963
Car Fuel - Methane (GJ)	520	478
Electricity purchased (GJ)	11,115	15,713
Electricity from photovoltaic system (GJ)	794	1,593
<b>TOTAL ENERGY CONSUMPTION (GJ)</b>	<b>101,108</b>	<b>104,682</b>

## Hydro and wind power generation

In early 2022, the group integrated 24 hydroelectric plants and one wind power plant into its structure. The hydroelectric plants are located in Veneto, Lombardy and Piedmont, while the wind power plant is located in Campania. All plants are connected to the national grid and all electricity produced enjoys guarantees of origin in accordance with Directive 2009/28/EC. Since this is the first report, there are no benchmark performances. However, an increase in production is expected in 2023 due to the optimisation of management activities.

Hydro and wind power generation	2022 GJ
Electricity generated by hydropower	294,719
Wind-powered electricity	35,686
<b>Total production</b>	<b>330,405</b>

## Electricity from photovoltaics

In line with its commitment to reducing its environmental impact, in June 2011 the Group activated a photovoltaic system, integrated into the roof of the warehouse/archives building for the exclusive use of its headquarters, and will implement it in 2022 with a new section.

In 2022, the amount of self-generated electricity was 1,593 GJ, a doubling compared to 2021. Further increases are expected due to the construction of a new plant section with an additional 160 kW/p.

	2021 GJ	2022 GJ
<b>Self-produced quantity</b>	<b>794</b>	<b>1,593</b>
<b>% car consumed</b>	<b>95%</b>	<b>82%</b>

### District heating/Cogenerators

During 2022, the total methane consumption for the Dolo/Mirano (VE) plants was 326,000 Smc, with a total electrical production of 1,099,000 kWh and a total thermal production of 1,489,000 kWh. Compared to the previous year, there was a reduction in gas consumption, with a consequent decrease in thermal and electrical production. These decreases are substantially linked to a reduction in consumption related to the users connected to the plants, while maintaining an overall efficiency ratio between gas consumed and energy produced  $\geq 80\%$ .

<b>Methane consumption [thousand Sm<sup>3</sup>].</b>	<b>2021</b>	<b>2022</b>
Cogenerators CA' TRON - Dolo (VE)	57	43
BELLA MIRANO Cogenerators - Mirano (VE)	52	41
LE CIME cogenerators - Mirano (VE)	247	242
<b>Electricity produced [thousand kWh].</b>	<b>2021</b>	<b>2022</b>
Cogenerators CA' TRON - Dolo (VE)	181	138
BELLA MIRANO Cogenerators - Mirano (VE)	166	132
LE CIME cogenerators - Mirano (VE)	831	829
<b>Thermal energy produced [thousand kWh]</b>	<b>2021</b>	<b>2022</b>
Cogenerators CA' TRON - Dolo (VE)	305	232
BELLA MIRANO Cogenerators - Mirano (VE)	284	225
LE CIME cogenerators - Mirano (VE)	1,042	1,032

<b>Methane consumption [GJ]</b>	<b>2021</b>	<b>2022</b>
Cogenerators CA' TRON - Dolo (VE)	2,012	1,517
BELLA MIRANO Cogenerators - Mirano (VE)	1,836	1,447
LE CIME cogenerators - Mirano (VE)	8,720	8,538
Total methane consumption	12,568	11,502
<b>Electricity produced [GJ]</b>	<b>2021</b>	<b>2022</b>
Cogenerators CA' TRON - Dolo (VE)	652	497
BELLA MIRANO Cogenerators - Mirano (VE)	598	475
LE CIME cogenerators - Mirano (VE)	2,992	2,984
Total electricity production	4,241	3,956
<b>Thermal energy produced [GJ]</b>	<b>2021</b>	<b>2022</b>
Cogenerators CA' TRON - Dolo (VE)	1,098	835
BELLA MIRANO Cogenerators - Mirano (VE)	1,022	810
LE CIME cogenerators - Mirano (VE)	3,751	3,715
Total heat production	5,872	5,360
<b>Production efficiency [(kWh+ kWh) / kWh combined] %</b>	<b>2021</b>	<b>2022</b>
Cogenerators CA' TRON - Dolo (VE)	88	88
BELLA MIRANO Cogenerators - Mirano (VE)	89	89
LE CIME cogenerators - Mirano (VE)	78	79

The efficiency of cogenerators combined with district heating saved 33 TOE (tonnes of oil equivalent).

### Energy efficiency initiatives

As far as the efficiency of the headquarters is concerned, in addition to the expansion of the photovoltaic system with a new 180kW/p section, a 172kW/t methane gas-fuelled direct-fired absorber was replaced with a 137kW/t electric heat pump, fed directly from the new system. The intervention will lead to a significant reduction in the consumption of methane gas, as the new heat pump will use self-produced electricity from renewable sources. In 2023 the production of renewable energy will be expanded with the installation of a new 160kW/p photovoltaic system section.

The Ascopiave Group has pursued its energy saving objectives through customer interventions, company initiatives, its own plants, and through the purchase of Energy Efficiency Certificates (TEE), continuing to promote efficiency.

Even in 2022, it gained from some already active energy efficiency projects:

- Efficiency upgrading project for the external envelope of two rest homes, one located in the municipality of Treviso and one in Pieve di Soligo (TV).
- Public lighting system efficiency project in the municipality of Vidor (TV)
- Public lighting system efficiency project in the Municipality of Coseano (UD).

GROUP COMPANIES	DESCRIPTION INITIATIVE IMPLEMENTED IN 2022	QUANTIFIED ADVANTAGE TEP and/or CO2 equivalent emissions	QUANTIFIED ADVANTAGE energy consumption in joules or multiples
Ascopiave S.p.A.	Retirement home efficiency	60 TEP/142 tonnes CO2 equivalent	2,352 GJ
Ascopiave S.p.A.	Efficiency enhancement of public lighting system	54 TEP/105 tonnes CO2 equivalent	1,040 GJ
Ascopiave S.p.A.	Replacement of heat pump headquarters	8 TEP/12 tonnes CO2 equivalent	159 GJ
Asco Energy S.p.A.	Cogeneration	33 TEP/116 tonnes CO2 equivalent	1,393 GJ

During 2022, Ascopiave continued to develop efficiency projects through its subsidiary Asco Energy S.P.A., proposing itself to third parties as a promoter of energy efficiency initiatives. Specifically, with a public company that manages the integrated water and sewerage service, a proposal to enhance the efficiency of the local water network was studied, submitted and approved by the GSE. In 2022, Asco Energy carried out TEE transactions in favour of the group's 'obligated' companies, amounting to 38,953 TEEs.

The Research and Development Division has been equipped with high-level technical staff, in particular figures specialised in the field of Energy Efficiency and Project Management, EPC. As a result, the structure has several graduated figures both in the industrial engineering field and in the economic-management field, EGE certified according to the UNI CEI 11339 standard for the industrial and civil sectors, EMAS certified as "Consultant Environmental Auditor NACE code 84.11", Lead Auditor of Environmental Management Systems UNI EN ISO 14001. The staff is led by managers, graduates with proven experience, specialised in management engineering.

The Research and Development Division supported the maintenance audits in 2022 on behalf of Asco Energy, of the UNI UN ISO 9001:2015 and UNI CEI 11352 certification for ESCO companies.

In 2022, in staff with the group's other facilities, the integration procedures were activated, hydroelectric plants and a wind farm in operation, which had previously been evaluated in 2021. Also in 2022, the construction of a new 21.6 MW wind power plant began. In total, the group will have about 62 MW of installed nominal capacity in 2022, with an annual output of 330,587 GJ.

### Cogeneration/Theatre

The Group managed cogeneration plants with annexed district heating networks serving about 700 civil, commercial and public customers and some thermal plants serving apartment blocks.

These plants contribute to the enhancement of air quality in the urban centres where they are located as, thanks to their construction, the construction of individual thermal plants is avoided, which are certainly less efficient in terms

of both consumption and CO2 emissions. With district heating, heat production is centralised in plants that are more efficient and better controlled than domestic boilers. Control is continuous, both over combustion processes and emissions into the atmosphere.

The environmentally significant district heating plants operated during 2022 are four:

- The 'Le Cime' plant in Mirano (VE): is a trigeneration plant, switched on in the winter period to supply thermal energy for heating use for connected customers and in the summer period to feed the absorber for the production of cooling energy for the same customers. The plant benefited from the incentive from Green Certificates, which in 2014, the last year of incentives, produced 294 green certificates. At the end of 2016, an additional 51 customers belonging to a new housing complex near the plant were connected to the plant, allowing it to enhance its overall efficiency in 2020, avoiding the installation of 51 new single-family boilers and their related CO2 emissions.
- The 'Bella Mirano' plant in Mirano (VE): provides district heating and electricity to the grid. In 2015, the plant recorded an increase from 89% to 100% in the fill rate of connected residential customers. During 2022, the fill rate remained unchanged. The efficient management of the plant, in accordance with the provisions of Ministerial Decree 05.09.2011, has resulted in 16 TEEs (energy efficiency certificates) being obtained, equal to 16 TOEs (tonnes of oil equivalent) saved;
- The "Cà Tron" plant in Dolo (VE): The cogeneration plant combined with the district heating network, compared to last year, has remained unchanged in terms of user saturation. During 2022, the efficient management of the plant, in accordance with the provisions of Ministerial Decree 05.09.2011, allowed it to obtain 17 TEE (energy efficiency certificates) equal to 17 TOE saved (tonnes of oil equivalent). This represents a saving of no less than 7 TOE more than last year;
- The 'S. Silvestro' plant in Vetrego di Mirano (VE): in operation since 2014, it is the first thermal plant to be completely powered by a renewable source. In 2022, the plant produced about 103 MWh of thermal energy, saving about 10 TOE (tonnes of oil equivalent), thanks to the use of "renewable" fuel, however, the balance of CO2 emissions is zero.

PLANT NAME MANAGED IN 2022	DESCRIPTION	QUANTITY OF ENERGY PRODUCED (kWh)	WHITE CERTIFICATES OBTAINED
CA' TRON - Dolo (VE)	Cogeneration combined with district heating	369,468	17
BELLA MIRANO - Mirano (VE)	Cogeneration combined with district heating	356,956	16
LE CIME - Mirano (VE)	Trigeneration combined with district heating	1,861,453	-
San Silvestro - Vetrego di Mirano (VE)	Pellet-fired power station combined with district heating	103,590	-

## Emissions

The following table shows the main CO<sub>2</sub> emissions generated in 2021 and 2022 by the Ascopiave Group:

Total Group	2021	2022
<b>Direct and Indirect Emissions</b>		
<b>Scope 1</b>	<b>Ton CO2 EQ</b>	<b>Ton CO2 EQ</b>
Natural Gas	4,137	4,039
Diesel	1,055	1,038
Petrol	57	71
Methane	28	25
<b>Total Scope 1</b>	<b>5,277</b>	<b>5,174</b>
<b>Scope 2 - Location Based</b>		
Purchased electricity	829	1,113
<b>Scope 2 - Market Based</b>		
Purchased electricity	1,416	1,993

Sources used:

- The data for 2022 consumption of electricity and gas were extracted from the invoicing system of the energy selling companies, with the exception of the company Romeo Gas SPA, for which the data collected by the distribution companies were used. The indicators and reference sources listed below referring to 2022 have not yet been published by the relevant bodies, so temporarily the 2021 indicators have been used.
- Data taken from the publication of 28/01/2021 by the MISE "Monitoring of greenhouse gas emissions for the period (2013-2020) for stationary plants" <http://www.minambiente.it/pagina/monitoraggio-dellemissioni-di-gas-ad-effetto-serra-il-periodo-2013-2020-gli-impianti>
- Data taken from the monthly Quattroruote publication dated 11/01/2017 'Consumption and emissions: the latest data and everything you need to know' [http://www.quattroruote.it/news/eco\\_news/2010/01/15/consumi\\_ed\\_emissioni\\_per\\_capirne\\_di\\_pi%C3%B9.html](http://www.quattroruote.it/news/eco_news/2010/01/15/consumi_ed_emissioni_per_capirne_di_pi%C3%B9.html)
- Year 2021: Italy's national 'residual mix' emission factor of 456.57 gCO<sub>2</sub>/kWh (Source: European Residual Mixes 2020 Version1.0, 2021-05-31).

## Water withdrawals

As of the end of 2020, Ascopiave also chose to be present in the water sector.

The company Carta Acqua Srl, wholly owned by Ascopiave S.p.A., is a technical services company (design, construction, installation, and management of plants) mainly aimed at improving the efficiency of the integrated water service. The company is also a technological partner and owner of a shareholding in Cogeide S.p.A., a company that operates under a safeguarding regime in the management of the integrated water service in 15 municipalities of the Province of Bergamo for over 100,000 inhabitants.

Ascopiave is aware that indiscriminate use of water resources can lead to their depletion. This is why the Group pays great attention to water management, monitoring water withdrawals, promoting actions for a rational and aware use, planning and executing infrastructural renovation works where necessary.

The Ascopiave Group promotes a sensitive and responsible use of water resources, and implements actions to reduce and contain its consumption in the medium-long term, also through constant monitoring. The environmental management system implemented by the Group, in fact, provides for continuous monitoring of consumption to detect any losses due to possible pipeline/plant breakages or inaccurate use. In addition, the Group draws water for irrigation purposes for most of its consumption, which is monitored and controlled periodically with suitable pressure sensors and by field personnel. The remaining amount of water is used to replenish closed circuits dedicated to heating systems and gas pre-heating. On the other hand, with regard to the use of water resources in sanitary facilities, the Group has adopted policies to raise awareness, in addition to continuously modernising internal plant engineering, with low water consumption systems.

In 2021, the water demand was met by drawing 22% from aqueducts and 78% from groundwater. The total water withdrawal amounted to 27,820 cubic metres.

In 2022, water needs were met by withdrawing 71% from aqueducts and the remaining 29% from groundwater. The total water withdrawal amounted to 63,380 cubic metres.

The water taken is totally fresh, with a total dissolved solids concentration of less than 1,000 mg/l.

A comparison of the two years shows an apparent increase in water consumption, but this increase is mainly due to the integration of new companies acquired during 2022.

In order to assess its impact in sensitive areas, the Group identified locations in water stress areas, based on the baseline water stress indicator provided by the World Resources Institute's Aqueduct Water Risk Atlas tool, and collected information on the types and location of water supply sources of the public supplier. All locations were found to be in low to medium water stress areas and for the most part consisted of closed loop systems, which are in any case monitored monthly with water meters.

Water for civil use is exclusively discharged into the sewage system.

Water for civil use is drawn directly from the local integrated water service network, and is therefore subject to periodic analysis by qualified external bodies in order to monitor that the quality complies with regulations.

Group water withdrawals by source (megalitres)	2021		2022	
	All areas	Of which from water-stressed areas*	All areas	Of which from water-stressed areas*
Surface waters	0	0	0	0
Groundwater	21.601	0	45.269	0
Seawater	0	0	0	0
Produced water	0	0	0	0
Third-party water resources (aqueduct)	6.22	0	18.111	0
<b>Total water withdrawal (megalitres)</b>	<b>27.820</b>	<b>0</b>	<b>63.380</b>	<b>0</b>

\*In order to identify water-stressed areas, the Aqueduct Tool developed by the World Resources Institute (WRI) was used. The WRI tool is available online at: <https://www.wri.org/our-work/project/aqueduct>. For the analysis, the results from the "baseline water stress" column were taken into account. Baseline water stress measures the ratio of total water withdrawals to available renewable surface water and groundwater resources.

<https://www.wri.org>

## Waste Management

### Production and Storage of Special Waste

The Ascopiave Group uses specific software to support and harmonise special waste management activities for all Group companies that manage special waste (the parent company and methane gas distribution companies). This management has achieved the objective of standardising registration and document filing practices and standardising the drafting of annual MUD<sup>6</sup> declarations.

Waste generated in the various production phases is collected in special containers, chosen according to their type (drums, bins, sacks, boxes, etc.), suitably labelled and stored in specifically defined and identified areas of the reference Warehouse to avoid dispersion in the environment (defined as Temporary Storage). Where applicable, the Group had maintained registration with the 'SISTRIS System' in the Headquarters and Local Units where hazardous waste was produced, i.e. consistent with the company sites where the production and disposal of special hazardous waste (even in small quantities) was managed, both of the Parent Company and of all distribution companies.

### Conventions for Disposal of Spent Toner Cartridges

<sup>6</sup>Defined as the single environmental declaration model; the declaration is the annual balance of the loading and unloading registers of special waste for each local unit.

Exhausted toner cartridges are disposed of using ECOBOX. This practice, which has been consolidated for over three years, is supported by a specific Operating Instruction, incorporated into the Ascopiave Integrated Management System and adopted by all Group companies that use printers under contract with the parent company.

During the year 2022, a new contract was finalised for the printer management service, which allowed, among other things:

- ✓ The use of environmentally friendly toners;
- ✓ Uniform management of the collection service for spent toner cartridges and their collection trays, through an agreement with private companies indicated by the service provider.

The use of ECOBOX prevents both Administrative Offices and Local Units from managing the two CER codes (080318 - 160216) as 'Special Waste', allowing the 'non-applicability' of recording this type of waste in the loading and unloading register of both the Parent Company and the Group's subsidiaries. However, the deadline for the removal of waste within one year from the date of production remains.

### Special Waste Recovery and Disposal Operations

Waste is collected and sent to recovery or disposal operations in accordance with the time limit for temporary storage at the waste producer's choice: quarterly or annually.

For the Ascopiave Group, only the warehouse at the registered office of AP Reti Gas S.p.A. is obliged to comply with the quarterly deadline for its temporary deposit. The remaining warehouses, including Ascopiave's, on the other hand, observe the obligation of annual compliance.

The Group's companies, identified in Ascopiave and the gas distribution companies, deliver the special waste to the authorised disposal or recovery plant by means of authorised transporters: once the suppliers have been qualified with the verification of the prescribed authorisations, the periodic renewal of the authorisations is monitored and updated using the dedicated software for special waste management.

AP Reti Gas S.p.A., AP Reti Gas Vicenza S.p.A. and Serenissima Gas S.p.A. have an authorisation from the Register of Environmental Managers to independently transport their special non-hazardous waste to the authorised recovery plant. In the year 2022 no special waste was delivered to the Destino plants with their own authorised vehicles.

In the two-year period 2021/2022, there were no complaints/complaints from stakeholders attributable to this environmental aspect, as well as critical issues concerning the delivery of special waste.

Group Total 2021					
kg	Recovery	Recycling	Disposal	Total	%
Non-hazardous	256,689	0	460	257,149	98.2%
Dangerous	4,735	0	94	4,829	1.8%
<b>Total</b>	<b>261,424</b>	<b>0</b>	<b>554</b>	<b>261,978</b>	
%	99.8%	0%	0.2%	100%	
Group Total 2022					
kg	Recovery	Recycling	Disposal	Total	%
Non-hazardous	237,129	0	0	237,129	98.7%
Dangerous	2,930	0	107	3,037	1.3%
<b>Total</b>	<b>240,059</b>	<b>0</b>	<b>107</b>	<b>240,166</b>	
%	99.96%	0%	0.04%	100%	



Of the special waste produced by the Group, the main categories, which have the greatest impact in terms of quantity, are as follows:

CER/EER code	Type of Special Waste	2021 kg	2021 %
150106	Mixed Material Packaging	12,867	4.9%
160213* - 160214	Discarded electrical/electronic equipment	25,557	9.8%
150101 - 200101	Paperboard / paper and cardboard packaging	26,850	10.2%
170402	Aluminium	81,365	31.1%
170405	Iron and steel	98,604	37.6%
CER/EER code	Type of Special Waste	2022 kg	2022 %
150106	Mixed Material Packaging	9,514	4.0%
160213* - 160214	Discarded electrical/electronic equipment	39,440	16.4%
150101 - 200101	Paperboard / paper and cardboard packaging	12,284	5.1%
170402	Aluminium	72,193	30.1%
170405	Iron and steel	90,644	37.7%

Special hazardous waste deriving from the use of products and from the maintenance and/or decommissioning of equipment, is produced in Ascopiave (CER 160213\*) and in the distribution companies (CER 150110\* - CER 15111\*- CER 150202\* - CER 160601\*) and represents, as a percentage, 1.3% of the Group's total.

The table summarises the special hazardous waste produced in 2021/2022:

CER Code	Type of Special Waste (kg)	2021	2022
150111*	Mix packaging containing hazardous substances	693	617
160213*	WEEE equipment with hazardous components	151	0
150202*	Absorbents, filter materials, contaminated rags	970	1,220
160601*	Lead-acid batteries	995	1,165
160104*	End-of-life vehicles	2,020	0
150110*	Packaging containing residues of or contaminated by hazardous substances	3	10
161001*	Aqueous liquid wastes containing hazardous substances	0	25

The Group confirms the trend of the year 2021, with an increase in the quantity of Waste subject to "Recovery" in the year 2022: as of today, almost all special waste produced by ordinary operations is destined for this type of treatment. There are punctual exceptions for the "Disposal" of certain types of Waste arising from maintenance activities - waste for which the "company practice" is in any case to deliver the waste as "Recovery R13". In 2022, waste coming from some Warehouses of the companies AP Reti Gas S.p.A. and Edigas Distribuzione e Gas S.p.A., for a percentage of 5% of the total produced, of the two types listed below, was involved in this type of destiny:

- CER/EER 150111\* (chemical canister mix);
- CER/EER 150202\* (removed from maintenance).

### Special waste from construction activities

The company Serenissima Gas S.p.A., acquired in April 2022, has an in-house maintenance team that carries out limited maintenance work on gas networks. This activity has produced the following types of special waste from site activities:

CER/EER code	Type of Special Waste	Destiny rejection	2021 kg	2022 kg
170504	Soil and rocks, other than those mentioned in 17 05 03	Recovery	389,960	320,660
		Disposal		361,740*
<b>TOTAL</b>			<b>389,960</b>	<b>682,400</b>

\* Waste disposed of before the acquisition of the Company by the Ascopiave Group.

### Measures in favour of Circularity

The parent company and the methane gas distribution companies are only service companies and have no activity in the production of goods and products.

In particular, the parent company generates special waste categories that do not affect circularity:

- arrival activities of goods from suppliers in warehouse management (packaging);
- production of waste paper for domination periodically discarded by the Documentary Archives;
- WEEE waste from the decommissioning and/or replacement of computer parts, video screens, smartphones.

Likewise, methane gas distribution companies manage activities that generate special waste not related to circularity:

- arrival of goods from suppliers in warehouse management (packaging);
- production of metal waste for gas meter replacement (activity regulated by ARERA);
- production of waste produced by maintenance activities at end-customers and the workshop (consumables);
- production of waste produced by maintenance activities at the installations (REMI Units and Cabins).

### Measures to manage significant impacts from generated waste

The parent company and the ISO 14001-certified gas distribution companies (Environmental Management Systems) monitor the production of waste and the type of its subsequent treatment through the adoption of specific indicators, which are then included and evaluated within the impact matrix attached to the environmental analysis of each company.

## Initiatives for the environment

### Electric vehicle charging station

A charging station for the company's fleet of electric vehicles, with a power output of 22 KW, was installed at the Pieve di Soligo site.

The charging station is located in the car park opposite the counter open to the public, and is therefore also available to external users.

### Reducing plastic consumption

In order to reduce plastic consumption resulting from the consumption of bottled water by employees, 12 drinking water dispensers were installed at the Pieve di Soligo and Treviso sites in 2020.

In addition, reusable bottles made of Tritan, an environmentally friendly and completely safe material that can be reused for a long time, were made available to employees free of charge.

## Canteen service

Ascopiave demonstrates its commitment to the environment and its desire to disseminate a culture based on the value of food and the reduction of food waste. This is why the parent company's canteen service is entrusted to a company that must follow strict protocols on: cleanliness, production, packaging, consumption, waste management and information available on products.

Furthermore, in order to reduce the environmental impact, it intends to use as much as possible organic, typical, traditional and km0 products (i.e. within a radius of 150 km) and for this reason it requires the supply of products that must, as a secondary requirement, come from the Province of Treviso, Veneto, Italy, with the possibility of derogation for products that are not available.

## ATTACHMENTS:

### European Taxonomy - detail tables

Tab: Turnover Template (Art. 8) - Share of turnover deriving from products or services associated with economic activities aligned with the taxonomy - Disclosure for the year 2022

Economic activities (1)	Code(s) (2)	Absolute turnover (3)	Share of turnover (4)	Criteria for substantial contribution							Criteria for <<not causing significant harm>>							Share of turnover aligned with taxonomy, year 2022 (18)	Share of turnover aligned with taxonomy, year 2021 (19)	Category (qualifying activity or) (20)	Category (transitional activities) (21)
				Climate change mitigation (5)	Adaptation to climate change (6)	Marine Waters and Resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Climate Change Mitigation (11)	Adaptation to climate change (12)	Water and marine resources (13)	Circular Economy (14)	Pollution (15)	Biodiversity and ecosystems (16)	Minimum Safeguards (17)					
		thousand €	%	%	%	%	%	%	%	Y/ N	Y/ N	Y/ N	Y/ N	Y/ N	Y/ N	Y/ N	Percentage	Percentage	A	T	
<b>A. ACTIVITIES ELIGIBLE FOR TAXONOMY %</b>																					
A.1 Environmentally sustainable activities (aligned with taxonomy)	NA	0																			
Turnover of environmentally sustainable activities (aligned to taxonomy) (A.1)	NA	0	0%	%	%	%	%	%	%								0%	0%			
A.2 Activities eligible for the taxonomy but not environmentally sustainable (activities not aligned with the taxonomy)																					
Power generation by photovoltaic solar technology	4.1	86	0%																		
Power generation from wind energy	4.3	9,814	6%																		
Power generation from hydropower	4.5	1,173	1%																		
Turnover from activities eligible for the taxonomy but not environmentally sustainable (activities not		11,074	7%																		

aligned with the taxonomy) (A.2)																							
Total (A.1 + A.2)		11,074	7%																	0%	0%	0%	0%
B. ACTIVITIES NOT ELIGIBLE FOR TAXONOMY																							
Turnover from activities not eligible for taxonomy (B)		152,578	93%																				
Total (A + B)		163,651	100%																				

Tab: Template Capex (Art. 8) - Share of capital expenditure arising from products or services associated with economic activities aligned with the taxonomy - Disclosure for the year 2022

Economic activities (1)	Code(s) (2)	Absolute turnover (3)	Share of turnover (4)	Criteria for substantial contribution								Criteria for <<not causing significant harm>>							Share of turnover aligned with taxonomy, year 2022 (18)	Share of turnover aligned with taxonomy, year 2021 (19)	Category (qualifying activity or) (20)	Category (transitional activities) (21)	
				Climate change mitigation (5)	Adaptation to climate change (6)	Marine Waters and Resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Climate Change Mitigation (11)	Adaptation to climate change (12)	Water and marine resources (13)	Circular Economy (14)	Pollution (15)	Biodiversity and ecosystems (16)	Minimum Safeguards (17)							
		thousand €	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Percentage	Percentage	A	T		
<b>A. ACTIVITIES ELIGIBLE FOR TAXONOMY</b>																							
A.1 Environmentally sustainable activities (aligned with taxonomy)	NA	0																					
Capital expenditures of environmentally sustainable activities (aligned to taxonomy) (A.1)	NA	0	0%	%	%	%	%	%	%									0%					
A.2 Activities eligible for the taxonomy but not environmentally sustainable (activities not aligned with the taxonomy)																							
Power generation by photovoltaic solar technology	4.1	6	0%																				

Power generation from wind energy	4.3	24,481	28%																			
Power generation from hydropower	4.5	575	1%																			
Capital expenditures of activities eligible for the taxonomy but not environmentally sustainable (activities not aligned with the taxonomy) (A.2)		25,062	29%																			
Total (A.1 + A.2)		25,062	29%																			

**B. ACTIVITIES NOT ELIGIBLE FOR TAXONOMY**

Capital Expenditure on Activities Not Eligible for Taxonomy (B)		61,939	71%
Total (A + B)		87,001	100%

**Tab: Template Opex (Art. 8) - Share of operating expenses arising from products or services associated with economic activities aligned with the taxonomy - Disclosure for the year 2022**

Economic activities (1)	Code(s) (2)	Absolute turnover (3)	Share of turnover (4)	Criteria for substantial contribution										Criteria for <<not causing significant harm>>							Share of turnover aligned with taxonomy, year 2022 (18)	Share of turnover aligned with taxonomy, year 2021 (19)	Category (qualifying activity or) (20)	Category (transitional activities) (21)				
				Climate change mitigation (5)	Adaptation to climate change (6)	Marine Waters and Resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Climate Change Mitigation (11)	Adaptation to climate change (12)	Water and marine resources (13)	Circular Economy (14)	Pollution (15)	Biodiversity and ecosystems (16)	Minimum Safeguards (17)												
		thousand €	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	Percentage	Percentage	A	T	
<b>A. ACTIVITIES ELIGIBLE FOR TAXONOMY</b>																												
A.1 Environmentally sustainable activities (aligned with taxonomy)	NA	0																										
Operating expenses of environmentally sustainable activities (aligned to taxonomy) (A.1)	NA	0	0%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	0%				

A.2 Activities eligible for the taxonomy but not environmentally sustainable (activities not aligned with the taxonomy)																				
Power generation from wind energy	4.3	743	1%																	
Power generation from hydropower	4.5	30	0%																	
Operating expenses of activities eligible for the taxonomy but not environmentally sustainable (activities not aligned with the taxonomy) (A.2)		773	1%																	
Total (A.1 + A.2)		773	1%												0%	0	0%	0		

**B. ACTIVITIES NOT ELIGIBLE FOR TAXONOMY**

Operating expenses of activities not eligible for taxonomy (B)		84,992	10 0%
Total (A + B)		85,765	10 0%

## Table linking areas of Legislative Decree 254 and documentary references

Documentary references: Management Report (RG); Corporate Governance Report (RCG); Non-Financial Statement (DNF).

Scope of Legislative Decree 254/2016	Requirements of Legislative Decree 254/2016	Reference to 2020 documents
Company management model	Art. 3.1(a) Description of the company's management and organisational model for its activities, including any models adopted pursuant to the D. Legislative Decree 231/2001	<i>RG: Corporate Governance and Code of Ethics</i> <i>RCG: 11.3. ORGANISATIONAL MODEL pursuant to Legislative Decree No. 231/2001</i> <i>DNF: IDENTITY AND RESPONSIBILITY</i>
Policies	Art. 3.1(b) Description of the company's policies, including those of due diligence	<i>RG: Corporate Governance and Code of Ethics</i> <i>RCG: 11.3. ORGANISATIONAL MODEL pursuant to Legislative Decree No. 231/2001</i> <i>DNF: MEDOTOLOGICAL NOTE, IDENTITY AND RESPONSIBILITY, SUSTAINABILITY, SOCIAL, ENVIRONMENTAL SUSTAINABILITY</i> <i>Policy for quality, environment and safety at work.</i>
Management Model of risks	Art. 3.1(b) Description of the main risks, generated or suffered, and arising from the undertaking's activities	<i>RCG: 11. INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM</i> <i>DNF: IDENTITY AND RESPONSIBILITIES</i>
People	Art 3.2, para. d) Information concerning personnel management, including gender equality, implementation of conventions of organisations and dialogue with the social partners	<i>RG: Human Resources</i> <i>DNF: SOCIAL SUSTAINABILITY</i>
	Art 3.2(c) Information concerning impact on health and safety	<i>DNF: SOCIAL SUSTAINABILITY</i>
Environment	Art 3.2, paragraphs a, b, c) use of energy resources, distinguishing between those produced from renewable and non-renewable sources; use of water resources; greenhouse gas emissions and air pollutant emissions; impact on the environment	<i>DNF: ENVIRONMENTAL SUSTAINABILITY</i>
Social	Art 3.2(d) Information concerning social aspects	<i>DNF: SOCIAL SUSTAINABILITY, CUSTOMERS AND CITIZENS SERVED, TERRITORY AND COMMUNITY</i>
Respect for human rights	Art 3.2 (e) Information concerning respect for human rights and measures taken to prevent human rights violations and discriminatory behaviour	<i>DNF: SOCIAL SUSTAINABILITY</i>



Fight against corruption	Art 3.2 (f) Information concerning the fight against active and passive corruption	<i>RG: Corporate Governance and Code of Ethics</i> <i>RCG: 11.3. ORGANISATIONAL MODEL pursuant to Legislative Decree No. 231/2001</i> <i>DNF: IDENTITY AND RESPONSIBILITY</i>
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## GRI Content Index

The issue management approach and the specific standard topics covered were prepared according to the Global Reporting Initiative (GRI) Sustainability Reporting Standards of 2021.

Documentary references available on the institutional website:

- Corporate Governance Report (RCG);
- Policy for Managing Dialogue with Shareholders and Other Stakeholders (Policy for Dialogue with Shareholders and Stakeholders);
- Regulations of the Board of Directors, Lead Independent Director And Endoconsiliar Committees (Board-Lid-Committee Regulations);
- Report on remuneration policy and remuneration paid (RR).

Declaration of use	Ascopiave presented a report in compliance with GRI Standards for the period 01/01/2022 to 31/12/2022
GRI 1 used	GRI 1: Foundation 2021
Relevant GRI sector standards	N/A

GRI STANDARD	INFORMATIVE REPORT	LOCATION	OMISSION			N. OF REF. STANDARD SECTOR GRI
			OMITTED REQUIREMENTS	REASON	EXPLANATION	
General Information 2021						
GRI 2: General Disclosure 2021	2-1 Organisational Details	Page 75-76	A grey box indicates an irrelevant entry. It only refers to the columns 'Omission' and 'GRI Industry Standards Ref. No.'.			
	2-2 Entities included in the organisation's sustainability reporting	Page 73-74				
	2-3 Reporting Period, Frequency and Point of Contact	Page 73-74				
	2-4 Review of Information	Page 73-74				
	2-5 External Assurance	Page 73-74				
	2-6 Activities, Value Chain and Other Business Relationships	Page 75-76				
	2-7 Employees	Page 108-110				
	2-8 Non-employees	Page 108-110				
	2-9 Governance Structure and Composition	RCG: Sec. 4; Sec. 6; Sec. 8.2; Table 2; Table 3; Table 5. Policy for dialogue with shareholders and stakeholders				
	2-10 Appointment and selection of the highest governing body	RCG: Sec. 4.2; Sec. 4.3; Sec. 4.7; Sec. 12.				

2-11 President of the highest governing body	RCG: Sec. 4.5; Sec. 4.6; Sec. 9.1.			
2-12 Role of the highest governing body in impact management control	RCG: Sec. 4.1; Sec. 12			
2-13 Delegation of Responsibility for Impact Management	No delegation was made. The SCIGR also takes sustainability risks into account (RCG: Sec. 9). A Sustainability Committee with dedicated ESG competence has been established (RCG: Par. 6)			
2-14 Role of the Highest Governance Body in Sustainability Reporting	The BoD is responsible for the review and approval of the reported information (which took place on 7 March 2023), including the material topics of the organisation (which took place on 23 February 2023). Please also refer to the BoD-Lid-Committee Regulations Section 4.4.3 (ii).			
2-15 Conflicts of Interest	RCG: Par. 10.			
2-16 Communication of Critical Issues	DNF: Stakeholder Listening and Materiality Analysis; Model 231 and Code of Ethics. Page 95; 80 - 82  Policy for dialogue with shareholders and stakeholders: Section 4			
2-17 Collective knowledge of the highest governing body	RCG: Par. 6.			
2-18 Performance evaluation of the highest governing body	RCG: Sec. 4.1.			
2-19 Remuneration Rules	RR: Sec. 2, Sec. 3, Sec. 4, Table 1.			
2-20 Procedure for Determining Remuneration	RR: Para. 2. RCG: Para. 12.  The results of the vote cast by the shareholders at the Shareholders' Meeting with reference to Section I 'Remuneration Policy' are published on the corporate website.			
2-21 Total annual salary ratio	RR: Section II Part A.6 comparison information	b)	Not relevant	Not applicable because the 2022 highest paid person in the previous

					year did not hold the same position
	2-22 Sustainable Development Strategy Statement	Page 72			
	2-23 Policy Commitment	Not applicable. DNF: Model 231 and Code of Ethics. Page 80-82			
	2-24 Integration of policy commitments	DNF: Model 231 and Code of Ethics. Page 80-82			
	2-25 Processes to Remedy Negative Impacts	DNF: Analysis of issues relevant to the Ascopiave Group and its stakeholders on sustainability issues; Page 95 - 99; Model 231 and Code of Ethics. Page 80-82			
	2-26 Mechanisms for requesting clarification and raising concerns	DNF: Stakeholder Listening and Materiality Analysis; Page 95 - 99			
	2-27 Compliance with Laws and Regulations	There were no instances of non-compliance with laws and regulations.			
	2-28 Membership of associations	Page 95			
	2-29 Approach to stakeholder engagement	Page 95			
	2-30 Collective Agreements	100% of the organisation is covered by agreements collectives of bargaining			
<b>Material Themes</b>					
<b>GRI 3: Material Themes 2021</b>	3-1 Process for Determining Material Subjects	Page 96-97	<i>A grey cell indicates that no reasons for omission are allowed for disclosure or that a reference number to the GRI sector standard is not available.</i>		
	3-2 List of material topics	Page 96-97			
<b>HEALTH AND SAFETY OF WORKERS</b>					
<b>GRI 3: Material Themes 2021</b>	3-3 Managing Material Themes	Page 115-117			
<b>GRI 403: Occupational Health and Safety 2018</b>	403-1 Occupational health and safety management system	Page 115			
	403-2 Hazard identification, risk assessment and accident investigation	Page 115			
	403-3 Occupational health services	Page 117			

	403-4 Worker participation and consultation and communication on occupational health and safety	Page 117				
	403-5 Occupational health and safety training for workers	Page 116-117				
	403-6 Workers' Health Promotion	Page 116-117				
	403-7 Prevention and mitigation of occupational health and safety impacts within business relationships	Page 115-117				
	403-9 Accidents at work	Page 116 With reference to the third-party companies is provided disclosure only in relation to the number of accidents occurred during work activity at the construction sites of the Ascopiave Group.				
	403-10 Occupational Diseases	Page 117				
<b>EMISSIONS INTO THE ATMOSPHERE</b>						
<b>GRI 3: Material Themes 2021</b>	3-3 Managing Material Themes	Page 129				
<b>GRI 305: Emissions 2016</b>	305-1 Direct greenhouse gas emissions (Scope 1)	Page 129				
	305-2 Indirect greenhouse gas emissions (Scope 2)	Page 129				
<b>CORPORATE GOVERNANCE AND RISK MANAGEMENT</b>						
<b>GRI 3: Material Themes 2021</b>	3-3 Managing Material Themes	Page 85 - 89				
<b>GRI 205: Anti-corruption 2016</b>	205-1 Transactions assessed with respect to corruption risks	100% of the areas are have been subjected to verification by application of the Model 231				
<b>ENERGY CONSUMPTION AND MANAGEMENT</b>						
<b>GRI 3: Material Themes 2021</b>	3-3 Managing Material Themes	Pages 125 - 127				

GRI 302: Energy 2016	302-1 Internal energy consumption within the organisation	Page 125 - 126				
	302-4 Reducing energy consumption	Page 127				
<b>RESPONSIBLE SUPPLY CHAIN MANAGEMENT</b>						
GRI 3: Material Themes 2021	3-3 Managing Material Themes	Pages 106 - 107				
GRI 204: Procurement Practices 2016	204-1 Portion of expenditure from local suppliers	Page 101				
GRI 414: Evaluation of suppliers on the basis of social issues	414-1 New Suppliers Screened Using Social Criteria	Page 104 - 106 The indicator refers to only to suppliers classifiable as performers				
GRI 308: New suppliers screened using environme ntal criteria	308-1 New Suppliers Screened Using Environmental Criteria	Page 104 - 106 The indicator refers to only to suppliers classifiable as performers				
<b>PROMOTION OF DIVERSITY AND EQUAL OPPORTUNITIES</b>						
GRI 3: Material Themes 2021	3-3 Managing Material Themes	Page 113 - 114				
GRI 405: Diversity and Equal Opportunit ies 2016	405-1 Diversity of governing bodies and employees	Page 109 - 111				
<b>ETHICS AND INTEGRITY</b>						
GRI 3: Material Themes 2021	3-3 Managing Material Themes	Page 80 - 82				
GRI 206: Anti- competitiv e practices 2016	206-1 Legal actions related to unfair competition, antitrust, monopoly practices and their outcomes	During the period of reporting does not report any action legal of this nature				
GRI 406: Non- discrimina tion 2016	406-1 Cases of discrimination and action taken	In the period of accounting the Group has not recorded incidents related a practices discriminatory				
<b>SAFETY, TIMELINESS AND RELIABILITY OF SERVICES</b>						

<b>GRI 3: Material Themes 2021</b>	3-3 Managing Material Themes	Page 118 - 120				
<b>GRI 416: Consumer Health and Safety 2016</b>	416-2 Cases of non-compliance with health and safety impacts of products and services	No cases of non compliance				
<b>PROFESSIONAL GROWTH PATHS</b>						
<b>GRI 3: Material Themes 2021</b>	3-3 Managing Material Themes	Page 111 - 112				
<b>GRI 404: Training and education 2016</b>	404-1 Average hours of training per year and per employee	Page 111				
<b>CONTRIBUTION TO THE DEVELOPMENT OF THE TERRITORY</b>						
<b>GRI 3: Material Themes 2021</b>	3-3 Managing Material Themes	Page 111; Page 121 - 122				
<b>GRI 202: Market presence 2016</b>	202-2 Percentage of senior management hired locally	Page 111				
<b>SUSTAINABLE VALUE CREATION OVER TIME</b>						
<b>GRI 3: Material Themes 2021</b>	3-3 Managing Material Themes	Page 100 - 104				
<b>GRI 201: Economic Performance 2016</b>	201-1 Economic value directly generated and distributed	Page 100 - 101				
<b>GRI 207: Taxes 2019</b>	207-1 Approach to Taxation	Page 102 - 103				
	207-2 Fiscal Governance, Control and Risk Management	Page 102 - 103				
	207-3 Stakeholder Engagement and Addressing Tax Concerns	Page 102 - 103				
	207-4 Country-by-Country Reporting	For more Information, check The annual Financial Report, it should be noted that the Group operates only within the Italian perimeter.				
<b>EMPLOYMENT</b>						
<b>GRI 3: Material Themes 2021</b>	3-3 Managing Material Themes	Page 109 - 111				

GRI 401: Employment 2016	401-1 New Hires and Staff Turnover	Page 110 - 111				
<b>PROTECTION OF HUMAN RIGHTS</b>						
GRI 3: Material Themes 2021	3-3 Managing Material Themes	Page 108				
GRI 412: Evaluation of respect for human rights 2016	412-1 Activities that have been the subject of human rights reviews or impact assessments	100% of the areas are have been subjected to verification by application of the Model 231.				
<b>CORPORATE WELFARE</b>						
GRI 3: Material Themes 2021	3-3 Managing Material Themes	Page 114				
GRI 401: Employment 2016	401-2 Benefits offered to full-time employees that are not offered to temporary or part-time employees	There are no cases of differences relating to company benefits for part-time employees and with a time contract determined				
	401-3 Parental Leave	Page 114				
<b>NON-MANDATORY ISSUES REQUIRED BY L.D. 254/16</b>						
<b>WATER AND WASTE WATER</b>						
GRI 3: Material Themes 2021	3-3 Managing Material Themes	Page 129				
GRI 303: Water and wastewater 2018	303-1 Interaction with water as a shared resource	Page 129				
	303-2 Management of Impacts Related to Water Discharge	Page 129				
	303-3 Water withdrawal	Page 130				
<b>WASTE</b>						
GRI 3: Material Themes 2021	3-3 Managing Material Themes	Page 130				
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	Page 130				
	306-2 Waste by type and method of disposal	Page 130				
	306-3 Waste generated	Page 130				
<b>MATERIAL TOPICS NOT RELATED TO SPECIFIC STANDARD GRI DISCLOSURES</b>						



INNOVATION, RESEARCH AND DEVELOPMENT						
GRI 3: Material Themes 2021	3-3 Managing Material Themes	Pages 127 - 128				
RELATIONS WITH THE REGULATORY AUTHORITY						
GRI 3: Material Themes 2021	3-3 Managing Material Themes	Page 104				
EMERGENCY MANAGEMENT						
GRI 3: Material Themes 2021	3-3 Managing Material Themes	Page 120				

# Ascopiave Group

## Consolidated Financial Statements to 31 December 2022

## Consolidated Statement of Financial Position

(Thousands of Euro)		31.12.2022	31.12.2021
<b>ASSETS</b>			
<b>Non-current assets</b>			
Goodwill	(1)	61,346	49,272
Other intangible assets	(2)	698,397	598,007
Tangible assets	(3)	138,432	58,012
Shareholdings	(4)	358,029	442,434
		78,257	78,925
Other non-current assets	(5)	4,625	3,604
Non current financial assets	(6)	2,868	2,864
Advance tax receivables	(7)	39,252	31,565
<b>Non-current assets</b>		<b>1,381,206</b>	<b>1,264,683</b>
<b>Current assets</b>			
Inventories	(8)	7,336	8,176
Trade receivables	(9)	20,104	26,786
Other current assets	(10)	133,880	25,575
Current financial assets	(11)	820	908
Tax receivables	(12)	4,100	1,621
Cash and cash equivalents	(13)	76,917	42,538
Current assets from derivative financial instruments	(14)	6,661	267
<b>Current assets</b>		<b>249,818</b>	<b>105,871</b>
Non-current assets disposal of assets		16,592	0
<b>ASSETS</b>		<b>1,647,616</b>	<b>1,370,554</b>
<b>Net equity and liabilities</b>			
<b>Total Net equity</b>			
Share capital		234,412	234,412
Own shares		(55,423)	(55,423)
Reserves		687,291	689,555
<b>Net equity of the Group</b>		<b>866,280</b>	<b>868,544</b>
Net equity of Others		20,123	(39)
<b>Total Net equity</b>	(15)	<b>886,403</b>	<b>868,505</b>
<b>Non-current liabilities</b>			
Provisions for risks and charges	(16)	996	1,474
Severance indemnity	(17)	5,011	4,491
Outstanding medium- and long-term bonds	(18)	94,033	24,181
Medium- and long-term bank loans	(19)	178,538	161,488
Other non-current liabilities	(20)	37,458	29,067
Non-current financial liabilities	(21)	7,368	6,777
Deferred tax payables	(22)	19,608	13,228
<b>Non-current liabilities</b>		<b>343,012</b>	<b>240,706</b>
<b>Current liabilities</b>			
Payables due to banks and financing institutions	(23)	183,285	199,631
Trade payables	(24)	180,195	34,401
Tax payables	(25)	1,336	1,284
Other current liabilities	(26)	17,507	24,042
Current financial liabilities	(27)	34,911	1,647
Current liabilities from derivative financial instruments	(28)	164	338
<b>Current liabilities</b>		<b>417,398</b>	<b>261,343</b>
Liabilities held for sale		803	0
<b>Liabilities</b>		<b>761,213</b>	<b>502,049</b>
<b>Net equity and liabilities</b>		<b>1,647,616</b>	<b>1,370,554</b>

Pursuant to Consob Resolution No. 15519 of 27 July 2006, the effects of transactions with related parties are shown in the special schedule in the section 'Transactions with related parties' of this annual financial report.

## Income Statement and Consolidated Comprehensive Income Statement

(Thousands of Euro)	Financial Year		
	2022	2021	
<b>Revenues</b>	(29)	<b>163,651</b>	<b>134,911</b>
<b>Total operating costs</b>		<b>85,765</b>	<b>68,564</b>
Purchase costs for other raw materials	(30)	2,876	2,063
Costs for services	(31)	50,968	38,728
Costs for personnel	(32)	20,550	17,017
Other management costs	(33)	21,690	11,327
Other income	(34)	10,319	571
Amortization and depreciation	(35)	45,975	32,509
<b>Operating result</b>		<b>31,911</b>	<b>33,838</b>
Financial income	(36)	4,412	3,526
Financial charges	(36)	6,223	1,993
Evaluation of subsidiary companies with the net equity method	(36)	7,871	19,892
<b>Earnings before tax</b>		<b>37,971</b>	<b>55,263</b>
Taxes for the period	(37)	(6,999)	(9,937)
<b>Result for the period</b>		<b>30,972</b>	<b>45,326</b>
Net result from transfer / disposal assets	(38)	1,446	
<b>Net result for the period</b>		<b>32,438</b>	<b>45,326</b>
Group's Net Result		32,664	45,326
Third parties Net Result		(226)	
<b>Consolidated statement of comprehensive income</b>			
1. Components that can be reclassified to the income statement			
Fair value of derivatives, changes in the period net of tax		6,134	708
Income tax relating to components of comprehensive income		(3,176)	13,279
2. Components that can not be reclassified to the income statement			
Actuarial (losses)/gains from remeasurement on defined-benefit obligations net of tax		310	84
Actuarial (losses)/gains from remeasurement on defined-benefit obligations net of tax of the companies held for sale		(669)	
<b>Total comprehensive income</b>		<b>35,037</b>	<b>59,397</b>
Group's overall net result		35,104	59,397
Third parties' overall net result		(67)	
Base income per share		0.151	0.209
Diluted net income per share		0.151	0.209

Pursuant to Consob Resolution No. 15519 of 27 July 2006, the effects of transactions with related parties are shown in the special schedule in the section 'Transactions with related parties' of this annual financial report.

## Statements of Changes in Consolidated Shareholders' Equity

	Share capital	Legal reserve	Own shares	Reserves IAS 19 actuarial differences	Other reserves	Profits carried forward	Net result for the period	Group's net equity	Net result and net equity of others	Total net equity
Balance as of 1 <sup>st</sup> January 2022	234,412	46,882	(55,424)	(443)	436,955	160,836	45,326	868,544	(39)	868,505
Result for the period							32,664	32,664	(226)	32,438
Fair value of derivatives					6,004			6,004	130	6,134
Fair value of investments in other companies					(669)			(669)		(669)
Fair Value of derivatives relating to associated companies					(3,176)			(3,176)		(3,176)
Severance indemnity IAS 19 discounting of the financial year				281				281	29	310
<b>Total result of overall income statement</b>				<b>281</b>	<b>2,159</b>	<b>(0)</b>	<b>32,664</b>	<b>35,104</b>	<b>(67)</b>	<b>35,037</b>
Allocation of 2021 result					17,495	27,831	(45,326)	(0)		(0)
Dividends distributed to Ascopiave S.p.A. shareholders						(35,757)		(35,757)		(35,757)
Change in equity in associated companies					(1,611)			(1,611)	20,229	18,618
Balance as of 31 <sup>st</sup> December 2022	234,412	46,882	(55,424)	(162)	454,998	152,910	32,664	866,280	20,123	886,403

(Thousands of Euro)	Share capital	Legal reserve	Own shares	Reserves IAS 19 actuarial differences	Other reserves	Profits carried forward	Net result for the period	Group's net equity	Net result and net equity of others	Total net equity
Balance as of 1 <sup>st</sup> January 2021	234,412	46,882	(55,628)	(527)	433,301	136,762	58,701	853,903	0	853,903
Result for the period							45,326	45,326		45,326
Other operations					708			708		708
Fair value of derivatives relating to associated companies					13,279			13,279		13,279
Severance Indemnity IAS 19 discounting of the financial year				84				84		84
<b>Total result of overall income statement</b>				<b>84</b>	<b>13,987</b>	<b>(0)</b>	<b>45,326</b>	<b>59,397</b>	<b>(0)</b>	<b>59,397</b>
Allocation of 2020 result						58,701	(58,701)	(0)		(0)
Dividends distributed to Ascopiave S.p.A. shareholders						(34,663)		(34,663)		(34,663)
Long-term incentive plans			204		(164)	36		76		76
Change in equity investments in subsidiaries companies					(10,169)			(10,169)	(39)	(10,208)
Balance as of 31 <sup>st</sup> December 2021	234,412	46,882	(55,424)	(443)	436,955	160,836	45,326	868,544	(39)	868,505

## Consolidated Cash Flow Statement

(Thousands of Euro)	Financial Year	
	2022	2021
<b>Net income of the Group</b>	<b>35,104</b>	<b>59,397</b>
<b>Cash flows generated (used) by operating activities</b>		
<b>Adjustments to reconcile net income to net cash</b>		
Third-parties operating result	(67)	0
Fair value of derivatives relating to associated companies, changes in the period net of tax	(15) 3,176	(13,279)
Fair value valuation of shareholdings in other companies	669	0
Changes in HA reserves for MTM derivatives	(15) (6,134)	(708)
Changes in reserves on severance indemnity	(15) (310)	(84)
Amortization	(34) 45,975	32,509
Bad debt provisions	44	34
Depreciation of fixed assets	(32) 1,367	1,255
Variations in severance indemnity	(17) (412)	(195)
Current assets / liabilities on financial instruments	(14;27) (6,568)	5
Net variation of other funds	(16) (698)	(1,155)
Evaluation of subsidiaries with the net equity method	(35) (7,871)	(19,892)
Capital gains on the sale of shareholdings	(35) (9,210)	0
Income from shareholdings	(4,307)	(3,495)
Other changes in the income statement that do not generate cash flows	(28) (597)	(1,278)
Interests paid	(5,353)	(1,653)
Taxes paid	(12,926)	(12,607)
Interest expense for the period	(35) 6,676	1,704
Taxes for the period	(36) 6,999	9,937
<b>Total adjustments</b>	<b>10,453</b>	<b>(8,902)</b>
<b>Variations in assets and liabilities</b>		
Inventories	(8) 1,103	6,737
Accounts payable	(9) 10,215	7,249
Other current assets	(10) (92,874)	27,246
Trade payables	(23) 143,950	(8,593)
Other current liabilities	(25) (15,600)	(2,244)
Other non-current assets	(5) 2,539	(188)
Other non-current liabilities	(19) 3,630	2,035
<b>Total adjustments and variations</b>	<b>52,963</b>	<b>32,242</b>
<b>Cash flows generated (used) by operating activities</b>	<b>98,520</b>	<b>82,737</b>
<b>Cash flows generated (used) by investments</b>		
Investments in intangible assets	(2) (61,720)	(51,469)
Investments in tangible assets	(3) (25,181)	(1,393)
Disposal / (acquisitions) in shareholdings and advances	(4) (21,843)	(12,933)
Dividends collected from subsidiaries companies	(4) 25,459	20,862
<b>Cash flows generated/(used) by investments</b>	<b>(83,285)</b>	<b>(44,933)</b>
<b>Cash flows generated (used) by financial activities</b>		
Net changes in short-term bank borrowings	(22) (126,289)	(55,047)
Net variation in current financial assets and liabilities	(11;26) 22,458	22
Purchase of own shares	(15) 0	39
Ignitions loans and mortgages	(18) 612,000	288,000
Redemptions loans and mortgages	(18) (523,120)	(239,700)
Dividends distributed to Ascopiave S.p.A. shareholders'	(15) (35,757)	(34,663)
Ignitions outstanding medium- and long-term bonds	(18) 69,851	24,181
<b>Cash flows generated (used) by financial activities</b>	<b>19,143</b>	<b>(17,168)</b>
<b>Variations in cash</b>	<b>34,378</b>	<b>20,636</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>45,539</b>	<b>21,902</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>76,917</b>	<b>42,538</b>

Pursuant to Consob Resolution No. 15519 of 27 July 2006, the effects of transactions with related parties are shown in the special schedule in the section 'Transactions with related parties' of this annual financial report.

## EXPLANATORY NOTES

### Corporate information

Ascopiave S.p.A. (hereinafter referred to as 'Ascopiave', the 'Company' or the 'Parent Company' and, together with its subsidiaries, the 'Group' or the 'Ascopiave Group') is a legal entity under Italian law. Ascopiave S.p.A. is a joint-stock company incorporated and domiciled in Italy.

As of 31 December 2022, the Company's share capital, equal to Euro 234,411,575, was held for the majority by Asco Holding S.p.A., the remainder was distributed among other private shareholders. Ascopiave S.p.A. has been listed since December 2006 on the Mercato Telematico Azionario - STAR Segment - organised and managed by Borsa Italiana S.p.A.. The Company's registered office is in Pieve di Soligo (TV), Via Verizzo, 1030.

The publication of the Ascopiave Group's annual financial report as at 31 December 2022 was authorised by resolution of the Board of Directors on 7 March 2023.

The Board of Directors also authorised the publication of the consolidated financial statements in compliance with ESMA regulations and the ESEF taxonomy.

#### The activities of the Ascopiave Group

The Ascopiave Group operates mainly in the natural gas distribution sector, as well as in other sectors related to its core business, such as heat management and cogeneration.

Currently, the Group holds concessions and direct assignments for the management of gas distribution in 306 municipalities (268 municipalities as of 31 December 2021), operating a distribution network that extends over 14,580 kilometres (12,960 kilometres as of 31 December 2021) and providing service to a catchment area of over one million inhabitants.

The Ascopiave Group holds 40% of the share capital of EstEnergy S.p.A., a company that sells natural gas and electric energy, and 18% of the share capital of Cogeide S.p.A., a company that operates in the field of water services in the Lombardy region.

On 21 December 2021, the closing of an investment transaction in the renewable energy sector, specifically in the hydroelectric sector, was finalised, as envisaged in the 2020-2024 Strategic Plan. The transaction involved the purchase of 100% of the share capital of a special purpose vehicle of the EVA Group (subsequently named 'Asco Renewables S.p.A.'), in which the shareholdings of three companies were merged, which in total own six hydroelectric plants located in Lombardy and Piedmont.

In January 2022, the closing of two investment transactions in the renewable energy sector was finalised, specifically in the wind power sector with the acquisition of 60% of Salinella Eolico S.r.l. and in the wind power and hydroelectric sector with the acquisition of 79.74% of Eusebio Energia S.r.l., also envisaged in the 2020-2024 Strategic Plan.

In April 2022, the Consortium formed by Ascopiave S.p.A., ACEA S.p.A. and Iren S.p.A. finalised the *closing* of the agreement with the A2A Group for the acquisition of certain *assets* within the natural gas distribution service with Ascopiave's acquisition of 56.101% of the shares of the company Romeo Gas S.p.A., which holds 78.441% of the shares of the company Serenissima Gas S.p.A..

On 1 October 2022, the partial demerger of Romeo Gas S.p.A. initiated on 27 July 2022 in favour of Adistribuzione S.p.A. (ACEA Group) took place. As a result, the company's shareholding structure and capital changed and Ascopiave S.p.A.'s stake in Romeo Gas S.p.A. increased to 80.293%.

On 18 November 2022, the subsidiary Edigas Esercizio Distribuzione Gas S.p.A. established the company Romeo 2 S.r.l., a company into which certain branches of the company relating to the management of the concessions of the Savona 1 and Vercelli ATEMs will be merged, as part of the rationalisation of certain assets within the natural gas distribution service.

## General preparation criteria and expression of compliance with IFRS

The Ascopiave Group's economic-financial results are prepared in accordance with IFRS, meaning all "International Financial Reporting Standards", all "International Accounting Standards" (IAS), all interpretations of the "International Financial Reporting Committee" (IFRIC), formerly known as the "Standing Interpretations Committee" (SIC) that, as of the closing date of the Annual Financial Report as of 31 December 2022, have been endorsed by the European Union in accordance with the procedure set forth in Regulation (EC) No. 1606/2002 by the European Parliament and the European Council of 19 July 2002.

In preparing this Annual Report, the same accounting standards were applied as those adopted in preparing the Consolidated Financial Statements for the year ended 31 December 2021, except as specified in the section "Accounting standards, amendments and interpretations applied as from 1 January 2022".

This Annual Financial Report is prepared in Euro, the currency of the economy in which the Group operates, and consists of the Consolidated Statement of Financial Position, the Consolidated Statement of Comprehensive Income, the Statement of Changes in Consolidated Shareholders' Equity, the Consolidated Cash Flow Statement and the Notes to the Financial Statements. All amounts reported in the above tables and notes are expressed in thousands of Euro, unless otherwise indicated.

The values used for consolidation are taken from the financial statements prepared by the Directors of the individual subsidiaries. These figures have been suitably modified and reclassified, where necessary, to bring them into line with international accounting standards and the uniform classification criteria within the Group. This Annual Financial Report as of 31 December 2022 was approved by the Company's Board of Directors on 7 March 2023.

## Budget Schemes

With regard to the way the financial statements are presented, the 'current/non-current' distinction has been adopted for the Consolidated Statement of Financial Position, and the 'step-by-step' format has been adopted for the Consolidated Statement of Comprehensive Income, with costs classified by nature.

The statement of changes in equity items adopted presents the opening and closing balances of each equity item by reconciling them through profit or loss for the year, any transactions with shareholders and other changes in equity.

The Statement of Cash Flows is defined according to the 'indirect' method, adjusting the profit for the year for non-monetary items. It is considered that these statements adequately represent the economic and financial situation.

## IAS/IFRS and related IFRIC interpretations endorsed and applicable to financial statements for financial years beginning after 1 January 2022

At the balance sheet date, the competent bodies of the European Union have approved the adoption of the following accounting standards and amendments.

The following standards and amendments in force on 1 January 2022 have been adopted by the Company.

### IFRS 3 - Business Combinations

In May 2020, the IASB issued amendments to IFRS 3 - Business Combinations to update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.

### IAS 16 - Property, Plant and Equipment

In May 2020, the IASB issued amendments to IAS 16 - Property, Plant and Equipment. The amendments prohibit an enterprise from deducting from the cost of property, plant and equipment amounts received from the sale of items produced while the enterprise is preparing the asset for its intended use. Instead, an enterprise should recognise such sales proceeds and the related cost in the income statement.

### IAS 37 - Provisions, Contingent Liabilities and Contingent Assets

In May 2020, the IASB issued amendments to IAS 37 - Provisions, Contingent Liabilities and Contingent Assets, which specify which costs a company includes when assessing whether a contract will be loss-making.



### **IFRS 1 - First-time Adoption of International Financial Reporting Standards, IFRS 9 - Financial Instruments, IAS 41 - Agriculture, IFRS 16 - Leases**

In May 2020, the IASB issued the Annual Enhancements to IFRSs 2018 - 2020 Cycle. The Enhancements amended four standards: (i) IFRS 1 - First-time Adoption of International Financial Reporting Standards in relation to whether a subsidiary can measure cumulative translation differences using the amounts reported by its parent, (ii) IFRS 9 - Financial Instruments in relation to what consideration an entity includes when applying the '10 per cent' test for derecognition of financial liabilities, (iii) IAS 41 - Agriculture in relation to the exclusion of tax cash flows in measuring the fair value of a biological asset, and (iv) IFRS 16 - Leases in relation to an illustrative example of repayment for leasehold enhancements.

The Group considers that it has no impact on its income statement and balance sheet with reference to the provisions resulting from the entry into force of the above-mentioned standards.

### **EU-endorsed IFRS and IFRIC accounting standards, amendments and interpretations not yet mandatorily applicable and not adopted as at 31 December 2022**

At the balance sheet date, the competent bodies of the European Union have approved the adoption of the following accounting standards and amendments, which have not yet been adopted by the Company:

#### **IFRS 17 - Insurance Contracts: Initial Application and IFRS 9 - Comparative Disclosures**

In December 2021, the IASB issued amendments to IFRS 17 - Insurance Contracts: Initial Application of IFRS 17 and IFRS 9 - Comparative Disclosures, which provides a transitional option relating to comparative information on financial assets presented upon initial adoption of IFRS 17. The amendments are intended to help companies avoid temporary accounting mismatches between financial assets and liabilities from insurance contracts, thus improving the usefulness of disclosures for users of financial statements. These amendments were endorsed by the European Union on 8 September 2022.

#### **IAS 12 - Income Taxes: Deferred Taxes on Assets and Liabilities Arising from a Single Transaction**

In May 2021, the IASB issued amendments to IAS 12 - Income Taxes: Deferred Tax Relating to Assets and Liabilities Arising from a Single Transaction, to specify how companies should account for deferred tax on transactions such as leases and decommissioning obligations, transactions for which companies recognise both an asset and a liability. In particular, it was clarified that the exemption does not apply and that companies are required to recognise deferred tax on such transactions. These amendments were endorsed by the European Union on 11 August 2022.

#### **IAS 1 - Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting Policies**

In February 2021, the IASB issued amendments to IAS 1 - Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting Policies that require companies to disclose information about their relevant accounting policies rather than their significant accounting policies and provide guidance on how to apply the concept of materiality to accounting policy disclosures. These amendments were endorsed by the European Union on 2 March 2022.

#### **IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates**

In February 2021, the IASB issued amendments to IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates that clarify how companies should distinguish between changes in accounting policies and changes in accounting estimates. These amendments were endorsed by the European Union on 2 March 2022.

### **IFRS 17 - Insurance Contracts**

In May 2017, the IASB issued IFRS 17 - Insurance Contracts, which sets out principles for the recognition, measurement, presentation and disclosure of insurance contracts issued, as well as guidance on reinsurance contracts held and investment contracts with discretionary participation features issued. In June 2020, the IASB issued amendments to IFRS 17 aimed at helping companies implement IFRS 17 and making it easier for companies to explain their financial performance. These amendments were endorsed by the European Union on 19 November 2021.

**The Company does not expect any significant economic and financial impacts with reference to the provisions resulting from the entry into force of the above-mentioned standards.**

In any case, the Company has not early adopted accounting standards and amendments with an effective date in subsequent financial years.

## **IFRS accounting standards, amendments and interpretations not yet endorsed by the European Union**

At the date of the Annual Report, the competent bodies of the European Union had not yet completed the endorsement process necessary for the adoption of the following accounting standards and amendments:

### **IAS 1 - Presentation of Financial Statements: Classification of Liabilities as Current and Non-Current**

In January 2020, the IASB issued amendments to IAS 1 - Presentation of Financial Statements: Classification of Liabilities as Current or Non-current to clarify how to classify payables and other liabilities as current or non-current, and in particular how to classify liabilities with an uncertain settlement date and liabilities that can be settled by conversion to equity. These amendments have not yet been endorsed by the European Union.

### **IFRS 16 - Leases: Liabilities in Sale and leaseback transactions**

In September 2022, the IASB issued amendments to IFRS 16 - Leases: Liabilities in a Sale and Leaseback Transaction to enhance the requirements for sale and leaseback transactions, which specify the measurement of the liability arising from a sale and leaseback transaction to ensure that the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. These amendments have not yet been endorsed by the European Union.

### **IAS 1 - Presentation of Financial Statements: Non-current Liabilities with Covenants**

In October 2022, the IASB issued amendments to IAS 1 - Presentation of Financial Statements: Non-current Liabilities with Covenants, which clarify how the conditions that an entity must meet within twelve months of the reporting period affect the classification of a liability. These amendments have not yet been endorsed by the European Union.

The Company will assess any potential impact on the financial statements when these new standards are endorsed by the European Union.

## **Name and registered office of the company preparing the consolidated financial statements**

With reference to the information required by Article 2427, point 22-quinquies and sexies of the Italian Civil Code, we point out that the company Ascopiave S.p.A. with registered office in Via Verizzo 1030, Pieve di Soligo (TV), prepares the Consolidated Financial Statements of the smaller Group to which the company belongs as a subsidiary and that the same are available at its registered office. In addition, the company Asco Holding S.p.A., with registered office at Via Verizzo 1030, Pieve di Soligo (TV), prepares the Consolidated Financial Statements of the larger Group of which the company is part and that the same is available at its registered office; it should be noted that the company closes its financial year on 31 July.

## **Business Combinations**

### **Ascopiave Group enters the wind power sector**

On 21 January 2022, the Ascopiave Group announced that it had acquired, through its subsidiary Asco Renewables S.p.A., a 60% stake in the capital of Salinella Eolico S.r.l., owned by Renco S.p.A.. Salinella Eolico S.r.l., the remaining 40% of which is owned by Renco S.p.A., is planning to build a wind farm in the Province of Catanzaro with a nominal capacity of up to 21 MW, part of which has already been authorised by the relevant authorities and part of which is at an advanced stage of authorisation.

It should be noted that the accrual of terms under IFRS 3 makes the originally consolidated book values final.

### **Completed the acquisition of the majority stake in Eusebio Energia S.r.l., a company active in the energy sector**

On 28 January 2022, Ascopiave S.p.A. announced that it had finalised a further investment in the renewable energy sector related to the hydroelectric and wind power sectors as envisaged in the 2020-2024 Strategic Plan.

The investment consisted in Ascopiave's acquisition of the majority shareholding, held by Supermissile S.r.l., equal to 79.74% of the share capital of Eusebio Energia S.r.l. ('Eusebio'), a company operating in the energy sector.

Eusebio has 22 plants for the production of electricity from renewable sources, including 21 hydroelectric power plants, with a total capacity of 44 MW, located in Lombardy and Veneto and a wind farm, consisting of 14 blades of 1 MW each, located in Campania.

It should be noted that the accrual of terms under IFRS 3 makes the originally consolidated book values final.

### **Completed the closing of the acquisition by the Consortium formed by Ascopiave, ACEA and Iren of certain concessions from A2A in the gas distribution sector**

On 1 April 2022, the Consortium, formed by Ascopiave S.p.A., ACEA S.p.A. and Iren S.p.A., announced that it had finalised the *closing* of the agreement with the A2A Group for the acquisition of certain *assets in the* natural gas distribution service, as anticipated in the press release of 31 December 2021.

The scope of activities covered by the transaction includes about 157,000 users, distributed in 8 regions of Italy, belonging to 24 ATEMs, for about 2,800 km of network.

Ascopiave S.p.A.'s perimeter of interest consists of concessions in 15 ATEMs in Veneto, Friuli-Venezia Giulia and Lombardy, for a total of approximately 114,300 PDRs. The valuation of the *assets* acquired in terms of Enterprise Value is equal to €73.2 million, including the 79.37% stake in the company Serenissima Gas S.p.A., owner of part of the concessions in the perimeter (about 41,700 PDR).

ACEA S.p.A.'s perimeter of interest consists of concessions in 5 ATEMs, including 2 in Abruzzo, 2 in Molise and 1 in Campania, for a total of approximately 30,700 PDRs. The Enterprise Value is EUR 35.8 million.

Iren S.p.A.'s perimeter of interest consists of concessions in 4 ATEMs, of which 1 in Lombardy and 3 in Emilia-Romagna, for a total of about 12,000 PDRs. The Enterprise Value is EUR 16.4 million; the condition precedent for the sale of the business unit owned by Retragas has not been fulfilled, so the unit is currently excluded from the perimeter.

### **Spin-off project of Romeo Gas S.p.A.**

On 1 October 2022, the partial demerger of Romeo Gas S.p.A. initiated on 27 July 2022 in favour of Adistribuzione S.p.A. (ACEA Group) took place. As a result, the company's shareholding structure and capital changed and Ascopiave S.p.A.'s stake in Romeo Gas S.p.A. increased to 80.293%. As described in the paragraph related to the significant events occurred during the first nine months of the financial year, in order to identify the demerged compendium and to calculate the adjustments, the value of the shareholders' equity of the demerged company as of 1 April 2022 was taken as a reference, to be compared to the value of the shareholders' equity of the demerged perimeter as of the effective date of the demerger, defined as the algebraic sum of the accounting balances of the assets and liabilities pertaining to the demerged compendium.

### **Merger by incorporation of Ascotrade S.p.A., Ascopiave Energie S.p.A. and Blue Meta S.p.A. into EstEnergy S.p.A.**

Effective 1 October 2022, the companies Ascotrade S.p.A., Ascopiave Energie S.p.A. and Blue Meta S.p.A., operating in the sale of gas and electricity, were merged by incorporation into EstEnergy S.p.A..

### **Rationalisation of natural gas concessions**

On 18 November 2022, the subsidiary Edigas Esercizio Distribuzione Gas S.p.A. established the company Romeo 2 S.r.l., a company into which some branches of the company relating to the management of the concessions of the Savona 1

and Vercelli ATEMs will be merged, as part of the rationalisation operation of some assets within the natural gas distribution service.

## Consolidation Area and Criteria

The financial statements of all subsidiaries are included in the Annual Report. The Group controls an entity when the Group is exposed, or has the right, to the variability of results from that entity and has the ability to influence those results through the exercise of power over the entity. The financial statements of subsidiaries are included in the consolidated report from the date control is assumed until such control ceases to exist. Costs incurred in the acquisition process are expensed in the period in which they are incurred. The assets and liabilities, expenses and income of companies consolidated on a line-by-line basis are recognised in full in the consolidated financial statements; the carrying amount of equity investments is eliminated against the shareholders' equity of the investee companies. Receivables and payables, as well as costs and revenues arising from transactions between companies included in the scope of consolidation, are fully eliminated; capital losses and gains arising from transfers of fixed assets between consolidated companies, losses and gains arising from transactions between consolidated companies relating to the sale of assets that remain as inventories with the acquiring company, write-downs and reversals of write-downs of investments in consolidated companies, and intragroup dividends are also eliminated.

At the date control is acquired, the equity of the investee companies is determined by assigning their current value to the individual assets and liabilities. Any positive difference between the acquisition cost and the fair value of the net assets acquired is recorded under the asset item 'Goodwill'; if negative, it is recognised in the income statement.

The portions of shareholders' equity and profit attributable to non-controlling interests are recognised in the appropriate items of shareholders' equity and the income statement. In the case of non-controlling interests, the portion of shareholders' equity attributable to non-controlling interests is determined on the basis of the portion of current values attributed to the assets and liabilities at the date control is assumed, excluding any goodwill attributable to them (the *partial goodwill method*). In relation to this, non-controlling interests are expressed at their full fair value, thus including any goodwill attributable to them. The method of determining goodwill is applied selectively for each business combination.

In the case of equity investments acquired subsequent to the acquisition of control (acquisition of minority interests), any positive difference between the acquisition cost and the corresponding fraction of shareholders' equity acquired is recognised in shareholders' equity; similarly, the effects of the sale of minority interests without loss of control are recognised in shareholders' equity. If the acquisition value of the investments is higher than the pro-rata value of the investee's equity, the positive difference is allocated, where possible, to the net assets acquired on the basis of their fair value, while the remainder is recognised in an asset item called 'Goodwill'.

The value of goodwill is not amortised but is subject, at least annually, to impairment testing and adjustment when events or changes in circumstances indicate that the carrying value cannot be realised. Goodwill is recognised at cost less impairment losses. If the carrying value of the investments is less than the pro-rata value of the investees' equity, the negative difference is credited to the income statement. Acquisition costs are expensed in the income statement.

Associated companies are those over which significant influence is exercised, which is presumed to exist when the shareholding is between 20% and 50% of the voting rights or, if lower, there is evidence of significant influence. Investments in associates are initially recognised at cost and subsequently valued using the equity method. The carrying value of these investments is aligned with shareholders' equity and includes the recognition of the higher values attributed to assets and liabilities and any goodwill identified at the time of acquisition. Unrealised gains and losses generated on transactions between the Parent Company/Subsidiaries and the investee company accounted for under the equity method are eliminated in accordance with the value of the Group's interest in the investee company; unrealised losses are eliminated, except where they represent impairment.

The financial statements of the Subsidiaries used to prepare the Annual Financial Report are those approved by their respective Boards of Directors. The figures of the companies consolidated on a line-by-line basis or using the equity method are adjusted, where necessary, to homogenise them with the accounting standards used by the Parent Company, which are in accordance with the IFRS adopted by the European Union.

The companies included in the scope of consolidation as at 31 December 2022 and consolidated on a line-by-line basis or using the equity method are as follows:

Company name	Registered offices	Paid-up capital	Group interest	Direct controlling interest	Indirect controlling interest
<b>Parent company</b>					
Ascopiave S.p.A.	Pieve di Soligo (TV)	234,411,575			
<b>100% consolidated companies</b>					
AP Reti Gas S.p.A.	Pieve di Soligo (TV)	1,000,000	100.00%	100.00%	0.00%
AP Reti Gas Rovigo S.r.l.	Rovigo (RO)	7,000,000	100.00%	100.00%	0.00%
Edigas Esercizio Distribuzione Gas S.p.A.	Pieve di Soligo (TV)	3,000,000	100.00%	100.00%	0.00%
Asco Energy S.p.A.	Pieve di Soligo (TV)	1,000,000	100.00%	100.00%	0.00%
AP Reti Gas Vicenza S.p.A.	Pieve di Soligo (TV)	10,000,000	100.00%	100.00%	0.00%
AP Reti Gas Nord Est S.r.l.	Padova (PD)	15,000,000	100.00%	100.00%	0.00%
Cart Acqua S.r.l.	Nembro (BG)	50,000	100.00%	100.00%	0.00%
Romeo Gas S.p.A.	Pieve di Soligo (TV)	27,664,637	80.29%	80.29%	0.00%
Serenissima Gas S.p.A.	(3) Pieve di Soligo (TV)	9,250,000	78.44%	0.00%	78.44%
Romeo 2 S.p.A.	(4) Pieve di Soligo (TV)	10,000	100.00%	0.00%	100.00%
Asco EG S.p.A.	Pieve di Soligo (TV)	54,001,442	84.17%	84.17%	0.00%
Asco Renewables S.p.A.	Pieve di Soligo (TV)	100,000	100.00%	100.00%	0.00%
Salinella Eolico S.r.l.	(1) Pieve di Soligo (TV)	10,000	60.00%	0.00%	60.00%
Green Factory S.r.l.	(1) Pieve di Soligo (TV)	10,000	90.00%	0.00%	90.00%
Sanginetto Energie S.r.l.	(1) Gavardo (BS)	20,000	100.00%	0.00%	100.00%
Morina S.r.l.	(1) Pezzaze (BS)	10,000	75.00%	0.00%	75.00%
Eosforo S.r.l.	(1) Gavardo (BS)	95,000	100.00%	0.00%	100.00%
<b>Subsidiary companies consolidated with net equity method</b>					
Estenergy S.p.A.	Trieste (TS)	1,718,096	40.00%	40.00%	0.00%
Cogeide S.p.A.	(2) Mozzanica (BG)	16,945,026	18.33%	0.00%	18.33%

- (1) Equity investments through Asco Renewables S.p.A.
- (2) Shareholdings through Cart Acqua S.r.l.
- (3) Holdings through ROMEO GAS S.p.A.
- (4) Subsidiaries through Edigas Esercizio Distribuzione Gas S.p.A.

On 21 January 2022, Ascopiave finalised the purchase of 60% of the share capital of the company Salinella Eolico S.r.l., while on 28 January 2022 it finalised the purchase of 79.74% of the share capital of the company Eusebio Energia S.r.l. As of 31 December 2022, the Group fully consolidated the balance sheet and income statement data of both companies.

On 1 April 2022, Ascopiave finalised the purchase of 56.101% of the company shares of Romeo Gas S.p.a., which holds 78.441% of the company shares of Serenissima Gas S.p.A.; as of 31 December 2022, the Group fully consolidated the balance sheet and profit and loss account data of both companies.

On 1 October 2022, the partial demerger of Romeo Gas S.p.A. initiated on 27 July 2022 in favour of Adistribuzione S.p.A. (ACEA Group) took place. As a result, the shareholding structure and share capital of the company changed and Ascopiave S.p.A.'s stake in Romeo Gas S.p.A. increased to 80.293%.

On 18 November 2022, the subsidiary Edigas Esercizio Distribuzione Gas S.p.A. established Romeo 2 S.r.l., a company into which certain business units relating to the management of the concessions of the Savona 1 and Vercelli ATEMs will be merged.

## Summaries of fully consolidated companies

Description	Revenues from sales and service supply	Net result	Net equity	Net financial position (liquid assets)	Reference accounting principles
<b>Parent company</b>					
Ascopiave S.p.A.	70,899	41,793	838,060	244,954	IFRS
<b>100% consolidated companies</b>					
AP Reti Gas Nord Est S.r.l.	29,504	6,052	135,872	4,568	IFRS
AP Reti Gas S.p.A.	64,656	10,541	309,335	(18,664)	IFRS
Edigas Esercizio Distribuzione Gas S.p.A.	20,200	2,563	63,000	16,613	Ita Gaap
AP Reti Gas Vicenza S.p.A.	14,911	(1,745)	15,621	23,186	Ita Gaap
AP Reti Gas Rovigo S.r.l.	5,032	1,240	20,153	8,386	Ita Gaap
Asco Energy S.p.A.	12,934	(200)	550	539	Ita Gaap
Cart Acqua S.r.l.	487	149	3,976	(91)	Ita Gaap
Asco Renewables S.p.A.	7	(12,459)	(12,276)	18,901	Ita Gaap
Morina S.r.l.	80	(869)	(455)	2,768	Ita Gaap
Sanginetto Energie S.r.l.	513	(4,364)	(471)	1,701	Ita Gaap
Eosforo S.r.l.	673	(230)	8,166	3,237	Ita Gaap
Green Factory S.r.l.		(39)	(29)	768	Ita Gaap
Asco EG S.p.A.	10,316	(3,412)	56,784	(4,884)	Ita Gaap
Salinella Eolico S.r.l.		(5,462)	(5,358)	9,185	Ita Gaap
Romeo Gas S.p.A.	11,127	653	65,046	7,981	Ita Gaap
Serenissima Gas S.p.A.	6,631	1,708	15,513	10,348	IFRS
Romeo 2 S.p.A.		(0)	10	(10)	Ita Gaap

### Information on consolidated subsidiaries with minority interests

The company Ascopiave S.p.A. holds shareholdings in consolidated subsidiaries that are owned by third parties. Please refer to the information table contained in the previous paragraph for an indication of the controlling share pertaining to each consolidated company. The interest that non-controlling interests have in the Ascopiave Group's assets and cash flows is considered by management to be insignificant.

## Evaluation Criteria

We set out below the accounting principles adopted by the Group:

**Goodwill:** goodwill deriving from the acquisition of branches of the company exercising the activity of gas distribution is initially recorded at cost, and represents the excess of the purchase cost over the acquirer's share of the net fair value referred to the identifiable values of current and potential assets and liabilities. After initial recognition, goodwill is no longer amortised and is decreased by any impairment losses.

Goodwill is subjected to a recoverability analysis, on an annual or even shorter basis, in the event of events or changes in circumstances that may indicate impairment.

For the purposes of these recoverability analyses, goodwill acquired in business combinations is allocated, from the acquisition date, to each of the Group's cash-generating units (or groups of units) that are expected to benefit from the synergy effects of the acquisition, regardless of the allocation of other assets or liabilities to these same units (or groups of units).

These cash-generating units:

- (i) represent the lowest level within the Group where goodwill is monitored for internal management purposes;
- (ii) are not larger than a segment, as defined in the Group's primary or secondary reporting format under IFRS 8 'Operating Segment'.

The impairment loss is determined by establishing the recoverable amount of the cash-generating unit (or group of units) to which goodwill is allocated. When the recoverable amount of the cash-generating unit (or group of units) is less than the carrying amount, an impairment loss is recognised. In cases where goodwill is allocated to a cash-generating unit (or group of units) whose assets are partially disposed of, the goodwill associated with the disposed asset is considered in determining any gain (loss) arising from the transaction. In such circumstances, the goodwill disposed of is measured on the basis of the relative values of the assets disposed of with respect to the assets still held in respect of the same unit.

**Other Intangible Assets:** intangible assets mainly include assets related to service concession *arrangements* between the public and private sectors relating to the development, financing, operation and maintenance of infrastructures under concession where:

- (i) the grantor controls or regulates the services provided by the operator through the infrastructure and the price to be charged for them;
- (ii) the grantor controls - through ownership, beneficial ownership or otherwise - any significant residual interest in the infrastructure at the end of the concession.

Other intangible fixed assets also include the recording of the fair value of the charges paid to the conceding bodies (municipalities) and/or to the outgoing operators following the award and/or renewal of the relative tenders for the entrusting of the natural gas distribution service.

Regarding the amortisation period:

- (i) Concessions for the natural gas distribution service are amortised on a straight-line basis over the duration of the concession period or over their estimated useful life. In particular, the amortisation period of the concessions acquired by the Ascopiave Group is twelve years in accordance with the reference regulatory framework.

After initial recognition, intangible assets, having a finite useful life, are recognised net of accumulated amortisation and any impairment losses, determined in the same manner as subsequently indicated for tangible assets. The useful life is reviewed annually and any changes, if necessary, are made prospectively.

Leased assets are recorded at *fair value*, net of the lessee's contribution or, if lower, at the present value of the minimum lease payments, including any amount to be paid for exercising the purchase option, under intangible assets as a balancing entry to the financial payable to the lessor.

Gains or losses arising from the disposal of an intangible asset are determined as the difference between the disposal value and the carrying amount of the asset and are recognised in profit or loss at the time of disposal.

**Duration and residual value of assets under concession:** the activity of natural gas distribution is carried out under concession, through the entrusting of the service by local public entities. With regard to the duration of the concessions, Legislative Decree No. 164/00 (Letta Decree) established that all concessions must be put out to tender by the end of the so-called "transitional period" (for the Ascopiave Group, no later than 31 December 2012, or in the following financial years in the event of an extension of the originally envisaged expiry date) and that the new duration of the concessions may not exceed twelve years. Upon the expiry of the concessions, the outgoing operator, in exchange for the transfer of its distribution networks, excluding freely transferable assets, shall be paid an indemnity defined on the basis of industrial appraisal criteria.

Based on the estimates made by the directors when determining the depreciation criterion, the net book value of the assets at the end of the concession should not exceed the aforementioned industrial value.

**Property, plant and equipment:** property, plant and equipment are recognised at purchase cost including directly attributable ancillary costs necessary to put the asset into operation for the use for which it was purchased.

Land, both undeveloped and attached to civil and industrial buildings, has been accounted for separately and is not depreciated as it has an unlimited useful life.

Maintenance and repair costs that are not likely to enhance and/or extend the remaining life of assets are expensed in the year in which they are incurred, otherwise they are capitalised.

Tangible assets are stated net of accumulated depreciation and any impairment losses determined as described below. Depreciation is calculated on a straight-line basis over the estimated useful life of the asset, which is reviewed annually and any changes, if necessary, are made prospectively.

The main economic-technical rates used are as follows:

Buildings	2%
Equipment	8,5% - 8,3%
Furniture	8.80%
Electronic equipment	16.20%
Basic hardware and software	20%
Motocars, motor vehicles and similar	20%

The carrying value of property, plant and equipment is reviewed for impairment whenever events or changes in circumstances indicate that the carrying value cannot be recovered. If such an indication exists, and if the carrying value exceeds the recoverable amount, the assets are written down to reflect their realisable value. The recoverable amount of property, plant and equipment is the higher of net selling price and value in use.

Impairment losses are recognised in the income statement under depreciation, amortisation and impairment costs. These impairment losses are reversed if the reasons for which they were incurred no longer apply.

When an asset is sold or when there is no expected future economic benefit from its use, it is derecognised and any loss or gain (calculated as the difference between the disposal value and the carrying amount) is recognised in the income statement in the year of such derecognition.

### Leasing

The accounting standard IFRS 16 'Leases' defines a single model for recognising leases, eliminating the distinction between operating and finance leases, and providing for the recognition of an asset for the right to use the asset and a liability for the lease. A contract is, or contains, a lease if, in return for consideration, it grants the right to control the use of a specified asset for a period of time. Leasehold right-of-use assets are initially measured at cost, and subsequently amortised over the lease term defined in the analysis, taking into account any reasonably exercisable options to extend or terminate the lease. The cost of right-of-use assets includes the initially recognised value of the lease liability, the initial direct costs incurred, an estimate of any restoration costs to be incurred at the end of the lease term, and lease-related prepayments made at the date of initial transition, net of lease incentives received. The related lease liabilities are measured initially at the present value of the payments due for the fixed rental payments to be made at the date of entering into the lease agreement and for the exercise price of the purchase option and the redemption option if reasonably exercisable, discounted using the interest rate implicit in the lease, if determinable,



or the marginal borrowing rate at the date. Liabilities for leased assets are subsequently increased by the interest accruing on those liabilities and decreased in correlation with lease payments. Liabilities for leased assets are in each case restated to reflect changes in the lease payments by adjusting the right-of-use asset by the same amount. However, if the carrying amount of the right-of-use asset is zero and there is a further reduction in the measurement of the lease liability, that difference is recognised in profit or loss.

In the case of modifications to the lease contract, such modifications are accounted for as a separate lease when rights of use are added to one or more underlying assets and the lease payment increases by an amount reflecting the stand-alone price for the increase in the lease object. In connection with changes that are not accounted for as a separate lease, the lease liability is restated by discounting the revised lease payments due using a revised discount rate, based on the new lease term. Such adjustments to the liability are accounted for by making a corresponding change to the asset consisting of the right of use, recognising in profit or loss any gain or loss related to the partial or total termination of the contract.

No right-of-use assets are recognised in relation to: i) short-term leases; ii) leases where the underlying asset is of low value. Payments due under such leases are recognised as operating expenses on a straight-line basis.

In the income statement, amortisation of the right-of-use asset is recognised as an operating expense and, in the finance section, interest expense accrued on the lease liability, if not capitalised. The income statement also includes: (i) lease payments relating to short-term, low-value leases, as permitted on a simplified basis by IFRS 16; and (ii) variable lease payments, which are not included in the determination of the lease liability (e.g. payments based on the use of the leased asset).

#### **Participations:**

The participations recorded under this item refer to investments of a long-term nature arising from:

- equity-accounted investments;
- other investments measured at fair value.

**Investments in associated companies**, i.e., in which the Group has significant influence, are valued using the equity method. The income statement reflects the Group's share of the associate's profit or loss for the year. In the event that an associated company recognises adjustments with a direct charge to equity, the Group recognises its share and shows it, where applicable, in the statement of changes in equity.

In the event that the Group's share of the loss exceeds the carrying value of the investment, the latter is written off and any excess is recognised in a special provision to the extent that the Group has legal or constructive obligations to the investee company to cover its losses or otherwise make payments on its behalf.

Following the application of the equity method, the Group assesses whether it is necessary to recognise a further impairment loss on its investment in the associate. The Group assesses, regardless of the presence of impairment indicators, at each balance sheet date whether there is objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of the loss as the difference between the recoverable amount of the associate and the carrying amount of the associate in its financial statements, recognising this difference in profit (loss) for the year and classifying it in the 'share of profit (loss) of associates'.

**Other equity investments:** financial assets consisting of investments in companies other than associates and joint ventures (generally with an ownership percentage of less than 20%) are referred to as investments in other companies and fall into the category of financial assets measured at fair value, which normally corresponds at initial recognition to the transaction price including directly attributable transaction costs. Subsequent changes in fair value are recognised in the Income Statement (FVPL) or, if the option required by the standard is exercised, in the Statement of Comprehensive Income (FVOCI) under the item "Reserve for instruments at FVOCI". For equity investments measured at FVOCI, impairment losses are never recognised in the Income Statement, nor are accumulated gains or losses when the investment is sold; only dividends distributed by the investee are recognised in the Income Statement when:

- ✓ the Group's right to receive payment of the dividend arises;
- ✓ it is likely that the economic benefits of the dividend will flow to the Group;
- ✓ the amount of the dividend can be reliably estimated.

It should be noted that the Group has opted for the presentation in the statement of comprehensive income (FVOCI).

**Other Non-current Assets:** these are recorded at nominal value adjusted for impairment, if any, corresponding to amortised cost.

### Financial Activities

The Group classifies financial assets according to the categories identified by IFRS 9:

- ✓ financial assets measured at amortised cost;
- ✓ assets at fair value through other comprehensive income (FVOCI);
- ✓ assets at fair value through profit or loss for the year (FVTPL).

**Financial assets measured at amortised cost:** financial assets are classified in this category if the following requirements are met: (i) the asset is held as part of a business model whose objective is to hold the asset for the purpose of collecting contractual cash flows; and (ii) the contractual terms of the asset provide for cash flows represented solely by payments of principal and interest on the principal amount to be repaid. These mainly refer to receivables due from customers and/or loans that contain a significant financial component. Trade receivables that do not contain a significant financial component are instead recognised at the price defined for the relevant transaction. Subsequent measurements of assets in this category are measured at amortised cost, using the effective interest rate. Any provisions for impairment of these receivables are determined using the forward looking approach by means of a three-stage model: 1) recognition of expected losses in the first 12 months at initial recognition of the receivable if the credit risk has not increased; 2) recognition of expected losses over the life of the receivable if the credit-related risk increases significantly with respect to initial recognition; interest is recognised on a gross basis; 3) recognition of further expected losses over the life of the receivable when the manifested loss materialises; interest is recognised on a net basis.

**Financial assets at fair value through profit or loss (FVOCI):** financial assets are classified in this category if they have the following characteristics: (i) the asset is held as part of a business model whose objective is achieved either by selling the asset or by collecting contractual cash flows; and (ii) the contractual terms of the asset provide for cash flows represented solely by principal and interest payments on the principal amount to be repaid. Any write-downs for impairment, interest income are recognised in Profit or Loss for the period.

**Financial assets measured at fair value through profit or loss (FVTPL):** all financial assets that do not meet the conditions, in terms of business model or characteristics of the cash flows generated, for measurement at amortised cost or fair value through profit or loss are classified in this category. Assets in this category are classified as current or non-current assets depending on their natural maturity and recognised at fair value upon initial recognition. On subsequent measurement, gains and losses arising from changes in fair value are recognised in profit or loss in the period in which they are recognised.

**Value adjustments:** the assessment of impairment losses on financial assets measured at amortised cost is carried out using a model based on expected credit losses. The Group chose to perform a credit risk assessment whereby receivables past due by more than 365 days were totally written down and those past due by more than 180 days were partially written down. The predictive process is supported by the monthly utilisation of the allowance for doubtful accounts set aside on the basis of the execution of reminder and collection cycles for defaulted receivables. Historical time series for past years have shown that the impairment made in predictive terms is a reasonable approximation in excess of the actual losses the group incurs from end customers.

**Inventories:** inventories are stated at the lower of purchase and/or production cost, determined using the weighted average cost method, and net realisable or replacement value. The net realisable value is determined on the basis of the estimated selling price under normal market conditions, net of direct selling costs. Obsolete and/or slow-moving inventories are written down in relation to their presumed possibility of future use or realisation. The write-down is reversed in subsequent years if the reasons for the write-down no longer apply.

**Inventories of energy efficiency certificates:** inventories of energy efficiency certificates are stated at acquisition cost, determined using the weighted average cost method.

**Trade receivables and other current assets:** trade receivables and other current assets, the maturity of which falls within normal commercial terms, are not discounted and are measured at amortised cost, net of related impairment losses. They are adjusted to their estimated realisable value by recording a specific adjustment provision, which is established when there is objective evidence that the Group will not be able to collect the receivable for its original value. Provisions for bad debts are recognised in the income statement. In addition, the Group sells some of its trade receivables through factoring transactions. Factoring transactions are without recourse.

**Cash and cash equivalents:** comprise cash on hand, deposits payable on demand, and other short-term financial investments. They are stated at nominal value.

## **Derecognition of financial assets and liabilities**

### Financial assets

A financial asset (or, where applicable, part of a financial asset or parts of a group of similar financial assets) is derecognised when:

- ✓ the rights to receive cash flows from the asset are extinguished;
- ✓ the Group retains the right to receive cash flows from the business, but has assumed a contractual obligation to pay them in full and without delay to a third party;
- ✓ the Group has transferred the right to receive cash flows from the asset and either (a) has transferred substantially all risks and rewards of ownership of the financial asset or (b) has neither transferred nor retained substantially all risks and rewards of the asset, but has transferred control of it.

In cases where the Group has transferred rights to receive cash flows from an asset and has neither transferred nor retained substantially all risks and rewards or has not lost control over it, the asset is recognised in the Group's financial statements to the extent of its continuing involvement in the asset. Residual involvement that takes the form of a guarantee on the transferred asset is measured at the lower of the initial carrying amount of the asset and the maximum amount of consideration that the Group could be required to pay.

In cases where the residual involvement takes the form of an issued and/or purchased option on the transferred asset (including cash-settled or similar options), the extent of the Group's involvement corresponds to the amount of the transferred asset that the Group may repurchase; however, in the case of a written put option on an asset measured at fair value (including cash-settled or similar options), the extent of the Group's residual involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

### Financial liabilities

A financial liability is derecognised when the obligation underlying the liability is discharged, cancelled or fulfilled.

In cases where an existing financial liability is exchanged for another from the same lender, under substantially different terms, or the terms of an existing liability are substantially modified, such exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, with any differences between the carrying amounts recognised in profit or loss.

**Treasury shares:** Repurchased treasury shares are deducted from equity. The original cost of treasury shares, the benefits from the disposals and any subsequent changes are recognised as changes in equity.

**Employee benefits:** guaranteed employee benefits paid at or after termination of employment through defined benefit or defined contribution plans (termination benefits) or other long-term benefits are recognised over the vesting period. The liability relating to defined benefit and/or defined contribution plans, net of any plan assets, is determined on the basis of actuarial assumptions and is recognised on an accrual basis consistently with the period of service required to obtain the benefits. Defined benefit plans also include the employee severance indemnity (TFR) due to employees of Group companies pursuant to Article 2120 of the Italian Civil Code, accrued prior to the reform of this institution in

2007 (Finance Act No. 296 of 27 December 2006), following which, for companies with more than 50 employees, for amounts accrued as of 1 January 2007, the TFR is configured as a defined contribution plan.

Group obligations are determined separately for each plan by estimating the present value of future benefits that employees have accrued in the current and prior years. This calculation is performed using the projected unit credit method. The components of defined benefits are recognised as follows:

- (i) remeasurement components of liabilities, which include actuarial gains and losses, are recognised immediately in Other Comprehensive Income (Loss);
- (ii) service costs are recognised in the income statement;
- (iii) net financial expenses on the defined benefit liability are recognised in the income statement.

The remeasurement components recognised in Other Comprehensive Income (Loss) are never reclassified to profit or loss in subsequent periods.

For termination benefits accrued after 1 January 2007, the company's obligation is limited to the payment of contributions to the State (the so-called Inps Fund) or to a legally distinct asset or entity (the so-called Fund) and is determined on the basis of the contributions due.

The group has also subscribed to remuneration plans based in part on Ascopiave S.p.A. shares liquidated through the delivery of shares (stock option plans long-term incentive plans) recognised as liabilities and measured at fair value at the end of each accounting period and until liquidation (approval of the 2017 financial statements). Any subsequent changes in fair value are recognised in the income statement.

The remainder of the plan is instead settled in the form of cash-settled options only. The cost of cash-settled transactions is initially measured at fair value at the grant date. In particular, the plans adopted by the Group provide for the assignment of rights that entail the recognition in favour of the beneficiaries of a payment of an extraordinary nature linked to the achievement of pre-set objectives, and whose financial settlement is based, among other indicators, on the performance of the share price. This fair value is expensed over the period until vesting with recognition of a corresponding liability. The liability is recalculated at each balance sheet date up to and including the settlement date, with all changes in fair value recognised in the income statement.

During the financial year 2022, part of the remuneration plans for the three-year period 2021 - 2023 vested, which resulted in the allocation of reserves for the portions to be settled in shares. Considering the rules of the plan, there were no further grants in the period as the benefits will vest at the end of the period. These remuneration plans are accounted for in line with the requirements of IFRS 2.

For more details on remuneration paid during the year, please refer to "Section II" of the Remuneration Report, prepared pursuant to Article 123 - ter of Legislative Decree No. 58/1998 (TUF).

**Provisions for risks and charges:** provisions for risks and charges relate to costs and charges of a given nature and of certain or probable existence, the amount or date of occurrence of which could not be determined at the end of the reporting period.

Provisions are recognised when:

- (i) the existence of a present legal or constructive obligation arising from a past event is probable;
- (ii) performance of the obligation is likely to be onerous;
- (iii) the amount of the obligation can be reliably estimated.

On the other hand, if it is not possible to make a reliable estimate of the obligation or if it is considered that the disbursement of financial resources is merely possible and not probable, the related contingent liability is not recognised in the financial statements, but adequate disclosure is made in the notes.

Provisions are recognised at the value representing the best estimate of the amount the company would pay to settle the obligation or to transfer it to a third party at the end of the reporting period. If the effect of discounting is significant, provisions are determined by discounting the expected future cash flows at a pre-tax discount rate that reflects the current market valuation over time. When discounting is performed, the increase in the provision due to the passage of time is recognised as a finance cost.

#### **Allocation of stock grants to employees**

The Group has granted incentive plans based on equity instruments, on the basis of which the Group receives services from its employees, collaborators or proxy directors in exchange for stock grants ('units'). The fair value of the services

received is recognised as a labour cost. The total amount of the cost is determined based on the fair value of the units granted and is offset by an equity reserve.

The total cost is recognised over the vesting period, which is the period in which all the service conditions for the vesting of the rights must be satisfied. At each balance sheet date, the Group revises its estimates based on the number of options expected to vest based on the vesting conditions, which are not market conditions. The effect of any changes from the original estimates is recognised in the consolidated income statement with a balancing entry in equity.

**Financial liabilities:** financial liabilities, other than derivative financial instruments, include medium/long-term loans initially recognised at fair value, net of any transaction costs incurred, and subsequently measured at amortised cost, calculated by applying the effective interest rate, net of principal repayments already made.

If a condition of a long-term loan agreement is breached on or before the balance sheet date with the effect that the liability becomes payable on demand, the liability is classified as current, even if the lender has agreed, after the balance sheet date and before the financial statements were authorised for issue, not to demand payment as a result of the breach. The liability is classified as current because, at the balance sheet date, the entity does not have an unconditional right to defer its settlement for at least twelve months after that date.

**Trade payables and other liabilities:** trade payables, whose due dates fall within normal commercial terms, relate to liabilities arising from commercial supply relationships and are recognised at amortised cost.

Payables in currencies other than the money of account are recorded at the exchange rate on the day of the transaction and subsequently converted at the exchange rate on the balance sheet date. The profit or loss resulting from the conversion is charged to the profit and loss account.

**Derivative financial instruments:** The Group holds derivative instruments for the purpose of hedging its exposure to the risk of changes in interest rates. Transactions that, in compliance with risk management policies, meet the requirements of international accounting standards for *hedge accounting* are designated as "hedging" (accounted for in the terms indicated below), while those that, despite being entered into with the management intent of hedging, do not meet the requirements of international accounting standards are classified as "trading". In this case, changes in the fair value of derivative instruments are recognised in the income statement in the period in which they occur. Fair value is determined on the basis of the reference market value.

Derivatives embedded in financial assets/liabilities are separated and measured independently at fair value, except in cases where the derivative's exercise price at the inception date approximates the value determined on the basis of the amortised cost of the relevant asset/liability. In this case, the valuation of the embedded derivative is absorbed in that of the financial asset/liability.

These contracts are measured at fair value using pricing models and based on observable market data as of 31 December 2022.

### Fair Value Hierarchy

Financial assets and liabilities measured at fair value are classified into a three-tier hierarchy based on how fair value is determined, i.e. on the relevance of the information (inputs) used in determining value:

- (i) **Level 1**, financial instruments whose fair value is determined on the basis of a quoted price in an active market;
- (ii) **level 2**, financial instruments whose fair value is determined by means of valuation techniques that use parameters observable directly or indirectly on the market. Instruments valued on the basis of market *forward* curves and short-term contracts for differences are classified in this category;
- (iii) **Level 3**, financial instruments whose fair value is determined using valuation techniques that make reference to parameters that are not observable in the market, or using only internal estimates.

As of 31 December 2022, the Group held one type of financial instruments on interest rates, traceable to the level 1 hierarchy, and a second type traceable to the level 3 hierarchy on the fair value valuation of equity investments in other companies ACSM AGAM S.p.A. and Hera Comm S.p.A..

**Revenues and Expenses:** Revenues and expenses are reported on an accrual basis.

The recognition of revenue from contracts with customers is based on the following five steps: (i) identification of the contract with the customer; (ii) identification of the performance obligations, represented by the contractual promises to transfer goods and/or services to a customer; (iii) determination of the transaction price; (iv) allocation of the transaction price to the identified performance obligations based on the stand-alone selling price of each good or service; (v) recognition of revenue when the relevant performance obligation is satisfied, i.e. when the promised good or service is transferred to the customer; the transfer is deemed completed when the customer obtains control of the good or service, which may occur continuously (over time) or at a specific point in time.

According to the type of the Group's main operations, revenues are recognised on the basis of the specific criteria below:

- (i) Revenues for the transportation of natural gas are recognised at the time the supply or service is provided, even if not invoiced, and are determined by integrating with appropriate estimates those recognised during the financial year based on the so-called reference tariffs in order to determine the Total Revenue Constraint as provided for by the provisions of the Regulatory Authority for Energy, Networks and Environment;
- (ii) contributions received from users in respect of allotment works, if they are not in respect of costs incurred in extending the network, are recognised in the income statement;
- (iii) Revenues for services are recognised with reference to the stage of completion of activities based on the same criteria as for contract work in progress. If it is not possible to reliably determine the value of revenues, they are recognised up to the amount of costs incurred that are expected to be recovered;
- (iv) Revenues are recorded net of returns, discounts, allowances and premiums, as well as directly related taxes;

**Government grants:** government grants are recognised when it is reasonably certain that they will be received and all conditions attaching to them have been met. When government grants are related to cost components, they are recognised as revenue, but are allocated systematically over the periods so as to be commensurate with the costs they are intended to compensate. When the grant is related to an asset, the asset and the grant are recognised for their nominal values and the release to the income statement takes place progressively over the expected useful life of the relevant asset on a straight-line basis.

**Private contributions:** it should be noted that private contributions received up to 31 December 2013 for the construction of direct distribution sections and user derivations were recognised in full in the income statement at the time the costs were incurred for the construction of the same and the work was put into operation. Contributions received for the realisation of these works that were not related to the costs incurred for their realisation were suspended in the liabilities and charged to the profit and loss account when the conditions were realised. Private grants received for the construction of the network and user derivations are recognised as of 1 January 2014 in liabilities at the time of payment and charged to the income statement from the date of construction of the infrastructure, consistent with the recognition of the costs to which the works relate and their useful life.

**Financial income and expenses:** financial income and expenses are recognised on an accrual basis based on the interest accrued on the net value of the related financial assets and liabilities, using the effective interest rate.

**Income taxes:** current taxes are calculated on the basis of estimated taxable income and recognised for the amount expected to be recovered or paid to the tax authorities. The tax rates and regulations used to calculate the amount are those enacted or substantively enacted at the balance sheet date. Current taxes related to items recognised directly in equity are recognised directly in equity and in other comprehensive income.

As far as corporate income tax (IRES) is concerned, the companies controlled by Ascopiave S.p.A. (AP Reti Gas S.p.A., AP Reti Gas Rovigo S.r.l., AP Reti Gas Vicenza S.p.A., Edigas Distribuzione Gas S.p.A, Asco Energy S.p.A.) have exercised the option for the national tax consolidation scheme pursuant to articles 117/129 of the Consolidated Income Tax Law (T.U.I.R.) for the three-year period 2022 - 2024, while AP Reti Gas Nord Est S.r.l. has exercised the option for the three-year period 2021-2023. This option allows IRES to be determined on a taxable base corresponding to the algebraic sum of the positive and negative taxable amounts of the individual companies participating in the consolidation. Ascopiave S.p.A. acts as the consolidating company and determines a single taxable base for the group of companies participating in the national tax consolidation.

Each of the adhering companies transfer tax income (taxable income or tax loss) to the consolidating company by recording in the income statement under taxes an item "charges for adhesion to tax consolidation" or "income from

adhesion to tax consolidation" for an amount equal to the current IRES for the year (or the loss transferred) that will be paid or used by the parent company Ascopiave S.p.A.

Deferred tax assets are recognised for all deductible temporary differences and for tax assets and liabilities carried forward, to the extent that it is probable that there will be adequate future taxable profits that may make the utilisation of deductible temporary differences and tax assets and liabilities carried forward applicable, except where:

- (i) the deferred tax asset associated with deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the profit for the period calculated for financial reporting purposes nor the profit or loss calculated for tax purposes;
- (ii) With respect to taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are recognised only to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future and that there are adequate taxable profits against which the temporary differences can be utilised.

**Earnings per share:** earnings per share are calculated by dividing the net profit for the year attributable to the company's shareholders by the weighted average number of shares less treasury shares. For the purpose of calculating the basic earnings per share, it should be noted that the numerator is the profit for the year less the portion attributable to minority interests. It should be noted that there are no preference dividends, conversion of preference shares and other similar effects that should adjust the economic result attributable to holders of ordinary capital instruments. Diluted earnings per share are equal to earnings per share as there are no ordinary shares that could have a dilutive effect and no shares or warrants that could have the same effect.

#### **Use of estimates**

The preparation of financial statements requires the directors to make accounting estimates based on complex and/or subjective judgments, past experience and assumptions that are believed to be reasonable and realistic on the basis of information known at the time of the estimate. The use of these estimates affects the values of assets and liabilities in the consolidated financial statements, as well as the amount of revenues and expenses and the disclosure of contingent assets and liabilities in the reporting period. If in the future these estimates and assumptions, which are based on management's best judgment, should differ from the actual circumstances, they will be modified as appropriate in the period in which the circumstances arise.

Estimates are used to detect:

- duration and residual value of assets under concession: the activity of natural gas distribution is carried out under concession, through the entrusting of the service by local public entities. With regard to the duration of concessions, Legislative Decree No. 164/00 (Letta Decree) established that all concessions must be put out to tender by the end of the so-called "transitional period" (for the Ascopiave Group in the period between 31 December 2010 and 31 December 2012) and that the new duration of concessions may not exceed twelve years. Upon expiry of the concessions, the outgoing operator, in exchange for the transfer of its distribution networks, excluding freely transferable assets, shall be paid an indemnity defined on the basis of industrial estimate criteria. In relation to the estimates made by the directors when determining the depreciation criteria, the net book value of the assets at the expiry of the concession should not exceed the aforementioned industrial value. The estimates are also used to assess the effects of disputes on the application of distribution and/or sales tariffs and those with the municipalities for the recognition of the redemption value of the assets covered by the concession returned upon its expiry;
- impairment of non-financial assets: the Group verifies, at each balance sheet date, whether there are any indicators of impairment for all non-financial assets. In particular, goodwill is tested for impairment at least annually and during the year if such indicators exist; this test requires an estimate of the value in use of the cash-generating unit to which the goodwill is attributed, which in turn is based on an estimate of the cash flows expected from the unit and their discounting using an appropriate discount rate. At 31 December 2021, the carrying amount of goodwill was Euro 49,272 thousand (2020: Euro 49,272 thousand). Further details are provided in Note 1;
- provisions for bad debts inventory obsolescence, useful lives of intangible and tangible fixed assets and related depreciation and amortisation, employee benefits and phantom stock option plans provisions for risks and charges.

Estimates and assumptions are reviewed periodically and the effects of any changes are reflected immediately in the income statement. In applying the group's accounting policies, the directors have made decisions based on the

aforementioned discretionary assessments that have a significant effect on the amounts recognised in the financial statements. However, the uncertainty surrounding these assumptions and estimates could lead to outcomes that will require a significant adjustment to the carrying value of these assets and/or liabilities in the future.

#### **Impairment of assets**

At least once a year, the Group performs an impairment test on tangible and intangible assets if they have an indefinite life or more often in the presence of events that indicate that their carrying value is not recoverable. In particular, goodwill is tested for impairment at least annually and during the year if such indicators exist; this test requires an estimate of the value in use of the cash-generating unit to which the goodwill is attributed, which in turn is based on an estimate of the expected cash flows from the unit and their discounting using an appropriate discount rate.

#### **Energy Efficiency Titles**

Energy Efficiency Securities purchased during the year are recognised in the income statement at cost incurred. The quantity of securities not yet purchased but necessary to achieve the target for the year is recognised at the current market value of the price of the securities. The related grant that will be paid by the CSEA when the securities are cancelled is recognised in revenue at the current value of the grant determined on the basis of the expected redemption price at year-end.

#### **Depreciation**

Depreciation is calculated based on the estimated useful life of the asset or the residual life of the concession; the useful life is determined by the directors with the assistance of technical experts at the time the asset is recognised in the financial statements; assessments of the useful life are based on historical experience, market conditions and expectations of future events that could affect the useful life, including technological changes. The company periodically assesses technological and industry changes, decommissioning/closure costs and salvage value to update the remaining useful life. This periodic update could result in a change in the depreciation period and therefore also in the depreciation charge for future years.

Duration and residual value of assets under concession: the activity of natural gas distribution is carried out under concession, through the entrusting of the service by local public entities. With regard to the duration of concessions, Legislative Decree No. 164/00 (Letta Decree) established that all concessions must be put out to tender by the end of the so-called "transitional period" (for the Ascopiave Group in the period between 31 December 2010 and 31 December 2012) and that the new duration of concessions may not exceed twelve years. Upon the expiry of the concessions, the outgoing operator, in exchange for the transfer of its distribution networks, excluding freely transferable assets, shall be paid an indemnity defined on the basis of industrial estimate criteria. In relation to the estimates made by the directors when determining the depreciation criteria, the net book value of the assets at the expiry of the concession should not exceed the aforementioned industrial value. The estimates are also used to assess the effects of disputes on the application of distribution and/or sales tariffs and those with the municipalities for the recognition of the redemption value of the assets covered by the concession returned upon its expiry.

#### **Provision for risks**

These provisions were made using the same procedures as in previous years, referring to updated communications from the lawyers and consultants following the disputes, as well as on the basis of the procedural developments of the same.

#### **Provision for credit risks**

The provision for bad debts reflects the estimated losses associated with the company's credit portfolio. Provisions were made for specific insolvency situations, as well as for expected credit losses estimated on the basis of past experience with similar credit risk.



## NOTES TO THE ITEMS IN THE CONSOLIDATED BALANCE SHEET

### Non-current assets

#### 1. Start-up

Goodwill, equal to Euro 61,346 thousand as of 31 December 2022, shows an increase of Euro 12,074 thousand compared to 31 December 2021, due for Euro 7,220 thousand to the gain resulting from the acquisition of 79.74% of the shares of Eusebio Energia S.r.l. (now ASCO EG S.p.A.), a company operating in the sector of electricity production from renewable sources, and Euro 4,853 thousand for the capital gain resulting from the acquisition of 56.01% of the shares of Romeo Gas S.p.A, which holds 78.441% of the shares of Serenissima Gas S.p.A., a company operating in the distribution of natural gas; for more details please refer to the section 'Business combinations' of this interim report. In this regard, we would like to point out that the allocations made will be subject to further analysis and verification in order to determine, within the annual deadline envisaged by the accounting standards, the final accounting of the business combinations.

The residual amount refers in part to the surplus value resulting from the contribution of the gas distribution networks by member municipalities in the financial years between 1996 and 1999 and in part to the surplus value paid during the acquisition of some branches of the company relative to the distribution of natural gas. These include the goodwill recorded following the merger by incorporation of Unigas Distribuzione S.r.l. into Ascopiave S.p.A., for Euro 9,368 thousand, and following the purchase of the entire share capital of the newly established company AP Reti Gas Nord Est S.r.l. for Euro 14,149 thousand.

Compared to the previous year, the increase recorded is related to the capital gains paid during the acquisition of Eusebio Energia S.r.l. (now Asco EG S.p.A.), during the acquisition of Romeo Gas S.r.l. and Serenissima Gas S.p.A. for a total of Euro 12,074,000.

For the purposes of determining the recoverable amount, goodwill is allocated to the Cash Generating Units comprised of the natural gas distribution business (Gas Distribution CGU), the electricity generation from renewable sources business (Renewable Energy CGU), the assets managed by Asco Energy (Energy Services CGU) and the assets managed by Cart Acqua (Water Service CGU).

The following table shows the balance of goodwill recorded at the end of the financial years considered:

(Thousands of Euro)	31 <sup>th</sup> December 2021	Increase	31 <sup>th</sup> December 2022
Distribution of natural gas	49,272	4,853	54,125
Sales of natural gas	0	7,220	7,220
<b>Total goodwill</b>	<b>49,272</b>	<b>12,073</b>	<b>61,346</b>

The goodwill impairment test was conducted by comparing the recoverable amount of the assets with their carrying amount, including allocated goodwill. Since there are no reliable criteria for assessing the sale value between knowledgeable and willing parties of distribution assets, other than the criteria proposed in the literature for the valuation of business units, the recoverable value of the tested assets is determined using value in use.

The recoverable values of the cash-generating units of the Gas Distribution CGU, Renewable Energy CGU, Energy Services CGU and Water Service CGU were estimated using the *Discounted Cash Flow* (DCF) method by discounting the operating cash flows generated by the assets at a discount rate representative of the cost of capital.

The cash flows used to calculate the recoverable amount reflect the economic-financial projections formulated by management with regard to the assets currently held by the Group and assuming their continued management. The economic-financial projections used were taken from the 2022-2026 strategic plan approved by resolution of the Board of Directors on 9 February 2023.

With reference to the activity of natural gas distribution, the current sector regulations provide that the natural gas distribution service is entrusted through tendering procedures to be carried out by minimum territorial ambits according to predefined time limits.

The tender procedures for the entrusting of the territorial ambits in which the vast majority of the concessions currently held by the Group are included have not yet reached the tender publication stage. Considering the uncertainty on the timing of the possible start of the future Ambit concessions, the valuation methodology adopted to determine the value in use of the gas distribution CGU assumes that the Group, in the five-year period 2022-2026, will maintain the management of the current portfolio of municipal concessions, as envisaged in the first scenario (scenario A) of the strategic plan.

It was therefore assumed that in the years 2023-2026, operations would generate cash flows in line with those forecast in this scenario, while, in view of the uncertainty surrounding the renewal of concessions, the terminal value of the CGU was estimated by assuming two alternative scenarios:

- Scenario 1: assumes that the Group will obtain in 2026 the renewal of all concessions and franchises outstanding as at 31 December 2021;
- Scenario 2: envisages that the Group in 2026 will terminate the operation of the gas distribution service, realising the redemption value of the plants pursuant to Article 15 of Legislative Decree No. 164/2000.

In Scenario 1, the terminal value was determined as an estimate of a perpetuity starting from the last year specified in the financial projections and considering the economic conditions of concession renewal. In view of the increase in market rates during 2022, the perpetuity cash flow was also restated to take into account the higher tariff revenues resulting from an expected adjustment of the rate of return on invested capital.

The growth factor (g) used to calculate the terminal value was assumed to be 1.85% (1.55% as at 31 December 2021), in line with the long-term inflationary growth forecast for Italy by the Economist Intelligence Unit (EIU) and the International Monetary Fund.

The weighted average cost of capital (WACC) of the gas distribution CGU was estimated by assuming:

- a) a *levered beta* coefficient determined by reference to unlevered betas of companies active in comparable industries;
- b) a level of financial leverage (ratio of financial debt to equity) derived from an analysis of the structure of financing sources of listed companies active in comparable sectors;
- c) a *market risk premium* of 5.5 per cent (5.5 per cent as of 31 December 2021), defined as the yield spread (long-term historical) between equities and bonds in mature financial markets;
- d) a *risk-free* rate equal to the average of the daily yields of Italian long-dated government bonds (10-year BTPs) in the six months prior to 31 December 2022;
- e) a cost of debt equal to the sum of the 10-year IRS rate (obtained as the average of the six months preceding 31 December 2022) and a corporate spread component inferred from the financing terms recently applied to Ascopiave;
- f) an *additional risk premium for the calculation of the cost of equity* (Ke) of 1.21% (1.22% as at 31 December 2021) due to the different size scale comparables.

Based on these elements, the post-tax weighted average cost of capital is 5.61% (4.56% as of 31 December 2020). This rate was used to discount cash flows over the explicit Plan period 2023-2026.

The cost of capital used to determine the perpetuity value and the *terminal value* discount rate is 6.02% (5.14% as of 31 December 2020) and was calculated based on the above parameters and including an *additional risk premium* for the calculation of the cost of equity (Ke) of 2.21% (2.22% as of 31 December 2021) to take into account the uncertainty on the possible renewal of the concessions and the related extension conditions.

Considering the assumptions described, in both scenario 1 and scenario 2, the recoverable value of the gas distribution CGU is higher than its book values, and therefore the conditions do not exist to write-down goodwill for impairment.

With reference to the activity of electricity generation from renewable sources, the value in use was determined by applying the DCF method to the cash flows expected from the operation of the various plants until the expiration date of the relevant concessions (large hydro-electric derivations) or the presumed technical-economic useful life.

The weighted average cost of capital (WACC) of the renewable energy CGU was estimated by assuming:

- g) a *levered beta* coefficient determined by reference to unlevered betas of companies active in comparable industries;
- h) a level of financial leverage (ratio of financial debt to equity) derived from an analysis of the structure of financing sources of listed companies active in comparable sectors;
- i) a *market risk premium* of 5.5 per cent (5.5 per cent as of 31 December 2021), defined as the yield spread (long-term historical) between equities and bonds in mature financial markets;
- j) a *risk-free* rate equal to the average of the daily yields of Italian long-dated government bonds (10-year BTPs) in the six months prior to 31 December 2022;
- k) a cost of debt equal to the sum of the 10-year IRS rate (obtained as the average of the six months preceding 31 December 2022) and a corporate spread component inferred from the financing terms recently applied to Ascopiave;
- l) an *additional risk premium for the* calculation of the cost of equity ( $K_e$ ) of 1.21% (1.22% as at 31 December 2021) due to the different size scale comparables.

Based on these elements, the post-tax weighted average cost of capital is 6.85%. This rate was used to discount the cash flows for the entire period of operation.

Estimating the recoverable amount of cash-generating units requires management's discretion and use of estimates. Various factors, including changes in the regulatory environment, may require a restatement of any impairment losses. Circumstances and events that could cause a further impairment test are constantly monitored by the Company.

Ascopiave S.p.A. is a holding company that carries out strategic management and coordination activities for the Ascopiave Group. In compliance with accounting standard IAS 36, the recoverability of the so-called 'corporate assets' of Ascopiave S.p.A. was verified, i.e. the assets and liabilities relative to the central activities of Ascopiave S.p.A. that were not allocated to the CGU as part of the first-level impairment test. The test was carried out from a consolidated perspective (second level test), as required by IAS 36, and the subject of the test was therefore the consolidated net invested capital of Ascopiave, net of the equity investments not consolidated on a line-by-line basis. In particular, the recoverable value was calculated as the sum of the recoverable values (i) of the gas distribution CGU, the renewable energy CGU, the energy services CGU and the water service CGU, (ii) of the other shareholdings, determined in the first level impairment test, and the recoverable value (iii) of the corporate CGU.

With reference to the recoverable amount of the company Ascopiave, the cash flows used incorporate the forecasts formulated by management for the company for the period 2022-2026. The terminal value was determined as an estimate of a perpetuity starting from the results forecast for 2026.

The weighted average cost of capital (WACC) was estimated as the average of the WACCs for the Gas Distribution CGU, the Renewable Energy CGU, the Energy Services CGU and the Water Service CGU weighted by the weight of the net invested capital of those CGUs as a percentage of the total.

In conclusion, the recoverable amount thus determined is higher than the book values and therefore the conditions for goodwill impairment do not exist.

## 2. Other intangible fixed assets

The following table shows the evolution of the historical cost and accumulated amortisation of other intangible assets at the end of the financial years considered:

	31.12.2022			31.12.2021		
	Historic cost	Accumulated depreciation	Net value	Historic cost	Accumulated depreciation	Net value
<b>(Thousands of Euro)</b>						
Industrial patent and intellectual property rights	12,136	(6,454)	5,682	9,346	(5,976)	3,370
Concessions, licences, trademarks and similar rights	19,075	(15,701)	3,374	15,860	(12,564)	3,296
Other intangible assets	12,175	(4,905)	7,270	10,201	(4,664)	5,537
Tangible assets under IFRIC 12 concession	1,251,319	(615,411)	635,907	1,077,891	(527,523)	550,367
Tangible assets in progress under IFRIC 12 concession	45,934	0	45,934	34,701	0	34,701
Intangible assets in progress and advances payments	229	0	229	735	0	735
<b>Other intangible assets</b>	<b>1,341,293</b>	<b>(642,896)</b>	<b>698,397</b>	<b>1,148,734</b>	<b>(550,727)</b>	<b>598,007</b>

The following table shows the changes in intangible assets in the year under review and in the previous year:

	31.12.2021						31.12.2022		
	Net value	Change for the period	Enlargement of the consolidation perimeter	Decrease	Split	IFRS 5 reclassification	Amortizations during the period	Depreciations of accumulated depreciation	Net value
<b>(Thousands of Euro)</b>									
Industrial patent and intellectual property rights	3,370	2,782	7		(3)		474		5,682
Concessions, licences, trademarks and similar rights	3,296	938	12		(17)		856		3,374
Other intangible assets	5,537	141	1,834		0		242		7,270
Tangible assets under IFRIC 12 concession	550,367	47,612	112,058	2,563	(22,097)	(15,388)	35,186	(1,103)	635,907
Tangible assets in progress under IFRIC 12 concession	34,701	11,144	976	106	(62)	(719)	0	0	45,934
Intangible assets in progress and advances payments	735	(506)	0		0		0		229
<b>Other intangible assets</b>	<b>598,007</b>	<b>62,111</b>	<b>114,888</b>	<b>2,669</b>	<b>(22,178)</b>	<b>(16,107)</b>	<b>36,758</b>	<b>(1,103)</b>	<b>698,397</b>

	31.12.2020						31.12.2021	
	Net value	Change for the period	Enlargement of the consolidation perimeter	Decrease	Amortizations during the period	Depreciations	Net value	
<b>(Thousands of Euro)</b>								
Industrial patent and intellectual property rights	1,103	2,415	0		147		3,370	
Concessions, licences, trademarks and similar rights	4,324	0	0		1,027		3,296	
Other intangible assets	5,265	(0)	484		212		5,537	
Tangible assets under IFRIC 12 concession	543,771	36,502	0	2,236	28,761	(1,091)	550,367	
Tangible assets in progress under IFRIC 12 concession	20,783	13,987	0	69	0		34,701	
Intangible assets in progress and advances payments	2,167	(1,432)	0		0		735	
<b>Other intangible assets</b>	<b>577,413</b>	<b>51,472</b>	<b>484</b>	<b>2,306</b>	<b>30,148</b>	<b>(1,091)</b>	<b>598,007</b>	

The enlargement of the consolidation perimeter, which took place during the first months of the year with the acquisition of control of Eusebio Energia S.r.l., Salinella Eolico S.r.l., Romeo Gas S.p.A. and Serenissima Gas S.r.l., led to the posting of intangible fixed assets for Euro 114,888 thousand. These mainly consist of the infrastructures used for the distribution of natural gas by Serenissima and Romeo Gas.

As a result of the partial demerger of Romeo Gas S.p.A. initiated on 27 July 2022 in favour of Adistribuzione S.p.A. and finalised on 1 October 2022, intangible assets recorded a decrease of €22,178 thousand.

As a result of the rationalisation agreement of natural gas distribution concessions signed with Iren S.p.A., intangible fixed assets amounting to Euro 16,107 thousand were reclassified under the item 'assets held for sale' in compliance with IFRS 5.

With the same consolidation perimeter, investments realised during the year are equal to Euro 62,111 thousand and mainly relate to costs sustained for the construction of the infrastructures necessary for the distribution of natural gas.

#### Industrial Patent and Intellectual Property Rights

During the year, the item 'industrial patents and intellectual property rights' recorded investments amounting to Euro 2,782 thousand and amortisation charges amounting to Euro 474 thousand. The enlargement of the consolidation perimeter increased the item by Euro 7 thousand. The investments made with the same scope of consolidation mainly related to the purchase of software licences.

#### Concessions, licences, trademarks and similar rights

The item mainly includes costs recognised to the granting bodies (municipalities) and/or to outgoing operators following the award and/or renewal of the relative tenders for the entrusting of the natural gas distribution service, rather than

costs for the acquisition of user licences. With the same consolidation perimeter, during the year of reference, the item recorded investments equal to Euro 938,000 and amortisation shares equal to Euro 856,000. The concessions obtained, following the implementation of Legislative Decree No. 164/00 (Letta Decree), are being amortised over a useful life of 12 years in accordance with the duration of the concession set forth in the decree.

The enlargement of the scope of consolidation resulted in the recognition of concessions, licences, trademarks and similar rights in the amount of Euro 12,000.

#### Other intangible fixed assets

With the same consolidation perimeter, the item other intangible assets recorded investments in the amount of Euro 141,000 and amortisation in the amount of Euro 242,000. The enlargement of the consolidation perimeter led to an increase in the item of Euro 1,834 thousand.

#### Plant and machinery under concession

The item includes costs sustained for the construction of plants and the natural gas distribution network, connections to the same, as well as for the installation of reduction units and meters. At the end of the financial year the item recorded an overall net positive change equal to Euro 85,540 thousand. The enlargement of the consolidation perimeter, which took place through the acquisition of control of Romeo Gas S.p.A. and Serenissima Gas S.r.l., led to an increase in the item of Euro 112,058,000. As a result of the partial demerger of Romeo Gas S.p.A. the item recorded a decrease equal to Euro 22,097,000 while, in relation to the agreement to rationalise the natural gas distribution concessions, intangible assets held under concession equal to Euro 15,388,000 were reclassified under the item 'assets held for sale', in compliance with the provisions of IFRS 5.

On a like-for-like basis, the item increased mainly due to investments made during the year and the reclassification of investments made in the previous year but entering into operation in 2022. Capital expenditure, including reclassifications of assets under construction, amounted to €47,612 thousand. The increase was partially offset by depreciation for the year.

The infrastructures located in municipalities in which the concession for natural gas distribution was not put out to tender are depreciated by applying the lower of the technical life of the plants and the useful life indicated by ARERA in the tariff framework. The technical life of the plants was subject to an external assessment by an independent expert who determined the technical obsolescence of the assets built.

#### Intangible assets under concession

The item includes the costs sustained for the construction of plants and the natural gas distribution network partially carried out on a time and materials basis and not completed at the end of the reference financial year. The item recorded an increase equal to Euro 11,144 thousand during the year. The enlargement of the consolidation perimeter has determined the inscription of fixed assets equal to Euro 976 thousand, while the reclassification carried out in relation to the compliance of the dictates of the IFRS 5 principle to the rationalisation agreement of the natural gas distribution concessions has determined a decrease in the item equal to Euro 719 thousand.

#### Intangible fixed assets in progress

The item includes costs incurred for the purchase and development of management software not completed at year-end and related to the core business of natural gas distribution. The decrease recorded is mainly explained by the reclassification of investments made in previous years but entering into operation in 2022.

### **3. Tangible fixed assets**

The following table shows the development of the historical cost and accumulated depreciation of tangible fixed assets at the end of each financial year considered:

(Thousands of Euro)	31.12.2022				31.12.2021			
	Historic cost	Accumulated depreciation	Provision for impairment	Net value	Historic cost	Accumulated depreciation	Provision for impairment	Net value
Lands and buildings	51,292	(20,061)	(265)	30,966	45,363	(17,242)	(265)	27,856
Plant and machinery	161,419	(93,917)	(1,132)	66,371	19,680	(4,109)	(1,059)	14,512
Industrial and commercial equipment	5,250	(4,411)		838	4,645	(3,996)		649
Other tangible assets	23,715	(20,396)		3,319	21,353	(18,707)		2,646
Tangible assets in progress and advance payments	24,674	0	(55)	24,620	351	0	(55)	297
Rights of use	14,616	(2,297)		12,319	13,183	(1,132)		12,051
<b>Other tangible assets</b>	<b>280,966</b>	<b>(141,082)</b>	<b>(1,451)</b>	<b>138,433</b>	<b>104,577</b>	<b>(45,186)</b>	<b>(1,379)</b>	<b>58,013</b>

The following table shows the changes in tangible fixed assets in the year under review and in the previous year:

(Thousands of Euro)	31.12.2021							31.12.2022
	Net value	Change for the period	Enlargement of the consolidation perimeter	Split	IFRS 5 reclassification	Amortizations during the period	Depreciations of accumulated depreciation	Net value
Lands and buildings	27,856	91	4,268	0	0	1,249		30,966
Plant and machinery	14,512	178	57,905	0	(18)	6,137	(69)	66,371
Industrial and commercial equipment	649	238	130	(41)	(12)	127		838
Other tangible assets	2,646	1,009	246	(22)	(31)	529		3,319
Tangible assets in progress and advance payments	297	24,323	0	0	0	0		24,620
Rights of use	12,051	1,441	0	0	0	1,174		12,319
<b>Other tangible assets</b>	<b>58,012</b>	<b>27,280</b>	<b>63,549</b>	<b>(62)</b>	<b>(61)</b>	<b>9,217</b>	<b>(69)</b>	<b>138,432</b>

(Thousands of Euro)	31.12.2020						31.12.2021
	Net value	Change for the period	Enlargement of the consolidation perimeter	Decrease	Amortizations during the period	Depreciations	Net value
Lands and buildings	27,297	604	1,151		1,195		27,856
Plant and machinery	1,184	598	12,812		81		14,512
Industrial and commercial equipment	689	158	0		198		649
Other tangible assets	2,738	326	0	39	385	(7)	2,646
Tangible assets in progress and advance payments	595	(293)	0	5	0		297
Rights of use	940	1,900	9,714	75	502	(75)	12,051
<b>Other tangible assets</b>	<b>33,443</b>	<b>3,292</b>	<b>23,676</b>	<b>119</b>	<b>2,361</b>	<b>(81)</b>	<b>58,012</b>

The enlargement of the consolidation perimeter, which took place during the first months of the year with the acquisition of control of Eusebio Energia S.r.l., Romeo Gas S.p.A. and Serenissima Gas S.r.l., led to the recognition of tangible fixed assets for Euro 63,052,000. These mainly represent the book values of the hydroelectric and wind power plants managed by the companies Asco EG and Salinella located in Italy.

As a result of the partial demerger of Romeo Gas S.p.A. initiated on 27 July 2022 in favour of Adistribuzione S.p.A. and finalised on 1 October 2022, tangible fixed assets recorded a decrease equal to Euro 62 thousand.

As a result of the rationalisation agreement of natural gas distribution concessions signed with Iren S.p.A., tangible fixed assets amounting to Euro 61 thousand were reclassified under the item 'assets held for sale' in compliance with IFRS 5.

With the same scope of consolidation, capital expenditure realised during the year amounted to Euro 27,280,000.

#### Land and buildings

The enlargement of the scope of consolidation resulted in the recognition of the values recorded in the item by the newly consolidated companies for a total of Euro 4,268 thousand. These mainly represent buildings and land related to the hydroelectric and wind power plants managed. On a like-for-like basis, the item mainly includes buildings owned by the company headquarters, offices, and peripheral warehouses. During the year, capital expenditures amounted to Euro 91 thousand and depreciation charges amounted to Euro 1,249 thousand.

#### Plant and machinery

With the same scope of consolidation, during the year, the item plant and machinery recorded investments of Euro 178,000 and depreciation charges of Euro 6,137,000.

The enlargement of the consolidation perimeter led to an increase in the item of Euro 57,905 thousand. The amount is mainly explained by the investments made by the newly acquired companies in hydroelectric and wind power plants.

#### Industrial and commercial equipment

The item 'Industrial and commercial equipment', with equal consolidation perimeter, recorded investments for Euro 238 thousand. The item includes the costs sustained for the purchase of the instruments necessary for the maintenance service of the distribution plants and the measurement activity. The enlargement of the consolidation perimeter determined an increase in the item equal to Euro 130 thousand.

#### Other Assets

During the year, with the same scope of consolidation, capital expenditure amounted to Euro 1,009,000 and was mainly explained by costs incurred for the purchase of hardware and company vehicles. The enlargement of the consolidation perimeter led to an increase in the item of Euro 246,000.

#### Tangible fixed assets under construction and advances

On a like-for-like basis, the item essentially includes costs incurred for extraordinary maintenance work on company premises and/or peripheral warehouses and not completed at year-end. During the year, this item recorded a change of Euro 24,323,000.

#### Rights of Use

This item includes rights of use related to the application of IFRS 16. The application of the standard mainly concerned operating leases relating to tangible fixed assets, such as leases of buildings and rental of motor vehicles and trucks. The change recorded during the year is mainly explained by the recognition of the right of use related to the leasing contract signed for the use of advanced leak detection technology used in the constant enhancement of plant safety.

## 4. Participations

The following table shows the changes in equity investments at the end of each financial year considered:

(Thousands of Euro)	31 <sup>th</sup> December 2021	Variation of exercise	Equity valuation	31 <sup>th</sup> December 2022
Shareholdings in associated companies	442,434	(92,276)	7,871	358,029
Shareholdings in other companies	78,925	(668)		78,257
Shareholdings	521,359	(92,944)	7,871	436,286

During the year, the items related to participations recorded an overall decrease of Euro 85,073,000 related to participations in affiliated companies in the amount of Euro 84,405,000 and to participations in other companies in the amount of Euro 668,000.

The table below shows the details of the participations recorded at the end of the financial years considered:

(Thousands of Euro)	31 <sup>th</sup> December 2022	31 <sup>th</sup> December 2021
Shareholdings in Estenergy S.p.A.	349,534	434,368
Shareholdings in Cogeide S.p.A.	8,496	8,066
<b>Shareholdings in imprese collegate</b>	<b>358,029</b>	<b>442,434</b>
Shareholdings in Hera Comm S.p.A.	53,331	54,000
Shareholdings in Banca di Credito Cooperativo del	1	1
Shareholdings iBanca Alto Vicentino	1	1
Shareholdings in ACSM - AGAM SPA	24,923	24,923
Shareholdings BCC Busto Garolfo e Bugugiate	1	0
Shareholdings A2A SECURITY	1	0
<b>Shareholdings in other companies</b>	<b>78,257</b>	<b>78,925</b>
<b>Shareholdings</b>	<b>436,286</b>	<b>521,359</b>

#### Holdings in subsidiaries and associates

At the end of the year 2022, investments in affiliated companies amounted to €358,029,000, an amount related to the 40% interest held in EstEnergy S.p.A. and the 18.33% interest held in Cogeide S.p.A..

The shareholding in Estenergy, equal to Euro 349,534 thousand, recorded a decrease of Euro 84,834 thousand. The change recorded during the year is explained by the collection of dividends for Euro 20,969 thousand, by the evaluation with the net equity method of the consolidated results accrued during the year for Euro 7,259 thousand, and, for Euro 69,634 thousand, in relation to the partial exercise of the sale option on the shareholding in EstEnergy. In fact, on 1 December, the parent company Ascopiave and the Hera Group signed an agreement for the sale to the latter of an 8% share of the capital of Estenergy S.p.A.. For further information, please refer to the section on significant events during the year of this annual financial report. It should be noted that the sums in settlement of the agreement entered into were paid in December 2022.

As a result of the partial transfer of shares, Ascopiave S.p.A. currently holds a 40% stake in the share capital of Estenergy S.p.A., while the Hera Group's stake rises to 60%. Estenergy S.p.A. operates in the marketing of natural gas and electricity commodities.

With regard to the equity investment in Cogeide, amounting to €8,496,000, an increase of €430,000 was recognised due to the equity method valuation of the consolidated results accrued in the year 2022 net of the dividend of €183,000.



The table below shows the financial and economic situation of the Estenergy Group at the end of the reporting year and the previous year:

(Values referred to pro-rata participation in Million of Euro )	Financial year 2022 pro-rata	Financial year 2022	Financial year 2022 pro-rata	Financial year 2022
Non-current assets	254.5	636.3	322.9	672.7
Current assets	306.6	766.5	230.3	
Net equity of the group	280.4	701.0	351.4	479.8
Net equity of third parties	0.3	0.8	0.5	732.1
Non-current liabilities	198.3	495.8	28.0	1.1
Current liabilities	82.0	205.1	173.3	58.3
				361.0
Revenues	795.5	1,657.4	459.4	957.1
Costs	767.1	1,598.2	416.7	868.1
Gross operative margin	28.4	59.2	42.7	89.0
Amortization and depreciation	17.3	36.0	17.1	35.6
Operating result	11.2	23.2	25.6	53.4
Net result of the group	8.0	16.7	19.5	40.6
Net result of third parties	0.1	0.2	0.2	0.5
NFP	128.7	321.8	(50.8)	(105.9)

It should be noted that the comparative data shown in the table above, like the economic results achieved as of 31 December 2022, are represented considering the Ascopiave Group's 48% shareholding in the company, while the equity data shown as of 31 December 2022, are shown at 40% due to the transfer of the shares as a result of the exercise of the option described for this purpose.

#### Holdings in other companies

At year-end 2022, equity investments in other companies amounted to Euro 78,257 thousand. The item includes equity investments consisting for Euro 53,331 thousand of the 3% of the share capital of Hera Comm, acquired following the signing of the commercial partnership with the Hera Group, finalised on 19 December 2019, for Euro 24,923 thousand of the 5.00% of the share capital of Acinque Energia S.r.l. (formerly Acsm Agam S.p.A.), the value of which was subject to a reduction of Euro 1.806 thousand in the 2020 financial year, as well as the residual shareholdings equal to Euro 4 thousand relating to the shares in Banca Prealpi SanBiagio Credito Cooperativo - Soc. Coop. for Euro 1 thousand, in Banca Alto Vicentino S.p.A. for Euro 1 thousand, in BCC Busto Garolfo e Buguggiate for Euro 1 thousand and in A2A SECURITY for Euro 1 thousand.

At year-end, the equity investment in Hera Comm S.p.A. was reduced by Euro 669 thousand. By reason of what was agreed in the deeds signed upon completion of the commercial partnership reached in 2019, the remuneration of the Group's investment was equal to 5%, while the dividend paid by the company during the 2022 financial year exceeds this remuneration, taking the form of an advance on the value that will be reimbursed if the option to withdraw from the equity investment is exercised.

We note that Ascopiave S.p.A. holds put options on the equity investment held in the associated company EstEnergy and on the equity investment held in Hera Comm, which, at year-end, showed a fair value of zero.

## 5. Other non-current assets

The following table shows the balances of other non-current assets at the end of each financial year considered:

(Thousands of Euro)	31 <sup>th</sup> December 2022	31 <sup>th</sup> December 2021
Security deposits	2,457	1,394
Other receivables	2,169	2,210
<b>Other non-current assets</b>	<b>4,625</b>	<b>3,604</b>

At the end of the financial year 2022, non-current assets recorded an overall increase of Euro 1,021,000 compared to the previous year. The change is mainly explained by the enlargement of the scope of consolidation, which led to the recognition of non-current assets in the amount of Euro 1,062 thousand, particularly for security deposits.

## 6. Non-current financial assets

The following table shows the balance of non-current financial assets at the end of each financial year considered:

(Thousands of Euro)	31 <sup>th</sup> December 2022	31 <sup>th</sup> December 2021
Other receivables of a financial nature over 12 months	2,868	2,864
<b>Non-current financial assets</b>	<b>2,868</b>	<b>2,864</b>

Non-current financial assets go from Euro 2,864 thousand for the financial year 2021 to Euro 2,868 thousand for the reference financial year, showing an increase equal to Euro 4 thousand. The item includes financial receivables inscribed against local authorities and deriving from settlement agreements signed in previous financial years with them for the valorisation of natural gas distribution infrastructures. The value posted under non-current financial assets represents the amounts due beyond 12 months from the closing date of this interim report, and due to the duration of the agreed instalment plan, the item has been discounted to present value.

The claim is in addition to the claim against the Costabissara municipality, with which a settlement agreement had been signed for the enhancement of the natural gas distribution infrastructure.

## 7. Deferred Tax Assets

The following table shows the balance of deferred tax assets at the end of each financial year considered:

(Thousands of Euro)	31 <sup>th</sup> December 2022	31 <sup>th</sup> December 2021
Advance tax receivables	39,252	31,565
<b>Advance tax receivables</b>	<b>39,252</b>	<b>31,565</b>

At the end of the financial year 2022, the item recorded an overall increase compared to the end of the previous financial year of Euro 7,687 thousand. The change is mainly explained by the enlargement of the consolidation perimeter, which led to the recognition of deferred tax assets in the amount of Euro 6,392 thousand.

With the same consolidation perimeter, deferred tax assets increased from Euro 31,565 thousand in the year 2021 to Euro 32,860 thousand in the year of reference, recording an increase of Euro 1,295 thousand. In determining taxes, reference was made to the IRES rate and, where applicable, the IRAP rate in force, in relation to the tax period that includes the date of 31 December 2022 and the time when any temporary differences are estimated to be reversed.

Description	31 <sup>th</sup> December 2022			31 <sup>th</sup> December 2021		
	Temporary differences	Tax rate	Total effect	Temporary differences	Tax rate	Total effect
Allocation of bad debt provisions	1,423	24.0%	341	928	24.0%	223
Previous years tax losses	2,583	24.0%	620	0	27.5%	0
Allocation of inventory write-down	39	28.2%	11	39	28.2%	11
Amortizations IRES 24% + IRAP 4.2%	4,325	28.2%	1,220	4,605	28.2%	1,299
Risks fund	923	24.0%	221	923	24.0%	221
Exceeding amortizations over 2013	6,464	28.2%	1,823	5,751	28.2%	1,622
Other IRES 24% + IRAP 4.2%	7,316	28.2%	2,063	5,582	28.2%	1,574
LTI - Phatom stock option - risks fund	715	24.0%	172	546	24.0%	131
Risks fund	174	27.9%	49	174	27.9%	49
Other IRES 24%	16,537	24.0%	3,969	3,114	24.0%	747
IRES 24% exceeding amortizations	119,777	24.0%	28,746	106,964	24.0%	25,671
Other - IRES 24% + 3.9%	6	27.9%	2	6	27.9%	2
Other - gas distribution IRES 24% + IRAP 4.2%	55	28.2%	16	55	28.2%	16
<b>Total advance taxes</b>	<b>160,337</b>		<b>39,252</b>	<b>128,686</b>		<b>31,565</b>

## Current Assets

### 8. Inventories

The following table shows the breakdown of this item for each year considered:

(Thousands of Euro)	31 <sup>th</sup> December 2022			31 <sup>th</sup> December 2021		
	Gross value	Bad debt provision	Net value	Gross value	Bad debt provision	Net value
Fuels and warehouse materials	7,372	(39)	7,333	6,781	(39)	6,742
Values of newly acquired companies	4	0	4	1,434	0	1,434
<b>Fuels and warehouse materials</b>	<b>7,375</b>	<b>(39)</b>	<b>7,336</b>	<b>8,215</b>	<b>8,176</b>	<b>8,176</b>

At the end of the financial year 2022, inventories amounted to Euro 7,336 thousand, recording a decrease of Euro 840 thousand compared to 31 December 2021. The decrease is mainly explained by the sale of energy efficiency certificates for Euro 1,430 thousand, partially offset by the inventories of the companies Romeo Gas S.p.A. and Serenissima Gas S.p.A. for Euro 761 thousand, which entered the consolidation perimeter of the Group, and by the decrease in inventories for Euro 170 thousand.

Materials in stock are used for maintenance work or for the construction of distribution systems. In the latter case, the material is reclassified under tangible assets following installation. With equal consolidation perimeter, the item recorded a decrease of Euro 170,000, from Euro 6,742,000 as of 31 December 2021, to Euro 6,572,000 in the reporting period.

Inventories are shown net of the inventory write-down provision of Euro 39,000 in order to adjust their value to their possibility of realisation or use.

### 9. Trade receivables

The following table shows the breakdown of this item for each year considered:

(Thousands of Euro)	31 <sup>th</sup> December 2022	31 <sup>th</sup> December 2021
Receivables from customers	11,500	5,716
Receivables for invoices to be issued	11,000	21,769
Bad debt provisions	(2,396)	(698)
<b>Trade receivables</b>	<b>20,104</b>	<b>26,786</b>

Trade receivables decreased by Euro 6,682,000 from Euro 26,786,000 in 2021 to Euro 20,104,000 in the year under review.

The enlargement of the consolidation perimeter, which took place following the completion of the acquisition of the shares of Asco EG S.p.A., Salinella Eolico S.r.l., Romeo Gas S.p.A., Serenissima Gas S.p.A. and Green Factory S.r.l., led to an increase in the item of Euro 5,712,000, of which Euro 2,277,000 for invoices issued (net of the provision for risks set aside), and Euro 3,436,000 related to invoices to be issued.

With the same consolidation perimeter, the item from trade receivables recorded a decrease of Euro 10,261 thousand, mainly explained by the reclassification, among trade payables, of the negative balances recorded at year-end with customers due to credit notes issued to them. The significant amount of credit notes is mainly explained by the effects of the, successive, Aid Law Decrees that provided for the application of discounts functional to calming bill increases. The regulation included the applied discount among the tariff components and, consequently, it was regularised with them both with respect to sales companies operating in the territory where the Group's distribution company network is located and with respect to CSEA. The discount sanctioned and applied, being higher than the transportation tariff, led to the issuance of credit notes to sales companies, particularly in the last quarter of the year, a period in which consumption by end customers begins to intensify.

It should also be noted that at year-end 2021, trade receivables had been assigned to factoring companies on a non-recourse basis for a total amount of Euro 13,312,000.

Trade receivables are shown net of invoice advances and are all due within the next 12 months.

The allowance for doubtful accounts, equal to Euro 2,396,000, mainly represents the risks of the newly acquired companies (Euro 1,661,000) and the Group's distribution companies, which required provisions of Euro 44,000 at year-end.

Changes in the provision for bad debts during the year are shown in the table below:

(Thousands of Euro)	31 <sup>th</sup> December 2022	31 <sup>th</sup> December 2021
Initial bad debt provision	698	692
Provisions	44	34
Change in the scope of consolidation	1,661	(0)
Use	(6)	(28)
<b>Final bad debt provision</b>	<b>2,396</b>	<b>698</b>

The following table shows the breakdown of receivables from customers for invoices issued based on seniority, highlighting the allowance for doubtful accounts in relation to the seniority of the receivable:

(Thousands of Euro)	31 <sup>th</sup> December 2022	31 <sup>th</sup> December 2021
Gross trade receivable invoices issued	11,500	5,716
- allowance for doubtful accounts	(2,396)	(698)
<b>Net trade receivables for invoices issued</b>	<b>9,104</b>	<b>5,018</b>
<b>Aging of trade receivables for invoices issued</b>		
- to expire	9,591	3,745
- expired within 6 months	700	1,104
- overdue by 6 to 12 months	465	49
- expired more than 12 months	745	818

## 10. Other current assets

The following table shows the breakdown of this item at the end of each financial year considered:

(Thousands of Euro)	31 <sup>th</sup> December 2022	31 <sup>th</sup> December 2021
Tax consolidation receivables	289	184
Annual pre-paid expenses	1,185	998
Advance payments to suppliers	562	4,608
annual accrued income	19	19
Receivables due from CSEA	113,586	17,414
VAT Receivables	15,315	127
UTF and Provincial/Regional Additional Tax receivables	40	40
Other receivables	2,884	2,186
<b>Other current assets</b>	<b>133,880</b>	<b>25,575</b>

The enlargement of the consolidation perimeter, which took place following the completion of the purchase of the shares of Asco EG S.p.A., Salinella Eolico S.r.l., Romeo Gas S.p.A., Serenissima Gas S.p.A. and Green Factory S.r.l., determined the increase in the item for Euro 28,611 thousand. With equal consolidation perimeter, the variation recorded by the item is equal to Euro 79,694 thousand, going from Euro 25,575 thousand to Euro 105,269 thousand. The increase is mainly explained by the greater receivables from the Cassa Servizi Energetici ed Ambientali for Euro 74,765 thousand, by greater VAT receivables for Euro 9,991 thousand, both items related to the issue of credit notes of significant amounts due to the different invoicing methods of the accessory components of the gas distribution service, partially offset by the decrease in advances to suppliers for Euro 4,120 thousand.

At the end of the financial year, the receivables due from the Cassa Servizi Energetici e Ambientali (CSEA) amounted to Euro 113,586 thousand and mainly consisted of receivables related to the achievement of energy saving objectives for Euro 12,472 thousand, receivables for tariff components applied to the natural gas distribution service tariff components for Euro 97,275 thousand, and equalisation balances for the remainder. The former are counted by valuing the quantity of energy efficiency certificates delivered, net of the advance payments collected in relation to the same, as well as the quantity of certificates accrued up to 31 December 2022 but not yet delivered as of the same date. It should be noted that the unit contribution used for the economic quantification of compliance is equal to the final contribution set for the targets related to closed regulatory periods, while it is equal to the fair value of the projected contribution for the contributions accruing as of 31 December 2022, equal to Euro 250 (Euro 250 as of 31 December 2021).

## 11. Current financial assets

The following table shows the composition of current financial assets at the end of each financial year considered:

(Thousands of Euro)	31 <sup>th</sup> December 2022	31 <sup>th</sup> December 2021
Other financial current assets	820	908
<b>Current financial assets</b>	<b>820</b>	<b>908</b>

Current financial assets record a decrease equal to Euro 88 thousand, going from Euro 908 thousand as of 31 December 2021 to Euro 820 thousand of the reference period. The decrease is mainly explained by the closure of Asco Energy S.p.A.'s items resulting from the spin-off of the gas sales branch to Ascopiave Energie S.p.A..

It should be noted that at the end of the period the item also includes the short-term portion of the receivable recognised from Hera S.p.A. relative to the settlement agreement on excise duties for €400 thousand, the receivable from the municipality of Creazzo for €138 thousand and the receivable recognised from the municipality of Costabissara for €165 thousand, arising from the settlement agreement reached with the local authority during the 2019 financial year.

## 12. Tax Credits

The following table shows the composition of tax receivables at the end of each year considered:

(Thousands of Euro)	31 <sup>th</sup> December 2022	31 <sup>th</sup> December 2021
Receivables related to IRAP	1,021	494
Receivables related to IRES	2,745	926
Other tax receivables	333	202
<b>Tax receivables</b>	<b>4,100</b>	<b>1,621</b>

The enlargement of the consolidation perimeter, which took place following the completion of the purchase of the shares of Asco EG S.p.A., Salinella Eolico S.r.l., Romeo Gas S.p.A., Serenissima Gas S.p.A. and Green Factory S.r.l., determined an increase in tax receivables equal to Euro 158,000. With equal consolidation perimeter, the item recorded an increase of Euro 2,321,000.

The item includes the remaining credit, IRAP advances paid and IRES advances.

## 13. Cash and cash equivalents

The following table shows the breakdown of this item at the end of each financial year considered:

(Thousands of Euro)	31 <sup>th</sup> December 2022	31 <sup>th</sup> December 2021
Bank and post office deposits	76,900	42,518
Cash and cash equivalents on hand	17	20
<b>Cash and cash equivalents</b>	<b>76,917</b>	<b>42,538</b>

The enlargement of the consolidation perimeter, which took place following the completion of the purchase of the shares of Asco EG S.p.A., Salinella Eolico S.r.l., Romeo Gas S.p.A., Serenissima Gas S.p.A. and Green Factory S.r.l., determined the increase in the item for Euro 284 thousand. With equal consolidation perimeter, cash and cash equivalents recorded an increase of Euro 34,095 thousand, going from Euro 42,538 thousand in 2021 to Euro 76,633 thousand in the year of reference.

Cash and cash equivalents mainly refer to bank account balances and cash in hand. For a better understanding of the changes in cash flows during the year, please refer to the cash flow statement.

## Net financial position

The Group's net financial debt at the end of the reporting periods was as follows:

(Thousands of Euro)	31 <sup>th</sup> December 2022	31 <sup>th</sup> December 2021
Cash and cash equivalents	76,917	42,538
Current financial assets	6,493	1,175
Current financial liabilities	(34,911)	(1,985)
Payables due to banks and financing institutions	(183,285)	(199,631)
<b>Net short-term financial position</b>	<b>(134,786)</b>	<b>(157,903)</b>
Non current financial assets	2,868	2,864
Medium- and long-term bank loans	(178,538)	(161,488)
Outstanding medium- and long-term bonds	(94,033)	(24,181)
Non-current financial liabilities	(7,368)	(6,777)
<b>Net medium and long-term financial position</b>	<b>(277,071)</b>	<b>(189,582)</b>
<b>Net financial position</b>	<b>(411,857)</b>	<b>(347,485)</b>

For comments on the main dynamics that led to the change in the net financial position, please refer to the analysis of the Group's financial data reported in the section "Comments on the economic and financial results for the year 2022" and in the section "Medium- and long-term financing" of this financial report.

#### 14. Current assets on derivative financial instruments

The following table shows the breakdown of this item at the end of each financial year considered:

(Thousands of Euro)	31 <sup>th</sup> December 2022	31 <sup>th</sup> December 2021
Activity on commodity derivatives	988	0
Assets on interest rates derivatives	5,673	267
<b>Current assets from derivative financial instruments</b>	<b>6,661</b>	<b>267</b>

Current assets on derivative financial instruments relate to hedging contracts on the price of electricity produced by Asco EG's hydroelectric plants. With regard to assets and liabilities related to derivative assets, please refer to the section "Risk and Uncertainty Factors" of this Annual Report, where the related effects are highlighted.

Derivative assets are represented by the fair value of the following derivatives outstanding at 31 December 2022, the financial manifestation of which will be broken down according to the term of the underlying loan:

#	Counterpart	Type of instrument	Underlying Commodity	Trade date	Effective date	Expiry date	Position	Contractual notion	MtM (€/000)
1	BNL	Interest Rate Swap	Euribor 6M	09-Aug-19	09-Feb-20	09-Feb-25	Vanilla: Fixed - Float	15,000,000 €	571
2	Credit Agricole	Interest Rate Swap	Euribor 6M	27-Sep-19	01-Oct-19	27-Sep-24	Vanilla: Fixed - Float	6,000,000 €	221
3	Intesa Sanpaolo	Interest Rate Swap	Euribor 6M	30-Nov-20	30-Nov-20	30-Nov-23	Vanilla: Fixed - Float	50,000,000 €	1,726
4	Mediobanca	Interest Rate Swap	Euribor 3M	02-Dec-20	02-Dec-20	02-Dec-25	Vanilla: Fixed - Float	20,000,001 €	1,196
5	Mediobanca	Interest Rate Swap	Euribor 3M	23-Dec-21	23-Dec-21	23-Dec-26	Vanilla: Fixed - Float	17,777,778 €	1,264
6	Credit Agricole	Interest Rate Swap	Euribor 6M	31-Mar-22	31-Mar-22	31-Mar-27	Vanilla: Fixed - Float	9,000,000 €	457
7	Intesa Sanpaolo	Interest Rate Swap	Euribor 1M	06-Mar-15	06-Mar-15	27-Dec-29	Vanilla: Fixed - Float	2,848,560 €	239
8	Intesa Sanpaolo	Commodity Swap	Power IT Baseload	05-Aug-22	01-Apr-23	30-Jun-23	Sell/Short	6,552 Mwh	738
9	Intesa Sanpaolo	Commodity Swap	Power IT Baseload	05-Aug-22	01-Oct-23	31-Dec-23	Sell/Short	2,209 Mwh	250
<b>Total</b>									<b>6,661</b>

It is specified that financial instruments measured at fair value belong to valuation hierarchy level 2.

## Consolidated shareholders' equity

### 15. Shareholders' Equity

As of 31 December 2022, The share capital of Ascopiave S.p.A. consisted of 234,411,575 ordinary shares, fully subscribed and paid-up, with a nominal value of Euro 1 each.

The following table shows the composition of consolidated shareholders' equity at the end of the financial years considered:

(Thousands of Euro)	31 <sup>th</sup> December 2022	31 <sup>th</sup> December 2021
Share capital	234,412	234,412
Legal reserve	46,882	46,882
Own shares	(55,423)	(55,423)
Reserves and profit carried forward	607,745	597,347
Group's Net Result	32,664	45,326
<b>Net equity of the Group</b>	<b>866,280</b>	<b>868,544</b>
<b>Net equity of Others</b>	<b>20,123</b>	<b>(39)</b>
<b>Total Net equity</b>	<b>886,403</b>	<b>868,505</b>

Consolidated shareholders' equity as of 31 December 2022 is equal to Euro 886,403 thousand and shows an increase of Euro 17,898 thousand compared to 2021. Movements in consolidated shareholders' equity during the year, excluding the result achieved, are mainly explained by the entry of minority shareholders of the companies Asco EG S.p.A., Salinella Eolico S.r.l., Romeo Gas S.p.A. and Serenissima Gas S.p.A. for Euro 20,229 thousand, by the movement of reserves on *hedge accounting* related to derivative instruments for Euro 6,134 thousand and by the movement of reserves for the *fair value* evaluation of equity investments in other companies for Euro 669 thousand.

As of 31 December 2022, Ascopiave S.p.A. held 17,701,578 treasury shares, equal to 7.551% of the share capital, for a total value of Euro 55,423 thousand.

The *hedge accounting* reserve posted at the end of the year 2022 represents the current value of the derivative financial instruments subscribed by Ascopiave S.p.A. and by the recently acquired companies active in the hydroelectric sector, to hedge possible fluctuations in interest rates correlated to the loans subscribed and in electricity prices. The same, as of 31 December 2022, shows a positive balance of Euro 5,147 thousand.

With regard to assets and liabilities related to derivative assets, please refer to the section "Risk and Uncertainty Factors" of this report, in which the related effects are highlighted.

The Group's shareholders' equity also recorded a decrease of €2,264,000 related to changes in the shareholders' equity of associated companies, in particular to the trend of the *hedge accounting* reserve recorded in relation to derivative contracts entered into to hedge commodity price fluctuations.



## Non-current liabilities

### 16. Provisions for risks and charges

The following table shows the breakdown of this item at the end of each financial year considered:

(Thousands of Euro)	31 <sup>th</sup> December 2022	31 <sup>th</sup> December 2021
Provisions for pension for gas sector employees	974	700
Other reserves for risks and charges	22	775
<b>Reserves for risks and charges</b>	<b>996</b>	<b>1,474</b>

The enlargement of the consolidation perimeter, which took place following the completion of the purchase of the shares of Asco EG S.p.A., Salinella Eolico S.r.l., Romeo Gas S.p.A., Serenissima Gas S.p.A. and Green Factory S.r.l., caused a change of Euro 119 thousand.

With the same consolidation perimeter, provisions for risks and charges decreased by Euro 597,000 from Euro 1,474,000 in the previous year to Euro 877,000 in the year under review. The change is mainly explained by the utilisation of the fund.

The following table shows the changes during the year:

(Thousands of Euro)	
Severance indemnity as of 1 <sup>st</sup> January 2022	1,474
Expansion of the consolidation perimeter	119
Provisions for risks and charges	45
Use of provisions for risks and charges	(642)
<b>Provisions for risks and charges as of 31<sup>st</sup> December 2022</b>	<b>996</b>

The following table shows the breakdown of risk provisions by type:

(Thousands of Euro)	31 <sup>th</sup> December 2022	31 <sup>th</sup> December 2021
Provisions for cost of energy efficiency certificates	(0)	223
Provisions for retirement fund and similar obligations	974	700
Expansion of the consolidation perimeter	119	552
<b>Provisions for risks and charges</b>	<b>996</b>	<b>1,474</b>

Provisions for pensions and similar obligations also include commitments to employees and directors relating to long-term incentive plans for the cash portion.

### 17. Severance pay

The enlargement of the consolidation perimeter, which took place following the completion of the purchase of the shares of Asco EG S.p.A., Salinella Eolico S.r.l., Romeo Gas S.p.A., Serenissima Gas S.p.A. and Green Factory S.r.l., led to an increase in the item of Euro 812,000.

With the same scope of consolidation, severance pay decreased from Euro 4,491 thousand at 1 January 2022 to Euro 4,198 thousand at 31 December 2022, a decrease of Euro 293 thousand.

The table below summarises the changes in the fund during the year under review:

(Thousands of Euro)	
Severance indemnity as of 1 <sup>st</sup> January 2022	4,491
Expansion of the consolidation perimeter	812
Retirement allowance	(1,797)
Payments for current services and work	1,874
Actuarial loss/(profits) of the period (*)	(369)
<b>Severance indemnity as of 31<sup>th</sup> of December 2022</b>	<b>5,011</b>

\*including the portion of *interest cost* recognised in the profit and loss account.

The liability for severance pay is measured using an actuarial method, and its value is therefore sensitive to changes in the relevant assumptions. The main assumptions used in the measurement of the severance pay liability are the discount rate, the average annual exit percentage of employees, and the maximum retirement age of employees.

The discount rate used to measure the liability arising from termination benefits is determined by reference to market yields for high quality fixed income securities for which the maturities and amounts correspond to the estimated maturities and amounts of future payments. For this plan, the average discount rate reflecting the estimated maturities and amounts of future payments related to the plan for 2022 is 3.77% (0.98% at 31 December 2021).

The main other assumptions of the model are:

- mortality rate: IPS55 survival table
- Incapacity rates: INPS tables year 2000
- staff turnover rate: 3.00%.
- rate of salary increase: 1.50 per cent
- inflation rate: 3.00%.
- advance rate: 2.00%.

The sensitivity analysis on the actuarial valuation of the fund did not reveal any significant deviations from the value recorded in the financial statements.

The current cost related to labour services is recognised under personnel costs, while the interest cost of Euro 38,000 is recognised under other financial expenses.

## 18. Long-Term Outstanding Bonds

The following table shows the breakdown of this item at the end of each financial year considered:

(Thousands of Euro)	31 <sup>th</sup> December 2022	31 <sup>th</sup> December 2021
Outstanding medium- and long-term bonds	94,033	24,181
<b>Outstanding medium- and long-term bonds</b>	<b>94,033</b>	<b>24,181</b>

As part of the private placement 'Shelf' programme with Pricoa Capital Group, a company of the US group Prudential Financial Inc., the parent company Ascopiave S.p.A. during the year proceeded with the placement of ordinary non-convertible and unsecured bonds for Euro 70 million, with a maturity of 10 years and an average duration of 6 years, thus bringing the total amount of bonds issued to Euro 95 million.

The bonds issued are unrated and are not listed on regulated markets. The issue is not backed by collateral. Ascopiave is required to comply with certain financial covenants, as per normal market practice, to be verified every six months.

## 19. Medium- and long-term financing

The following table shows the breakdown of this item at the end of each financial year considered:

(Thousands of Euro)	31 <sup>th</sup> December 2022	31 <sup>th</sup> December 2021
Loans from Cassa Centrale Banca	5,412	6,234
Loans from Banca Europea per gli Investimenti	2,500	7,250
Loans from INTESA SAN PAOLO SPA	19,043	70,000
Loans from BPER	22,384	3,356
Loans from BANCO BPM	21,009	
Loans from BNL	25,250	18,750
Loans from Cassa Centrale Banca-Credito Coop.It	25,525	
Loans from CREDIT AGRICOLE FRIULADRIA	10,025	12,000
Loans from MEDIOBANCA	26,667	37,778
<b>Loans from ICCREA</b>	<b>20,722</b>	<b>6,120</b>
<b>Medium and long-term bank loans</b>	<b>178,538</b>	<b>161,488</b>
Current portion of medium and long-term bank loans	119,280	60,631
<b>Medium and long-term bank loans</b>	<b>297,818</b>	<b>222,119</b>

The enlargement of the consolidation perimeter, which took place following the completion of the purchase of the shares of Asco EG S.p.A., Salinella Eolico S.r.l., Romeo Gas S.p.A., Serenissima Gas S.p.A. and Green Factory S.r.l., led to an increase in the item for Euro 75,699 thousand.

Medium/long-term loans, represented at 31 December 2022 mainly by the Parent Company's payables to Intesa Sanpaolo for Euro 70,000 thousand, to Mediobanca for Euro 37,778 thousand, to BNL for Euro 33,750 thousand, to BCC Prealpi-Sanbiagio for Euro 6.302 thousand, BPER for Euro 31,849 thousand, Iccrea Banca for Euro 28,495 thousand, Credit Agricole Friuladria for Euro 15,042 thousand, Banca Europea per gli Investimenti for Euro 7,250 thousand, Banco BPM for Euro 27,015 thousand, Cassa Centrale Banca for Euro 29.909 thousand and the debt of the subsidiary Asco EG, acquired during the reporting period, to Intesa Sanpaolo for Euro 10,435 thousand, increased overall from Euro 222,119 thousand as of 31 December 2021 to Euro 297,818 thousand, with an increase of Euro 75,699 thousand, mainly explained by the payment of the instalments paid, the taking out of new loans with Cassa Centrale Banca, Credit Agricole, Banco BPM, Iccrea Banca and BPER, and the consolidation of the debt of the companies acquired during the year.

In particular, details of the nominal outstanding debt of the individual contracts are given below:

- the loan with Intesa Sanpaolo, disbursed in November 2020 for a total of €50,000 thousand, equal to the residual debt as of 31 December 2022, is recorded under bank borrowings and short-term loans; the contract provides for the respect of certain financial parameters (financial covenants) to be verified every six months on the Group's consolidated data prepared in accordance with IFRS;
- the loan with BPER, disbursed in September 2022 for a total of Euro 30,000 thousand, presents a residual debt as of 31 December 2022 of Euro 28,492 thousand, with the recording of Euro 6,109 thousand among payables to banks and short-term loans; the contract provides for the respect of certain financial parameters (financial covenants) to be verified annually on the Group's consolidated data prepared in accordance with IFRS;
- the loan with Cassa Centrale Banca, disbursed in March 2022 for a total of Euro 30,000 thousand, equal to the residual debt as of 31 December 2022, sees the recognition of Euro 4,401 thousand among payables to banks and short-term loans; the contract provides for the respect of certain financial parameters (financial covenants) to be verified annually on the Group's consolidated data prepared in accordance with IFRS;
- the loan with Banco BPM, disbursed in May 2022 for a total of €30,000 thousand, presents a residual debt at 31 December 2022 of €27,000 thousand, with the recognition of €6,000 thousand among bank borrowings and short-term loans; the contract provides for the observance of certain financial parameters (financial covenants) to be verified annually on the Group's consolidated data prepared in accordance with IFRS;

- the loan with Iccrea Banca, disbursed in June 2022 for a total of €30,000 thousand, shows a residual debt as of 31 December 2022 of €28,462 thousand, with €7,759 thousand recognised under bank borrowings and short-term loans;
- the loan with Intesa Sanpaolo, disbursed in November 2019 for a total of €50,000 thousand, presents a residual debt as of 31 December 2022 equal to €20,000 thousand, with the recognition of €10,000 thousand among payables to banks and short-term loans; the contract provides for the respect of certain financial parameters (financial covenants) to be verified every six months on the Group's consolidated data prepared in accordance with IFRS;
- the loan with Mediobanca, disbursed in December 2020 for a total of €30,000 thousand, presents a residual debt at 31 December 2022 of €20,000 thousand, with the recognition of €6,667 thousand among payables to banks and short-term loans; the contract provides for the respect of certain financial parameters (financial covenants) to be verified every six months on the Group's consolidated data prepared in accordance with IFRS;
- the loan with Mediobanca, disbursed in December 2021 for a total of €20,000 thousand, presents a residual debt as of 31 December 2022 of €17,778 thousand, with the recognition of €4,444 thousand among payables to banks and short-term loans; the contract provides for the respect of certain financial parameters (financial covenants) to be verified every six months on the Group's consolidated data prepared in accordance with IFRS;
- the loan with BNL, disbursed in 2017 for an amount of €30,000 thousand, presents a residual debt as of 31 December 2022 of €18,750 thousand, with the recognition of €2,500 thousand among bank borrowings and short-term loans; the contract provides for compliance with certain financial parameters (financial covenants) to be verified annually on the Group's consolidated data prepared in accordance with IFRS;
- the loan with BNL, disbursed in August 2019 for an amount of €30,000 thousand, presents a residual debt as of 31 December 2022 of €15,000 thousand, with the recognition of €6,000 thousand among bank borrowings and short-term loans; the contract provides for compliance with certain financial parameters (financial covenants) to be verified annually on the Group's consolidated data prepared in accordance with IFRS;
- the loan with Crédit Agricole Friuladria, disbursed in October 2019 for an amount of €30,000 thousand, presents a residual debt as of 31 December 2022 equal to €6,000 thousand, with the recognition of €3,000 thousand among payables to banks and short-term loans; the contract provides for the observance of certain financial parameters (financial covenants) to be verified every six months on the Group's consolidated data prepared in accordance with IFRS;
- the loan with Crédit Agricole Friuladria, disbursed in March 2022 for a total of €10,000 thousand, has a residual debt as of 31 December 2022 of €9,000 thousand, with the recognition of €2,000 thousand among payables to banks and short-term loans; the contract provides for the observance of certain financial parameters (financial covenants) to be verified annually on the Group's consolidated data prepared in accordance with IFRS;
- the loan with the European Investment Bank, disbursed in two tranches during 2013 for a total of Euro 45,000 thousand, presents a residual debt as of 31 December 2022 of Euro 7,250 thousand, with the recognition of Euro 4,750 thousand among bank borrowings and short-term loans; the contract provides for the respect of certain financial parameters (financial covenants) to be verified every six months on the Group's consolidated data prepared in accordance with IFRS;
- the loan with BPER, originally disbursed by UBI Banca in May 2020 for an amount of Euro 20,000 thousand and transferred to BPER following the reorganisation that involved the bank, presents a residual debt as of 31 December 2022 equal to Euro 3,356 thousand, entirely recognised under bank borrowings and short-term loans;
- the loan with Cassa Centrale Banca, disbursed at the beginning of 2018 in the amount of Euro 10,000 thousand, shows a residual debt as at 31 December 2022 in the amount of Euro 6,302 thousand, with the recognition of Euro 889 thousand under bank borrowings and short-term loans;
- the loan with Intesa Sanpaolo underwritten by the subsidiary Asco EG, acquired in January 2022 and active in the sector of electricity production from renewable sources, presents a residual debt as of 31 December 2022 equal to €10,435 thousand, with the posting of €1,391 thousand among payables to banks and short-term loans.

As a guarantee of the fulfilment of the obligations arising from the loan agreements signed with BNL (only the one disbursed in 2017) and Banca Europea per gli Investimenti, the Parent Company assigned to the lending banks a portion of the future credit deriving from the repayment of the residual value of the assets related to the Gas Distribution Concessions held by the subsidiary AP Reti Gas S.p.A..

The table below shows the maturities of medium- and long-term loans:

(Thousands of Euro)	31 <sup>th</sup> December 2022
Financial Year 2023	119,280
Financial Year 2024	60,212
Financial Year 2025	44,489
Financial Year 2026	33,854
Financial Year 2027	17,480
Beyond 31 <sup>st</sup> December 2027	22,502
<b>Medium- and long-term bank loans</b>	<b>297,818</b>

## 20. Other non-current liabilities

The following table shows the composition of the items at the end of each financial year considered:

(Thousands of Euro)	31 <sup>th</sup> December 2022	31 <sup>th</sup> December 2021
Security deposits	1,596	1,666
Multi-annual passive prepayments	34,470	27,400
<b>Other payables</b>	<b>1,392</b>	
<b>Other non-current liabilities</b>	<b>37,458</b>	<b>29,067</b>

The enlargement of the consolidation perimeter, which took place following the completion of the purchase of the shares of Asco EG S.p.A., Salinella Eolico S.r.l., Romeo Gas S.p.A., Serenissima Gas S.p.A. and Green Factory S.r.l., led to an increase in the item of Euro 7,246 thousand.

With the same scope of consolidation, other non-current liabilities increased from Euro 29,067 thousand in the previous year to Euro 30,212 thousand in the year under review, an increase of Euro 1,145 thousand.

With equal consolidation perimeter, the item recorded an increase equal to Euro 1,385,000 in relation to the trend of multi-year deferred income, which is recognised against revenues for contributions received from public or private entities for the construction of connections to the gas network, or of the distribution network itself, and linked to the useful life of the distribution plants. The suspension of revenues is explained by the content of Law 9/2014, which provided for the full decoupling of contributions from private parties from the value of technical *assets* held under concession in the field of gas distribution.

Security deposits posted at the end of the financial year recorded a decrease equal to Euro 240 thousand and refer to deposits received from natural gas sales companies that operate in the territory in which the natural gas distribution network managed by the Group is located, for the raw material transportation service.

## 21. Non-current financial liabilities

The following table shows the breakdown of this item at the end of each financial year considered:

(Thousands of Euro)	31 <sup>th</sup> December 2022	31 <sup>th</sup> December 2021
Debts for rights of use beyond 12 months	7,368	6,777
<b>Non-current financial liabilities</b>	<b>7,368</b>	<b>6,777</b>

The enlargement of the consolidation perimeter, which took place following the completion of the purchase of the shares of Asco EG S.p.A., Salinella Eolico S.r.l., Romeo Gas S.p.A., Serenissima Gas S.p.A. and Green Factory S.r.l., led to an increase in the item of Euro 36 thousand.

With the same consolidation perimeter, other non-current financial liabilities increased from Euro 6,777 thousand in the previous financial year to Euro 7,332 thousand in the period of reference, showing an increase of Euro 555 thousand, mainly due to a new leasing contract on gas leak detection equipment for Euro 1,336 thousand, partially offset by the payment of instalments relative to operating leasing contracts.

## 22. Deferred Taxes Payable

The table below shows the balance of the item at the end of each financial year considered:

(Thousands of Euro)	31 <sup>th</sup> December 2022	31 <sup>th</sup> December 2021
Deferred tax payables	19,608	13,228
<b>Deferred tax payables</b>	<b>19,608</b>	<b>13,228</b>

The enlargement of the consolidation perimeter, which took place following the completion of the purchase of the shares of Asco EG S.p.A., Salinella Eolico S.r.l., Romeo Gas S.p.A., Serenissima Gas S.p.A. and Green Factory S.r.l., led to an increase in the item of Euro 6,763,000, of which Euro 6,038,000 relates to deferred taxation recognised on the higher value allocated to the distribution networks of Romeo Gas S.p.A and Serenissima Gas S.p.A..

With the same consolidation perimeter, deferred tax payables decreased from Euro 13,228 thousand in the previous year to Euro 12,845 thousand in the year under review, a decrease of Euro 383 thousand.

Deferred tax liabilities mainly include the tax effects arising from the dynamics of depreciation on natural gas distribution networks. In calculating taxes, reference was made to the IRES rate and, where applicable, the IRAP rate in force, in relation to the tax period that includes the date 31 December 2022 and the time when any temporary differences are estimated to be reversed.

Description	31 <sup>th</sup> December 2022			31 <sup>th</sup> December 2021		
	Temporary differences	Tax rate	Total effect	Temporary differences	Tax rate	Total effect
Exceeding amortizations (IRES 24%)	1,933	24.0%	464	5	24.0%	1
Severance indemnity	19	24.0%	4	19	24.0%	4
Exceeding amortizations (IRES 24% + IRAP 4.2%)	67,654	28.2%	19,078	46,791	28.2%	13,195
Goodwill deductibility for tax purposes	119	28.2%	34	0	27.9%	0
Other	114	24.0%	27	113	24.0%	27
<b>Total deferred tax payables</b>			<b>19,608</b>			<b>13,228</b>

## Current liabilities

### 23. Due to banks and current portion of medium- and long-term loans

The following table shows the breakdown of this item at the end of each financial year considered:

(Thousands of Euro)	31 <sup>th</sup> December 2022	31 <sup>th</sup> December 2021
Payables due to banks	64,005	139,000
Current portion of medium-long-term loans	119,280	60,631
<b>Payables due to banks and financing institutions</b>	<b>183,285</b>	<b>199,631</b>

The enlargement of the consolidation perimeter, which took place following the completion of the purchase of the shares of Asco EG S.p.A., Salinella Eolico S.r.l., Romeo Gas S.p.A., Serenissima Gas S.p.A. and Green Factory S.r.l., led to an increase in the item of Euro 1,393 thousand.

With the same consolidation perimeter, payables to banks decreased from Euro 199,631 thousand in the previous year to Euro 181,892 thousand in the year under review, a decrease of Euro 17,739 thousand. They consist of account balances due to banks and the short-term portion of loans.

The following table shows the breakdown of the Group's utilised and available credit lines and the relative rates applied as at 31 December 2022:

Bank	Type of line of credit	Credit line at 31.12.2022	Rate at 31.12.2022	Use of credit line at 31.12.2022
Banca Alto Vicentino	Cash loan	1,527	n.d.	1,527
Banca Europea per gli Investimenti	Long-term mortgage	3,750	3.45%	3,750
Banca Europea per gli Investimenti	Long-term mortgage	3,500	3.69%	3,500
Banca Nazionale del Lavoro	Cash loan	75	n.d.	75
Banca Nazionale del Lavoro	Endorsement loan	24,000	2.47%	24,000
Banca Nazionale del Lavoro	Long-term mortgage	18,750	0.86%	18,750
Banca Nazionale del Lavoro	Long-term mortgage	15,000	1.92%	15,000
Banca Nazionale del Lavoro	Cash loan	1,000	n.d.	50
Banca Popolare dell'Emilia Romagna	Endorsement loan	5,000	2.50%	5,000
Banca Popolare dell'Emilia Romagna	Long-term mortgage	3,356	0.55%	3,356
Banca Popolare dell'Emilia Romagna	Long-term mortgage	28,492	3.36%	28,492
Banca Popolare dell'Emilia Romagna	Cash loan	107	n.d.	107
Banca Prealpi SanBiagio	Long-term mortgage	3,151	1.83%	3,151
Banca Sella	Endorsement loan	5,000	n.d.	0
Banco BPM	Endorsement loan	5,000	2.75%	5,000
Banco BPM	Cash loan	5,000	n.d.	1,657
Banco BPM	Long-term mortgage	27,000	3.41%	27,000
Cassa Centrale Banca	Long-term mortgage	3,151	1.83%	3,151
Cassa Centrale Banca	Long-term mortgage	30,000	1.85%	30,000
Cassa Depositi e Prestiti	Cash loan	9,943	n.d.	9,943
Crédit Agricole Corporate & Investment Bank	Long-term mortgage	3,000	0.85%	3,000
Crédit Agricole Friuladria	Long-term mortgage	3,000	0.85%	3,000
Crédit Agricole Friuladria	Endorsement loan	5,000	n.d.	0
Crédit Agricole Friuladria	Long-term mortgage	9,000	1.60%	9,000
Credito Emiliano	Endorsement loan	30,000	2.71%	30,000
ICCREA	Long-term mortgage	28,462	3.66%	28,462
Intesa SanPaolo	Endorsement loan	50	n.d.	0
Intesa SanPaolo	Cash loan	2,457	n.d.	2,457
Intesa SanPaolo	Endorsement loan	55,000	n.d.	0
Intesa SanPaolo	Long-term mortgage	20,000	0.41%	20,000
Intesa SanPaolo	Long-term mortgage	50,000	0.49%	50,000
Intesa SanPaolo	Long-term mortgage	10,435	5.41%	10,435
Mediobanca	Long-term mortgage	20,000	0.42%	20,000
Mediobanca	Long-term mortgage	17,778	1.11%	17,778
Pricoa Capital Group	Bond loan	25,000	1.38%	25,000
Pricoa Capital Group	Bond loan	70,000	2.05%	70,000
Unicredit	Short-term loans/guarantees	18,000	n.d.	0
Unicredit	Cash loan	27,000	n.d.	394
Unicredit	Short-term loans/guarantees	31,600	n.d.	9,832
Unicredit	Cash loan	29,210	n.d.	6,809
		<b>647,793</b>		<b>489,675</b>

Note: Total utilisations do not correspond to total payables to banks as the utilisation of the line for the issue of guarantees does not result in the incurring of bank debts

## 24. Trade payables

The following table shows the breakdown of this item at the end of each financial year considered:

(Thousands of Euro)	31 <sup>th</sup> December 2022	31 <sup>th</sup> December 2021
Payables to suppliers	24,912	6,553
Payables to suppliers for invoices not yet received	32,997	27,848
Accounts payable by credit note	71,685	0
Accounts payable for credit note to be issued	50,601	0
<b>Trade payables</b>	<b>180,195</b>	<b>34,401</b>

With the same consolidation perimeter, trade payables recorded an increase of €91,046 thousand, mainly due to the reclassification, among trade payables, of the negative balances recorded at year-end with customers due to credit notes issued, and to be issued, to the same for a total of €122,286 thousand. The significant amount of the credit notes is mainly explained by the effects of the, successive, Aid Law Decrees that provided for the application of discounts functional to calming bill increases. The regulation included the discount applied among the tariff components and, consequently, it was regularised with them both with respect to sales companies operating in the territory where the Group's distribution company network is located and with respect to CSEA. The discount sanctioned and applied, being higher than the transportation tariff, led to the issuance of credit notes to sales companies, particularly in the last quarter of the year, a period in which consumption by end customers begins to intensify.

The enlargement of the consolidation perimeter, which took place following the completion of the purchase of the shares of Asco EG S.p.A., Salinella Eolico S.r.l., Romeo Gas S.p.A., Serenissima Gas S.p.A. and Green Factory S.r.l., led to an increase in the item for Euro 54,748 thousand. Trade payables posted to customers, in relation to the dynamics described above, and concerning the effects of the aid law decrees, amount to Euro 17,493,000.

The item trade payables includes payables recognised for suppliers of materials and services for the extension or maintenance of the natural gas distribution network, for the purchase of energy efficiency certificates for the achievement of assigned objectives, as well as for the use of consulting services received during the year of reference. It should be noted that payables related to the purchase of energy efficiency bonds, necessary to achieve the energy saving targets to which the Group's distribution companies are subject, are calculated by valuing the quantity of bonds accrued up to the closing date of this interim report. The unit cost for securities not purchased at the end of the reporting period is equal to the fair value of the prices recorded on the reference market, calculated as of 31 December 2022 as Euro 258.61 (Euro 260 as of 31 December 2021).

## 25. Tax debts

The following table shows the breakdown of this item at the end of each financial year considered:

(Thousands of Euro)	31 <sup>th</sup> December 2022	31 <sup>th</sup> December 2021
IRAP payables	89	138
IRES payables	1,127	1,059
Other tax payables	119	87
<b>Tax payables</b>	<b>1,336</b>	<b>1,284</b>

The enlargement of the scope of consolidation, which took place following the completion of the purchase transaction, led to an increase in the item of Euro 767,000.

With the same consolidation perimeter, tax payables decreased by Euro 715,000 from Euro 1,284,000 in the previous year to Euro 569,000 in the year under review.

Taxes payable include the liabilities accrued on the results for the year to the tax authorities for IRES and IRAP.

## 26. Other current liabilities



The following table shows the breakdown of this item at the end of each financial year considered:

(Thousands of Euro)	31 <sup>th</sup> December 2022	31 <sup>th</sup> December 2021
Advance payments from customers	1,065	823
Amounts due to parent companies for tax consolidation	505	(0)
Amounts due to social security institutions	1,931	1,238
Amounts due to employees	4,355	4,390
VAT payables	503	1,898
Payables to revenue office for withholding tax	1,253	1,047
Annual passive prepayments	1,000	787
Annual passive accruals	2,173	838
Payables due to CSEA	2,989	11,717
Other payables	1,732	1,304
<b>Other current liabilities</b>	<b>17,507</b>	<b>24,042</b>

The enlargement of the consolidation perimeter, which took place following the completion of the purchase of the shares of Asco EG S.p.A., Salinella Eolico S.r.l., Romeo Gas S.p.A., Serenissima Gas S.p.A. and Green Factory S.r.l., led to an increase in the item of Euro 2,161,000.

With the same consolidation perimeter, other current liabilities decreased from Euro 24,042,000 in 2021 to Euro 15,346,000 in the year under review, a decrease of Euro 8,696,000.

The change, with the same consolidation perimeter, is mainly explained by lower payables to the Cassa per i Servizi Energetici e Ambientali (CSEA) for Euro 7,814 thousand in relation to tariff components related to natural gas transportation.

#### Advances from customers

Advances from customers represent the amounts paid by users as contributions for allotment and connection works and the construction of thermal power plants in progress as at 31 December 2022.

#### Social Security Payables

Social security payables include payables related to accrued charges to social security institutions in respect of employees' and directors' employment accrued as at 31 December 2022 and not paid at the same date.

#### Payables to personnel

The item includes payables for untaken holiday days, months' pay and bonuses accrued as of 31 December 2022 and not paid as of the same date, as well as the relative contribution quota. With equal consolidation perimeter, the item shows an increase of Euro 237 thousand, going from Euro 4,390 thousand in 2021 to Euro 4,153 thousand in the year of reference.

#### VAT debts

At the end of the period, VAT payables, on a like-for-like basis, amounted to Euro 503 thousand and recorded a decrease of Euro 1,395 thousand compared to the previous year, mainly related to the dynamics of VAT advances paid at the end of the year and the debt accrued.

#### Annual deferred income

Other deferred income is mainly attributable to contributions received for the construction of the natural gas distribution network and connections to it.

#### Annual accrued expenses

Accrued expenses mainly refer to state fees and fees paid to the granting local authorities, for the extension of methane gas distribution concessions pending the celebration of tenders for allocation by area.

### Other debts

At the end of the reporting period, the item showed a balance of Euro 1,580 thousand, with equal consolidation perimeter, an increase of Euro 276 thousand compared to the previous year.

## 27. Current financial liabilities

The following table shows the breakdown of this item at the end of each financial year considered:

(Thousands of Euro)	31 <sup>th</sup> December 2022	31 <sup>th</sup> December 2021
Financial payables within 12 months	29,744	687
payables to shareholders financial account	4,280	
Payables to leasing companies within 12 months	887	960
<b>Current financial liabilities</b>	<b>34,911</b>	<b>1,647</b>

The enlargement of the consolidation perimeter, which took place following the completion of the purchase of the shares of Asco EG S.p.A., Salinella Eolico S.r.l., Romeo Gas S.p.A., Serenissima Gas S.p.A. and Green Factory S.r.l., led to an increase in the item of Euro 28,429 thousand.

With the same consolidation perimeter, current financial liabilities increased from Euro 1,647 thousand in the year 2021 to Euro 6,482 thousand in the reporting period, showing an increase of Euro 4,835 thousand, mainly due to the factoring of receivables with IFIS BANCA.

Financial payables related to the application of IFRS 16 recorded a change of €73,000 during the year, mainly due to the payment of instalments for operating leases.

These represent financial payables due within twelve months for operating leases entered into for the rental of company premises and vehicles.

## 28. Current liabilities on derivative financial instruments

The following table shows the breakdown of this item at the end of each financial year considered:

(Thousands of Euro)	31 <sup>th</sup> December 2022	31 <sup>th</sup> December 2021
Liabilities on interest rates derivatives	164	338
<b>Current liabilities from derivative financial instruments</b>	<b>164</b>	<b>338</b>

Current liabilities on derivative financial instruments relate to hedging contracts on the price of electricity produced by Asco EG's hydroelectric plants. With regard to assets and liabilities related to derivative assets, please refer to the section "Risk and Uncertainty Factors" of this Annual Report, where the related effects are highlighted.

The liabilities on derivatives underwritten by the Parent Company are represented by the fair value of the following derivatives outstanding as of 31 December 2022, the financial manifestation of which will be broken down according to the duration of the underlying loan:

#	Counterpart	Type of instrument	Underlying Commodity	Trade date	Effective date	Expiry date	Position	Contractual notion	MtM (€/000)
1	Intesa Sanpaolo	Commodity Swap	Power IT Baseload	20-Apr-22	01-Jan-23	31-Dec-23	Sell/Short	8,760 Mwh	164
<b>Total</b>									<b>164</b>

It is specified that financial instruments measured at fair value belong to valuation hierarchy level 2.

## NOTES TO THE MAIN ITEMS OF THE CONSOLIDATED INCOME STATEMENT

### Revenues

#### 29. Revenues

The following table shows the breakdown of this item by category of activity in the financial years considered:

(Thousands of Euro)	Financial Year	
	2022	2021
Revenues from gas transportation	115,168	110,378
Revenues from the sale of electricity	422	0
Revenues from connections	863	571
Revenues from heat supply	7	7
Revenues from distribution services	4,761	4,283
Revenues from services supplied to Group companies	14,070	9,082
Revenues from ARERA contributions	12,426	6,129
Revenues from hydroelectric-wind power plant	10,904	0
Other revenues	5,031	4,461
<b>Revenues</b>	<b>163,651</b>	<b>134,911</b>

Substantially all of the Ascopiave Group's revenues are realised in Italy and amount to Euro 163,651 thousand, an increase of Euro 28,741 thousand compared to the financial year under comparison (Euro 134,911 thousand as of 31 December 2021). The enlargement of the consolidation perimeter, which took place with the acquisitions finalised in the last months of 2021 and the first months of 2022, resulted in the recognition of the revenues earned during the year by the acquired companies and amounted to Euro 24,934 thousand. With equal consolidation perimeter, the Group's revenues amounted to Euro 138,718,000, showing an increase of Euro 3,807,000 compared to the year under comparison. The increase is mainly explained by the increase in revenues for general services rendered to companies of the Group for Euro 4,448 thousand and by the greater contributions recorded for the achievement of energy saving objectives for Euro 6,297 thousand, which have been partially offset by the decrease in the restriction of total revenues (VRT) realised by the Group's natural gas distribution companies for Euro 6,500 thousand.

With equal consolidation perimeter, the *natural gas transport* service on the distribution network generated revenues for Euro 103,878 thousands, showing a decrease equal to Euro 6,500 thousands compared to the previous financial year. The decrease is mainly explained by the tariff remuneration expected in the current regulatory period. The enlargement of the consolidation perimeter, specifically the first consolidation of Romeo Gas S.p.A. and Serenissima Gas S.p.A., determined the inscription of the revenues achieved by them during the last nine months of the financial year, which amounted to Euro 11,290 thousands. The Total Revenue Constraint is determined, for each year, according to the number of active redelivery points actually served in the reference year by the company, as well as the reference tariff, whose values are set and published by ARERA. The reduction recorded compared to the same period of the previous year is mainly explained by the regulatory changes that came into force in the financial year 2022 regarding tariff regulation.

With the same consolidation perimeter, revenues from *services provided by distributors*, amounting to Euro 3,898 thousands, show a decrease of Euro 385 thousands as compared to the financial year under comparison. The enlargement of the consolidation perimeter determined the inscription of the revenues achieved by Romeo Gas S.p.A. and Serenissima Gas S.p.A. during the last nine months of the year and amounted to Euro 862 thousands. The total revenues achieved by the Group at the end of the year are consequently equal to Euro 4,761 thousands.

Revenues for services rendered to Group companies showed an increase of Euro 4,988 thousand compared to the previous year, amounting to Euro 14,070 thousand as of 31 December 2022. The enlargement of the consolidation perimeter led to the recording of revenues in the amount of Euro 540 thousand, and consequently the increase recorded with equal consolidation perimeter was Euro 4,448 thousand. The change is mainly related to the recognition of revenues, for Euro

6,589 thousand, that the associated companies subject to the partnership carried out in the 2019 financial year with the Hera Group will have to pay due to the early termination of some service contracts. At the end of financial year 2021, some of the services rendered by the parent company Ascopiave S.p.A. to the same companies also ceased, causing a reduction in revenues that partially offset the increase described.

At the end of the financial year, the *contributions paid out by the Regulatory Authority for Energy, Networks and Environment* amounted to Euro 12,426,000, showing an increase of Euro 6,297,000 compared to the financial year under comparison. The increase is mainly explained by the increase in efficiency and energy saving objectives assigned to the Group's distribution companies compared to the previous year. Moreover, during the financial year, the Authority formally assigned, for the financial year 2022, the efficiency and energy saving objective also to the subsidiary AP Reti Gas Nord Est S.r.l., determining the inscription of the contributions accrued by the same as of 31 December and equal to Euro 2,820 thousand. In this regard, it should be noted that in previous years the Company, despite being potentially obliged to achieve energy saving objectives due to its size and volumes managed, was not formally included among the obliged companies. The charge that the Company might have suffered was consequently set aside among the provisions for risks and charges.

Contributions are recognised for the achievement of the targets set by the Authority itself on energy savings and published by means of a resolution defining the specific primary energy savings obligations for obligated distributors. The contributions entered on 31 December 2022 are counted by valuing the quantities of energy efficiency certificates accrued with respect to the 2022 target (regulatory period June 2022-May 2023). Consequently, the unit contribution used for the economic quantification of the fulfilment is equal to the fair value of the projected contribution for the accruing contributions, as of 31 December 2022 equal to Euro 250, in line with the figure as of 31 December 2021.

During the year, revenues from the sale of electricity generated from renewable energy sources, particularly hydroelectric and wind power, amounted to Euro 10,904 thousand and related to companies subject to the enlarged scope of consolidation. They were significantly impacted by the effects of the Sostegni-ter Decree (DL 4/2022) issued by the Government during the first quarter of the year. The decree provides for the substantial establishment of a cap on the sale prices of electricity produced, also incorporating producers of energy from renewable sources. The decree is effective as of 1 February 2022 and will remain in force until 30 June 2023. The revenue adjustment has been quantified according to the provisions of the decree itself to plants that the Gestore Servizi Energetici (GSE) has indicated as being included in the scope of the decree.

*Other revenues* increased by Euro 570,000 from Euro 4,461,000 in FY2021 to Euro 5,031,000 in FY2021. It should be noted that the enlargement of the consolidation perimeter led to the posting of other revenues in the amount of Euro 1,077 thousand and therefore, with the same consolidation perimeter, the item recorded a decrease of Euro 507 thousand.

### 30. Costs for the purchase of other raw materials

The following table shows the costs relating to the purchase of other raw materials in the financial years considered:

(Thousands of Euro)	Financial Year	
	2022	2021
Purchase of other raw material	2,876	2,063
<b>Purchase costs for other raw materials</b>	<b>2,876</b>	<b>2,063</b>

At the end of the financial year the costs sustained for the purchase of other raw materials, with equal consolidation perimeter, amounted to Euro 2,222 thousand, an increase of Euro 159 thousand compared to the previous financial year. The increase is mainly explained by the higher costs sustained for the purchase of natural gas for the operation of the cogeneration and heat supply plants managed by the Group, which were partially offset by the reduction in materials used for the ordinary maintenance of the natural gas distribution plants.

The enlargement of the scope resulted in the recognition of the costs incurred by the companies acquired during the year, which amounted to Euro 663,000.

This item mainly includes costs for the purchase of materials used for the maintenance of infrastructures for the distribution of natural gas and its odorization.

### 31. Costs for services

The following table provides details of the costs of services incurred in the financial years under review:

(Thousands of Euro)	Financial Year	
	2022	2021
Costs for counting meters reading	904	1,020
Mailing and telegraph costs	80	552
Maintenance and repairs	4,055	3,317
Consulting services	6,155	4,607
Commercial services and advertisement	140	112
Sundry suppliers	4,051	1,858
Directors' and Statutory Auditors' fees	1,442	1,810
Insurances	1,095	762
Personnel costs	790	520
Other managing expenses	2,666	1,283
Costs for use of third-party assets	29,590	22,887
<b>Costs for services</b>	<b>50,968</b>	<b>38,728</b>

With the same consolidation perimeter, the costs for services sustained during the year amounted to Euro 38,205 thousand, showing a decrease of Euro 523 thousand compared to the previous year. The enlargement of the consolidation perimeter determined the entry of costs for services sustained by the newly acquired companies, which amounted to Euro 12,763 thousand at year-end.

With equal consolidation perimeter, the costs incurred for meter reading, amounting to Euro 833 thousand, show a decrease of Euro 186 thousand compared to the previous year (Euro 1,020 thousand as of 31 December 2021). The enlargement of the consolidation perimeter determined the entry of costs for Euro 70 thousand.

Postal and telegraph costs decreased from Euro 552,000 in the year under comparison to Euro 80,000 in the year 2022, a decrease of Euro 472,000.

With the same consolidation perimeter, maintenance and repair costs decreased from Euro 3,317 thousand in the year under comparison to Euro 2,940 thousand in the year under review, a decrease of Euro 378 thousand. The enlargement of the perimeter determined the entry of costs in the amount of Euro 1,115 thousand. The item mainly includes costs related to software fees and costs incurred for ordinary plant maintenance.

The enlargement of the consolidation perimeter led to the entry of costs for consulting services amounting to Euro 1,418 thousand. With equal consolidation perimeter, the costs for consulting services amounted to Euro 4,736 thousand, showing an increase of Euro 129 thousand compared to the same period of the previous year. The change is partly explained by the costs incurred in connection with the extraordinary transactions carried out during the year under review.

With equal consolidation perimeter, the costs sustained for supplies amounted to Euro 3,019 thousand at the end of the financial year, showing an increase of Euro 1,161 thousand compared to the previous year. The change recorded is mainly explained by the trend of natural gas and electricity tariffs that have recorded significant increases since the second half of the year 2021. It is to be noted that the enlargement of the consolidation perimeter determined the inscription of costs for utilities equal to Euro 1,032 thousand.

Costs for use of third-party assets sustained during the year, with equal consolidation perimeter, amounted to Euro 22,821,000, substantially in line with the financial year under comparison. The enlargement of the consolidation perimeter determined the entry of costs for the use of third-party assets sustained by the newly-acquired companies for Euro 6,769 thousand. The item mainly includes fees paid to local entities for the management of natural gas distribution concessions and in relation to hydroelectric and wind power plants located in the municipal territories of the same entities.

### 32. Personnel costs

The following table provides a breakdown of personnel costs for the financial years considered:

(Thousands of Euro)	Financial Year	
	2022	2021
Wages and salaries	21,961	19,968
Social security contributions	7,048	6,260
Severance indemnity	1,874	1,523
Other costs	49	59
Capitalized personnel costs	(10,383)	(10,793)
<b>Personnel costs</b>	<b>20,550</b>	<b>17,017</b>

Personnel costs are expressed net of costs capitalised by natural gas distribution companies against increases in intangible fixed assets for work carried out on a time and materials basis; these are directly attributed to the construction of infrastructures suitable for natural gas distribution and entered under assets.

The enlargement of the consolidation perimeter determined the recognition of costs incurred during the year by the newly acquired companies, which amounted to Euro 1,918,000. With the same consolidation perimeter, personnel costs increased from Euro 27,810,000 for the year 2021, to Euro 29,014,000 for the year 2021, showing an increase of Euro 1,205,000.

It should be noted that as of 31 December 2022, costs accrued during the year for long-term incentive plans in the amount of Euro 380 thousand and short-term incentive plans in the amount of Euro 596 thousand were recognised. It should also be noted that, in compliance with IFRS 2, the cost of long-term incentive plans was offset in equity reserves for €74 thousand for the portion to be paid in shares and in pension funds for €428 thousand for the portion to be paid in cash. The amounts recognised in relation to long-term incentive plans refer to the first year of the three-year period 2021-2023, the period defined by the plans for the vesting of the bonus.

With the same consolidation perimeter, capitalised personnel costs recorded a decrease of Euro 775,000, going from Euro 10,793,000 in the year under comparison to Euro 10,018,000 in the year under reference. Capitalised personnel costs of the companies subject to the enlargement of the consolidation perimeter amounted to Euro 365,000.

As a result, personnel costs increased by a total of Euro 3,533,000.

The table below shows the average number of Group employees by category for the years under comparison:

Description	31.12.2022	Expansion of the perimeter	At the same perimeter	31.12.2021	Variation on a like-for-like perimeter
Managers (average)	13	0	13	13	0
Office workers (average)	315	22	293	302	-9
Manual workers (average)	161	16	146	152	-6
<b>No. of persoal employed of the companies hel for sale</b>	<b>490</b>	<b>38</b>	<b>452</b>	<b>467</b>	<b>-16</b>

The enlargement of the consolidation perimeter determined an increase in the Group's workforce of 38 employees. It should be noted that, in relation to the number of resources related to the enlargement of the consolidation perimeter, the above table represents the personnel of Romeo Gas S.p.A. and Serenissima S.p.A. equivalent to nine months' pay, based on the effective date of the aggregation, i.e. 1 April 2022.

### 33. Other Operating Costs

The following table provides a breakdown of other operating costs for the years considered:

(Thousands of Euro)	Financial Year	
	2022	2021
Provision for risks on credits	44	34
Other provisions	45	(255)
Membership and ARERA fees	784	678
Capital losses	1,813	1,246
Extraordinary losses	1,811	804
Other taxes	2,045	1,220
Other costs	1,238	776
Costs of contracts	1,574	1,592
Energy efficiency certificates	12,337	5,232
<b>Other management costs</b>	<b>21,690</b>	<b>11,327</b>

With equal consolidation perimeter, other operating costs increased from Euro 11,327,000 in 2021 to Euro 20,596,000 in the year of reference, showing an increase of Euro 9,269,000. The recorded increase is mainly explained by the higher costs incurred for the purchase of energy efficiency certificates (Euro +7,105 thousand) correlated to the higher efficiency and energy saving objectives to which Group companies are obliged. In addition, during the year, the Authority formally assigned the efficiency and energy saving objective for the year 2022 also to the subsidiary AP Reti Gas Nord Est S.r.l., determining the recognition of the related costs, which as of 31 December amounted to Euro 2,928,000. In this regard, it should be noted that in previous years the Company, despite its size and volumes managed being potentially obliged to achieve energy saving objectives, was not formally included among the obliged companies. The charge that the Company might have suffered was consequently set aside among the provisions for risks and charges. The costs recognised at year-end for the purchase of energy efficiency bonds are calculated by valuing the quantity of bonds accrued with respect to the 2022 target (regulatory period June 2022 - May 2023). The unit cost for the securities not purchased at the closing date of this report is equal to the fair value of the prices recorded in the reference market, calculated as of 31 December 2022 to be €258.61 (€260 as of 31 December 2021).

It should also be noted that at the end of the previous year, the item other provisions recorded a negative balance of €255,000. The same was explained by the reversal of the provision for risks accrued as of 31 December 2020 due to the reduction of the 2020 financial year target sanctioned by the Ministerial Decree of 21 May 2021. At the end of the 2020 financial year, in fact, the subsidiary AP Reti Gas Nord Est S.r.l., had recorded the charge that it could have suffered, the decrease sanctioned by the decree determined the non-existence of part of the provision recorded, which was consequently re-proportioned to the changed targets.

Other operating expenses also recorded increases related to higher capital losses generated by the replacement of meters and higher contingent liabilities, which together led to an increase of €1,574,000.

The enlargement of the scope of consolidation resulted in the recognition of other operating costs incurred by the newly acquired companies in the amount of Euro 1,095,000.

### 34. Other income

The following table provides a breakdown of other operating income for the years considered:

(Thousands of Euro)	Financial Year	
	2022	2021
Other income	10,319	571
<b>Other income</b>	<b>10,319</b>	<b>571</b>

At year-end, other operating income, on a like-for-like basis, increased by Euro 9,642,000, from Euro 571,000 as of 31 December 2021, to Euro 10,213,000 for the year under review.

The recorded increase is mainly explained by the posting of the capital gain, equal to Euro 9,483 thousand, accrued in relation to the partial exercise of the put option on the shareholding in EstEnergy. In fact, on 1 December, the parent company Ascopiave and the Hera Group signed the agreement for the transfer to the latter of an 8% share of Estenergy S.p.A.'s capital. For further information, please refer to the section Significant events during the year of this annual financial report. It should be noted that the sums in settlement of the agreement entered into were paid in December 2022.

The item also includes the capital gain realised, in the amount of €432,000, from the recognition of the negative goodwill accrued on the acquisition of Asco Renewables, Sangineto Energia, Morina and Eosforo, the combination of which, as of the closing date of this report, was final.

It should also be noted that the financial year being compared included the capital gain generated by the sale of the natural gas distribution plants of the municipality of Santorso for Euro 389 thousand. The settlement agreement finalised with the municipality of Santorso, signed on 9 April 2021, concerns the transfer value of the plants themselves.

The enlargement of the scope of consolidation resulted in the recognition of other income earned during the year by the acquired companies, which, at year-end, amounted to Euro 106,000

### 35. Depreciation and Amortisation

The following table shows the details of depreciation for the years considered:

(Thousands of Euro)	Financial Year	
	2022	2021
Intangible fixed assets	36,758	30,148
Tangible fixed assets	8,043	1,859
Amortization of rights of use	1,174	502
<b>Amortization and depreciation</b>	<b>45,975</b>	<b>32,509</b>

With the same consolidation perimeter, amortisation and depreciation recorded an increase of Euro 3,595 thousand compared to the previous year, going from Euro 32,509 thousand in the year under comparison to Euro 36,104 thousand as of 31 December 2022. The enlargement of the consolidation perimeter determined the recording of the amortisation and depreciation quotas accrued in the newly acquired companies and amounting to Euro 9,871 thousand.

It should be noted that the increase in amortisation recorded in relation to rights of use is mainly explained by the recognition of the portions accrued in relation to the existing lease on a hydroelectric plant of the subsidiary Sangineto Energie S.r.l. acquired at the end of the previous year and the signing of a new lease agreement for an advanced leak detection technology used in the constant enhancement of plant safety.



## Financial income and expenses

### 36. Financial Income and Expenses

The following table provides a breakdown of financial income and expenses for the years considered:

(Thousands of Euro)	Financial Year	
	2022	2021
Interest income on bank and post office accounts	(15)	(0)
Other interest income	66	36
Distribution of dividends from controlled companies	4,306	3,489
Other financial income	25	1
<b>Proventi finanziari</b>	<b>4,412</b>	<b>3,526</b>
Interest expense on banks	1,131	160
Interest expense on loans	3,999	1,415
Other financial expenses	1,093	418
<b>Financial charges</b>	<b>6,223</b>	<b>1,993</b>
Evaluation of subsidiary companies with net equity method	7,871	19,892
<b>Evaluation of subsidiary companies with the net equity method</b>	<b>7,871</b>	<b>19,892</b>
<b>Total net financial expenses</b>	<b>6,061</b>	<b>21,425</b>

Financial income and expenses showed a positive balance of Euro 6,061,000 at year-end, down Euro 15,364,000 from the previous year. The decrease is mainly explained by the increase in financial charges accrued on credit lines utilised by the Group and by the contraction of the results achieved by the companies accounted for using the equity method. These were partially offset by higher dividends received from investee companies.

With equal consolidation perimeter, financial income showed an increase of Euro 848 thousand compared to the previous year. The change is mainly explained by higher dividends received from the subsidiaries Hera Comm S.p.A. and ACSM - AGAM S.p.A. (now "Acinque S.p.A.") for a total of Euro 817 thousand. It should be noted that the enlargement of the perimeter led to the recognition of interest income for Euro 38 thousand.

With the same scope of consolidation, financial expenses amounted to Euro 5,271,000 at the end of the reporting period, an increase of Euro 3,278,000 compared to the year under comparison. The increase in financial expenses is mainly explained by the interest accrued on mortgages and bonds that the Parent Company underwrote in the previous year and in the reporting period. The enlarged scope of consolidation resulted in the recognition of financial expenses in the amount of Euro 952,000.

The item share of profit/(loss) of companies accounted for using the net equity method includes the consolidated profits accrued by the affiliate Estenergy S.p.A., a company 48% owned by the Ascopiave Group, as well as Cogeide S.p.A. 18% owned by the Ascopiave Group. At the end of the financial year, the consolidated results of the affiliated companies, amounting to Euro 7,871 thousand, showed a decrease of Euro 12,021 thousand compared to the previous year.

## Taxes

### 37. Taxes for the financial year

The following table shows the composition of income taxes for the years considered, distinguishing the current component from the deferred and prepaid component:

(Thousands of Euro)	Financial Year	
	2022	2021
IRES current taxes	8,261	8,265
IRAP current taxes	1,425	1,908
(Advance)/Deferred taxes	(3,080)	(775)
Substitute tax	73	30
Taxes previous years	320	508
<b>Taxes for the period</b>	<b>6,999</b>	<b>9,937</b>

Taxes accrued, with equal consolidation perimeter, decreased from Euro 9,937 thousand in the previous year to Euro 5,442 thousand in the year under review, a decrease of Euro 4,494 thousand.

The enlargement of the consolidation area resulted in the recognition of taxes accrued on the results of the newly acquired companies for Euro 1,556 thousand. This amount is mainly explained by the recording of the extraordinary contribution on energy extra-profits, sanctioned by Decree Law 21 of 21 March 2022, that the company Asco EG S.p.A. will have to pay to the Treasury. The total amount of the contribution is equal to Euro 1,515 thousand and was paid in full in the financial year 2022.

The following table shows the incidence of income taxes on the pre-tax result for the years considered:

(Thousands of Euro)	Financial Year	
	2022	2021
Earnings before tax	37,972	55,263
Taxes for the period	6,999	9,937
<b>Percentage of income before taxes</b>	<b>18.4%</b>	<b>18.0%</b>

The tax rate recorded at 31 December 2022 was 18.4%, compared to 18.0% the previous year. The tax rate, calculated by normalising the pre-tax result of the effects of the consolidation of companies consolidated using the equity method, dividends received from investees and the capital gain realised from the exercise of the put option on the investment in Estenergy S.p.A. as well as, by normalising the taxes for the year of the effects related to the extraordinary contribution on extra profits recorded in connection with Decree-Law 21 of 21 March 2022, increased from 31.2% as of 31 December 2021 to 34.5% as of 31 December 2022.

## Net result from assets held for sale

The following table details the net result of the companies held for sale in the financial years considered:

(Thousands of Euro)	Financial Year	
	2022	2021
Result of assets held for sale	1,466	
<b>Net income from discontinued operations/discontinued operations</b>	<b>1,466</b>	

The net result of assets held for sale as at 31 December 2022 was Euro 1,466 thousand. In order to better view the economic, equity and financial performance of the companies reclassified in accordance with IFRS 5, please refer to the section 'Economic, equity and financial performance of companies held for sale'.

## Non-recurring components

Pursuant to CONSOB communication no. 15519/2005, we report that the results achieved at the end of the year 2022 include non-recurring revenues for a total of Euro 6,544 thousand. During the year of reference, the associated companies, controlled by Estenergy S.p.A., and Amgas Blu S.r.l. (subject of the partnership transaction involving the Ascopiave Group and the Hera Group in 2019), communicated, within the contractual terms, the early termination of some service contracts in place between the parent company and the same companies. This termination resulted in the recognition of the fair value of the penalties contractually envisaged in favour of Ascopiave S.p.A..

We also point out that the item "Other operating income" includes non-recurring income for Euro 9,915 thousand related, for Euro 9,483 thousand, to the exercise of the put option on the shareholding in Estenergy S.p.A., which Ascopiave exercised to the extent of 8%, and, for Euro 432 thousand, from the posting of negative goodwill on the acquisition of the companies Asco Renewables, Sangineto Energia, Morina and Eosforo, whose aggregation, as of the closing date of this report, was final.

## Transactions resulting from atypical and/or unusual operations

Pursuant to Consob Communication No. DEM/6064296 of 28 July 2006, it should be noted that no atypical and/or unusual transactions took place during the year.

## Economic, equity and financial performance of companies held for sale

### The economic results of companies held for sale

The table below shows the income statement of the assets reclassified pursuant to IFRS 5 as held for sale. These figures represent the result accrued as of 31 December 2022 on the branches of Romeo Gas S.p.A. and Edigas Distribuzione Gas S.p.A., which will be subject to sale as a result of the finalisation of the rationalisation agreement on natural gas distribution concessions between Ascopiave and Iren.

(Thousands of Euro)	31.12.2022
<b>Revenues</b>	<b>7,717</b>
<b>Total operating costs</b>	<b>4,258</b>
Purchase costs for other raw materials	319
Costs for services	1,346
Costs for personnel	1,153
Other management costs	1,440
Other income	0
<b>Amortization and depreciation</b>	<b>1,115</b>
<b>Operating result</b>	<b>2,344</b>
Financial income	1
Financial charges	19
<b>Earnings before tax</b>	<b>2,327</b>
Taxes for the period	860
<b>Result for the period</b>	<b>1,466</b>

The table below shows the balance sheet balances as of 31 December 2022 of the assets reclassified pursuant to IFRS 5 as held for sale. These figures represent the stocks related to the branches of Romeo Gas S.p.A. and Edigas Distribuzione Gas S.p.A. that will be sold as a result of the finalisation of the agreement to rationalise the natural gas distribution concessions between Ascopiave and Iren.

(Euro)	31.12.2022
<b>ASSETS</b>	
<b>Non-current assets</b>	
Other intangible assets	16,107
Tangible assets	61
Advance tax receivables	344
<b>Non-current assets</b>	<b>16,512</b>
<b>Current assets</b>	
Inventories	80
<b>Current assets</b>	<b>80</b>
<b>ASSETS</b>	<b>16,592</b>
<b>Non-current liabilities</b>	
Provisions for risks and charges	9
Severance indemnity	265
Other non-current liabilities	229
<b>Non-current liabilities</b>	<b>503</b>
<b>Current liabilities</b>	
Trade payables	244
Other current liabilities	56
<b>Current liabilities</b>	<b>300</b>
<b>Liabilities</b>	<b>803</b>

## Business Combinations

### Salinella Eolico S.r.l.

On 21 January 2022, the Ascopiave S.p.A. Group announced that it had acquired, through its subsidiary Asco Renewables S.p.A., a 60% stake in the share capital of Salinella Eolico S.r.l. belonging to Renco S.p.A..

Salinella Eolico S.r.l., 40% owned by Renco S.p.A., is planning to build a wind farm in the Province of Catanzaro with a nominal capacity of up to 21 MW, part of which has already been authorised by the relevant authorities and part of which is at an advanced stage of authorisation. The construction of the wind farm, which will be carried out by Renco S.p.A., will entail a total investment of about EUR 30 million.

The purchase of the shares was financially settled in the amount of Euro 588,000.

Acquisition costs in accordance with 'IFRS 3 Revised - Business Combinations' were recognised in the consolidated income statement in the amount of Euro 3,000.

The business combination was provisionally accounted for as of 31 December 2022 in accordance with IFRS 3.62.

Specifically, the fair value assigned to the identifiable assets and liabilities in Salinella Eolico S.r.l. at the acquisition date are as follows:

(Thousands of Euro)	Pro-quota accounting values	Adjustments to IFRS compliance	Higher allocated values	Fair values found at acquisition
Other intangible assets	1,066	1	814	1,879
Tangible assets	88	0		88
Advance tax receivables	2	0		2
Non-current assets	1,155	1	814	1,968
Other current assets	8	0		8
Cash and cash equivalents	6	0		6
Current assets	14	0	0	14
Assets	1,169	1	814	1,982
Deferred tax payables	0	0	227	227
Other non-current liabilities	844	0		844
Non-current liabilities	844	0	227	1,071
Trade payables	52	0		52
Other current liabilities	271	0		271
Current liabilities	323	0	0	323
Liabilities	1,167	0	227	1,394
<b>Total assets / liabilities of the acquired company</b>	<b>2</b>	<b>1</b>	<b>587</b>	<b>588</b>
<b>Total cost of the acquisition</b>				<b>588</b>
Total net liquidity of the company				10
Payments				588
<b>Net liquidity absorbed by the acquisition</b>				<b>578</b>

For more information on the acquisition, please refer to the section 'Significant events during the financial year 2022' of this Annual Financial Report.

#### **Asco EG S.p.A. (formerly Eusebio Energia S.r.l.)**

On 28 January 2022, Ascopiave S.p.A. announced that it had finalised a further investment in the renewable energy sector related to the hydroelectric and wind power sectors as envisaged in the 2020-2024 Strategic Plan.

The investment consists in Ascopiave's acquisition of the majority shareholding, held by Supermissile S.r.l., equal to 79.74% of the share capital of Eusebio Energia S.r.l., a company operating in the energy sector. During the first half of the year, the company's name was changed to Asco EG S.p.A..

Asco EG S.p.A. has 22 plants for the production of electricity from renewable sources, including 21 hydroelectric power plants, with a total capacity of 44 MW, located in Lombardy and Veneto and a wind farm, consisting of 14 blades of 1 MW each, located in Campania.

The price paid at the closing for the acquisition of the above-mentioned majority shareholding was Euro 44.8 million and included an earn-out mechanism. As of the closing date of this Annual Report, the earn-out fair value was valued at zero.

The purchase of the shares was financially settled in the amount of Euro 44,791,000.

The higher value paid compared to the book values of equity at the acquisition date was prudentially allocated to goodwill.

Acquisition costs in accordance with 'IFRS 3 Revised - Business Combinations' were recognised in the consolidated income statement in the amount of Euro 755,000.

The business combination was provisionally accounted for as of 31 December 2022 in accordance with IFRS 3.62.

Specifically, the fair value assigned to the identifiable assets and liabilities in Asco EG S.p.A. at the acquisition date are as follows:

(Thousands of Euro)	Pro-quota accounting values	Adjustments to IFRS compliance	Fair values four at acquisition
Other Intangible assets	6	(5)	1
Tangible assets	49,146	(616)	48,530
Shareholdings	1	0	1
Other non-current assets	193	0	193
Advance tax receivables	2,411	175	2,586
<b>Non-current assets</b>	<b>51,757</b>	<b>(446)</b>	<b>51,311</b>
Trade receivables	2,160	0	2,160
Other current assets	8,580	0	8,580
Tax receivables	10	0	10
Cash and cash equivalents	6,586	0	6,586
<b>Current assets</b>	<b>17,336</b>	<b>0</b>	<b>17,336</b>
<b>Assets</b>	<b>69,094</b>	<b>(446)</b>	<b>68,647</b>
Provisions for risks and charges	386	0	386
Severance indemnity	267	0	267
Medium- and long-term bank loans	12,204	0	12,204
<b>Non-current Liabilities</b>	<b>12,856</b>	<b>0</b>	<b>12,856</b>
Payables due to banks and financing institutions	16,349	0	16,349
Trade payables	846	0	846
Tax payables	359	0	359
Other current liabilities	218	0	218
Current financial liabilities	449	0	449
<b>Current liabilities</b>	<b>18,220</b>	<b>0</b>	<b>18,220</b>
<b>Liabilities</b>	<b>31,077</b>	<b>0</b>	<b>31,077</b>
<b>Total assets / liabilities of the acquired company</b>	<b>38,017</b>	<b>(446)</b>	<b>37,570</b>
Goodwill arising from the acquisition			7,220
<b>Total cost of the acquisition</b>			<b>44,791</b>
Total net equity of the company			8,259
Payments			44,791
<b>Net liquidity absorbed by the acquisition</b>			<b>36,532</b>

The higher value between the assets/liabilities acquired and the consideration paid was recognised as goodwill in the amount of Euro 7,220,000, for more information on the acquisition, please refer to the section 'Significant Events in 2022' of this Annual Report.

#### Romeo Gas S.p.A. and Serenissima Gas S.p.A.

On 1 April 2022, the Consortium, formed by Ascopiave S.p.A., ACEA S.p.A. and Iren S.p.A., announced that it had finalised the *closing* of the agreement with the A2A Group for the acquisition of certain *assets in the* natural gas distribution service.

The scope of activities covered by the transaction includes about 157,000 users, distributed in 8 regions of Italy, belonging to 24 ATEMs, for about 2,800 km of network.

The investment consists in Ascopiave's acquisition of 56.101% of the shares of Romeo Gas S.p.A., which in turn owns 78.441% of the shares of Serenissima Gas S.p.A. Ascopiave S.p.A.'s perimeter of interest consists of concessions in 15



ATEMs in Veneto, Friuli-Venezia Giulia and Lombardy, for a total of approximately 114,300 PDRs. The valuation of the acquired assets in terms of Enterprise Value is equal to €73.2 million, including the 79.37% stake in Serenissima Gas S.p.A., owner of part of the concessions in the perimeter (about 41,700 PDR).

ACEA S.p.A.'s perimeter of interest consists of concessions in 5 ATEMs, including 2 in Abruzzo, 2 in Molise and 1 in Campania, for a total of approximately 30,700 PDRs. The Enterprise Value is EUR 35.8 million.

Iren S.p.A.'s perimeter of interest consists of concessions in 4 ATEMs, of which 1 in Lombardy and 3 in Emilia-Romagna, for a total of approximately 12,000 PDRs. The Enterprise Value is EUR 16.4 million;

The purchase of the shares was financially settled in the amount of Euro 67,134 thousand.

The higher value paid compared to the book values of equity at the acquisition date was prudentially allocated to goodwill.

The business combination was provisionally accounted for as of 31 December 2022 in accordance with IFRS 3.62.

In particular, the fair value attributed to the identifiable assets and liabilities in Romeo gas S.p.A. and Serenissima Gas S.p.A. at the acquisition date are as follows:

	Accounting values				Fair values found in the aggregation		
	Romeo Gas	Serenissima Gas	Aggregation	Greater values allocated to the distribution network	Romeo Gas	Serenissima Gas	Aggregation
	56.10%	78.44%					
<b>(Thousands of Euro)</b>							
Balance Sheet							
Goodwill	0	165	165		0	0	0
Other intangible assets	37,247	20,413	57,660	21,979	59,226	20,413	79,639
Tangible assets	26	1,154	1,180		26	1,154	1,180
Shareholdings	14,475	1	14,475		0	1	1
Other non-current assets	0	29	29		0	29	29
Advance tax receivables	2,936	412	3,348		2,936	412	3,348
<b>Non-current assets</b>	<b>54,683</b>	<b>22,174</b>	<b>76,857</b>	<b>21,979</b>	<b>62,187</b>	<b>22,009</b>	<b>84,196</b>
Inventories	65	195	260		65	195	260
Trade receivables	0	662	662		0	662	662
Other current assets	43	1,021	1,064		43	1,021	1,064
Current financial assets	0	1,891	1,891		0	1,891	1,891
Tax receivables	0	13	13		0	13	13
Cash and cash equivalents	18	1,444	1,463		18	1,444	1,463
<b>Current assets</b>	<b>126</b>	<b>5,226</b>	<b>5,352</b>	<b>0</b>	<b>126</b>	<b>5,226</b>	<b>5,352</b>
<b>Assets</b>	<b>54,809</b>	<b>27,400</b>	<b>82,209</b>	<b>21,979</b>	<b>62,313</b>	<b>27,235</b>	<b>89,549</b>
Provisions for risks and charges	4	19	15		4	19	15
Severance indemnity	369	295	665		369	295	665
Other non-current liabilities	2,017	2,709	4,726		2,017	2,709	4,726
Non-current financial liabilities	0	43	43		0	43	43
Deferred tax payables	287	47	334	6,198	6,485	47	6,532
<b>Non-current liabilities</b>	<b>2,678</b>	<b>3,075</b>	<b>5,753</b>	<b>6,198</b>	<b>8,876</b>	<b>3,075</b>	<b>11,951</b>
Payables due to banks and financing inst	0	14	14		0	14	14
Trade payables	477	1,000	1,477		477	1,000	1,477
Tax payables	0	11	11		0	11	11
Other current liabilities	2,426	2,197	4,623		2,426	2,197	4,623
Current financial liabilities	0	10,052	10,052		0	10,052	10,052
<b>Current liabilities</b>	<b>2,904</b>	<b>13,245</b>	<b>16,149</b>	<b>0</b>	<b>2,904</b>	<b>13,245</b>	<b>16,149</b>
<b>Liabilities</b>	<b>5,582</b>	<b>16,320</b>	<b>21,902</b>	<b>6,198</b>	<b>11,780</b>	<b>16,320</b>	<b>28,100</b>
<b>Assets/Liabilities</b>	<b>49,228</b>	<b>11,080</b>	<b>60,308</b>	<b>15,781</b>	<b>50,534</b>	<b>10,915</b>	<b>61,449</b>
<b>Goodwill detected</b>							<b>4,853</b>
<b>Total cost of the acquisition</b>							<b>66,302</b>
Total net liquidity of the company							1,874
Payments							67,134
<b>Net liquidity absorbed by the acquisition</b>							<b>65,260</b>

The higher value between the assets/liabilities acquired and the consideration paid was recognised as goodwill in the amount of Euro 4,853,000, For more information on the acquisition, please refer to the section 'Significant Events in 2022' of this Annual Report.

## Commitments and risks

### Guarantees given

The Group has provided the following guarantees as at 31 December 2022:

Guarantees held by companies within the scope of consolidation:

(Thousands of Euro)	31 <sup>th</sup> December 2022	31 <sup>th</sup> December 2021
Patronage su linee di credito	6,307	6,307
On execution of works (letter of comfort)	6,710	1,776
On distribution concession (letter of comfort)	6,206	6,468
On purchase/sale of shares (letter of comfort)	4,832	500
On lease agreements	13	0
On concessions for water derivations for hydroelectric use	912	0
On the sale of energy produced from renewable sources	120	0
On participation in the tender	0	75
on occupation of public spaces and areas	106	0
On renewable energy production plants	6,168	0
<b>Total</b>	<b>31,374</b>	<b>15,127</b>

Load guarantees issued by Ascopiave S.p.A. in favour of associated companies:

(Thousands of Euro)	31 <sup>th</sup> December 2022	31 <sup>th</sup> December 2021
On credit lines	0	9,999
Patronage to cover the obligations deriving from the related relationships	28,375	31,463
On UTF offices and regions for taxes on gas (letter of comfort)	1,850	1,850
<b>Total</b>	<b>30,225</b>	<b>43,312</b>

The patronage on credit lines and on gas purchase contracts issued in favour of Sinergie Italiane S.r.l. in liquidation, as of 31 December 2021 equal to Euro 9,999 thousand, as of 31 December 2022 are no longer in place. Ascopiave received an active guarantee from Hera S.p.A., equal to Euro 962 thousand, in relation to sureties issued by the affiliate Blue Meta S.p.A. to the technical finance offices and regions for consumption taxes on natural gas.

## Risk factors and uncertainty

### Information on agreements not shown in the balance sheet

Pursuant to Article 2427, paragraph 1, item 22-ter of the Italian Civil Code, introduced by Legislative Decree 173 on 23 November 2008, we report that the company does not have any agreements that are not reflected in the balance sheet.

### Financial risk management: objectives and criteria

The financing of the Group's operating activities is mainly through the use of short and medium/long-term bank loans, the issuance of bonds, hire purchase agreements and on-demand and short-term bank deposits. Recourse to these forms of financing, being partly at variable rates, exposes the Group to the risk of interest rate fluctuations, which then determine possible changes in financial expenses.

Operating activities, on the other hand, expose the Group to possible credit risks with counterparties.

The Group is also subject to liquidity risk, as the available financial resources may not be sufficient to meet its financial obligations on the terms and deadlines envisaged.

The Board of Directors reviews and agrees on policies to manage these risks, described below.

### Interest rate risk

The Group manages its liquidity needs by means of temporary credit lines and short-term loans at variable rates, which, due to their continuous fluctuation, do not allow for easy hedging against interest rate risk, by means of medium/long-term loans with fixed and variable rates and by issuing bonds with fixed rates.

The medium/long-term loans managed by the Group, regulated at both variable and fixed rates, had a residual debt as of 31 December 2022 of Euro 297,818 thousand and maturities between 1 January 2023 and 24 March 2032.

The medium- and long-term bank loans at variable interest rates are repayable between 2023 and 2030, and as of 31 December 2022 had a total residual debt of €219,507 thousand (€153,787 thousand as of 31 December 2021), of which €117,820 thousand was hedged by underwriting financial derivatives, for which the interest rate risk was therefore sterilised.

It should be noted that as of 31 December 2022, the derivative instruments hedging the risk of changes in interest rates, relative to the loans underwritten with BNL, Credit Agricole - Friuladria, Intesa Sanpaolo and Mediobanca, detailed in paragraphs no. 14 "Current assets on derivative financial instruments" and no. 28 "Current liabilities on derivative financial instruments", showed a positive mark-to-market of €5,673 thousand and were effective.

The loans underwritten with BNL, BPER (originally underwritten with UBI Banca, then transferred to BPER following the reorganisation of the bank), Cassa Centrale Banca and Intesa Sanpaolo with residual debt at the end of the period of Euro 78,311 thousand, as well as the bond loan with residual debt at the end of the period of Euro 94,032 thousand, are not exposed to interest rate risk, as they envisage the application of a fixed rate.

The loans represented are subject to financial covenants, which have been met.

For further details, please refer to paragraph 18 "Medium- and long-term loans".

### Sensitivity analysis to interest rate risk

The following table shows the impact on the Group's pre-tax profit of possible changes in interest rates in a reasonably possible range.

(Thousands of Euro)	I qtr 2022	II qtr 2022	III qtr 2022	IV qtr 2022	
Net Financial Position 2018	(375,410)	(452,554)	(510,574)	(465,122)	
Borrowing rates of interest	0.001%	0.001%	0.004%	0.384%	
Lending rates of interest	0.49%	0.90%	1.10%	1.85%	
Borrowing rate of interest plus 200 basis points	2.00%	2.00%	2.00%	2.38%	
Lending rates of interest plus 200 basis points	2.49%	2.90%	3.10%	3.85%	
Borrowing rate of interest reduced of 50 basis points	0.00%	0.00%	0.00%	0.00%	
Lending rates of interest reduced of 50 basis points	0.00%	0.40%	0.60%	1.35%	
Net Financial Position recalculated with the increase of 200 basis points	(377,261)	(454,810)	(513,147)	(467,467)	
Net Financial Position recalculated with decrease of 50 basis points	(374,947)	(451,989)	(509,930)	(464,536)	<b>Total</b>
Effect on pre-tax result of the increase of 200 basis points	(1,851)	(2,257)	(2,574)	(2,345)	(9,026)
Effect on pre-tax result of the decrease of 50 basis points	463	564	643	586	2,257

The sensitivity analysis, obtained by simulating a variation in the interest rates applied to the Group's credit lines of 50 basis points in decrease (with a minimum limit of zero basis points), and of 200 basis points in increase, keeping all other variables constant, leads to an estimate of an effect on the pre-tax result between a worsening of Euro 9,026 thousand and an enhancement of Euro 2,257 thousand.

### Credit risk

In the gas distribution business, the Group provides its business services to a limited number of gas operators, whose non-payment or delayed payment of fees could adversely affect their economic results and financial equilibrium, but credit protection is supported by the application of the guarantee mechanisms provided for by the Network Code.

### Liquidity risk

Liquidity risk represents the Group's inability to meet its financial obligations, within the terms and deadlines envisaged, with the financial resources available, due to the impossibility of raising new funds or liquidating assets on the market, determining an impact on the economic result if the Group is forced to incur additional costs to meet its commitments, or a situation of insolvency with consequent risk for the business activity.

The Group constantly strives to maintain maximum balance and flexibility between financing sources and uses, minimising this risk. The two main factors influencing the Group's liquidity are, on the one hand, the resources generated or absorbed by operating or investment activities, and on the other, the maturity and renewal characteristics of debt.

### **Risks specific to the business sectors in which the Group operates**

#### **Regulation**

The Ascopiave Group carries out activities in the gas sector that are subject to regulation. The directives and regulatory measures issued on this subject by the European Union and the Italian Government and the decisions of the Authority for Electricity, Gas and the Water System may have a significant impact on operations, economic results and financial equilibrium. Future changes in the regulatory policies adopted by the European Union or at a national level could have unforeseen repercussions on the regulatory framework of reference and, consequently, on the Group's activities and results.

## Public grants received

With reference to the changes introduced by Law No. 124 of 4 August 2017 "Annual Law on Competition", art. 1 co.125-129, it should be noted that during 2022 the following contributions were collected from public entities. These mainly relate to interventions carried out on user derivations and from interventions on the natural gas distribution network.

Grantor Entities			
Beneficiary institution	Name / Company name	Type of operation	Amount (Euro)
AP RETI GAS Nord Est S.r.l.	MUNICIPALITY OF Albignasego	Interventions on gas derivations	950
AP RETI GAS Nord Est S.r.l.	MUNICIPALITY OF Marano Lagunare	Interventions on gas derivations	1,283
AP RETI GAS Nord Est S.r.l.	MUNICIPALITY OF Padova	Interventions on gas derivations	5,080
AP RETI GAS Nord Est S.r.l.	MUNICIPALITY OF Ponte San Nicolò	Interventions on gas derivations	2,309
AP RETI GAS Nord Est S.r.l.	University of Padova	Interventions on gas derivations	2,122
AP RETI GAS S.p.A.	A.T.E.R. OF THE PROVINCE OF Treviso	Interventions on gas derivations	82
AP RETI GAS S.p.A.	AEEP OF Castelfranco Veneto	Interventions on gas derivations	210
AP RETI GAS S.p.A.	MUNICIPALITY OF Asolo	Interventions on gas derivations	36,460
AP RETI GAS S.p.A.	MUNICIPALITY OF Breda di Piave	Interventions on gas derivations	26,504
AP RETI GAS S.p.A.	MUNICIPALITY OF Cappella Maggiore	Interventions on gas derivations	650
AP RETI GAS S.p.A.	MUNICIPALITY OF Carbonera	Interventions on gas derivations	4,215
AP RETI GAS S.p.A.	MUNICIPALITY OF Cartigliano	Interventions on gas derivations	82
AP RETI GAS S.p.A.	MUNICIPALITY OF Casier	Interventions on gas derivations	1,857
AP RETI GAS S.p.A.	MUNICIPALITY OF Cavaso del Tomba	Gas distribution network	31,997
AP RETI GAS S.p.A.	MUNICIPALITY OF Ceggia	Interventions on gas derivations	5,580
AP RETI GAS S.p.A.	MUNICIPALITY OF Cimadolmo	Gas distribution network	954
AP RETI GAS S.p.A.	MUNICIPALITY OF Conegliano	Interventions on gas derivations	4,022
AP RETI GAS S.p.A.	MUNICIPALITY OF Cugliate Fabiasco	Interventions on gas derivations	2,903
AP RETI GAS S.p.A.	MUNICIPALITY OF Farra di Soligo	Interventions on gas derivations	1,824
AP RETI GAS S.p.A.	MUNICIPALITY OF Lavena Ponte Trivesio	Gas distribution network	10,556
AP RETI GAS S.p.A.	MUNICIPALITY OF Mareno di Piave	Gas distribution network	7,554
AP RETI GAS S.p.A.	MUNICIPALITY OF Maser	Interventions on gas derivations	639
AP RETI GAS S.p.A.	MUNICIPALITY OF Meduna di Livenza	Gas distribution network	19,373
AP RETI GAS S.p.A.	MUNICIPALITY OF Miane	Interventions on gas derivations	259
AP RETI GAS S.p.A.	MUNICIPALITY OF Monastier	Interventions on gas derivations	2,148
AP RETI GAS S.p.A.	MUNICIPALITY OF Nervesa Della Battaglia	Interventions on gas derivations	557
AP RETI GAS S.p.A.	MUNICIPALITY OF Ormelle	Interventions on gas derivations	461
AP RETI GAS S.p.A.	MUNICIPALITY OF Preganziol	Gas distribution network	2,500
AP RETI GAS S.p.A.	MUNICIPALITY OF Preganziol	Interventions on gas derivations	2,473
AP RETI GAS S.p.A.	MUNICIPALITY OF Quinto di Treviso	Interventions on gas derivations	2,393
AP RETI GAS S.p.A.	MUNICIPALITY OF S. Polo di Piave	Interventions on gas derivations	623
AP RETI GAS S.p.A.	MUNICIPALITY OF Salcedo	Interventions on gas derivations	333
AP RETI GAS S.p.A.	MUNICIPALITY OF Sernaglia Della Battaglia	Interventions on gas derivations	224
AP RETI GAS S.p.A.	MUNICIPALITY OF Sesto Al Reghena	Interventions on gas derivations	7,252
AP RETI GAS S.p.A.	MUNICIPALITY OF Veduggio	Interventions on gas derivations	2,956
AP RETI GAS S.p.A.	Union of Municipalities "Della Brenta"	Interventions on gas derivations	328
SERENISSIMA S.p.A.	MUNICIPALITY OF Moimacco	Interventions on gas derivations	3,775
EDIGAS ESERCIZIO DISTRIBUZIONE GAS S.p.A.	MUNICIPALITY OF Alzano Lombardo	Interventions on gas derivations	1,846
EDIGAS ESERCIZIO DISTRIBUZIONE GAS S.p.A.	MUNICIPALITY OF Nembro	Interventions on gas derivations	3,420
ROMEO GAS S.p.A.	MUNICIPALITY OF Pontenure	Interventions on gas derivations	250
AP RETI GAS VICENZA S.p.A.	MUNICIPALITY OF Castelgomberto	Interventions on gas derivations	646
AP RETI GAS VICENZA S.p.A.	MUNICIPALITY OF San Pietro in Gù	Interventions on gas derivations	1,518
AP RETI GAS VICENZA S.p.A.	MUNICIPALITY OF San Vito di Leguzzano	Interventions on gas derivations	6,015
AP RETI GAS VICENZA S.p.A.	MUNICIPALITY OF Valli del Pasubio	Interventions on gas derivations	2,613

## Capital Management

The primary objective of the Group's capital management is to ensure that a sound credit rating and adequate capital indicator levels are maintained. The Group may adjust dividends paid to shareholders, redeem capital or issue new shares.

The Group verifies its capital by comparing its total net financial position to equity.

The Group's net debt includes interest-bearing loans and other financial liabilities, net of cash and cash equivalents.

(Thousands of Euro)	31 <sup>th</sup> December 2022	31 <sup>th</sup> December 2021
Financial position in the short term	134,786	157,903
financial position in the medium-long term	277,071	189,582
<b>Net Financial Position</b>	<b>411,857</b>	<b>347,485</b>
Share capital	234,412	234,412
own shares	(55,423)	(55,423)
Reserves	674,750	644,191
Undistributed net profit	32,664	45,326
<b>Total Net equity</b>	<b>886,403</b>	<b>868,505</b>
<b>Total sources of funding</b>	<b>1,298,260</b>	<b>1,215,990</b>
<b>Net financial position / Net equity ratio</b>	<b>0.46</b>	<b>0.40</b>

The NFP/shareholders' equity ratio as at 31 December 2022 was 0.46, an increase compared to 31 December 2021.

The trend in this indicator is related to the combined effect of the change in Net Financial Position, which worsened by €64,372 thousand during the year, and in Shareholders' Equity, which increased by €17,900 thousand, changes due to investments made, the result accrued in the period, and partly due to the normal flow related to ordinary activities.

## Representation of financial assets and liabilities by category

The breakdown of financial assets and liabilities by category and their *fair value* (IFRS 13) as at 31 December 2022 and 31 December 2021 is as follows:

(Thousands of Euro)					31 <sup>th</sup> December 2022	
	A	B	C	D	Totale	Fair value
Other non-current assets			3,747		3,747	3,747
Non current financial assets			2,868		2,868	2,868
Trade receivables and Other current assets			152,237		152,237	152,237
Current financial assets			820		820	820
Cash and cash equivalents			76,917		76,917	76,917
Current assets from derivative financial instruments	6,661				6,661	6,661
Outstanding medium- and long-term bonds				94,033	94,033	94,033
Medium- and long-term bank loans				178,538	178,538	178,538
Other non-current liabilities				2,988	2,988	2,988
Non-current financial liabilities				7,368	7,368	7,368
Payables due to banks and financing institutions				183,285	183,285	183,285
Trade payables and Other current liabilities				195,636	195,636	195,636
Current financial liabilities				34,911	34,911	34,911
Current liabilities from derivative financial instruments		164			164	164

(Thousands of Euro)					31 <sup>th</sup> December 2021	
	A	B	C	D	Totale	Fair value
Other non-current assets			2,662		2,662	2,662
Non current financial assets			2,864		2,864	2,864
Trade receivables and Other current assets			46,756		46,756	46,756
Current financial assets			908		908	908
Cash and cash equivalents			42,538		42,538	42,538
Current assets from derivative financial instruments		267			267	267
						0
Outstanding medium- and long-term bonds				24,181	24,181	24,181
Medium- and long-term bank loans				161,488	161,488	161,488
Other non-current liabilities				1,666	1,666	1,666
Non-current financial liabilities				6,777	6,777	6,777
Payables due to banks and financing institutions				199,631	199,631	199,631
Trade payables and Other current liabilities				56,833	56,833	56,833
Current financial liabilities				1,647	1,647	1,647
Current liabilities from derivative financial instruments		338			338	338

### Legend

- A - Assets and liabilities at fair value through profit or loss
- B - Assets and liabilities at fair value through equity (including hedging derivatives)
- C - Loans and receivables (including cash and cash equivalents)
- D - Financial liabilities recognised at amortised cost

## Fees to the auditing company

Pursuant to Article 149-duodecies of the Consob Issuers' Regulations, we disclose the fees for the financial year 2022 for audit and non-audit services rendered to the same auditing firm.

Type of services	Entity providing the service	Recipient	Fees (Thousand of Euro)
Audit	PricewaterhouseCoopers S.p.A.	Ascopiave S.p.A.	134,597
	PricewaterhouseCoopers S.p.A.	Controlled companies	222,218
Statutory audit of separate accounts	PricewaterhouseCoopers S.p.A.	Ascopiave S.p.A.	7,799
	PricewaterhouseCoopers S.p.A.	Controlled companies	48,482
Other services	PricewaterhouseCoopers S.p.A.	Ascopiave S.p.A.	25,734
	PricewaterhouseCoopers S.p.A.	Controlled companies	0
<b>Total</b>			<b>438,830</b>



## Sector information e

Segment reporting is provided with reference to the business segments in which the Group operates. The business segments have been identified as primary business segments. The criteria applied to identify primary business segments were inspired by the way in which management manages the Group and assigns management responsibilities.

For the purposes of the information required by IFRS 8 "Segment Reporting Operating Segments" the company has identified the "gas distribution", "renewable energy" and "other" segments as the business segments subject to disclosure. Specifically, the "other" segment includes the activities of cogeneration, heat supply, water service and the results of the parent company.

Geographical segment reporting is not provided as the Group does not operate any business outside Italy.

The following tables present information on the Group's business segments for the financial year 2022 and the financial year 2021.

12M 2022 (Thousand of Euro)	Gas distribution	Renewable energies	Other	31.12.2022 values from new acquisitions	Elisions	Total
Net revenues of third-party customers	126,134	0	12,789	24,729		163,651
Intra-group revenues among the segments	5,629	0	18,006	205	(23,840)	0
<b>Segment revenues</b>	<b>131,763</b>	<b>0</b>	<b>30,795</b>	<b>24,934</b>	<b>(23,840)</b>	<b>163,651</b>
Operating result before amortization	59,682	0	9,277	8,927		77,886
Amortization	34,002	0	2,102	9,871		45,975
<b>Operating result</b>	<b>25,681</b>	<b>0</b>	<b>7,175</b>	<b>(944)</b>		<b>31,911</b>
<b>Result before taxes</b>	<b>25,297</b>	<b>0</b>	<b>14,537</b>	<b>(1,861)</b>		<b>37,972</b>
Assets	770,239	(1,562)	532,689	173,659	172,593	1,647,617
Liabilities	(181,037)	1,312	(354,209)	(54,685)	(172,593)	(761,212)

12M 2021 (Thousand of Euro)	Gas distribution	Renewable energies	Other	31.12.2021 values from new acquisitions	Elisions	Total
Net revenues of third-party customers	126,582	0	8,329	0		134,911
Intra-group revenues among the segments	4,505	0	10,952	0	(15,457)	0
<b>Segment revenues</b>	<b>131,087</b>	<b>0</b>	<b>19,281</b>	<b>0</b>	<b>(15,457)</b>	<b>134,911</b>
Operating result before amortization	70,215	0	(3,868)	0		66,348
Amortization	30,993	0	1,516	0		32,509
<b>Operating result</b>	<b>39,222</b>	<b>0</b>	<b>(5,384)</b>	<b>0</b>		<b>33,838</b>
<b>Result before taxes</b>	<b>39,042</b>	<b>0</b>	<b>16,221</b>	<b>0</b>		<b>55,263</b>
Assets	686,329	0	593,828	9,117	81,281	1,370,554
Liabilities	(89,580)	0	(322,898)	(8,290)	(81,281)	(502,049)

## Earnings per Share

As required by IAS 33, information is provided on the data used to calculate earnings per share and diluted earnings per share.

Earnings per share are calculated by dividing the net profit for the period attributable to the Company's shareholders by the number of shares, net of treasury shares.

For the purpose of calculating the basic earnings per share, it should be noted that the numerator was the profit or loss for the year, less the portion attributable to minority interests.

It should be noted that there are no preference dividends, conversion of preference shares and other similar effects that would have to adjust the economic result attributable to holders of ordinary equity instruments.

Diluted earnings per share are equal to earnings per share as there are no ordinary shares that could have a dilutive effect and no shares or warrants that could have the same effect.

The following table shows the result and the number of ordinary shares used for the calculation of basic earnings per share, determined according to the method prescribed by IAS 33:

(Thousands of Euro)	31 <sup>th</sup> December 2022	31 <sup>th</sup> December 2021
Net profit attributable to parent company shareholders	32,664	45,326
Weighted average number of ordinary share including own shares, for the purpose of earnings per share	234,411,575	234,411,575
Weighted average number of own share	17,701,578	17,701,578
Weighted average number of ordinary share excluding own share, for the purpose of net income per share	216,709,997	216,709,997
Earning per share (in Euro)	0.151	0.209

## Transactions with related parties

Details of transactions with related parties in the period under review are summarised in the following table:

(Thousands of Euro)	Trade receivables	Other receivables	Trade payables	Other payables	Costs			Revenues		
					Goods	Services	Other	Goods	Services	Other
<i>Parent company</i>										
Asco Holding S.p.A.	80	174	25	0	0	152	0	0	64	0
<b>Total parent company</b>	<b>80</b>	<b>174</b>	<b>25</b>	<b>0</b>	<b>0</b>	<b>152</b>	<b>0</b>	<b>0</b>	<b>64</b>	<b>0</b>
<i>Affiliated companies</i>										
Bim Piave Nuove Energie S.r.l.	171	0	0	0	0	313	0	0	18	0
Asco TLC S.p.A.	43	0	66	0	0	77	0	0	747	0
<b>Total affiliated companies</b>	<b>214</b>	<b>0</b>	<b>66</b>	<b>0</b>	<b>0</b>	<b>390</b>	<b>0</b>	<b>0</b>	<b>765</b>	<b>0</b>
<i>Subsidiary companies</i>										
Estenergy S.p.A.	8,139	0	58,136	0	0	(26,077)	0	0	0	0
ASM Set S.r.l.	33	0	2,468	0	0	(1,299)	0	0	48	0
Etra Energia S.r.l.	78	0	363	0	0	(164)	0	0	0	0
<b>Total subsidiary companies</b>	<b>8,250</b>	<b>0</b>	<b>60,968</b>	<b>0</b>	<b>(0)</b>	<b>(27,540)</b>	<b>(0)</b>	<b>0</b>	<b>48</b>	<b>0</b>
<b>Total</b>	<b>8,544</b>	<b>174</b>	<b>61,059</b>	<b>0</b>	<b>(0)</b>	<b>(26,647)</b>	<b>(0)</b>	<b>0</b>	<b>878</b>	<b>0</b>

### Relations arising from the tax consolidation with Asco Holding S.p.A.:

Ascopiave S.p.A., AP Reti Gas S.p.A., AP Reti Gas Rovigo S.r.l., Edigas Esercizio Distribuzione Gas S.p.A. and Asco Energy S.p.A. had adhered to the consolidation of tax relations in the parent company Asco Holding S.p.A.. The same lapsed due to the change in the latter's financial year, which no longer coincides with 31 December. The current assets and liabilities recorded consequently refer only to past positions

### Relations arising from the tax consolidation with Ascopiave S.p.A.:

During the 2019 financial year, the companies AP Reti Gas S.p.A., AP Reti Gas Rovigo S.r.l., Edigas Esercizio Distribuzione Gas S.p.A., AP Reti Gas Vicenza S.p.A. and Asco Energy S.p.A. and in the 2021 financial year the company AP Reti Gas Nord Est S.r.l. adhered to the national tax consolidation with the parent company Ascopiave S.p.A., valid for three years.

### Concerning parent companies

Revenues recognised in respect of the parent company Asco Holding S.p.A. relate to administrative, treasury management and personnel services.

### Concerning parent companies by the parent company

Costs for services towards the affiliate Asco TLC S.p.A. refer to the server rental fee. Revenues from the same affiliate derive from the gas and electricity supply contract and service contracts stipulated between the parties.

### Concerning affiliated companies:

- towards Ascotrade S.p.A.:
  - o Trade receivables refer to the natural gas transportation service on the distribution network registered by AP Reti Gas S.p.A. and to administrative, IT, personnel and facility services provided by Ascopiave S.p.A.;
  - o Trade payables refer to the supply of natural gas and electricity incurred by Ascopiave S.p.A. and AP Reti Gas S.p.A.;
  - o The costs for goods relate to the purchase of gas and electricity incurred by AP Reti Gas S.p.A. and Ascopiave S.p.A.;
  - o Revenues for services refer to revenues from gas transportation and distribution services entered by AP Reti Gas S.p.A. and to administrative, IT, personnel and facility services provided by Ascopiave S.p.A..
- towards Blue Meta S.p.A.:
  - o Trade receivables refer to the natural gas transportation service on the distribution network with Edigas Distribuzione Gas S.p.A. and to administrative, IT, personnel and facility services provided by Ascopiave

- S.p.A.;
  - Trade payables relate to the supply of natural gas and electricity incurred by Edigas Distribuzione Gas S.p.A.;
  - Costs for goods relate to the purchase of gas and electricity incurred by Edigas Distribuzione Gas S.p.A.;
  - Revenues for services refer to revenues from gas transportation and distribution services entered by Edigas Distribuzione Gas S.p.A. and to administrative, IT, personnel and facility services provided by Ascopiave S.p.A..
- towards Etra Energia S.r.l.:
  - Trade receivables refer to the natural gas transportation service on the distribution network registered by AP Reti Gas S.p.A. and to administrative, IT, personnel and facility services provided by Ascopiave S.p.A.;
  - Revenues for services refer to revenues from gas transportation and distribution services with AP Reti Gas S.p.A. and AP Reti Gas Vicenza S.p.A. and to administrative, IT, personnel and facility services provided by Ascopiave S.p.A..
- towards Ascopiave Energie S.p.A.:
  - Trade receivables refer to the natural gas transportation service on the distribution network with AP Reti Gas S.p.A. and AP Reti Gas Vicenza S.p.A. and to administrative, IT, personnel and facility services provided by Ascopiave S.p.A.;
  - Trade payables refer to the supply of natural gas and electricity with Ascopiave S.p.A. and AP Reti Gas S.p.A.;
  - The costs for goods relate to the purchase of gas and electricity incurred by AP Reti Gas S.p.A. and Ascopiave S.p.A.;
  - Revenues for services refer to revenues from gas transportation and distribution services with AP Reti Gas S.p.A. and AP Reti Gas Vicenza S.p.A. and to administrative, IT, personnel and facility services provided by Ascopiave S.p.A..
- towards ASM Set S.r.l.:
  - Costs for goods relate to the purchase of gas with AP Reti Gas Rovigo S.r.l.;
  - Service costs relate to administrative services provided to Ascopiave S.p.A.;
  - Revenues for services refer to revenues from gas transportation and distribution services with AP Reti Gas Rovigo S.r.l..
- towards Cogeide S.p.A.:
  - Revenues for technical and engineering services for the management of aqueducts with CART Acqua S.r.l.

We report that the patronage on credit lines and gas purchase contracts issued in favour of Sinergie Italiane S.r.l. in liquidation are no longer in place as of 31 December 2022 (Euro 9,999 thousand as of 31 December 2021).

It should be noted that:

- economic transactions between Group companies and subsidiaries and affiliated companies take place at market prices and are eliminated in the consolidation process;
- transactions entered into by Group companies with related parties are part of normal business operations and are settled at market prices;
- with reference to the provisions of Article 150, paragraph 1 of Legislative Decree No. 58 of 24 February 1998, no transactions in potential conflict of interest with Group companies were carried out by members of the board of directors.

On 24 November 2010, the Board of Directors approved the Procedure for Transactions with Related Parties (the 'Procedure'). The Procedure regulates related party transactions carried out by the Company, directly or through subsidiaries, in accordance with the Regulation adopted pursuant to Article 2391-bis of the Italian Civil Code by the National Commission for Companies and the Stock Exchange (CONSOB) with Resolution No. 17221 of 12 March 2010, as amended.

The Procedure came into force on 1 January 2011 and replaced the previous regulation on related party transactions, approved by the Company's Board of Directors on 11 September 2006 (subsequently amended).

For the contents of the Procedure, please refer to the document available on the Issuer's website at the following address: <http://www.gruppoascopiave.it/wp-content/uploads/2015/01/Procedura-per-le-operazioni-con-parti-correlate-GruppoAscopiave-20101124.pdf>.

For the purposes of implementing the Procedure, a mapping of the so-called Related Parties is carried out periodically. Related Parties, in relation to which the contents and control measures provided for in the document are applicable. The Directors are also called upon to declare, if any, any conflicting interests with respect to the performance of the transactions in question.

## Financial statements presented in accordance with Consob Resolution 15519/2006

Below are the financial statement schedules showing the effects of related party transactions disclosed in accordance with Consob Resolution No. 15519 of 27 July 2006:

### Consolidated Statement of Financial Position

(Thousand of Lungs)	31.12.2022	of which related parties						31.12.2021	of which related parties					
		A	B	C	D	Totale	%		A	B	C	D	Totale	%
<b>ASSETS</b>														
<b>Non-current assets</b>														
Goodwill	61,346							49,272						
Other intangible assets	698,397							598,007						
Tangible assets	138,432							58,012						
Shareholdings in controlled company	358,029			358,029		358,029	100.0%	442,434		442,434		442,434	100.0%	
Shareholdings in other company	78,257							78,925						
Other non-current assets	4,625							3,604						
Non current financial assets	2,868							2,864						
Advance tax receivables	39,252							31,565						
<b>Non-current assets</b>	<b>1,381,206</b>			<b>358,029</b>		<b>358,029</b>	<b>25.9%</b>	<b>1,264,683</b>		<b>442,434</b>		<b>442,434</b>	<b>35.0%</b>	
<b>Current assets</b>														
Inventories	7,336							8,176						
Trade receivables	20,104	80	214	8,250		8,544	42.5%	26,786	41	121	18,117	18,279	68.2%	
Other current assets	133,880	174				174	0.1%	25,575	185			185	0.7%	
Current financial assets	820							908						
Tax receivables	4,100							1,621						
Cash and cash equivalents	76,917							42,538						
<b>Current assets</b>	<b>249,818</b>	<b>254</b>	<b>214</b>	<b>8,250</b>		<b>8,717</b>	<b>3.5%</b>	<b>105,872</b>	<b>226</b>	<b>121</b>	<b>18,117</b>	<b>18,464</b>	<b>17.4%</b>	
Non-current assets held for sale	16,592							0						
<b>Assets</b>	<b>1,647,616</b>	<b>254</b>	<b>214</b>	<b>366,279</b>		<b>366,746</b>	<b>22.3%</b>	<b>1,370,554</b>	<b>226</b>	<b>121</b>	<b>460,551</b>	<b>460,898</b>	<b>33.6%</b>	
<b>NET EQUITY AND LIABILITIES</b>														
<b>Total Net equity</b>														
Share capital	234,412							234,412						
Own shares	(55,423)							(55,423)						
Reserves and result for the period	687,291							689,555						
<b>Net equity of the Group</b>	<b>866,280</b>							<b>868,544</b>						
<b>Net equity of Others</b>	<b>20,123</b>							<b>39</b>						
<b>Total Net equity</b>	<b>886,403</b>							<b>868,505</b>						
<b>Non-current liabilities</b>														
Provisions for risks and charges	996							1,474						
Severance indemnity	5,011							4,491						
Outstanding medium- and long-term bonds	94,033							24,181						
Medium- and long-term bank loans	178,538							161,488						
Other non-current liabilities	37,458							29,067						
Non-current financial liabilities	7,368							6,777						
Deferred tax payables	19,608							13,228						
<b>Non-current liabilities</b>	<b>343,012</b>							<b>240,706</b>						
<b>Current liabilities</b>														
Payables due to banks and financing institutions	183,285							199,631						
Trade payables	180,195	25	66	60,968		61,059	33.9%	34,401	11	60	1,110	1,180	3.4%	
Tax payables	1,336							1,284						
Other current liabilities	17,507							24,042						
Current financial liabilities	34,911							1,647						
Current liabilities from derivative financial instruments	164							338						
<b>Current liabilities</b>	<b>417,398</b>	<b>25</b>	<b>66</b>	<b>60,968</b>		<b>61,059</b>	<b>14.6%</b>	<b>261,343</b>	<b>11</b>	<b>60</b>	<b>1,110</b>	<b>1,180</b>	<b>0.5%</b>	
Non-current liabilities held for sale	803													
<b>Liabilities</b>	<b>761,213</b>	<b>25</b>	<b>66</b>	<b>60,968</b>		<b>61,059</b>	<b>8.0%</b>	<b>502,049</b>	<b>11</b>	<b>60</b>	<b>1,110</b>	<b>1,180</b>	<b>0.2%</b>	
<b>Net equity and liabilities</b>	<b>1,647,616</b>	<b>25</b>	<b>66</b>	<b>60,968</b>		<b>61,059</b>	<b>3.7%</b>	<b>1,370,554</b>	<b>11</b>	<b>60</b>	<b>1,110</b>	<b>1,180</b>	<b>0.1%</b>	

#### Related party column header legend:

*A Parent companies*

*B Subsidiaries*

*C Associated and jointly controlled companies*

*D other related parties*

## Consolidated Statement of Comprehensive Income

(Thousands of Euro)	FY	of which related parties						FY	of which related parties					
	2022	A	B	C	D	Totale	%	2021	A	B	C	D	Totale	%
<b>Revenues</b>	<b>163,651</b>	<b>152</b>	<b>390</b>	<b>(27,540)</b>		<b>(26,999)</b>	<b>-16.5%</b>	<b>134,911</b>	<b>154</b>	<b>68</b>	<b>73,168</b>	<b>0</b>	<b>73,391</b>	<b>54.4%</b>
- of which non-recurring	6,544			6,544		6,544	100.0%							
<b>Total operating costs</b>	<b>85,765</b>	<b>64</b>	<b>765</b>	<b>48</b>	<b>1,253</b>	<b>2,130</b>	<b>2.5%</b>	<b>68,564</b>	<b>71</b>	<b>718</b>	<b>337</b>	<b>1,959</b>	<b>3,085</b>	<b>4.5%</b>
Purchase costs for other raw materials	2,876							2,063						
Costs for services	50,968	64	765	48	205	1,082	2.1%	38,728	71	718	337	1,837	2,963	7.7%
Costs for personnel	20,550				1,048	1,048	5.1%	17,017				122	122	0.7%
Other management costs	21,690							11,327						
Other income	10,319							571						
- of which non-recurring	9,915			9,915		9,915	100.0%	0						
<b>Amortization and depreciation</b>	<b>45,975</b>							<b>32,509</b>						
<b>Operating result</b>	<b>31,911</b>	<b>88</b>	<b>(375)</b>	<b>(27,589)</b>	<b>(1,253)</b>	<b>(29,129)</b>	<b>-91.3%</b>	<b>33,838</b>	<b>83</b>	<b>(650)</b>	<b>72,831</b>	<b>(1,959)</b>	<b>70,306</b>	<b>207.8%</b>
Financial income	4,412							3,526						
Financial charges	6,223							1,993						
Evaluation of subsidiary companies with the net equity method	7,871			7,871		7,871	100.0%	19,892		19,892		19,892	100.0%	
<b>Earnings before tax</b>	<b>37,971</b>	<b>88</b>	<b>(375)</b>	<b>(19,718)</b>	<b>(1,253)</b>	<b>(21,258)</b>	<b>-56.0%</b>	<b>55,263</b>	<b>83</b>	<b>(650)</b>	<b>92,723</b>	<b>(1,959)</b>	<b>90,198</b>	<b>163.2%</b>
Taxes for the period	(6,999)							(9,937)						
<b>Result for the period</b>	<b>30,972</b>	<b>88</b>	<b>(375)</b>	<b>(19,718)</b>	<b>(1,253)</b>	<b>(21,258)</b>	<b>-68.6%</b>	<b>45,326</b>	<b>83</b>	<b>(650)</b>	<b>92,723</b>	<b>(1,959)</b>	<b>90,198</b>	<b>199.0%</b>
Net income from discontinued operations/discontinued operations	1,466													
<b>Net result for the period</b>	<b>32,438</b>	<b>88</b>	<b>(375)</b>	<b>(19,718)</b>	<b>(1,253)</b>	<b>(21,258)</b>	<b>-65.5%</b>	<b>45,326</b>	<b>83</b>	<b>650</b>	<b>92,723</b>	<b>1,959</b>	<b>90,198</b>	<b>199.0%</b>
Group's Net Result	32,664							45,326						
Third parties Net Result	(226)							0						
<b>Consolidated statement of comprehensive income</b>														
1. Components that can be reclassified to the income statement														
Fair value of derivatives, changes in the period net of tax	6,134							708						
Fair value of derivatives relating to associated companies, changes in the period net of tax	(3,176)							13,279						
Components that can not be reclassified to the income statement														
Actuarial (losses)/gains from remeasurement on defined-benefit obligations net of tax	310							84						
Fair value valuation of investment in other companies	(669)							(0)						
<b>Total comprehensive income</b>	<b>35,037</b>							<b>59,397</b>						
Group's overall net result	35,104							59,397						
Third parties' overall net result	(67)							(0)						
Base income per share	0.151							0.209						
Diluted net income per share	0.151							0.209						

### Related party column header legend:

*A Parent companies*

*B Subsidiaries*

*C Associated and jointly controlled companies*

*D other related parties*

## Consolidated Cash Flow Statement

(Thousands of Euro)	FY	of which related parties					FY	of which related parties				
	2022	A	B	C	D	Totale	2021	A	B	C	D	Totale
<b>Net income of the Group</b>	<b>35,104</b>						<b>59,397</b>					
<b>Cash flows generated (used) by operating activities</b>												
<b>Adjustments to reconcile net income to net cash</b>												
Third-parties operating result	(67)											
Fair value of derivatives relating to associated companies, changes in the period net of tax	3,176					0	(13,279)					0
Fair value valuation of shareholdings in other companies	669					0	0					0
Changes in HA reserves for MTM derivatives	(6,134)					0	(708)					0
Changes in reserves on severance indemnity	(310)					0	(84)					0
Amortization	45,975					0	32,509					0
Bad debt provisions	44					0	34					0
Depreciation of fixed assets	1,367					0	1,255					0
Variations in severance indemnity	(412)					0	(195)					0
Current assets / liabilities on financial instruments	(6,568)					0	5					0
Net variation of other funds	(698)					0	(1,155)					0
Evaluation of subsidiaries with the net equity method	(7,871)			(7,871)		(7,871)	(19,892)		(19,892)			(19,892)
Capital gains on the sale of shareholdings	(9,210)					0						0
Income from shareholdings	(4,307)					0	(3,495)					0
Other changes in the income statement that do not generate cash flows	(597)					0	(1,278)					0
Interests paid	(5,353)					0	(1,653)					0
Taxes paid	(12,926)					0	(12,607)					0
Interest expense for the period	6,676					0	1,704					0
Taxes for the period	6,999					0	9,937					0
<b>Total adjustments</b>	<b>10,453</b>					<b>0</b>	<b>(8,902)</b>					<b>0</b>
<b>Variations in assets and liabilities</b>												
Inventories	1,103					0	6,737					0
Accounts payable	10,215	(39)	(93)	9,867	0	9,735	7,249	(22)	119	(7,915)	0	(7,818)
Other current assets	(92,874)	11	0	0	0	11	27,246	427	0	0	0	427
Trade payables	143,950	15	6	59,858	0	59,879	(8,593)	(24)	(12)	800	0	764
Other current liabilities	(15,599)					0	(2,244)					0
Other non-current assets	2,539					0	(188)					0
Other non-current liabilities	3,630					0	2,035					0
<b>Total adjustments and variations</b>	<b>52,963</b>	<b>(13)</b>	<b>(87)</b>	<b>69,725</b>	<b>0</b>	<b>69,625</b>	<b>32,242</b>	<b>380</b>	<b>107</b>	<b>(7,115)</b>	<b>0</b>	<b>(6,627)</b>
<b>Cash flows generated (used) by operating activities</b>	<b>98,520</b>	<b>(13)</b>	<b>(87)</b>	<b>61,854</b>	<b>0</b>	<b>61,754</b>	<b>82,737</b>	<b>380</b>	<b>107</b>	<b>(27,007)</b>	<b>0</b>	<b>(26,519)</b>
<b>Cash flows generated (used) by investments</b>												
Investments in intangible assets	(61,719)					0	(51,469)					0
Investments in tangible assets	(25,181)					0	(1,393)					0
Disposal / (acquisitions) in shareholdings and advances	(21,843)					0	(12,933)					0
Dividends collected from subsidiaries companies	25,459					0	20,862					0
<b>Cash flows generated/(used) by investments</b>	<b>(83,285)</b>					<b>0</b>	<b>(44,933)</b>					<b>0</b>
<b>Cash flows generated (used) by financial activities</b>												
Net changes in short-term bank borrowings	(126,289)					0	(55,047)					0
Net variation in current financial assets and liabilities	69,851					0	24,181					0
Purchase of own shares	22,458					0	22					0
Ignitions loans and mortgages	0					0	39					0
Redemptions loans and mortgages	612,000					0	288,000					0
Dividends distributed to Ascoplave S.p.A. shareholders'	(523,120)					0	(239,700)					0
Ignitions outstanding medium- and long-term bonds	(35,757)					0	(34,663)					0
<b>Cash flows generated (used) by financial activities</b>	<b>19,143</b>					<b>0</b>	<b>(17,168)</b>					<b>0</b>
<b>Variations in cash</b>	<b>34,378</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>20,636</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>42,539</b>					<b>0</b>	<b>21,902</b>					<b>0</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>76,917</b>						<b>42,538</b>					

### Related party column header legend:

*A Parent companies*

*B Subsidiaries*

*C Associated and jointly controlled companies*

*D other related parties*

## Consolidated net financial debt



(Thousands of Euro)	FY 2022	of which related parties						FY 2021	of which related parties					
		A	B	C	D	Totale	%		A	B	C	D	Totale	%
A Cash and cash equivalents	76,917					0	0%	42,538					0	0%
B Equivalent to cash and cash equivalents	0					0	0%	0					0	0%
C Other current financial assets	6,493					0	0%	1,175					0	0%
- of which related parties	0					0	0%	0					0	0%
D Liquid assets (A) + (B) + (C)	83,410	0	0	0	0	0	0%	43,713	0	0	0	0	0	0%
E Current financial liabilities (including debt instruments, but excluding the current portion of non-current financial debt)	(98,917)					0	0%	(140,985)					0	0%
of which related parties	0					0	0%	0					0	0%
of which debt instruments current part	0					0	0%	0					0	0%
F Current portion of non-current financial debt	(119,280)					0	0%	(60,631)					0	0%
-of which related parties	0					0	0%	0					0	0%
G Current financial indebtedness (E) + (F)	(218,196)	0	0	0	0	0	0%	(201,616)	0	0	0	0	0	0%
H Net current financial indebtedness (D) + (G)	(134,786)	0	0	0	0	0	0%	(157,903)	0	0	0	0	0	0%
I Non-current financial debt (excluding the current portion and debt instruments)	(279,939)					0	0%	(192,447)					0	0%
J Debt instruments	0					0	0%	0					0	0%
K Trade payables and other non-current payables	0					0	0%	0					0	0%
L Non-current financial indebtedness (I) + (J) + (K)	(279,939)	0	0	0	0	0	0%	(192,447)	0	0	0	0	0	0%
M Net financial indebtedness (H) + (L)	(414,726)	0	0	0	0	0	0%	(350,350)	0	0	0	0	0	0%

### Related party column header legend:

*A Parent companies*

*B Subsidiaries*

*C Associated and jointly controlled companies*

*D other related parties*

The values shown in the tables above relate to the related parties listed below:

Group A - parent companies:

- Asco Holding S.p.A.

Group B - Associated Companies:

- Asco TLC S.p.A.

Group C - Associated and jointly controlled companies:

- Estenergy S.p.A. (Group), associate

Group D - other related parties:

- Board of Directors
- Mayors
- Strategic managers

## Significant events after the end of the financial year 2022

### Shareholders' agreements - updating of voting rights

On 7 January 2023, pursuant to the laws and regulations in force, notice is hereby given that an updated version of the key information relating to the shareholders' agreement signed on 16 March 2020 was published in the *Corporate Governance* section of the website [www.gruppoascopiave.it](http://www.gruppoascopiave.it). This update exclusively relates to the change in the number of voting rights held by some of the peaceful shareholders as a result of the intervening increase in voting rights, as last communicated by Ascopiave on 6 May 2022.

Pursuant to Articles *65-quinquies*, *65-sexies* and *65-septies* of the Issuers' Regulations, the document is available to the public at the company's registered office, at Borsa Italiana S.p.A., on the authorised storage mechanism "eMarket STORAGE" ([www.emarketstorage.com](http://www.emarketstorage.com)) of Teleborsa S.r.l., and in the *Corporate Governance* section of the website [www.gruppoascopiave.it](http://www.gruppoascopiave.it).

### Adjustment of annual calendar of corporate events, pursuant to Article 2.6.2 of the Rules of the Markets Organised and Managed by Borsa Italiana S.p.A

On 13 January 2023, Ascopiave S.p.A. announced that the analysts' presentation for the approval of the draft financial statements and consolidated financial statements for the year ended 31 December 2022, initially scheduled for 10 March 2023, will be held on 9 March 2023.

### Completed the closing of the rationalisation of gas distribution concessions between Ascopiave and Iren

On 31 January 2023, Ascopiave and Iren finalised the transaction for the rationalisation of certain assets within the natural gas distribution service (see press release of 25 November 2022), following the fulfilment of the contractually envisaged conditions precedent.

In particular, the operation provided for:

- i) the transfer by the Ascopiave Group to the Iren Group of the entire share capital of Romeo 2 S.r.l., a company newly incorporated by the Ascopiave Group, into which the branches of business related to the management of the concessions of the Savona 1 and Vercelli ATEMs owned by Edigas S.p.A., a company of the Ascopiave Group, for about 19,000 PDR were previously transferred;
- ii) the sale by the Iren Group in favour of Ascopiave of its 19.7% stake in the capital of Romeo Gas S.p.A., a company that holds, directly and through its subsidiary Serenissima Gas S.r.l., concessions in Northern Italy for a total of 126,000 PDR;
- iii) the waiver by the Iren Group to acquire from Romeo Gas S.p.A. the business units related to the management of the concessions in the Piacenza 1 and Pavia 4 ATEMs;
- iv) the sale by Romeo Gas S.p.A. in favour of the Iren Group of the business units related to the management of the concessions of the Parma and Piacenza 2 ATEMs with about 3,200 RDCs;
- v) the waiver of the right to acquire from the A2A Group the business unit related to the management of the gas transportation network located in the province of Pavia currently held by Retragas, the latter upon the fulfilment of the condition for the acquisition (i.e. the prior reclassification from transportation network to distribution network); the acquisition from Retragas will therefore be completed by the Ascopiave Group.

Overall, the asset rationalisation transaction entailed the recognition of a monetary adjustment of €3.6 million in favour of the Ascopiave Group based on the different expected profitability. The transaction just concluded highlights the two companies' desire to rationalise their gas distribution concessions by pursuing their strategic plan based on the territorial continuity of the assets.

### Strategic Plan 2022-2026

On 9 February 2022, the Board of Directors approved the Group's Strategic Plan 2022-2026.

The plan confirms the strategic directions set out last year, outlining a sustainable growth path in the core businesses of gas distribution and renewable energies and in new areas of activity.

Development will take place under conditions of a balanced financial structure, ensuring a remunerative dividend distribution.

Economic and financial highlights:

- ✓ EBITDA to 2026: EUR 133 million (+ EUR 56 million compared to the 2022 forecast);

- ✓ Net result to 2026: EUR 41 million (+ EUR 10 million compared to the preliminary 2022 result);
- ✓ Net investments 2022-2026: EUR 873 million;
- ✓ Divestments of minority interests 2022-2026: EUR 497 million;
- ✓ Net debt to 2026: EUR 373 million;
- ✓ Financial leverage (Net Financial Position / Shareholders' Equity) to 2026: 0.40;
- ✓ Dividend forecast: 13 cents per share for the financial year 2022, increasing by 1 cent per share in the following years until 2026.

The plan presents a scenario that makes the most of the Group's possible award of certain tenders for gas distribution services in minimum territorial areas of interest. This opportunity, which depends, among other things, on the actual timing of the publication of calls for tenders, entails an estimated further growth in EBITDA to 2026 of EUR 21 million and an increase in investment volume of EUR 220 million.

## Group objectives and policies

As regards the natural gas distribution segment, the Group intends to enhance its portfolio of concessions by aiming to reconfirm itself in the management of the service in the minimum territorial areas where it has a significant presence, and to expand into other areas, with the goal of increasing its market share and strengthening its local leadership. The Group also intends to enhance its investment in renewable energy sources by increasing its presence in this sector as well, in line with the 2021-2025 strategic plan approved in the first quarter of the year.

As regards the natural gas and electricity sales segment, Ascopiave, at the end of 2019, entered into a commercial partnership with the Hera Group, through the common participation in Estenergy. This company, which heads a Group with more than one million customers, is a primary reality with a strong territorial presence in the Triveneto region. Ascopiave intends to give continuity to the partnership, counting however on being able to exercise the put option held on its shares should the need arise to finance new investment opportunities in sectors that the Group deems to be of greater interest, as indicated in the 2022-2026 strategic plan approved and presented to the market on 9 February 2023.

Pieve di Soligo, 7 March 2023

The Chairman of the Board of Directors  
Nicola Ceconato



**Ascopiave S.p.A.**

**ANNUAL FINANCIAL REPORT**

**to 31 December 2022**

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## Foreword

In accordance with what is allowed by Legislative Decree No. 32 of 2 February 2007, which implemented EU Directive 2003/51/EC in our legal system, the Company avails itself of the possibility of drawing up the Management Report of the Parent Company Ascopiave S.p.A. and the Consolidated Management Report in a single document, included in the Consolidated Financial Statements.

Therefore, the Consolidated Management Report also contains all the information required by Article 2428 of the Italian Civil Code, with reference to the financial statements of Ascopiave S.p.A. .

## Activities carried out by the Company

The company carries out just one type of activity, namely the management of participations and the provision of related services.

## ASCOPIAVE S.p.A.

### Statement of Financial Position

(Euro)		31.12.2022	31.12.2021
<b>Assets</b>			
<b>Non-current assets</b>			
Other intangible assets	(1)	6,685	10,192
Tangible assets	(2)	24,216,473	25,344,465
Shareholdings in controlled companies	(3)	1,054,002,001	1,002,949,698
Shareholdings in other companies	(3)	78,254,328	78,923,328
Other non-current assets	(4)	513,638	508,481
Non current financial assets	(5)	2,510,252	2,864,272
Advance tax receivables	(6)	1,080,793	1,194,068
<b>Non-current assets</b>		<b>1,160,584,170</b>	<b>1,111,794,503</b>
<b>Current assets</b>			
Trade receivables	(7)	13,727,613	3,402,239
Other current assets	(8)	6,252,146	6,362,457
Current financial assets	(9)	87,456,379	59,835,424
Tax receivables	(10)	2,323,381	591,428
Cash and cash equivalents	(11)	70,880,619	39,489,427
Current assets from derivative financial instruments	(12)	6,585,046	264,933
<b>Current assets</b>		<b>187,226,183</b>	<b>109,945,909</b>
<b>Assets</b>		<b>1,347,810,352</b>	<b>1,221,740,412</b>
<b>Net equity and liabilities</b>			
<b>Total Net equity</b>			
Share capital		234,411,575	234,411,575
Own shares		(55,423,270)	(55,423,270)
Reserves and result for the period		659,072,109	648,677,298
<b>Total Net equity</b>	(13)	<b>838,060,414</b>	<b>827,665,603</b>
<b>Non-current liabilities</b>			
Provisions for risks and charges	(14)	474,621	320,119
Severance indemnity	(15)	211,770	261,459
Outstanding medium- and long-term bonds	(16)	94,032,829	24,181,367
Medium- and long-term bank loans	(17)	169,494,811	155,368,135
Other non-current liabilities	(18)	10,690	10,690
Non-current financial liabilities	(19)	43,094	110,424
Deferred tax payables	(20)	5,588	5,588
<b>Non-current liabilities</b>		<b>264,273,403</b>	<b>180,257,782</b>
<b>Current liabilities</b>			
Payables due to banks and financing institutions	(21)	181,888,200	199,630,621
Trade payables	(22)	3,148,570	2,559,797
Other current liabilities	(23)	7,422,684	4,390,383
Current financial liabilities	(24)	51,864,991	7,127,030
Current liabilities from derivative financial instruments	(25)	1,152,090	109,196
<b>Current liabilities</b>		<b>245,476,535</b>	<b>213,817,027</b>
<b>Liabilities</b>		<b>509,749,938</b>	<b>394,074,809</b>
<b>Net equity and liabilities</b>		<b>1,347,810,352</b>	<b>1,221,740,412</b>

Pursuant to Consob Resolution No. 15519 of 27 July 2006, the effects of transactions with related parties are shown in the special schedule in the section 'Financial Statements presented in accordance with Consob Resolution 15519/2006' of this Annual Financial Report.

## Statement of Comprehensive Income

(Euro)	Financial Year		
	2022	2021	
<b>Revenues</b>	(26)	<b>70,898,960</b>	<b>72,794,827</b>
Distribution of dividends from controlled companies		19,112,652	13,837,025
Other revenues		51,786,308	58,957,802
<b>Total operating income and costs</b>		<b>24,059,410</b>	<b>17,717,020</b>
Costs for services	(27)	11,106,833	10,603,439
Costs for personnel	(28)	7,837,875	6,511,294
Other management costs	(29)	12,966,452	997,037
Other income	(30)	7,851,750	394,750
<b>Amortization and depreciation</b>	(31)	<b>1,516,235</b>	<b>1,498,114</b>
<b>Operating result</b>		<b>45,323,315</b>	<b>53,579,693</b>
Financial income	(32)	652,828	202,869
Financial charges	(32)	5,441,793	1,954,553
Write-down of shareholdings in controlled companies	(32)	306,278	
<b>Earnings before tax</b>		<b>40,228,072</b>	<b>51,828,008</b>
Taxes for the period	(33)	1,565,155	1,424,425
<b>Net result for the period</b>		<b>41,793,226</b>	<b>53,252,433</b>
<b>Statement of comprehensive income</b>			
1. Components that can be reclassified to the income statement			
Fair value of derivatives, changes in the period net of tax		4,934,465	708,385
2. Components that can not be reclassified to the income statement			
Actuarial (losses)/gains from remeasurement on defined-benefit obligation net of tax		19,705	6,144
Fair value valuation of investment in other companies		(669,000)	
<b>Total comprehensive income</b>		<b>46,078,395</b>	<b>53,966,962</b>

Pursuant to Consob Resolution No. 15519 of 27 July 2006, the effects of transactions with related parties and the effects of non-recurring income and expenses are shown in the special schedule included in the section 'Financial Statement Schedules presented in accordance with Consob Resolution 15519/2006' of this Annual Report.



## Statement of Changes in Net Assets

	Share capital	Legal reserve	Own shares	Other reserves	Reserves IAS 19 actuarial differences	Net result for the period	Total net equity
Balance as of 1 <sup>st</sup> January 2022	234,411,575	46,882,315	(55,423,270)	548,579,270	(36,720)	53,252,433	827,665,603
Result for the period						41,793,226	41,793,226
Other operations				4,934,465			4,934,465
Severance indemnity IAS 19 discounting of the financial year					19,705		19,705
Fair value valuation of investment in other companies				(669,000)			(669,000)
<b>Total result of overall income statement</b>				<b>4,265,465</b>	<b>19,705</b>	<b>41,793,226</b>	<b>46,078,395</b>
Allocation of 2021 result				53,252,433		(53,252,433)	-
Dividends distributed to Ascopiave S.p.A. shareholders				(35,757,150)			(35,757,150)
Long-term incentive plans				73,565			73,565
Balance as of 31 <sup>st</sup> December 2022	234,411,575	46,882,315	(55,423,270)	570,413,584	(17,016)	41,793,226	838,060,414

	Share capital	Legal reserve	Own shares	Other reserves	Reserves IAS 19 actuarial differences	Net result for the period	Total net equity
Balance as of 1 <sup>st</sup> January 2021	234,411,575	46,882,315	(55,627,661)	546,731,444	(42,864)	35,931,686	808,286,495
Result for the period						53,252,433	53,252,433
Severance indemnity IAS 19 discounting of the financial year					6,144		6,144
Other operations				708,385			708,385
<b>Total result of overall income statement</b>				<b>708,385</b>	<b>6,144</b>	<b>53,252,433</b>	<b>53,966,962</b>
Allocation of 2020 result				35,931,686		(35,931,686)	-
Dividends distributed to Ascopiave S.p.A. shareholders				(34,663,155)			(34,663,155)
Long-term incentive plans			204,390.00	(129,089)			75,301
Balance as of 31 <sup>st</sup> December 2021	234,411,575	46,882,315	(55,423,270)	548,579,270	(36,720)	53,252,433	827,665,603

## Cash flow statement

(Euro)	Financial Year	
	2022	2021
<b>Total comprehensive income</b>	<b>46,078,395</b>	<b>53,966,962</b>
<b>Cash flows generated (used) by operating activities</b>		
<b>Adjustments to reconcile net income to net cash</b>		
Changes in HA reserves for MTM derivatives	(13) (4,934,465)	(708,385)
Changes in reserves on severance indemnity	(13) (19,705)	(6,144)
Fair value shareholdings in other companies	(13) 669,000	0
Amortization	(32) 1,516,235	1,498,114
Depreciation of fixed assets and losses	(31) 0	5,330
Write-down of financial receivables	12,285,227	0
Bad debt provisions	(30) 0	1,445
Variations in severance indemnity	(15) (29,984)	9,492
Current assets / liabilities on financial instruments	(12 ; 15) (343,753)	5,115
Net variation of other funds	(14) 154,502	(951,043)
Write-downs / (capital gains) on equity investments	(30) (7,402,108)	
Interests paid	(5,888,879)	(1,643,998)
Interest expense for the period	(33) 5,900,393	1,681,231
Taxes paid	(8,259,112)	(3,984,314)
Taxes for the period	(34) (1,565,155)	(1,424,425)
<b>Total adjustments</b>	<b>(7,917,803)</b>	<b>(5,517,583)</b>
<b>Variations in assets and liabilities</b>		
Accounts payable	(7) (10,325,374)	1,022,180
Other current assets	(8) 110,312	3,688,494
Trade payables	(22) 588,773	168,184
Other current liabilities	(23) 11,304,744	9,152,898
Other non-current assets	(4) (5,157)	755,958
Other non-current liabilities	(18) 0	1,890
<b>Total variations in assets and liabilities</b>	<b>1,673,299</b>	<b>14,789,604</b>
<b>Cash flows generated (used) by operating activities</b>	<b>39,833,891</b>	<b>63,238,983</b>
<b>Cash flows generated (used) by investments</b>		
Investments in intangible assets	(1) 0	(3,150)
Investments in tangible assets	(2) (384,738)	(658,016)
Realisable value of tangible assets	(2) 0	5,330
Disposal/(acquisitions) in shareholdings and avances	(3) (43,650,194)	(14,329,405)
<b>Cash flows generated/(used) by investments</b>	<b>(44,034,932)</b>	<b>(14,990,571)</b>
<b>Cash flows generated (used) by financial activities</b>		
Net changes in debts due to other financiers	(24) (67,331)	22,079
Net changes in short-term bank borrowings	(21) (98,615,746)	(55,041,781)
Net variation in current and non-current financial assets and liabilities	(5 ; 9 ; 19 ; 24) (39,552,162)	(325,143)
Net variation in current financial assets and liabilities vs subsidiary companies	(9 ; 24) 44,733,159	(12,004,861)
Net change in (Purchase) / Disposal of own shares	(13) 0	204,390
Ignitions outstanding medium/long-term bonds	(16) 69,851,462	24,181,367
Ignitions loans and mortgages	(17) 612,000,000	288,000,000
Redemptions loans and mortgages	(17) (517,000,000)	(239,700,000)
Dividends distributed to Ascopiave S.p.A. shareholders'	(13) (35,757,150)	(34,663,155)
<b>Cash flows generated (used) by financial activities</b>	<b>35,592,233</b>	<b>(29,327,103)</b>
<b>Variations in cash</b>	<b>31,391,192</b>	<b>18,921,309</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>39,489,427</b>	<b>20,568,118</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>70,880,619</b>	<b>39,489,427</b>

Pursuant to Consob Resolution No. 15519 of 27 July 2006, the effects of transactions with related parties are shown in the special schedule in the section 'Financial Statements presented in accordance with Consob Resolution 15519/2006' of this Annual Financial Report.

## IAS/IFRS ACCOUNTING PRINCIPLES ADOPTED IN THE PREPARATION OF THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2022

### Drafting criteria and expression of conformity with IFRS

The Financial Statements of Ascopiave S.p.A. as of 31 December 2022 have been prepared in accordance with IFRS, meaning all International Financial Reporting Standards, all International Accounting Standards (IAS), all interpretations of the International Financial Reporting Committee (IFRIC), formerly known as the Standing Interpretations Committee (SIC), which, as of the date of the financial statements, have been endorsed by the European Union in accordance with the procedure set forth in Regulation (EC) no. 1606/2002 of the European Parliament and European Council of 19 July 2002, as well as the measures implementing Article 9 of Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of 19 July 2002. 1606/2002 by the European Parliament and the European Council of 19 July 2002, as well as the measures issued in implementation of Article 9 of Legislative Decree No. 38/2005.

The financial statements are prepared on a going-concern basis by applying the historical cost method, taking into account value adjustments where appropriate, with the exception of those items that under IFRS must be recognised at fair value, as indicated in the accounting policies.

The accounting standards adopted are consistent with those used in the preparation of the financial statements as of 31 December 2021, except as described in the following paragraph Accounting standards, amendments and interpretations applied as of 1 January 2022. For comparative purposes, the schedules present a comparison with the balance sheet figures of the financial statements as at 31 December 2021.

The financial statements are audited by PricewaterhouseCoopers S.p.A., a company entrusted with the legal audit of the main Group companies.

These Financial Statements are prepared in Euro, the currency of the economy in which the Company operates, and consist of the Statement of Financial Position, the Statement of Comprehensive Income, the Statement of Changes in Shareholders' Equity, the Statement of Cash Flows and the Notes to the Financial Statements. All values reported in the above mentioned tables and notes are expressed in thousands of Euro, unless otherwise indicated.

These Financial Statements as at 31 December 2022 were approved by the Board of Directors of the Company on 7 March 2022.

### Budget Schemes

With regard to the manner in which the financial statements are presented, the 'current/non-current' distinction has been adopted for the Statement of Financial Position, and the step-by-step format with the classification of costs by nature has been adopted for the Statement of Comprehensive Income.

The statement of changes in equity items adopted presents the opening and closing balances of each equity item by reconciling them through profit or loss for the year, any transactions with shareholders and other changes in equity.

The Statement of Cash Flows is defined according to the 'indirect' method, adjusting the comprehensive income for the year for non-monetary items. It is considered that these statements adequately represent the economic and financial situation.

## IFRS accounting standards, amendments and interpretations not yet endorsed by the European Union

At the balance sheet date, the competent bodies of the European Union had not yet completed the endorsement process necessary for the adoption of the following accounting standards and amendments:

### *IAS 1 - Presentation of Financial Statements: Classification of Liabilities as Current and Non-Current*

In January 2020, the IASB issued amendments to IAS 1 - Presentation of Financial Statements: Classification of Liabilities as Current or Non-current to clarify how to classify payables and other liabilities as current or non-current, and in particular how to classify liabilities with an uncertain settlement date and liabilities that can be settled by conversion to equity. These amendments have not yet been endorsed by the European Union.

### *IFRS 16 - Leases: Liabilities in Sale and leaseback transactions*

In September 2022, the IASB issued amendments to IFRS 16 - Leases: Liabilities in a Sale and Leaseback Transaction to improve the requirements for sale and leaseback transactions, which specify the measurement of the liability arising from a sale and leaseback transaction to ensure that the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. These amendments have not yet been endorsed by the European Union.

### *IAS 1 - Presentation of Financial Statements: Non-current Liabilities with Covenants*

In October 2022, the IASB issued amendments to IAS 1 - Presentation of Financial Statements: Non-current Liabilities with Covenants, which clarify how the conditions that an entity must meet within 12 months of the reporting period affect the classification of a liability. These amendments have not yet been endorsed by the European Union.

The Company will assess any potential impact on the Financial Statements when these new standards are endorsed by the European Union.

## EU-endorsed ifrs and ifric accounting standards, amendments and interpretations not yet mandatorily applicable and not early adopted as at 31 December 2022

At the balance sheet date, the competent bodies of the European Union have approved the adoption of the following accounting standards and amendments, which have not yet been adopted by the Company:

### *IFRS 17 - Insurance Contracts: Initial Application and IFRS 9 - Comparative Disclosures*

In December 2021, the IASB issued amendments to IFRS 17 - Insurance Contracts: Initial Application of IFRS 17 and IFRS 9 - Comparative Disclosures, which provides a transitional option relating to comparative information on financial assets presented upon initial adoption of IFRS 17. The amendments are intended to help companies avoid temporary accounting mismatches between financial assets and liabilities from insurance contracts, thus improving the usefulness of disclosures for users of financial statements. These amendments were endorsed by the European Union on 8 September 2022.

### *IAS 12 - Income Taxes: Deferred Taxes on Assets and Liabilities Arising from a Single Transaction*

In May 2021, the IASB issued amendments to IAS 12 - Income Taxes: Deferred Tax Relating to Assets and Liabilities Arising from a Single Transaction, to specify how companies should account for deferred tax on transactions such as leases and decommissioning obligations, transactions for which companies recognise both an asset and a liability. In particular, it was clarified that the exemption does not apply and that companies are required to recognise deferred tax on such transactions. These amendments were endorsed by the European Union on 11 August 2022.

### *IAS 1 - Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting Policies*

In February 2021, the IASB issued amendments to IAS 1 - Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting Policies that require companies to disclose information about their relevant

accounting policies rather than their significant accounting policies and provide guidance on how to apply the concept of materiality to accounting policy disclosures. These amendments were endorsed by the European Union on 2 March 2022.

#### *IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates*

In February 2021, the IASB issued amendments to IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates that clarify how companies should distinguish between changes in accounting policies and changes in accounting estimates. These amendments were endorsed by the European Union on 2 March 2022.

#### *IFRS 17 - Insurance Contracts*

In May 2017, the IASB issued IFRS 17 - Insurance Contracts, which sets out principles for the recognition, measurement, presentation and disclosure of insurance contracts issued, as well as guidance on reinsurance contracts held and investment contracts with discretionary participation features issued. In June 2020, the IASB issued amendments to IFRS 17 aimed at helping companies implement IFRS 17 and making it easier for companies to explain their financial performance. These amendments were endorsed by the European Union on 19 November 2021.

The Company does not expect any significant economic and financial impacts with reference to the provisions resulting from the entry into force of the above-mentioned standards.

In any case, the Company has not early adopted accounting standards and amendments with an effective date in subsequent financial years.

### **New accounting standards, amendments and interpretations adopted by the Company**

At the balance sheet date, the competent bodies of the European Union have approved the adoption of the following accounting standards and amendments.

The following standards and amendments in force on 1 January 2022 have been adopted by the Company.

#### *IFRS 3 - Business Combinations*

In May 2020, the IASB issued amendments to IFRS 3 - Business Combinations to update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.

#### *IAS 16 - Property, Plant and Equipment*

In May 2020, the IASB issued amendments to IAS 16 - Property, Plant and Equipment. The amendments prohibit an enterprise from deducting from the cost of property, plant and equipment amounts received from the sale of items produced while the enterprise is preparing the asset for its intended use. Instead, an enterprise should recognise such sales proceeds and the related cost in the income statement.

#### *IAS 37 - Provisions, Contingent Liabilities and Contingent Assets*

In May 2020, the IASB issued amendments to IAS 37 - Provisions, Contingent Liabilities and Contingent Assets, which specify which costs a company includes when assessing whether a contract will be loss-making.

#### *IFRS 1 - First-time Adoption of International Financial Reporting Standards, IFRS 9 - Financial Instruments, IAS 41 - Agriculture, IFRS 16 - Leases*

In May 2020, the IASB issued the Annual Improvements to IFRSs 2018 - 2020 Cycle. The Improvements amended four standards: (i) IFRS 1 - First-time Adoption of International Financial Reporting Standards in relation to whether a subsidiary can measure cumulative translation differences using the amounts reported by its parent, (ii) IFRS 9 - Financial Instruments in relation to what consideration an entity includes when applying the '10 per cent' test for derecognition

of financial liabilities, (iii) IAS 41 - Agriculture in relation to the exclusion of tax cash flows in measuring the fair value of a biological asset, and (iv) IFRS 16 - Leases in relation to an illustrative example of repayment for leasehold improvements.

The Company believes that it has no impact on its income statement and balance sheet with reference to the provisions resulting from the entry into force of the above-mentioned standards.

## Use of estimates

The preparation of financial statements requires the directors to make accounting estimates based on complex and/or subjective judgments, past experience and assumptions that are believed to be reasonable and realistic on the basis of information known at the time of the estimate. The use of these estimates has an effect on the values of assets and liabilities in the financial statements, as well as on the amount of revenues and expenses and disclosure of contingent assets and liabilities in the reporting period. If in the future these estimates and assumptions, which are based on management's best judgment, should differ from the actual circumstances, they will be modified as appropriate in the period in which the circumstances arise.

Estimates are used to detect:

- impairment of non-financial assets: the Company verifies, at each balance sheet date, whether there are any indicators of impairment for all non-financial assets. In particular, goodwill is tested for impairment at least annually and during the year if such indicators exist; this test requires an estimate of the value in use of the cash-generating unit to which the goodwill is attributed, which in turn is based on an estimate of the cash flows expected from the unit and their discounting using an appropriate discount rate.
- provisions for bad debts, inventory obsolescence, the useful lives of intangible and tangible assets and their depreciation.
- employee benefits and share-based payment plans (so-called phantom stock options).
- taxes and provisions for risks and charges.

Estimates and assumptions are reviewed periodically and the effects of any changes are reflected immediately in the Income Statement. In applying the accounting policies, the Directors have made decisions based on the aforementioned discretionary assessments that have a significant effect on the values recorded in the financial statements. However, uncertainty about these assumptions and estimates could lead to outcomes that will require significant adjustment to the carrying value of these assets and/or liabilities in the future.

## Evaluation Criteria

We set out below the accounting principles adopted by Ascopiave S.p.A.:

**Other intangible assets:** intangible assets mainly include assets related to patent rights and software.

After initial recognition, intangible assets, having a finite useful life, are recognised net of accumulated amortisation and any impairment losses, determined in the same manner as subsequently indicated for tangible assets. The useful life is reviewed annually and any changes, if necessary, are made prospectively.

Gains or losses arising from the disposal of an intangible asset are determined as the difference between the disposal value and the carrying amount of the asset and are recognised in profit or loss at the time of disposal.

**Property, plant and equipment:** property, plant and equipment are recognised at purchase cost including directly attributable ancillary costs necessary to put the asset into operation for the use for which it was purchased.

Land, both undeveloped and attached to civil and industrial buildings, has been accounted for separately and is not depreciated as it has an unlimited useful life.

Maintenance and repair costs that are not likely to enhance and/or extend the remaining life of assets are expensed in the year in which they are incurred, otherwise they are capitalised.

Tangible assets are stated net of accumulated depreciation and any impairment losses determined as described below. Depreciation is calculated on a straight-line basis over the estimated useful life of the asset, which is reviewed annually and any changes, if necessary, are made prospectively.

The main economic-technical rates used are as follows:

Buildings	2%
Equipment	8,5% - 8,3%
Furniture	8.80%
Electronic equipment	16.20%
Basic hardware and software	20%
Motocars, motor vehicles and similar	20%

The carrying value of property, plant and equipment is reviewed for impairment whenever events or changes in circumstances indicate that the carrying value cannot be recovered. If such an indication exists, and if the carrying value exceeds the recoverable amount, the assets are written down to reflect their realisable value. The recoverable amount of property, plant and equipment is the higher of net selling price and value in use.

Impairment losses are recognised in the income statement under depreciation, amortisation and impairment costs. These impairment losses are reversed if the reasons for them cease to exist.

When an asset is sold or when there is no expected future economic benefit from its use, it is derecognised and any loss or gain (calculated as the difference between the disposal value and the carrying amount) is recognised in the income statement in the year of such derecognition.

### Leasing

IFRS 16 'Leases' defines a single model for recognising leases, eliminating the distinction between operating and finance leases, and providing for the recognition of an asset for the right to use the asset and a liability for the lease. A contract is, or contains, a lease if, in return for consideration, it grants the right to control the use of a specified asset for a period of time. Leasehold right-of-use assets are initially measured at cost and subsequently amortised over the lease term defined in the analysis, taking into account any reasonably exercisable options to extend or terminate the lease. The cost of right-of-use assets includes the initially recognised value of the lease liability, the initial direct costs incurred, an estimate of any costs of

restoration to be incurred at the end of the contract and lease-related prepayments made at the date of initial transition, net of lease incentives received. The related lease liabilities are measured initially at the present value of the payments due for the fixed rental payments to be made at the date of entering into the lease agreement and for the exercise price of the purchase option and the redemption option if reasonably exercisable, discounted using the interest rate implicit in the lease, if determinable, or the marginal borrowing rate at the date. Liabilities for leased assets are subsequently increased by the interest accruing on those liabilities and decreased in correlation with lease payments. Liabilities for leased assets are in each case restated for changes in lease payments by adjusting the right-of-use asset by the same amount. However, if the carrying amount of the right-of-use asset is zero and there is a further reduction in the measurement of the lease liability, that difference is recognised in profit or loss.

In the case of modifications to the lease contract, such modifications are accounted for as a separate lease when rights of use are added to one or more underlying assets and the lease payment increases by an amount reflecting the stand-alone price for the increase in the lease object. In connection with changes that are not accounted for as a separate lease, the lease liability is restated by discounting the revised lease payments due using a revised discount rate, based on the new lease term. Such adjustments to the liability are accounted for by making a corresponding change to the

asset consisting of the right of use, recognising any gain or loss related to the partial or total termination of the lease in the income statement.

No right-of-use assets are recognised in relation to: i) short-term leases; ii) leases where the underlying asset is of low value. Payments due under such leases are recognised as operating expenses on a straight-line basis.

In the income statement, depreciation of the right-of-use asset is recognised as an operating expense and, in the finance section, interest expense accrued on the lease liability, if not capitalised. The income statement also includes: (i) lease payments relating to short-term, low-value leases, as permitted on a simplified basis by IFRS 16; and (ii) variable lease payments, which are not included in the determination of the lease liability (e.g. payments based on the use of the leased asset).

**Equity investments:** equity investments recorded under this heading refer to investments of a long-term nature, which are classified in the following categories:

- shareholdings in subsidiaries
- shareholdings in jointly controlled companies
- shareholdings in associated companies;
- other participations

**Investments in subsidiaries, investments in joint ventures and investments in associates:**

Comparison of the carrying value of investments in subsidiaries, joint ventures and associates with the Company's share may give rise to situations where the value recorded in the financial statements may differ from the value of the total equity of the investees at the balance sheet date.

For the purpose of the annual impairment test of the carrying values of investments in subsidiaries, joint ventures and associates, the Directors determine the value in use for each.

The value in use is calculated using the cash flow projection contained in the business plans of the individual subsidiaries that have been approved by the Board of Directors. Following the results of the impairment test on the individual participations, any value adjustments are then recognised.

The main parameters adopted in the valuation of value in use, both in terms of growth rates for periods beyond the explicit periods of the plans and in terms of the discount rate, are consistent with those considered in the impairment tests of goodwill allocated to the CGUs in the consolidated financial statements, to which reference should be made for further details.

**Other investments:** Investments in companies other than subsidiaries, associates and joint ventures (generally with an equity interest of less than 20%) are classified as non-current financial assets and are measured at fair value, if determinable; if their fair value cannot be determined at the balance sheet date, they are measured through

- 1) valuation techniques using unobservable market parameters (level 3);
- 2) the criterion of purchase or subscription cost, from which any capital repayments are deducted, and which is adjusted, if necessary, for impairment losses determined in the same manner as previously indicated for tangible assets.

Subsequent changes in fair value are recognised in the income statement (FVPL) or, if the option provided for by the standard is exercised, in the statement of comprehensive income (FVOCI) under the item 'Reserve for instruments at FVOCI'. It should be noted that the Company has opted for the presentation in the statement of comprehensive income (FVOCI).

**Other Non-current Assets:** these are recorded at nominal value adjusted for impairment, if any, corresponding to amortised cost.

**Financial Assets:** are classified according to the categories identified by IFRS 9:

- financial assets measured at amortised cost;
- assets at fair value through other comprehensive income (FVOCI);
- assets at fair value through profit or loss for the year (FVTPL).



**Financial assets measured at amortised cost:** financial assets are classified in this category if the following requirements are met: (i) the asset is held as part of a business model whose objective is to hold the asset for the purpose of collecting contractual cash flows; and (ii) the contractual terms of the asset provide for cash flows represented solely by payments of principal and interest on the principal amount to be repaid. These mainly refer to receivables due from customers and/or loans that contain a significant financial component. Trade receivables that do not contain a significant financial component are instead recognised at the price defined for the relevant transaction. Subsequent measurements of assets in this category are measured at amortised cost, using the effective interest rate. Any provisions for impairment of these receivables are determined using the forward looking approach by means of a three-stage model: 1) recognition of expected losses in the first 12 months at initial recognition of the receivable if the credit risk has not increased; 2) recognition of expected losses over the life of the receivable if the credit-related risk increases significantly with respect to initial recognition; interest is recognised on a gross basis; 3) recognition of further expected losses over the life of the receivable when the manifested loss materialises; interest is recognised on a net basis.

**Financial assets at fair value through profit or loss (FVOCI):** financial assets with the following characteristics are classified in this category:

- 1) the asset is owned as part of a business model whose objective is achieved either by selling the asset or by collecting the contractual cash flows; and
- 2) the contractual terms of the business provide for cash flows represented solely by payments of principal and interest on the amount of principal to be repaid.

Any write-downs for impairment, interest income are recognised in Profit or Loss for the year.

**Financial assets measured at fair value through profit or loss (FVTPL):** all financial assets that do not meet the conditions, in terms of business model or characteristics of the cash flows generated, for measurement at amortised cost or fair value through profit or loss are classified in this category. Assets in this category are classified as current or non-current assets depending on their natural maturity and recognised at fair value upon initial recognition. On subsequent measurement, gains and losses arising from changes in fair value are recognised in profit or loss in the period in which they are recognised.

**Value adjustments:** the assessment of impairment losses on financial assets measured at amortised cost is carried out using a model based on expected credit losses. The Company chose to perform a credit risk assessment whereby receivables past due by more than 365 days were totally written down and those past due by more than 180 days were partially written down. The predictive process is supported by the monthly utilisation of the allowance for doubtful accounts set aside on the basis of the execution of the reminder and recovery cycles of defaulted receivables. Historical time series for past years have shown that the write-down made in predictive terms is a reasonable approximation in excess of the Company's actual losses to end customers.

**Trade receivables and other current assets:** trade receivables and other current assets, the maturity of which falls within normal commercial terms, are not discounted and are measured at amortised cost less any related impairment losses. They are adjusted to their presumed realisable value by recording a specific adjustment provision, which is established when there is objective evidence that the receivable will not be able to be collected for its original value. Provisions for bad debts are recognised in the Profit and Loss Account.

**Cash and cash equivalents:** comprise cash on hand, demand deposits, and other short-term financial investments. They are stated at nominal value.

**Derivative financial instruments:** the Company holds derivative instruments for the purpose of hedging its exposure to the risk of changes in interest rates. Transactions that, in compliance with risk management policies, meet the requirements of international accounting standards for hedge accounting are designated as 'hedging' (accounted for in the terms indicated below), while those that, despite being implemented with the management intent of hedging, do not meet the requirements of international accounting standards are classified as 'trading'. In this case, changes in the

fair value of derivative instruments are recognised in the income statement in the period in which they occur. Fair value is determined on the basis of the reference market value.

Derivatives embedded in financial assets/liabilities are separated and measured independently at fair value, except in cases where the derivative's exercise price at the inception date approximates the value determined on the basis of the amortised cost of the relevant asset/liability. In this case, the valuation of the embedded derivative is absorbed in that of the financial asset/liability.

These contracts are measured at fair value using pricing models and based on observable market data as of 31 December 2021.

### **Fair Value Hierarchy**

Financial assets and liabilities measured at fair value are classified into a three-tier hierarchy based on how fair value is determined, i.e. on the relevance of the information (inputs) used in determining value:

- Level 1, financial instruments whose fair value is determined on the basis of a quoted price in an active market;
- level 2, financial instruments whose fair value is determined by means of valuation techniques that use parameters observable directly or indirectly on the market. Instruments valued on the basis of market forward curves and short-term contracts for differences are classified in this category;
- Level 3, financial instruments whose fair value is determined using valuation techniques that make reference to parameters that cannot be observed in the market, or using only internal estimates.

As of 31 December 2022, the Company held one type of financial instruments on interest rates, traceable to the level 1 hierarchy, and a second type traceable to the level 3 hierarchy on the fair value valuation of equity investments in other companies ACSM AGAM S.p.A. and Hera Comm S.p.A..

### **Derecognition of financial assets and liabilities**

#### Financial assets

A financial asset (or, where applicable, part of a financial asset or parts of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset are extinguished;
- the Group retains the right to receive cash flows from the business, but has assumed a contractual obligation to pay them in full and without delay to a third party;
- the Group has transferred the right to receive cash flows from the asset and either (a) has transferred substantially all risks and rewards of ownership of the financial asset or (b) has neither transferred nor retained substantially all risks and rewards of the asset, but has transferred control of it.

In cases where the Group has transferred rights to receive cash flows from an asset and has neither transferred nor retained substantially all risks and rewards or has not lost control over it, the asset is recognised in the Group's financial statements to the extent of its continuing involvement in the asset. The residual involvement that takes the form of a guarantee on the transferred asset is measured at the lower of the initial carrying amount of the asset and the maximum amount of consideration that the Group could be required to pay.

In cases where the residual involvement takes the form of an issued and/or purchased option on the transferred asset (including cash-settled or similar options), the extent of the Group's involvement corresponds to the amount of the transferred asset that the Group may repurchase; however, in the case of a written put option on an asset measured at fair value (including cash-settled or similar options), the extent of the Group's residual involvement is limited to the lower of the fair value of the transferred asset and the exercise price of the option.

#### Financial liabilities

A financial liability is derecognised when the obligation underlying the liability is discharged, cancelled or fulfilled.

In cases where an existing financial liability is exchanged for another from the same lender, under substantially different terms, or the terms of an existing liability are substantially modified, such exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, with any differences between the carrying amounts recognised in profit or loss.

**Treasury shares:** Repurchased treasury shares are deducted from equity. The original cost of treasury shares, the benefits from the disposals and any subsequent changes are recognised as changes in equity.

**Employee benefits:** guaranteed employee benefits paid at or after termination of employment through defined benefit or defined contribution plans (termination benefits) or other long-term benefits are recognised over the vesting period. The liability relating to defined benefit and/or defined contribution plans, net of any plan assets, is determined on the basis of actuarial assumptions and is recognised on an accrual basis consistently with the period of service required to obtain the benefits. Defined benefit plans also include the employee severance indemnity (TFR) due to the Company's employees pursuant to Article 2120 of the Italian Civil Code, accrued prior to the 2007 reform of this institution (Finance Act No. 296 of 27 December 2006), following which, for companies with more than 50 employees, for the amounts accrued as of 1 January 2007, the TFR is configured as a defined contribution plan.

The Company's obligations are determined separately for each plan by estimating the present value of future benefits that employees have accrued in the current and prior years. This calculation is made using the projected unit credit method, The defined benefit components are recognised as follows:

- remeasurement components of liabilities, which include actuarial gains and losses, are recognised immediately in Other Comprehensive Income (Loss);
- service costs are recognised in the Profit and Loss Account;
- net financial expenses on the defined benefit liability are recognised in the income statement.

The remeasurement components recognised in Other Comprehensive Income (Loss) are never reclassified to profit or loss in subsequent periods.

For employee severance indemnities accrued after 1 January 2007, the company's obligation is limited to the payment of contributions to the State (the so-called Inps Fund) or to a legally distinct asset or entity (the so-called Fund) and is determined on the basis of the contributions due. The Company has also subscribed to remuneration plans based in part on Ascopiave S.p.A. shares liquidated through the delivery of shares (stock option plans long-term incentive plans) recognised as liabilities and measured at fair value at the end of each accounting period and up to the time of liquidation (approval of the 2017 financial statements). Any subsequent changes in fair value are recognised in the income statement. The remaining part of the plan is instead settled in the form of cash-settled options only. The cost of cash-settled transactions is initially measured at fair value at the grant date. In particular, the plans adopted by the Company provide for the assignment of rights that entail the recognition in favour of the beneficiaries of a payment of an extraordinary nature linked to the achievement of pre-set objectives, and whose financial settlement is based, among other indicators, on the performance of the share price. This fair value is expensed over the period until vesting with recognition of a corresponding liability. The liability is recalculated at each balance sheet date up to and including the settlement date, with all changes in fair value recognised in profit or loss. During the financial year 2022, part of the remuneration plans referring to the three-year period 2021 - 2023 accrued, which resulted in the allocation of reserves for the portions to be settled in shares. Considering the rules of the plan, there were no further grants in the period as the benefits will vest at the end of the period. These remuneration plans are accounted for in line with the requirements of IFRS 2.

For more details on remuneration paid during the year, please refer to "Section II" of the Remuneration Report, prepared pursuant to Article 123-ter, Legislative Decree No. 58/1998 (TUF).

**Provisions for risks and charges:** provisions for risks and charges relate to costs and charges of a given nature and of certain or probable existence, the amount or date of occurrence of which could not be determined at the end of the reporting period.

Provisions are recognised when:

- the existence of a present legal or constructive obligation arising from a past event is probable;

- performance of the obligation is likely to be onerous;
- the amount of the obligation can be reliably estimated.

On the other hand, if it is not possible to make a reliable estimate of the obligation or if it is considered that the outflow of financial resources is merely possible and not probable, the related contingent liability is not recognised in the financial statements, but adequate disclosure is made in the notes.

Provisions are recognised at the value representing the best estimate of the amount the company would pay to settle the obligation or to transfer it to a third party at the end of the reporting period. If the effect of discounting is significant, provisions are determined by discounting the expected future cash flows at a pre-tax discount rate that reflects the current market valuation over time. When discounting is performed, the increase in the provision due to the passage of time is recognised as a finance cost.

#### **Allocation of stock grants to employees**

The Group has granted incentive plans based on equity instruments, on the basis of which the Group receives services from its employees, collaborators or proxy directors in exchange for stock grants ('units'). The fair value of the services received is recognised as a labour cost. The total amount of the cost is determined based on the fair value of the units granted and is offset by an equity reserve.

The total cost is recognised over the vesting period, which is the period in which all the service conditions for the vesting of the rights must be satisfied. At each balance sheet date, the Group revises the estimates based on the number of options expected to vest based on the vesting conditions, which are not market conditions. The effect of any changes from the original estimates is recognised in the consolidated income statement with a balancing entry in equity.

**Financial liabilities:** financial liabilities include medium/long-term loans initially recognised at fair value, net of any transaction costs incurred, and subsequently measured at amortised cost, calculated by applying the effective interest rate, net of principal repayments already made.

If a condition of a long-term loan agreement is breached on or before the balance sheet date with the effect that the liability becomes payable on demand, the liability is classified as current, even if the lender has agreed, after the balance sheet date and before the financial statements were authorised for issue, not to demand payment as a result of the breach. The liability is classified as current because, at the balance sheet date, the entity does not have an unconditional right to defer its settlement for at least twelve months after that date.

**Trade payables and other liabilities:** trade payables, whose due dates fall within normal commercial terms, relate to liabilities arising from commercial supply relationships and are recognised at amortised cost.

Payables in currencies other than the money of account are recorded at the exchange rate on the day of the transaction and subsequently converted at the exchange rate on the balance sheet date. The profit or loss resulting from the conversion is charged to the Profit and Loss Account.

**Revenues and Expenses:** Revenues and expenses are reported on an accrual basis.

The recognition of revenue from contracts with customers is based on the following five steps: (i) identification of the contract with the customer; (ii) identification of the performance obligations, represented by the contractual promises to transfer goods and/or services to a customer; (iii) determination of the transaction price; (iv) allocation of the transaction price to the performance obligations identified on the basis of the stand-alone selling price of each good or service; (v) recognition of revenue when the relevant performance obligation is satisfied, i.e. when the promised good or service is transferred to the customer; the transfer is deemed completed when the customer obtains control of the good or service, which may occur continuously (over time) or at a specific point in time.

Revenues are recorded net of returns, discounts, rebates and premiums, as well as directly related taxes.

**Financial income and expenses:** financial income and expenses are recognised on an accrual basis based on the interest accrued on the net value of the related financial assets and liabilities, using the effective interest rate.

**Income taxes:** current taxes are calculated on the basis of estimated taxable income and recognised for the amount expected to be recovered or paid to the tax authorities. The tax rates and regulations used to calculate the amount are

those enacted or substantively enacted at the balance sheet date. Current taxes related to items recognised directly in equity are recognised directly in equity and in other comprehensive income.

As far as the corporate income tax (IRES) is concerned, AP Reti Gas Nord Est S.r.l. exercised the option for the national tax consolidation regime pursuant to articles 117/129 of the Consolidated Income Tax Law (T.U.I.R.) for the three-year period 2020 - 2022, the other companies controlled by Ascopiave S.p.A. for the three-year period 2022 - 2024. This option allows IRES to be determined on a taxable base corresponding to the algebraic sum of the positive and negative taxable amounts of the individual companies participating in the consolidation. Ascopiave S.p.A. acts as the consolidating company and determines a single taxable base for the group of companies participating in the national tax consolidation.

Each of the adhering companies transfer tax income (taxable income or tax loss) to the consolidating company by recording in the income statement under taxes an item "charges for adhesion to tax consolidation" or "income from adhesion to tax consolidation" for an amount equal to the current IRES for the year (or the loss transferred) that will be paid or used by the parent company Ascopiave S.p.A.

Deferred tax assets are recognised for all deductible temporary differences and for tax assets and liabilities carried forward, to the extent that it is probable that there will be adequate future taxable profits that may make the utilisation of deductible temporary differences and tax assets and liabilities carried forward applicable, except where:

- the deferred tax asset associated with deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the profit for the period calculated for financial reporting purposes nor the profit or loss calculated for tax purposes;
- With respect to taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are recognised only to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future and that there are adequate taxable profits against which the temporary differences can be utilised.

**Earnings per share:** earnings per share are calculated by dividing the net profit for the year attributable to the company's shareholders by the weighted average number of shares less treasury shares. For the purpose of calculating the basic earnings per share, it should be noted that the numerator is the economic result for the year. It should be noted that there are no preference dividends, conversion of preference shares and other similar effects that should adjust the economic result attributable to holders of ordinary capital instruments. Diluted earnings per share are equal to earnings per share as there are no ordinary shares that could have a dilutive effect and no shares or warrants that could have the same effect.

**Impairment of assets:** impairment is carried out at least once a year on tangible and intangible assets if they have an indefinite life or more often in the presence of events that indicate that their carrying value is not recoverable.

**Depreciation and amortisation:** depreciation is calculated based on the estimated useful life of the asset or the residual duration of the concession; the useful life is determined by the directors, with the assistance of technical experts at the time the asset is recognised in the financial statements; assessments of the useful life are based on historical experience, market conditions and expectations of future events that could affect the useful life, including technological changes. The company periodically assesses technological and industry changes, decommissioning/closure costs and salvage value to update the remaining useful life. This periodic update could result in a change in the depreciation period and therefore also in the depreciation charge for future years.

**Provisions for risks:** these provisions were made by adopting the same procedures as in previous years, making reference to updated communications from the lawyers and consultants following the disputes, as well as on the basis of the procedural developments of the same.

**Provision for credit risks:** the provision for credit risks reflects the estimated losses associated with the company's credit portfolio. Provisions have been made for specific insolvency situations, as well as in relation to expected credit losses estimated on the basis of past experience with receivables with similar credit risk.

## DISCLOSURE OF MANAGEMENT AND COORDINATION ACTIVITIES

Ascopiave S.p.A. is not subject to management and coordination activities by Asco Holding S.p.A. as it operates in conditions of corporate and entrepreneurial autonomy from its parent company. Asco Holding S.p.A. makes use of certain services provided by Ascopiave S.p.A. and other companies controlled by it, at market conditions, motivated by reasons of organisational and economic opportunity.

## EXPLANATORY NOTES TO THE MAIN ITEMS OF THE STATEMENT OF FINANCIAL POSITION

### Non-current Assets

#### 1. Other Intangible Assets

The following table shows the evolution of the historical cost and accumulated amortisation of other intangible assets in the years considered:

(Thousands of Euro)	31.12.2022			31.12.2021		
	Historic cost	Accumulated depreciation	Net value	Historic cost	Accumulated depreciation	Net value
Industrial patent and intellectual property rights	3,279	(3,273)	7	3,279	(3,270)	10
Concessions, licences, trademarks and similar rights	52	(52)	0	52	(51)	0
Other intangible assets	12	(12)	0	12	(12)	0
<b>Other intangible assets</b>	<b>3,343</b>	<b>(3,336)</b>	<b>7</b>	<b>3,343</b>	<b>(3,333)</b>	<b>10</b>

The following table shows the changes in other intangible assets in the years considered:

(Thousands of Euro)	31.12.2021					31.12.2022
	Net value	Change for the period	Decrease	Amortizations during the period	Depreciations	Net value
Industrial patent and intellectual property rights	10	0		3		7
Concessions, licences, trademarks and similar rights	0	0		0		0
Other intangible assets	0	0		0	0	0
<b>Other intangible assets</b>	<b>10</b>	<b>0</b>	<b>0</b>	<b>4</b>	<b>0</b>	<b>7</b>

(Thousands of Euro)	31.12.2020					31.12.2021
	Net value	Change for the period	Decrease	Amortizations during the period	Depreciations	Net value
Industrial patent and intellectual property rights	9	3		2		10
Concessions, licences, trademarks and similar rights	1	0		1		0
Other intangible assets	0	0		0		0
Tangible assets in progress under IFRIC 12 concession	0	0		0		0
<b>Other intangible assets</b>	<b>10</b>	<b>3</b>	<b>0</b>	<b>3</b>	<b>0</b>	<b>10</b>

#### Industrial Patent and Intellectual Property Rights

During the financial year, the item 'industrial patents and intellectual property rights' recorded a change of Euro 3 thousand.

#### Concessions, licences, trademarks and similar rights

This item did not change during the year except for the depreciation allowance of EUR 1 thousand.

## 2. Tangible fixed assets

The following table shows the development of the historical cost and accumulated depreciation of tangible fixed assets at the end of the financial years considered:

(Thousands of Euro)	31.12.2022			31.12.2021		
	Historic cost	Accumulated depreciation	Net value	Historic cost	Accumulated depreciation	Net value
Lands and buildings	37,933	(16,264)	21,668	37,931	(15,204)	22,727
Plant and machinery	2,636	(1,493)	1,143	2,614	(1,372)	1,242
Industrial and commercial equipment	179	(171)	8	178	(170)	8
Other tangible assets	10,915	(9,668)	1,247	10,554	(9,429)	1,125
Rights of use	478	(328)	150	478	(236)	243
<b>Tangible assets</b>	<b>52,140</b>	<b>(27,924)</b>	<b>24,216</b>	<b>51,756</b>	<b>(26,411)</b>	<b>25,344</b>

The following table shows the changes in tangible fixed assets that occurred during the financial years considered:

(Thousands of Euro)	31.12.2021					31.12.2022
	Net value	Change for the period	Decrease	Amortizations during the period	Depreciations	Net value
Lands and buildings	22,727	2		1,060		21,668
Plant and machinery	1,242	21		121		1,143
Industrial and commercial equipment	8	2		1		8
Other tangible assets	1,125	360		238		1,247
Rights of use	243	0	0	93	0	150
<b>Tangible assets</b>	<b>25,344</b>	<b>385</b>	<b>0</b>	<b>1,513</b>	<b>0</b>	<b>24,216</b>

(Thousands of Euro)	31.12.2020					31.12.2021
	Net value	Change for the period	Decrease	Amortizations during the period	Depreciations	Net value
Lands and buildings	23,568	215		1,057		22,727
Plant and machinery	724	598		80		1,242
Industrial and commercial equipment	7	4		4		8
Other tangible assets	1,235	132		243		1,125
Tangible assets in progress and advance payments	466	(461)	5	0		0
Rights of use	185	169	98	112	98	243
<b>Other tangible assets</b>	<b>26,187</b>	<b>657</b>	<b>103</b>	<b>1,495</b>	<b>98</b>	<b>25,344</b>

### Land and buildings

The item mainly includes buildings owned relating to the company headquarters, offices, and peripheral warehouses. At the end of the year, the item recorded investments of Euro 2 thousand and the depreciation charge for the year amounted to Euro 1,060 thousand.

### Plant and machinery

Plant and machinery went from Euro 1,242,000 in the previous year to Euro 1,143,000 in the year under review, recording capital expenditure of Euro 21,000. Depreciation recorded during the year amounted to Euro 121 thousand.

### Industrial and commercial equipment

Industrial and commercial equipment recorded investments of Euro 2 thousand and depreciation for the year amounted to Euro 1 thousand.

### Other Assets

The item 'Other assets' recorded investments during the year of Euro 360,000, mainly explained by costs incurred for the purchase of hardware and telephony, and the depreciation charge for the year was Euro 238,000.



### Tangible fixed assets under construction and advances

This item mainly includes costs incurred for extraordinary maintenance work on company premises and/or peripheral warehouses. This item did not change during the year.

### Rights of Use

The item includes rights of use related to the first-time application of IFRS 16. The effect of the application of the standard mainly concerns operating leases relating to tangible fixed assets such as building leases and motor vehicle rental. This item did not change during the year, except for depreciation charges amounting to Euro 93 thousand.

## 3. Participations

The following table summarises the shareholdings held by Ascopiave S.p.A. as of 31 December 2022:

Name	Location	Paid-up capital	Total net equity	Result for the year	%	Book value
<b>Controlled companies</b>						
AP Reti Gas S.p.A.	Pieve di Soligo (TV)	1,000,000	309,335,334	10,540,893	100%	298,740,636
AP Reti Gas Nord Est S.r.l.	Padova (PD)	15,000,000	135,872,149	6,052,435	100%	169,358,530
AP Reti Gas Rovigo S.r.l.	Rovigo (RO)	7,000,000	20,153,110	1,239,895	100%	14,964,474
AP Reti Gas Vicenza S.p.A.	Pieve di Soligo (TV)	10,000,000	15,620,854	(1,745,471)	100%	16,300,000
Edigas Esercizio Distribuzione Gas S.p.A.	Pieve di Soligo (TV)	3,000,000	62,999,838	2,563,346	100%	66,090,648
Romeo Gas S.p.A.	Pieve di Soligo (TV)	27,664,637	65,045,517	653,324	80.293%	66,302,421
Asco Energy S.p.A.	Pieve di Soligo (TV)	1,000,000	550,010	(200,136)	100%	609,220
Asco Renewables S.p.A.	Pieve di Soligo (TV)	100,000	(12,276,227)	(12,459,241)	100%	0
Cart Acqua S.r.l.	Nembro (BG)	50,000	3,976,379	148,697	100%	8,000,000
Asco EG S.p.A.	Pieve di Soligo (TV)	54,001,422	56,783,926	(3,412,187)	84.17%	56,592,177
<b>Total controlled companies</b>						<b>696,958,106</b>
<b>Joint companies</b>						
Estenergy S.p.A.	Trieste (TS)	299,925,761	579,322,844	20,172,920	40%	357,043,894
<b>Total joint companies</b>						<b>357,043,894</b>
<b>Other companies</b>						
Banca Prealpi SanBiagio Credito Cooperativo - Soc. Coop.	Tarzo (TV)					528
Hera Comm S.p.A.	Imola (BO)	53,595,899			3%	53,331,000
Acinque S.p.A.	Monza (MB)	197,343,805			5%	24,922,800
<b>Total other companies</b>						<b>78,254,328</b>

At the end of the financial year, participations in subsidiaries and affiliated companies totalled Euro 1,054,002 thousand, an increase of Euro 51,052 thousand compared to the previous year. The item includes shareholdings recorded in subsidiary companies for €696,958 thousand and associated companies for €357,044 thousand.

Shareholdings in subsidiaries recorded an increase compared to the previous year of Euro 122,461 thousand related to the completion of the purchase of Romeo Gas S.p.A. and Eusebio Energia S.r.l. (now Asco EG S.p.A.); we would point out that the value of the shareholding in Asco Renewables S.p.A., at the end of the financial year, was reduced by Euro 306 thousand.

Equity investments in associated companies represent the 40% stake held in EstEnergy S.p.A., in its new configuration. On 1 December 2022, Ascopiave S.p.A. and the Hera Group signed an agreement for the transfer to the latter of an 8% share of Estenergy S.p.A. capital.

As a result of the partial transfer of shares, Ascopiave S.p.A. currently holds a 40% stake in Estenergy S.p.A.'s share capital, while the Hera Group's stake rises to 60%. Estenergy S.p.A. operates in the marketing of natural gas and electricity commodities.

Equity investments in other companies amounted to Euro 78,254,000.

The item includes other equity investments, already recognised at the end of the previous year, consisting of Euro 54,000 thousand for 3% of the share capital of Hera Comm S.p.A., the value of which was reduced by Euro 669 thousand at year-end, Euro 24,922 thousand for 5% of the share capital of Acinque S.p.A, the value of which was subject to a reduction of Euro 1,806 thousand in the financial year 2020, and the residual shareholdings, amounting to Euro 1 thousand, relating to the shares in Banca Prealpi SanBiagio Credito Cooperativo - Soc. Coop.

We point out that Ascopiave S.p.A. holds put options on the equity investment held in the associated company EstEnergy S.p.A. and on the equity investment held in Hera Comm S.p.A., which, at year-end, showed a zero fair value.

It should be noted that the shareholders' equity and profit for the year of the subsidiaries and affiliated companies shown in the tables above relate to the draft financial statements for the year ended 31 December 2022 and approved by the Boards of Directors of the investee companies.

Comparison of the carrying value of investments in subsidiaries and affiliated companies with the Company's share of the net worth of the investee reveals situations in which the carrying value exceeds the total net worth of the investee as of 31 December 2022.

Ascopiave S.p.A. is a holding company that carries out strategic management and coordination activities for the Ascopiave Group. In compliance with accounting standard IAS 36, the recoverability of the so-called 'corporate assets' of Ascopiave S.p.A. was verified, i.e. the assets and liabilities relative to the central activities of Ascopiave S.p.A. that were not allocated to the CGU as part of the first-level impairment test. The test was carried out from a consolidated perspective (second level test), as required by IAS 36, and the subject of the test was therefore the consolidated net invested capital of Ascopiave, net of the equity investments not consolidated on a line-by-line basis. In particular, the recoverable value was calculated as the sum of the recoverable values (i) of the gas distribution CGU, the energy services CGU, the water service CGU and the renewable energies CGU (ii) of the other shareholdings, determined in the first level impairment test, and the recoverable value (iii) of the corporate CGU.

With reference to the recoverable amount of the company Ascopiave S.p.A., the cash flows used incorporate the forecasts formulated by management for the company for the period 2022-2026. The terminal value was determined as an estimate of a perpetuity starting from the results forecast for 2026.

The weighted average cost of capital (WACC) was estimated as the average of the WACCs for the Gas Distribution CGU, the Energy Services CGU, the Water Service CGU and the Renewable Energy CGU, weighted by the incidence of their respective revenues.

In conclusion, the recoverable value thus determined was higher than or substantially in line with the book values in all CGUs. With reference to the energy services CGU, despite the overall recoverable value being substantially aligned to the carrying values, the results of the test carried out showed a recoverable value for the investee companies of Asco Renewables S.p.A. that was lower than the carrying values recorded. The subsidiaries have therefore incorporated the effects deriving from the evaluations carried out in their financial statements for the financial year 2022 and consequently, Ascopiave S.p.A. reduced the book value of the shareholding recorded in Asco Renewables S.p.A. by Euro 306 thousand (equal to 100% of the value of the shareholding). At the same time, it also wrote-down part of the financial receivable recognised in respect of the subsidiary for €12,285 thousand, an amount that the company will be called upon to use to offset the losses accrued by the subsidiaries.

#### 4. Other non-current assets

Details of the items comprising Other non-current assets in the years considered are summarised in the table below:

(Thousands of Euro)	31.12.2022	31.12.2021
Security deposits	514	508
<b>Other non-current assets</b>	<b>514</b>	<b>508</b>

Other non-current assets increased from Euro 508,000 in the financial year 2021, to Euro 514,000 in the financial year 2022, an increase of Euro 6,000 and related to security deposits.

#### 5. Non-current Financial Assets

Non-current financial assets amounted to €2,510,000, as shown in the following table:

(Thousands of Euro)	31.12.2022	31.12.2021
Other receivables of a financial nature over 12 months	2,510	2,864
<b>Non-current financial assets</b>	<b>2,510</b>	<b>2,864</b>

The item includes financial receivables due from local authorities and deriving from settlement agreements signed in previous years with them for the valorisation of natural gas distribution infrastructures. The value entered under non-current financial assets represents the amounts due beyond 12 months from the closing date of this financial report and due to the duration of the agreed instalment plan the item has been discounted to present value.

#### 6. Deferred Tax Assets

Deferred tax assets decreased from Euro 1,194 thousand to Euro 1,081 thousand, a decrease of Euro 113 thousand, as shown in the following table, which shows the balances in the two years under comparison:

(Thousands of Euro)	31.12.2022	31.12.2021
Advance tax receivables	1,081	1,194
<b>Advance tax receivables</b>	<b>1,081</b>	<b>1,194</b>

The Company has fully accounted for deferred tax assets related to temporary differences between taxable values and book values as it believes it is probable that future taxable income will absorb all the temporary differences that generated them. In calculating deferred tax assets, reference was made to the IRES rate and, where applicable, the IRAP rate in force at the time the temporary differences are expected to reverse. In particular, the IRES rate of 24% and the IRAP rate of 3.9% were applied.

The total value of temporary differences and the related amounts on which deferred tax assets have been recognised are shown below:

Description	31.12.2022			31.12.2021		
	Temporary differences	Tax rate	Total effect	Temporary differences	Tax rate	Total effect
Allocation of bad debt provisions	1	24.0%	0	464	24.0%	111
Ammortamenti eccedenti IRES	3,897	24.0%	935	4,180	24.0%	1,003
Personnel incentive	590	24.0%	142	339	24.0%	81
Directors' fees	16	24.0%	4	0	24.0%	0
<b>Total advance taxes</b>			<b>1,081</b>			<b>1,194</b>

## Current assets

### 7. Trade Receivables

The following table shows the composition of trade receivables at the end of each financial year considered:

(Thousands of Euro)	31.12.2022	31.12.2021
Receivables from customers	6,829	2,766
Receivables for invoices to be issued	6,900	637
Bad debt provisions	(1)	(1)
<b>Trade receivables</b>	<b>13,728</b>	<b>3,402</b>

Trade receivables are shown net of advances received and mainly relate to the invoicing of administrative, financial, legal and IT services held with companies belonging to the Ascopiave Group.

The item trade receivables went from Euro 3,402 thousand in the previous year to Euro 13,728 thousand in the year under review, recording increases of Euro 10,326 thousand, mainly explained by the increase in related parties and services provided to them and by the posting of receivables relative to contractual penalties in favour of Ascopiave S.p.A. by Estenergy S.p.A. and Hera Comm S.p.A. following the early termination of some service contracts in place between Ascopiave S.p.A. and the same companies.

Receivables from customers are entirely represented by accounts receivable from Italian debtors.

At the end of the year, there were no non-performing positions that required provisions for bad debts.

Finally, it should be noted that trade receivables are due within the next financial year and do not have any overdue balances of a significant amount.

(Thousands of Euro)	31.12.2022	31.12.2021
Gross trade receivable invoices issued	6,829	2,766
- allowance for doubtful accounts	-1	-1
<b>Net trade receivables for invoices issued</b>	<b>6,828</b>	<b>2,765</b>
<b>Aging of trade receivables for invoices issued:</b>		
- to expire	6,455	2,626
- expired within 6 months	328	137
- overdue by 6 to 12 months	46	2
- expired more than 12 months	1	0
- expired more than 5 years	1	1

## 8. Other Current Assets

The following table shows the breakdown of other current assets at the end of each financial year considered:

(Thousands of Euro)	31.12.2022	31.12.2021
Tax consolidation receivables	151	467
Annual pre-paid expenses	606	563
Advance payments to suppliers	191	197
UTF and Provincial/Regional Additional Tax receivables	40	40
Other receivables	5,263	5,095
<b>Other current assets</b>	<b>6,252</b>	<b>6,362</b>

Other current assets recorded a decrease of €110,000, from €6,362,000 in 2021, to €6,252,000 in 2022. The decrease is mainly explained by lower other receivables for Euro 148 thousand, partially offset by higher prepaid expenses for Euro 43 thousand.

Other receivables mainly include receivables due from Edigas Esercizio Distribuzione Gas S.p.A. due to the differential between the accounting items contributed and the value attributed for the purposes of the contribution equal to Euro 4,986,000 that took place in 2019.

## 9. Current Financial Assets

The following table shows the composition of current financial assets at the end of each financial year considered:

(Thousands of Euro)	31.12.2022	31.12.2021
Financial receivables from subsidiaries and associates	86,646	45,129
Other financial current assets	810	14,706
<b>Current financial assets</b>	<b>87,456</b>	<b>59,835</b>

Current financial assets amounted to €87,456,000, recording an increase of €27,621,000 compared to the previous year. The item mainly includes the positive balances of the *cash pooling* current accounts through which the company manages the Group treasury, disbursing the necessary financing to the subsidiaries so that they can meet their financial requirements.

The decrease in other current financial assets is mainly explained by the collection of the financial receivable equal to Euro 13,895 thousand from Asco Renewables S.p.A., acquired by Ascopiave S.p.A. as part of the purchase of Asco Renewables S.p.A., and the companies in which it holds a stake, the completion of which saw the former shareholder also acquire the amortisation of the receivable claimed by the latter from the acquired company.

It should also be noted that at year-end, the item also includes the receivable from the municipality of Creazzo for Euro 137 thousand, the receivable from the municipality of Santorso for Euro 110 thousand, and the short-term portion of the receivable from the municipality of Costabissara for Euro 163 thousand, which arose as a result of the settlement agreements reached with the local authorities.

The composition of the positive current account balances with subsidiaries in the two financial years is detailed below:

(Thousands of Euro)	31.12.2022	31.12.2021
AP Reti Gas Rovigo S.r.l. centralized treasury account	7,342	6,384
Edigas Esercizio Distribuzione Gas S.p.A. centralized treasury account	17,851	15,810
AP Reti Gas Vicenza S.p.A. centralized treasury account	19,909	21,401
Asco Renewables S.p.A. centralized treasury account	6,615	
Eosforo S.r.l. centralized treasury account	3,255	
Morina S.r.l. centralized treasury account	2,769	
Sangineto Energie S.r.l. centralized treasury account	1,744	
Salinella Eolico S.r.l. centralized treasury account	9,206	
Romeo Gas S.p.A. centralized treasury account	7,993	
Serenissima Gas S.p.A. centralized treasury account	8,616	
Green Factory S.r.l. centralized treasury account	807	
Asco Energy S.p.A. centralized treasury account	539	1,535
<b>Financial receivables from subsidiaries</b>	<b>86,646</b>	<b>45,129</b>

The change in receivables from subsidiaries shows an increase in loans granted at year-end of Euro 41,517,000.

At year-end, a bad debt provision of Euro 12,285 thousand related to Asco Renewables S.p.A. was recognised; for further information, please refer to the section 'Shareholdings' of this annual financial report.

## 10. Tax Credits

The table below shows the composition of tax receivables at the end of each year considered:

(Thousands of Euro)	31.12.2022	31.12.2021
Receivables related to IRAP	283	283
Receivables related to IRES	1,984	272
Other tax receivables	56	37
<b>Tax receivables</b>	<b>2,323</b>	<b>591</b>

Tax receivables amounted to €2,323,000 and increased by €1,732,000 compared to FY 2021. The item mainly includes the residual receivable, after deducting taxes accrued in the year 2022, of IRAP advances paid and IRES advances.

## 11. Cash and cash equivalents

The following table shows the composition of cash and cash equivalents at the end of each financial year considered:

(Thousands of Euro)	31.12.2022	31.12.2021
Bank and post office deposits	70,876	39,486
Cash and cash equivalents on hand	5	3
<b>Cash and cash equivalents</b>	<b>70,881</b>	<b>39,489</b>

The item includes current accounts opened at banks and cash at bank. Cash and cash equivalents at the end of the year amounted to Euro 70,881,000, an increase of Euro 31,392,000 compared to the previous year. Please refer to the cash flow statement for a better understanding of the changes in cash flows during the year.

## 12. Current Assets in Derivative Financial Instruments

The following table shows the breakdown of current assets in derivative financial instruments for each year considered:

(Thousands of Euro)	31.12.2022	31.12.2021
Current assets on electricity derivatives	1,152	
Current assets on interest rates derivatives	5,434	265
<b>Current assets from derivative financial instruments</b>	<b>6,586</b>	<b>265</b>

The item at year-end was Euro 6,586,000, an increase of Euro 6,321,000 compared to the year 2021.

Current assets on derivative financial instruments are mainly related to interest rate hedging contracts signed by Ascopiave S.p.A. in 2020, 2021 and 2022. In addition, there are current assets on derivative financial instruments relative to hedging contracts on the price of electricity produced by the hydroelectric plants of the company Asco EG S.p.A.. With regard to assets and liabilities related to derivative assets, please refer to the section "Risk and Uncertainty Factors" of this financial report in which the related effects are highlighted.

Derivative assets related to loans taken out by the Company are represented by the fair value of the following derivatives outstanding as of 31 December 2022, the financial manifestation of which will be spread over the term of the underlying loan:

#	Counterpart	Type of instrument	Underlying Commodity	Trade date	Effective date	Expiry date	Position	Contractual notion	MtM (€/000)
1	BNL	Interest Rate Swap	Euribor 6M	9-Aug-19	9-Feb-20	9-Feb-25	Vanilla: Fixed - Float	15,000,000 €	571
2	Credit Agricole	Interest Rate Swap	Euribor 6M	27-Sep-19	1-Oct-19	27-Sep-24	Vanilla: Fixed - Float	6,000,000 €	221
3	Intesa Sanpaolo	Interest Rate Swap	Euribor 6M	30-Nov-20	30-Nov-20	30-Nov-23	Vanilla: Fixed - Float	50,000,000 €	1,726
4	Mediobanca	Interest Rate Swap	Euribor 3M	2-Dec-20	2-Dec-20	2-Dec-25	Vanilla: Fixed - Float	20,000,000 €	1,196
5	Mediobanca	Interest Rate Swap	Euribor 3M	23-Dec-21	23-Dec-21	23-Dec-26	Vanilla: Fixed - Float	17,777,778 €	1,264
6	Credit Agricole	Interest Rate Swap	Euribor 6M	31-Mar-22	31-Mar-22	31-Mar-27	Vanilla: Fixed - Float	9,000,000 €	457
7	Intesa Sanpaolo	Commodity Swap	Power IT Baseload	20-Apr-22	1-Jan-23	31-Dec-23	Sell/Short	8,760 Mwh	164
8	Intesa Sanpaolo	Commodity Swap	Power IT Baseload	5-Aug-22	1-Apr-23	30-Jun-23	Sell/Short	6,552 Mwh	738
9	Intesa Sanpaolo	Commodity Swap	Power IT Baseload	5-Aug-22	1-Oct-23	31-Dec-23	Sell/Short	2,209 Mwh	250
<b>Total</b>									<b>6,586</b>

It is specified that financial instruments measured at fair value belong to valuation hierarchy level 2.

## Net assets

### 13. Net worth

The following table shows the composition of shareholders' equity at the end of the financial years considered:

(Thousands of Euro)	31.12.2022	31.12.2021
Share capital and reserves	796,267	774,413
Net Result for the period	41,793	53,252
<b>Total Net equity</b>	<b>838,060</b>	<b>827,666</b>

The breakdown of shareholders' equity is shown below:

(Thousands of Euro)	31.12.2022	31.12.2021
Share capital	234,412	234,412
Legal reserve	46,882	46,882
Own shares	(55,423)	(55,423)
Reserves	570,414	548,579
Reserve for severance pay discount ias 19	(17)	(37)
Net Result for the period	41,793	53,252
<b>Total Net equity</b>	<b>838,060</b>	<b>827,666</b>

Shareholders' equity as at 31 December 2022 amounted to Euro 838,060,000, an increase of Euro 10,394,000 compared to 31 December 2021.

Movements in shareholders' equity during the year, excluding the result achieved, are mainly explained by the distribution of ordinary dividends resolved by the shareholders' meeting held on 28 April 2022. In fact, the shareholders' meeting resolved to distribute an ordinary dividend in the amount of EUR 0.165 per share. The ordinary dividend was paid on 4 May 2022, with ex-dividend date 2 May 2022 and *record date* 3 May 2022.

Pursuant to Article 40 of Legislative Decree 127, paragraph 2 d), we acknowledge that as of 31 December 2022, the Company held 17,701,578 treasury shares for a value of Euro 55,423 thousand (Euro 55,423 thousand as of 31 December 2021), which were recognised as a reduction of other reserves as can be seen in the statement of changes in shareholders' equity.

*The hedge accounting* reserve posted at year-end represents the current value of derivative financial instruments subscribed by Ascopiave S.p.A. to hedge possible fluctuations in interest rates. The same, as of 31 December 2022, shows a positive balance of Euro 5,147 thousand. We report that as of the closing date of this annual financial report, the effects released to the income statement have matured for Euro 460 thousand.

Concerning assets and liabilities related to derivative assets, please refer to the section "Risk Hedging Policies" of this Annual Report, where the effects related to them are highlighted.



The changes in capital in the financial year 2022 are shown in the tables below:

<b>Shares in circulation as of 31<sup>st</sup> December 2021 and 31<sup>st</sup> December 2022</b>		
<b>(Number of shares)</b>	<b>31.12.2022</b>	<b>31.12.2021</b>
Number of shares from shareholders' capital	234,412	234,412
Number of shares in portfolio	(17,702)	(17,702)
<b>Total number of shares in circulation</b>	<b>216,710</b>	<b>216,710</b>
<b>Value of the shares in circulation (Thousands of Euro)</b>		
	<b>31.12.2022</b>	<b>31.12.2021</b>
Ordinary shares	234,412	234,412
Own shares in portfolio	(55,423)	(55,423)
<b>Total value of shares in circulation</b>	<b>178,988</b>	<b>178,988</b>

*Gains (losses) recognised directly in equity*

As of 31 December 2022, losses of €2,493,000 were recognised in equity.

This reserve includes actuarial gains and losses arising from the valuation of existing defined-benefit plans, which will never be reclassified to the Income Statement for Euro 17 thousand related to the severance indemnity fund and Euro 2,476 thousand related to the *fair value* valuation of the equity investment in Acinque S.p.A. and Hera Comm S.p.A. described in the 'equity investments' section of this annual report.

With reference to the provisions of Article 2427-bis of the Italian Civil Code, the schedules indicating the origin, possibility of utilisation and distributability of the shareholders' equity items are provided below:

Description	Amount	Possibility of use	Portion available	Usage in the previous three financial period	
				For coverage of losses	For other reasons
Share capital	234,411,575	-	-		
<b>CAPITAL RESERVES</b>					
Share premium fund	171,613	A, B, C	171,613		
Own shares	(55,423,270)	-	-		
<b>EARNINGS RESERVES</b>					
Legal reserve	46,882,315	B	-		
Other reserve	601,742,532	A, B, C	601,742,532		
Profit/(loss) carried forward	(31,517,576)	A, B, C	(31,517,576)		
<b>Total</b>	<b>796,267,188</b>		<b>570,396,568</b>		
Portion non available					
<b>Residual value of available portion</b>			<b>570,396,568</b>		

Note: "A" = capital increase "B" = coverage of losses, "C" = distribution to shareholders

The share premium reserve is available considering that the legal reserve has reached a value equal to one fifth of the share capital, as required by civil law.

## Non-current liabilities

### 14. Provisions for risks and charges

The table below shows the composition of the provisions for liabilities and charges at the end of the financial years considered:

(Thousands of Euro)	31.12.2022	31.12.2021
Provisions for pension for gas sector employees	475	320
<b>Provisions for risks and charges</b>	<b>475</b>	<b>320</b>

The increase in the provision for risks and charges of Euro 155,000 is mainly explained by the recognition of the amounts accrued in the year of reference in relation to the long-term incentive plan for the three-year period 2021-2023.

### 15. Severance pay

The following table shows the changes in severance pay during the year under review:

(Thousands of Euro)	
Severance indemnity as of 1 <sup>st</sup> January 2022	261
Retirement allowance	(383)
Payments for current services and work	357
Actuarial loss/(profits) of the period	(24)
<b>Severance indemnity as of 31<sup>st</sup> December 2022</b>	<b>212</b>

The liability for severance pay is measured using an actuarial method, and its value is therefore sensitive to changes in the relevant assumptions. The main assumptions used in the measurement of the severance pay liability are the discount rate, the average annual exit percentage of employees, and the maximum retirement age of employees.

The discount rate used to measure the liability arising from the employee severance indemnity is determined with reference to market yields for high quality corporate bonds (rated at least AA) for which the maturities and amounts correspond to the maturities and amounts of expected future payments. For this plan, the average discount rate reflecting the estimated maturities and amounts of future payments related to the plan for 2022 is 3.77% (0.98% at 31 December 2021).

The main other assumptions of the model are:

- mortality rate: IPS55 survival table
- Incapacity rates: INPS tables year 2000
- staff turnover rate: 3.00%.
- annual probability rate of advance payment of severance pay: 2.00%.
- rate of salary increase: 1.50 per cent
- inflation rate: 3%

The sensitivity analysis on the actuarial valuation of the fund did not reveal any significant deviations from the value recorded in the financial statements.

The current cost of labour services is recorded under personnel expenses, while the *interest cost* is recorded under financial income and expenses in the amount of Euro 2,000.

## 16. Outstanding medium- to long-term bonds

The following table shows the composition of medium- and long-term bonds outstanding at the end of the financial years considered:

(Thousands of Euro)	31.12.2022	31.12.2021
Outstanding medium- and long-term bonds	94,033	24,181
<b>Outstanding medium- and long-term bonds</b>	<b>94,033</b>	<b>24,181</b>

As part of the private placement "Shelf" programme with Pricoa Capital Group, a company of the US group Prudential Financial Inc., during the year Ascopiave S.p.A. proceeded with the placement of ordinary non-convertible and unsecured bonds for Euro 70 million, with a maturity of 10 years and an average duration of 6 years, thus bringing the total amount of bonds issued to Euro 94 million.

The bonds issued are unrated and are not listed on regulated markets. The issue is not backed by collateral. Ascopiave S.p.A. is required to comply with certain financial covenants, as per normal market practice, to be verified every six months.

## 17. Medium- to long-term financing

The following table shows the breakdown of medium- and long-term loans at the end of the financial years considered:

(Thousands of Euro)	31.12.2022	31.12.2021
Loans from Banca Prealpi SanBiagio	5,412	6,234
Loans from European Investment Bank	2,500	7,250
Loans from INTESA SANPAOLO SPA	10,000	70,000
Loans from BPER	22,384	3,356
Loans from BANCO BPM	21,009	
Loans from BNL	25,250	18,750
Loans from Cassa Centrale Banca-Credito Coop.	25,525	
Loans from CRÉDIT AGRICOLE FRIULADRIA	10,025	12,000
Loans from MEDIOBANCA	26,667	37,778
Loans from ICCREA	20,722	
<b>Medium- and long-term bank loans</b>	<b>169,495</b>	<b>155,368</b>
Current portion of medium and long-term bank loans	117,888	60,631
<b>Medium and long-term bank loans</b>	<b>287,383</b>	<b>215,999</b>

Medium/long-term loans, represented at 31 December 2022 by the Company's payables to Intesa Sanpaolo for Euro 70,000 thousand, Mediobanca for Euro 37,778 thousand, BNL for Euro 33,750 thousand, BCC Prealpi-Sanbiagio for Euro 6,302 thousand, BPER for Euro 31,849 thousand, Iccrea Banca for Euro 28,495 thousand, Crédit Agricole Friuladria for Euro 15,042 thousand, Banca Europea per gli Investimenti for Euro 7.250 thousand, Banco BPM for Euro 27,015 thousand, Cassa Centrale Banca for Euro 29,909 thousand, increased overall from Euro 215,999 thousand as at 31 December 2021 to Euro 287,383 thousand, with an increase of Euro 71,384 thousand, mainly explained by the payment of instalments paid, the taking out of new loans with Cassa Centrale Banca, Crédit Agricole, Banco BPM, Iccrea Banca and BPER. In particular, details of the nominal outstanding debt of the individual contracts are given below:

- the loan with Intesa Sanpaolo, disbursed in November 2020 for a total of €50,000 thousand, equal to the residual debt as of 31 December 2022, is recorded under bank borrowings and short-term loans; the contract provides for the respect of certain financial parameters (financial covenants) to be verified every six months on the Group's consolidated data prepared in accordance with IFRS;
- the loan with BPER, disbursed in September 2022 for a total of Euro 30,000 thousand, presents a residual debt as of 31 December 2022 of Euro 28,492 thousand, with the recording of Euro 6,109 thousand among payables to banks and short-term loans; the contract provides for the respect of certain financial parameters (financial covenants) to be verified annually on the Group's consolidated data prepared in accordance with IFRS;
- the loan with Cassa Centrale Banca, disbursed in March 2022 for a total of Euro 30,000 thousand, equal to the residual debt as of 31 December 2022, sees the recognition of Euro 4,401 thousand among payables to banks and short-term loans; the contract provides for the respect of certain financial parameters (financial covenants) to be verified annually on the Group's consolidated data prepared in accordance with IFRS;
- the loan with Banco BPM, disbursed in May 2022 for a total of €30,000 thousand, presents a residual debt at 31 December 2022 of €27,000 thousand, with the recognition of €6,000 thousand among bank borrowings and short-term loans; the contract provides for the observance of certain financial parameters (financial covenants) to be verified annually on the Group's consolidated data prepared in accordance with IFRS;
- the loan with Iccrea Banca, disbursed in June 2022 for a total of €30,000 thousand, shows a residual debt as of 31 December 2022 of €28,462 thousand, with €7,759 thousand recognised under bank borrowings and short-term loans;
- the loan with Intesa Sanpaolo, disbursed in November 2019 for a total of €50,000 thousand, presents a residual debt as of 31 December 2022 equal to €20,000 thousand, with the recording of €10,000 thousand among payables to banks and short-term loans; the contract provides for the respect of certain financial parameters (financial covenants) to be verified every six months on the Group's consolidated data prepared in accordance with IFRS;
- the loan with Mediobanca, disbursed in December 2020 for a total of €30,000 thousand, presents a residual debt at 31 December 2022 of €20,000 thousand, with the recognition of €6,667 thousand among payables to banks and short-term loans; the contract provides for the respect of certain financial parameters (financial covenants) to be verified every six months on the Group's consolidated data prepared in accordance with IFRS;
- the loan with Mediobanca, disbursed in December 2021 for a total of €20,000 thousand, presents a residual debt as of 31 December 2022 of €17,778 thousand, with the recognition of €4,444 thousand among payables to banks and short-term loans; the contract provides for the respect of certain financial parameters (financial covenants) to be verified every six months on the Group's consolidated data prepared in accordance with IFRS;
- the loan with BNL, disbursed in 2017 for an amount of €30,000 thousand, presents a residual debt as of 31 December 2022 of €18,750 thousand, with the recognition of €2,500 thousand under bank borrowings and short-term loans; the contract provides for compliance with certain financial parameters (financial covenants) to be verified annually on the Group's consolidated data prepared in accordance with IFRS;
- the loan with BNL, disbursed in August 2019 for an amount of €30,000 thousand, presents a residual debt as of 31 December 2022 of €15,000 thousand, with the recognition of €6,000 thousand among bank borrowings and short-term loans; the contract provides for compliance with certain financial parameters (financial covenants) to be verified annually on the Group's consolidated data prepared in accordance with IFRS;
- the loan with Crédit Agricole Friuladria, disbursed in October 2019 for an amount of €30,000 thousand, presents a residual debt as of 31 December 2022 equal to €6,000 thousand, with the recognition of €3,000 thousand among payables to banks and short-term loans; the contract provides for the observance of certain financial parameters (financial covenants) to be verified every six months on the Group's consolidated data prepared in accordance with IFRS;
- the loan with Crédit Agricole Friuladria, disbursed in March 2022 for a total of €10,000 thousand, has a residual debt as of 31 December 2022 of €9,000 thousand, with the recognition of €2,000 thousand among payables to banks and short-term loans; the contract provides for the observance of certain financial parameters (financial covenants) to be verified annually on the Group's consolidated data prepared in accordance with IFRS;
- the loan with the European Investment Bank, disbursed in two tranches during 2013 for a total of Euro 45,000 thousand, presents a residual debt as of 31 December 2022 of Euro 7,250 thousand, with the recognition of

Euro 4,750 thousand among bank borrowings and short-term loans; the contract provides for the respect of certain financial parameters (financial covenants) to be verified every six months on the Group's consolidated data prepared in accordance with IFRS;

- the loan with BPER, originally disbursed by UBI Banca in May 2020 for an amount of Euro 20,000 thousand and transferred to BPER following the reorganisation that involved the bank, presents a residual debt as of 31 December 2022 equal to Euro 3,356 thousand, entirely recognised under bank borrowings and short-term loans;
- the loan with Cassa Centrale Banca, disbursed at the beginning of 2018 in the amount of Euro 10,000 thousand, shows a residual debt as at 31 December 2022 in the amount of Euro 6,302 thousand, with the recognition of Euro 889 thousand under bank borrowings and short-term loans;

As a guarantee of the fulfilment of the obligations deriving from the financing contracts signed with BNL (only the one disbursed in 2017) and Banca Europea per gli Investimenti, Ascopiave S.p.A. transferred to the financing banks a portion of the future credit deriving from the repayment of the residual value of the assets relating to the Gas Distribution Concessions held by the subsidiary AP Reti Gas S.p.A..

The table below shows the maturities of medium- and long-term loans:

(Thousands of Euro)	31.12.2022
Financial Year 2023	117,888
Financial Year 2024	58,821
Financial Year 2025	43,098
Financial Year 2026	32,463
Financial Year 2027	16,089
Beyond 31 <sup>st</sup> December 2027	19,024
<b>Medium- and long-term bank loans</b>	<b>287,383</b>

#### 18. Other non-current liabilities

The following table shows the breakdown of this item at the end of each financial year considered:

(Thousands of Euro)	31.12.2022	31.12.2021
Security deposits	11	11
<b>Other non-current liabilities</b>	<b>11</b>	<b>11</b>

Other non-current liabilities of Euro 11,000 did not change during the year.

#### 19. Non-current Financial Liabilities

The following table shows the breakdown of this item at the end of each financial year considered:

(Thousands of Euro)	31.12.2022	31.12.2021
Debts for rights of use beyond 12 months	43	110
<b>Non-current financial liabilities</b>	<b>43</b>	<b>110</b>

Non-current financial liabilities decreased from Euro 110 thousand in 2021 to Euro 43 thousand in the year under review, a decrease of Euro 67 thousand. The item includes the financial debt that will be disbursed beyond twelve months in relation to operating leases of real estate and company vehicles accounted for in accordance with IFRS 16.

## 20. Deferred tax liabilities

The following table shows the balance of the item at the end of the financial years considered:

(Thousands of Euro)	31.12.2022	31.12.2021
Deferred tax payables	6	6
<b>Deferred tax payables</b>	<b>6</b>	<b>6</b>

Deferred taxes amount to Euro 6,000 and show no change from the previous year.

The Company has fully accounted for deferred taxes related to temporary differences between tax values and balance sheet values. In calculating deferred taxes, reference was made to the IRES (corporate income tax) rate and, where applicable, the IRAP rate in force at the time the temporary differences are expected to reverse. In particular, the IRES rate of 24% and the IRAP rate of 3.9% were applied.

The total value of temporary differences and the related amounts on which deferred tax liabilities have been recognised are shown below:

Description	31.12.2022			31.12.2021		
	Temporary differences	Tax rate	Total effect	Temporary differences	Tax rate	Total effect
Exceeding amortizations IRES	5	24.0%	1	5	24.0%	1
Severance indemnity	19	24.0%	5	19	24.0%	5
<b>Total deferred tax payables</b>			<b>6</b>			<b>6</b>

## Current liabilities

### 21. Due to banks and current portion of medium- and long-term loans

The following table shows the breakdown of bank borrowings and loans at the end of each financial year considered:

(Thousands of Euro)	31.12.2022	31.12.2021
Payables due to banks	64,000	139,000
Current portion of medium-long-term loans	117,888	60,631
<b>Payables due to banks and financing institutions</b>	<b>181,888</b>	<b>199,631</b>

At year-end 2022, short-term bank debt consisted of short-term bank loans and current account balances opened with credit institutions in the amount of €64,000 thousand and the short-term portion of loans in the amount of €117,888 thousand. The overall decrease of €17,743 thousand is mainly explained by the lower utilisation of available credit lines.

The following table shows the breakdown of Ascopiave S.p.A.'s utilised and available credit lines and the relative rates applied as of 31 December 2022:

Bank	Type of line of credit	Credit line at 31.12.2022	Rate at 31.12.2022	Use of credit line at 31.12.2022
European Investment Bank	Long-term mortgage	3,750	3.45%	3,750
European Investment Bank	Long-term mortgage	3,500	3.69%	3,500
Banca Nazionale del Lavoro	Cash loan	24,000	2.47%	24,000
Banca Nazionale del Lavoro	Long-term mortgage	18,750	0.86%	18,750
Banca Nazionale del Lavoro	Long-term mortgage	15,000	1.92%	15,000
Banca Nazionale del Lavoro	Endorsement loan	1,000	n.a.	50
Banca Popolare dell'Emilia Romagna	Cash loan	5,000	2.50%	5,000
Banca Popolare dell'Emilia Romagna	Long-term mortgage	3,356	0.55%	3,356
Banca Popolare dell'Emilia Romagna	Long-term mortgage	28,492	3.36%	28,492
Banca Popolare dell'Emilia Romagna	Endorsement loan	107	n.a.	107
Banca Prealpi SanBiagio	Long-term mortgage	3,151	1.83%	3,151
Banca Sella	Cash loan	5,000	n.a.	-
Banco BPM	Cash loan	5,000	2.75%	5,000
Banco BPM	Endorsement loan	5,000	n.a.	1,657
Banco BPM	Long-term mortgage	27,000	3.41%	27,000
Cassa Centrale Banca	Long-term mortgage	3,151	1.83%	3,151
Cassa Centrale Banca	Long-term mortgage	30,000	1.85%	30,000
Cassa Depositi e Prestiti	Endorsement loan	9,943	n.a.	9,943
Crédit Agricole Corporate & Investment Bank	Long-term mortgage	3,000	0.85%	3,000
Crédit Agricole Friuladria	Long-term mortgage	3,000	0.85%	3,000
Crédit Agricole Friuladria	Cash loan	5,000	n.a.	-
Crédit Agricole Friuladria	Long-term mortgage	9,000	1.60%	9,000
Credito Emiliano	Cash loan	30,000	2.71%	30,000
ICCREA	Long-term mortgage	28,462	3.66%	28,462
Intesa SanPaolo	Cash loan	55,000	n.a.	-
Intesa SanPaolo	Long-term mortgage	20,000	0.41%	20,000
Intesa SanPaolo	Long-term mortgage	50,000	0.49%	50,000
Mediobanca	Long-term mortgage	20,000	0.42%	20,000
Mediobanca	Long-term mortgage	17,778	1.11%	17,778
Pricoa Capital Group	Bond loan	25,000	1.38%	25,000
Pricoa Capital Group	Bond loan	70,000	2.05%	70,000
Unicredit	Short-term loans/guarantees	31,600	n.a.	9,832
Unicredit	Endorsement loan	29,210	n.a.	6,809
<b>Total</b>		<b>588,249</b>		<b>474,787</b>

Note: the total uses do not correspond to the total payables to banks as the use of the line for the issue of sureties does not result in bank payables.

## 22. Trade Payables

The following table shows the composition of trade payables at the end of each financial year considered:

(Thousands of Euro)	31.12.2022	31.12.2021
Payables to suppliers	1,475	1,659
Payables to suppliers for invoices not yet received	1,674	901
<b>Trade payables</b>	<b>3,149</b>	<b>2,560</b>

Trade payables went from Euro 2,560 thousand in the previous year to Euro 3,149 thousand in the year under review, showing an increase of Euro 589 thousand. The increase is mainly explained by higher balances recognised for payables for invoices to be received at year-end for Euro 773 thousand, which was partially offset by lower invoices received for Euro 184 thousand.

It should also be noted that trade payables are payable within the next financial year.

### 23. Other Current Liabilities

The following table shows the breakdown of 'Other current liabilities' at the end of each financial year considered:

(Thousands of Euro)	31.12.2022	31.12.2021
Amounts due for tax consolidation	2,104	942
Amounts due to social security institutions	393	340
Amounts due to employees	1,505	1,397
VAT payables	500	277
Payables to revenue office for withholding tax	358	301
Annual passive accruals	2,118	799
Other payables	445	335
<b>Other current liabilities</b>	<b>7,423</b>	<b>4,390</b>

At the end of the year under review, other current liabilities amounted to €7,423,000, an increase of €3,033,000 compared to the year 2021.

The increase is mainly explained by higher payables for tax consolidation, which show an increase of Euro 1,162 thousand, VAT payables of Euro 223 thousand, higher payables to personnel of Euro 108 thousand, higher annual accruals of Euro 1,319 thousand, and higher other payables of Euro 110 thousand.

Payables due to social security institutions' refer to payables for contributions accrued for November and December paid in the first months of the year 2023; while 'Payables due to employees' include payables for untaken holiday days, monthly salaries and bonuses accrued as of 31 December 2022 and not yet paid at that date.

### 24. Current Financial Liabilities

The table below shows the breakdown of 'Current financial liabilities' at the end of the financial years considered:

(Thousands of Euro)	31.12.2022	31.12.2021
Shareholders dividends	7	2
Financial payable within 12 months	51,779	7,021
Financial payables related to IFRS 16 within 12 months	78	104
<b>Current financial liabilities</b>	<b>51,865</b>	<b>7,127</b>

Current financial liabilities amounted to €51,865,000, an increase of €44,738,000 compared to the previous year, mainly due to the balances recorded in the cash pooling current accounts with subsidiaries through which the company manages the Group treasury.

They are represented by financial payables to AP Reti Gas S.p.A. for Euro 34,169 thousands, AP Reti Gas Nord Est S.r.l. for Euro 1,320 thousands, Cart Acqua S.r.l. for Euro 385 thousands and Asco EG S.p.A. for Euro 15,221 thousands.

Financial payables related to the application of IFRS 16 recorded a change of Euro 26,000 during the year. They represent financial payables due within twelve months for operating lease contracts signed for the rental of company premises and motor vehicles.



## 25. Current Liabilities on Derivative Financial Instruments

The following table shows the composition of current liabilities on derivative financial instruments for each financial year considered:

(Thousands of Euro)	31.12.2022	31.12.2021
Liabilities on electric energy derivatives	1,152	
Liabilities on interest rates derivatives		109
<b>Current liabilities from derivative financial instruments</b>	<b>1,152</b>	<b>109</b>

Current liabilities on derivative financial instruments are related to hedging contracts on the price of electricity produced by Asco EG S.p.A.'s hydroelectric plants. With regard to assets and liabilities related to derivative assets, please refer to the section "Risk and Uncertainty Factors" of this Annual Report, where the related effects are highlighted.

Liabilities on derivatives connected with loans underwritten by Ascopiave S.p.A. are represented by the fair value of the following derivatives outstanding as of 31 December 2022, the financial manifestation of which will be broken down according to the duration of the underlying loan:

#	Counterpart	Type of instrument	Underlying Commodity	Trade date	Effective date	Expiry date	Position	Contractual notion	MtM (€/000)
1	Intesa Sanpaolo	Commodity Swap	Power IT Baseload	20-Apr-22	1-Jan-23	31-Dec-23	Sell/Short	8,760 Mwh	164
2	Intesa Sanpaolo	Commodity Swap	Power IT Baseload	5-Aug-22	1-Apr-23	30-Jun-23	Sell/Short	6,552 Mwh	738
3	Intesa Sanpaolo	Commodity Swap	Power IT Baseload	5-Aug-22	1-Oct-23	31-Dec-23	Sell/Short	2,209 Mwh	250
<b>Total</b>									<b>1,152</b>

It is specified that financial instruments measured at *fair value* belong to valuation hierarchy level 2.

## Net financial position

The following table shows the composition of net financial debt as required by Consob Communication No. DEM/6064293 of 28 July 2006. The table and disclosures shown have been adjusted to reflect the updates reported in ESMA document 32-382-1138 of 4 March 2021:

(Thousands of Euro)	31.12.2022	31.12.2021
A Cash and cash equivalents	70.881	39.489
B Equivalent to cash and cash equivalents	0	0
C Other current financial assets	92.890	60.100
- of which related parties	86.646	59.025
<b>D Liquid assets (A) + (B) + (C)</b>	<b>163.771</b>	<b>99.590</b>
E Current financial liabilities (including debt instruments, but excluding the current portion of non-current financial debt)	(115.865)	(146.236)
- of which related parties	(51.095)	(6.336)
- of which debt instruments current part	0	0
F Current portion of non-current financial debt	(117.888)	(60.631)
- of which related parties	0	0
<b>G Current financial indebtedness (E) + (F)</b>	<b>(233.753)</b>	<b>(206.867)</b>
<b>H Net current financial indebtedness (D) + (G)</b>	<b>(69.982)</b>	<b>(107.277)</b>
I Non-current financial debt (excluding the current portion and debt instruments)	(263.571)	(179.660)
J Debt instruments	0	0
K Trade payables and other non-current payables	0	0
<b>L Non-current financial indebtedness (I) + (J) + (K)</b>	<b>(263.571)</b>	<b>(179.660)</b>
<b>M Net financial indebtedness (H) + (L)</b>	<b>(333.553)</b>	<b>(286.937)</b>

Ascopiave S.p.A.'s net financial position shows an increase of Euro 46,616 thousand compared to the previous year, reaching Euro 333,553 thousand.

It should be noted that short-term bank loans are not subject to *covenants* or *negative pledges*, while loans granted by Banca Europea per gli Investimenti, Banca Nazionale del Lavoro, Crédit Agricole Friuladria, Intesa Sanpaolo and Mediobanca are subject to *covenants* - to be verified on the basis of the results of the consolidated financial statements - described in the "Medium/Long-Term Loans" section of this annual financial report.

Pursuant to Consob Resolution No. 15519 of 27 July 2006, the effects of transactions with related parties are shown in the special schedule in the section 'Financial Statements presented in accordance with Consob Resolution 15519/2006' of this Annual Financial Report.

The table below shows the reconciliation between the ESMA net financial position and the Company's monitored net financial position:

(Thousands of Euro)	31.12.2022	31.12.2021
ESMA Net financial position	(333,553)	(286,937)
Non current financial assets	2,510	2,864
<b>Net Financial Position monitored by the company</b>	<b>(331,043)</b>	<b>(284,073)</b>

## EXPLANATORY NOTES TO THE MAIN ITEMS IN THE PROFIT AND LOSS ACCOUNT

### Revenues

#### 26. Revenues

The following table shows the revenues for the years considered:

(Thousands of Euro)	Financial Year	
	2022	2021
Revenues from services supplied to Group companies	18,427	12,863
Other revenues	686	975
Distribution of dividends from controlled companies	51,786	58,958
<b>Revenues</b>	<b>70,899</b>	<b>72,795</b>

At the end of the year, revenues amounted to Euro 70,899,000, a decrease of Euro 1,896,000 compared to the previous year.

Revenues from general services rendered to Group companies increased by Euro 5,564 thousand, from Euro 12,863 thousand in the previous year to Euro 18,427 thousand in the year under review.

Revenues from the distribution of dividends from participated companies recorded a decrease of Euro 7,172,000, going from Euro 58,958,000 in the previous year to Euro 51,786,000 in the year under review. The change is mainly explained by lower dividends received from the participated companies.

Other revenues decreased by Euro 289,000 from Euro 975,000 in 2021 to Euro 686,000 in the year under review.

### Operating Costs

#### 27. Costs for services

The following table shows the breakdown of costs for services in the financial years considered:

(Thousands of Euro)	Financial Year	
	2022	2021
Mailing and telegraph costs	79	552
Maintenance and repairs	1,727	2,033
Consulting services	5,694	3,793
Commercial services and advertisement	135	112
Sundry suppliers	414	394
Directors' and Statutory Auditors' fees	643	1,279
Insurances	674	727
Personnel costs	564	464
Other managing expenses	556	689
Costs for use of third-party assets	621	562
<b>Costs for services</b>	<b>11,107</b>	<b>10,603</b>

At year-end, costs for services amounted to Euro 11,107 thousand, showing an increase of Euro 504 thousand compared to the previous year. The increase is mainly explained by the increase in costs for consultancy services, costs for the use of third party assets and costs sustained for personnel, partially offset by the decrease in expenses for maintenance

and repairs, postal and telegraphic expenses, insurance costs and other management expenses.

Personnel expenses include employee travel and mission costs, canteen costs, and training and education costs and show an increase of Euro 100,000 compared to the previous year.

The item Lease and rental costs mainly includes costs for software rights and licences and costs for office rents. At year-end, the item recorded a decrease of Euro 59,000.

## 28. Personnel costs

The following table provides a breakdown of personnel costs for the financial years considered:

(Thousands of Euro)	Financial Year	
	2022	2021
Wages and salaries	5,862	4,809
Social security contributions	1,610	1,360
Severance indemnity	357	329
Other costs	9	12
<b>Total personnel costs</b>	<b>7,838</b>	<b>6,511</b>

Personnel costs are recognised net of capitalised costs for increases in intangible assets for works partially carried out in-house directly attributed to the construction and extraordinary maintenance of company premises.

Personnel costs increased from Euro 6,511,000 in the previous year to Euro 7,838,000 in 2022, an increase of Euro 1,327,000. It should be noted that as of 31 December 2022, costs accrued during the year for long-term incentive plans of Euro 275 thousand and short-term incentive plans of Euro 422 thousand were recognised. It should also be noted that, in compliance with IFRS 2, the cost of long-term incentive plans has been set off against equity reserves in the amount of Euro 74 thousand for the portion to be paid in shares and against pension funds in the amount of Euro 232 thousand for the portion to be paid in cash. The amounts recognised in relation to long-term incentive plans refer to the second year of the three-year period 2021-2023, the period defined by the plans for the vesting of the bonus.

The table below shows the average number of employees per category at the end of the financial year 2022 and at the end of the financial year 2021:

Description	31.12.2022	31.12.2021	Variation
Managers	10	9	1
Office workers	74	76	(2)
Manual workers	1	2	(1)
<b>No. of personal employed</b>	<b>85</b>	<b>87</b>	<b>(2)</b>

It should be noted that some employees of the company are holders of multi-year incentive plans.

## 29. Other operating costs

The following table provides a breakdown of other operating costs for the years considered:

(Thousands of Euro)	Financial Year	
	2022	2021
Provision for risks on credits		1
Other provisions	12,285	
Membership and ARERA fees	247	245
Capital losses		5
Extraordinary losses	92	390
Other taxes	143	134
Other costs	200	220
Costs of contracts		2
<b>Other management costs</b>	<b>12,966</b>	<b>997</b>

Other operating costs show an increase of Euro 11,969 thousand compared to the previous year, going from Euro 997 thousand to Euro 12,966 thousand the increase is mainly due to the provision made for Euro 12,285 thousand relative to the write-down of the financial receivable from Asco Renewables S.p.A..

## 30. Other operating income

The following table provides a breakdown of other operating income for the years considered:

(Thousands of Euro)	Financial Year	
	2022	2021
Other income	7,852	395
<b>Other income</b>	<b>7,852</b>	<b>395</b>

At year-end the item was equal to Euro 7,852,000, showing an increase of Euro 7,457,000 compared to the previous year. The increase is mainly explained by the posting of the capital gain, equal to Euro 7,708 thousand, accrued in relation to the partial exercise of the sale option on the shareholding in EstEnergy S.p.A.. In fact, on 1 December 2022, Ascopiave S.p.A. and the Hera Group signed the agreement for the sale to the latter of an 8% share of Estenergy S.p.A.'s capital. It should be noted that the sums settling the agreement were paid in December 2022.

### 31. Depreciation and Amortisation

The following table shows the details of depreciation for the years considered:

(Thousands of Euro)	Financial Year	
	2022	2021
Intangible fixed assets	4	3
Tangible fixed assets	1,420	1,383
Amortization of rights of use	93	112
<b>Amortization and depreciation</b>	<b>1,516</b>	<b>1,498</b>

Depreciation and amortisation recognised at the end of the year amounted to Euro 1,516,000, an increase of Euro 18,000 compared to the previous year.

It should be noted that the method of accounting for operating leases resulted in the recognition of depreciation costs totalling €93,000 for building rentals and company car rentals.

### 32. Net financial income and expenses

The following table provides a breakdown of financial income and expenses for the years considered:

(Thousands of Euro)	Financial Year	
	2022	2021
Interest income on bank and post office accounts	14	0
Other interest income	638	203
<b>Financial income</b>	<b>653</b>	<b>203</b>
Interest expense on banks	1,009	146
Interest expense on loans	3,502	1,416
Other financial expenses	930	393
<b>Financial charges</b>	<b>5,442</b>	<b>1,995</b>
<b>Write-down of shareholdings in controlled companies</b>	<b>306</b>	
<b>Total net financial expenses</b>	<b>4,789</b>	<b>1,752</b>

Financial income and expenses show a negative balance of €4,789,000, up €3,037,000 from the previous year. The change is mainly explained by the increase in financial expenses accrued on credit lines and interest accrued on loans and bonds that the Company subscribed during the previous year and in the reporting period.

It should be noted that following the application of IFRS 16, financial expenses of Euro 2,000 were recognised.

#### Write-downs of investments in subsidiaries

The write-down of the shareholding for Euro 306 thousand relates to Asco Renewables S.p.A., for further information please refer to the section 'Shareholdings' of this annual financial report.

### 33. Taxes for the financial year

The following table shows the composition of income taxes for the years considered, distinguishing the current component from the deferred and prepaid component:

(Thousands of Euro)	Financial Year	
	2022	2021
IRES current taxes	1,979	2,193
(Advance)/Deferred taxes	(107)	(345)
Taxes previous years	(306)	(424)
<b>Taxes for the period</b>	<b>1,565</b>	<b>1,424</b>

Taxes for the year went from Euro 1,424,000 in the previous year to Euro 1,565,000 in the year under review, an increase of Euro 141,000.

The following table shows the incidence of taxes on income:

(Thousands of Euro)	Financial Year	
	2022	2021
Earnings before tax	40,228	51,828
Taxes for the period	1,565	1,424
<b>Impact on earnings before tax</b>	<b>3.9%</b>	<b>2.7%</b>

The effective tax rate increased from 2.7 per cent in the financial year 2021 to 3.9 per cent in the reporting year, an increase of 1.2 per cent.

(Thousands of Euro)	Financial Year			
	2022		2021	
Applicable ordinary rate	24.0%		24.0%	
<b>Earnings before tax</b>	<b>40,228</b>		<b>51,828</b>	
Theoretical tax burden	9,655	24.0%	12,439	24.0%
Dividend taxation	(11,807)	-29.4%	(13,442)	-25.9%
Non-taxable capital gains	(1,758)	-4.4%	-	0.0%
Non-taxable costs / (income) (vehicles, telephones)	(1,168)	-2.9%	(1,197)	-2.3%
Other permanent differences	185	0.5%	352	0.7%
Taxes from previous years	306	0.8%	424	0.8%
<b>Total effective tax burden</b>	<b>(4,587)</b>	<b>-11.4%</b>	<b>(1,424)</b>	<b>-2.7%</b>
<b>Actual rate</b>	<b>11.4%</b>		<b>2.7%</b>	

## OTHER COMMENTARY NOTES

### Non-recurring components

Pursuant to CONSOB Communication No. 15519/2005, we report that the results for the year 2022 include non-recurring revenues totalling Euro 6,544 thousand. During the year of reference, the associated companies, controlled by Estenergy S.p.A., and Hera Comm S.p.A. (subject of the partnership transaction involving the Ascopiave Group and the Hera Group in 2019), communicated, within the contractual terms, the early termination of some service contracts in force between Ascopiave S.p.A. and the same companies. This termination resulted in the recognition of the fair value of the penalties contractually provided for in favour of Ascopiave S.p.A..

We also report that the item "Other operating income" includes non-recurring income for Euro 7,708 thousand, from the exercise of the put option on the shareholding in Estenergy S.p.A., which Ascopiave S.p.A. exercised to the extent of 8%.

### Related party disclosures

It should be noted that the Company is controlled by Asco Holding S.p.A., which holds 51.157% of the shares. All transactions with Group companies are part of the company's ordinary operations and are settled at market conditions. There were no other transactions carried out in the financial year 2021 with companies and entities related to shareholders or directors of the company or its parent and subsidiary companies.

Companies	Trade receivables	Other receivables	Trade payables	Other payables	Costs			Revenues		
					Goods	Services	Other	Goods	Services	Other
<i>Parent company</i>										
Asco Holding S.p.A.	80	151	37			64			152	
<b>Total parent company</b>	<b>80</b>	<b>151</b>	<b>37</b>			<b>64</b>			<b>152</b>	
<i>Affiliated companies</i>										
Asco TLC S.p.A.	43		62			747			77	
Bim Piave Nuove Energie S.r.l.	171					7			309	
<b>Total affiliated companies</b>	<b>213</b>		<b>62</b>			<b>754</b>			<b>386</b>	
<i>Controlled companies</i>										
AP Reti Gas Nord Est S.r.l.	494		264	1,646		447	2		793	66
AP Reti Gas S.p.A.	1,813		27	35,301		49	5		3,118	128
Asco Energy S.p.A.	141	539	88	98			88		169	42
Asco Renewables S.p.A.	110	6,615							32	135
Cart Acqua S.r.l.	45			385			0		64	5
Edigas Esercizio Distribuzione Gas S.r.l.	435	22,837	122	209		236			661	109
Eosforo S.r.l.	33	3,255					0		28	19
Asco EG S.p.A.	105	164	11	16,209			12		100	25
Morina S.r.l.	27	2,769							30	14
AP Reti Gas Vicenza S.p.A.	289	19,909	52	293		115			410	144
AP Reti Gas Rovigo S.r.l.	146	7,342	19	54		50			222	50
Romeo Gas S.p.A.	171	7,993							190	35
Salinella Eolico S.r.l.	38	9,206					0		30	17
Sanginetto Energie S.r.l.	26	1,744							24	13
Serenissima Gas S.p.A.	166	8,616							190	55
Green Factory S.r.l.	11	807							7	3
<b>Total controlled companies</b>	<b>4,048</b>	<b>91,797</b>	<b>583</b>	<b>54,195</b>		<b>898</b>	<b>106</b>		<b>6,066</b>	<b>858</b>
<i>Associated companies</i>										
Hera Comm S.p.A.	86								352	
Estenergy S.p.A.	5,059		104						4,511	
Etra Energia S.r.l.	171								98	
Asm Set S.r.l.	33					48			153	
<b>Total associated companies</b>	<b>5,349</b>		<b>104</b>			<b>48</b>			<b>5,113</b>	
<b>Total</b>	<b>9,690</b>	<b>91,948</b>	<b>786</b>	<b>54,195</b>		<b>1,765</b>	<b>106</b>		<b>11,717</b>	<b>858</b>

Transactions with related parties that Ascopiave S.p.A. has with other Group companies mainly concern the following



types:

- ✓ the recharging of certain insurance costs by the parent company Asco Holding S.p.A.;
- ✓ the purchase of certain administrative services, call centres, credit management;
- ✓ the sale of counter services, personnel management, IT service management, real estate service management, optical archiving, staff services such as quality, privacy and employee safety;
- ✓ the sale of accounting and regulatory compliance management services;
- ✓ the sale of the administration and finance service;
- ✓ the recharging to Group companies of accounting and IT services, of any external expenses incurred;
- ✓ the agreement to regulate treasury relations aimed at offsetting cash surpluses and shortages between group companies;
- ✓ the agreement to adhere to the group tax consolidation with the subsidiaries AP Reti Gas S.p.A., Edigas Esercizio Distribuzione Gas S.p.A., AP Reti Gas Vicenza S.p.A., AP Reti Gas Rovigo S.r.l., AP Reti Gas Nord Est S.r.l. and Asco Energy S.p.A..

On 24 November 2010, the Board of Directors approved the Procedure for Transactions with Related Parties (the 'Procedure'). The Procedure regulates related party transactions carried out by the Company, directly or through subsidiaries, in accordance with the Regulation adopted pursuant to Article 2391-bis of the Italian Civil Code by the National Commission for Companies and the Stock Exchange (CONSOB) with Resolution No. 17221 of 12 March 2010, as amended.

The Procedure came into force on 1 January 2011 and replaced the previous regulation on related party transactions, approved by the Company's Board of Directors on 11 September 2006 (subsequently amended).

For the contents of the Procedure, please refer to the document available on the Issuer's website at the following address: <http://www.gruppoascopiave.it/wp-content/uploads/2015/01/Procedura-per-le-operazioni-con-parti-correlate-GruppoAscopiave-20101124.pdf>.

For the purposes of implementing the Procedure, a mapping of the so-called Related Parties is carried out periodically. Related Parties, in relation to which the contents and control measures provided for in the document are applicable. The Directors are also called upon to declare, if any, any conflicting interests with respect to the performance of the transactions in question.

## Financial statements presented in accordance with Consob Resolution 15519/2006

Below are the financial statements showing the effects of related party transactions and the effects of non-recurring income and expenses disclosed in accordance with Consob Resolution No. 15519 of 27 July 2006.

### Statement of Financial Position

(Thousands of Euro)	31.12.2022	of which related parties					%	31.12.2021	of which related parties					%
		A	B	C	D	Total			A	B	C	D	Total	
<b>ASSETS</b>														
<b>Non-current assets</b>														
Other intangible assets	7						10							
Tangible assets	24,216						25,344							
Shareholdings in controlled and affiliated companies	1,054,002		696,958	357,044		1,054,002	1,002,950	574,064	428,453			1,002,517	100.0%	
Shareholdings in other companies	78,254				78,254	78,254	78,923				78,923	78,923	100.0%	
Other non-current assets	514						508							
Non current financial assets	2,510						2,864							
Advance tax receivables	1,081						1,194							
<b>Non-current assets</b>	<b>1,160,584</b>		<b>696,958</b>	<b>357,044</b>	<b>78,254</b>	<b>1,132,256</b>	<b>97.6%</b>	<b>1,111,795</b>	<b>574,064</b>	<b>428,453</b>	<b>78,923</b>	<b>1,081,440</b>	<b>97.3%</b>	
<b>Current assets</b>														
Trade receivables	13,728	80	4,048	5,251	213	9,664	70.4%	3,402	41	1,713	1,194	122	3,070	90.2%
Other current assets	6,252	151	4,986			5,138	82.2%	6,362	185	5,292			5,477	86.1%
Current financial assets	87,456		86,646			86,646	99.1%	59,835		59,025			59,025	98.6%
Tax receivables	2,323						591							
Cash and cash equivalents	70,881						39,489							
Current assets from derivative financial instruments	6,586		164			164	2.5%	265						
<b>Current assets</b>	<b>187,226</b>	<b>231</b>	<b>95,845</b>	<b>5,251</b>	<b>213</b>	<b>101,612</b>	<b>54.3%</b>	<b>109,946</b>	<b>226</b>	<b>66,030</b>	<b>1,194</b>	<b>122</b>	<b>67,573</b>	<b>61.5%</b>
<b>Assets</b>	<b>1,347,810</b>	<b>231</b>	<b>792,803</b>	<b>362,295</b>	<b>78,467</b>	<b>1,233,868</b>	<b>91.5%</b>	<b>1,221,740</b>	<b>226</b>	<b>640,527</b>	<b>429,647</b>	<b>79,045</b>	<b>1,149,446</b>	<b>94.1%</b>
<b>NET EQUITY AND LIABILITIES</b>														
<b>Total Net equity</b>														
Share capital	234,412						234,412							
Own shares	(55,423)						(55,423)							
Reserves and result of the period	659,072						648,677							
<b>Total Net equity</b>	<b>838,060</b>						<b>827,666</b>							
<b>Non-current liabilities</b>														
Provisions for risks and charges	475						320							
Severance indemnity	212						261							
Outstanding medium- and long-term bonds	94,033						24,181							
Medium- and long-term bank loans	169,495						155,368							
Other non-current liabilities	11		3			3	26.2%	11						
Non-current financial liabilities	43						110							
Deferred tax payables	6						6							
<b>Non-current liabilities</b>	<b>264,273</b>		<b>3</b>			<b>3</b>	<b>0.0%</b>	<b>180,258</b>						
<b>Current liabilities</b>														
Payables due to banks and financing institutions	181,888						199,631							
Trade payables	3,149	37	583	104	62	786	25.0%	2,560	11	599	460	1,070	41.8%	
Other current liabilities	7,423		2,109			2,109	28.4%	4,390		470		470	10.7%	
Current financial liabilities	51,865		51,095			51,095	98.5%	7,127		6,336		6,336	88.9%	
Current liabilities from derivative financial instruments	1,152		988			988	85.7%	109						
<b>Current liabilities</b>	<b>245,477</b>	<b>37</b>	<b>54,775</b>	<b>104</b>	<b>62</b>	<b>54,978</b>	<b>22.4%</b>	<b>213,817</b>	<b>11</b>	<b>7,405</b>	<b>460</b>	<b>7,876</b>	<b>4.0%</b>	
<b>Liabilities</b>	<b>509,750</b>	<b>37</b>	<b>54,777</b>	<b>104</b>	<b>62</b>	<b>54,981</b>	<b>10.8%</b>	<b>394,075</b>	<b>11</b>	<b>7,405</b>	<b>460</b>	<b>7,876</b>	<b>2.0%</b>	
<b>Net equity and liabilities</b>	<b>1,347,810</b>	<b>37</b>	<b>54,777</b>	<b>104</b>	<b>62</b>	<b>54,981</b>	<b>4.0%</b>	<b>1,221,740</b>	<b>11</b>	<b>7,405</b>	<b>460</b>	<b>7,876</b>	<b>0.6%</b>	

#### Related party column header legend:

*A Parent companies and shareholders*

*B Subsidiaries*

*C Associated and jointly controlled companies*

*D Affiliated companies and other related parties*

The values shown in the table above relate to the related parties listed below:

Group A - parent companies and shareholders:

- Asco Holding S.p.A.

Group B - Subsidiaries:

- AP Reti Gas S.p.A.
- AP Reti Gas Rovigo S.r.l.
- AP Reti Gas Vicenza S.p.A.
- AP Reti Gas Nord Est S.r.l.
- Edigas Esercizio Distribuzione Gas S.p.A.

- Romeo Gas S.p.A.
- Serenissima Gas S.p.A.
- Asco Energy S.p.A.
- Asco Renewables S.p.A.
- Eosforo S.r.l.
- Morina S.r.l.
- Sangineto Energie S.r.l.
- Salinella Eolico S.r.l.
- Green Factory S.r.l.
- Cart Acqua S.r.l.
- Asco EG S.p.A.

Group C - Associated and jointly controlled companies:

- ASM Set S.r.l.
- Estenergy S.p.A.
- Etra Energia S.r.l.

Group D - other related parties:

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- Bim Piave Nuove Energie S.r.l.
- Hera Comm S.p.A.
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- Mayors
- Strategic managers

## Profit and Loss Account

(Thousands of Euro)	Financial Year		of which related parties						Financial Year		of which related parties					
	2022		A	B	C	D	Total	%	2021		A	B	C	D	Total	%
<b>Revenues</b>	<b>70,899</b>		<b>152</b>	<b>32,861</b>	<b>25,731</b>	<b>5,044</b>	<b>63,787</b>	<b>90.0%</b>	<b>72,795</b>		<b>154</b>	<b>4,968</b>	<b>6,847</b>	<b>68</b>	<b>12,037</b>	<b>16.5%</b>
- of which non-recurring	6,544				6,544		6,544	100.0%								
<b>Total operating income and costs</b>	<b>24,059</b>		<b>64</b>	<b>986</b>	<b>48</b>	<b>1,805</b>	<b>2,903</b>	<b>12.1%</b>	<b>17,717</b>		<b>71</b>	<b>541</b>	<b>337</b>		<b>948</b>	<b>5.4%</b>
Costs for services	11,107		64	898	48	553	1,563	14.1%	10,603		71	521	337		928	8.8%
Costs for personnel	7,838					1,253	1,253	16.0%	6,511							
Other management costs	12,966			88			88	0.7%	997			20			20	2.0%
Other income	7,852								395							
- of which non-recurring	7,708				7,708		7,708	100.0%								
<b>Amortization and depreciation</b>	<b>1,516</b>								<b>1,498</b>							
<b>Operating result</b>	<b>45,323</b>		<b>88</b>	<b>31,875</b>	<b>25,682</b>	<b>3,239</b>	<b>60,883</b>	<b>134.3%</b>	<b>53,580</b>		<b>84</b>	<b>4,427</b>	<b>6,510</b>	<b>68</b>	<b>11,089</b>	<b>20.7%</b>
Financial income	653			574			574	88.0%	203			168			168	82.7%
Financial charges	5,442			18			18	0.3%	1,955			9			9	0.5%
Write-down of shareholdings in controlled companies	306															
<b>Earnings before tax</b>	<b>40,228</b>		<b>88</b>	<b>32,431</b>	<b>25,682</b>	<b>3,239</b>	<b>61,439</b>	<b>152.7%</b>	<b>51,828</b>		<b>84</b>	<b>4,604</b>	<b>6,510</b>	<b>68</b>	<b>11,266</b>	<b>21.7%</b>
Taxes for the period	1,565			8,399			8,399		1,424			10,553			10,553	
<b>Net Result of the period</b>	<b>41,793</b>		<b>88</b>	<b>40,830</b>	<b>25,682</b>	<b>3,239</b>	<b>69,839</b>		<b>53,252</b>		<b>84</b>	<b>15,157</b>	<b>6,510</b>	<b>68</b>	<b>21,819</b>	

### Related party column header legend:

*A Parent companies and shareholders*

*B Subsidiaries*

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*D Affiliated companies and other related parties*

The values shown in the table above relate to the related parties listed below:

Group A - parent companies and shareholders:

- Asco Holding S.p.A.

Group B - Subsidiaries:

- AP Reti Gas S.p.A.

- AP Reti Gas Rovigo S.r.l.
- AP Reti Gas Vicenza S.p.A.
- AP Reti Gas Nord Est S.r.l.
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- Romeo Gas S.p.A.
- Serenissima Gas S.p.A.
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- Asco Renewables S.p.A.
- Eosforo S.r.l.
- Morina S.r.l.
- Sanginetto Energie S.r.l.
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## Net financial debt

(Thousands of Euro)	31.12.2022	of which related parties						31.12.2021	of which related parties						
		A	B	C	D	Total	%		A	B	C	D	Total	%	
A Cash and cash equivalents	70,881							39,489							
B Equivalent to cash and cash equivalents	0							0							
C Other current financial assets	92,890		86,646			86,646	93%	60,100	45,129			45,129	75%		
- of which related parties	86,646		86,646			86,646	100%	59,025	59,025			59,025	100%		
D Liquid assets (A) + (B) + (C)	163,771	0	86,646	0	0	86,646	53%	99,590	0	45,129	0	0	45,129	45%	
E Current financial liabilities (including debt instruments, but excluding the current portion of non-current financial debt)	(115,865)		(51,095)			(51,095)	44%	(146,236)	(6,336)			(6,336)	4%		
- of which related parties	(51,095)		(51,095)			(51,095)	100%	(6,336)	(6,336)			(6,336)	100%		
- of which debt instruments current part	0							0							
F Current portion of non-current financial debt	(117,888)							(60,631)							
- of which related parties	0							0							
G Current financial indebtedness (E) + (F)	(233,753)	0	(51,095)	0	0	(51,095)	22%	(206,867)	0	(6,336)	0	0	(6,336)	3%	
H Net current financial indebtedness (D) + (G)	(69,982)	0	35,551	0	0	35,551	-51%	(107,277)	0	38,793	0	0	38,793	-36%	
I Non-current financial debt (excluding the current portion and debt instruments)	(263,571)							(179,660)							
J Debt instruments	0							0							
K Trade payables and other non-current payables	0							0							
L Non-current financial indebtedness (I) + (J) + (K)	(263,571)	0	0	0	0	0		(179,660)	0	0	0	0	0		
M Net financial indebtedness (H) + (L)	(333,553)	0	35,551	0	0	35,551	-11%	(286,937)	0	38,793	0	0	38,793	-14%	

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## Statement of Cash Flows

(Thousands of Euro)	Financial	of which related parties					Financial	of which related parties				
	Year 2022	A	B	C	D	Total	Year 2021	A	B	C	D	Total
<b>Total comprehensive income</b>	<b>46,078</b>						<b>53,967</b>					
<b>Cash flows generated (used) by operating activities</b>												
<b>Adjustments to reconcile net income to net cash</b>												
Changes in HA reserves for MTM derivatives	(4,934)						(708)					
Changes in reserves on severance indemnity	(20)						(6)					
Fair value shareholdings in other companies	669						0					
Amortization	1,516						1,498					0
Depreciation of fixed assets and losses							5					
Write-down of financial receivables	12,285						0					
Bad debt provisions	0						1					0
Variations in severance indemnity	(30)						9					0
Current assets / liabilities on financial instruments	(344)						5					0
Net variation of other funds	155						(951)					0
Write-downs / (capital gains) on equity investments	(7,402)											0
Interests paid	(5,889)						(1,644)					0
Interest expense for the period	5,900						1,681					0
Taxes paid	(8,259)						(3,984)					0
Taxes for the period	(1,565)						(1,424)					0
<b>Total adjustments</b>	<b>(7,918)</b>						<b>(5,518)</b>					
<b>Variations in assets and liabilities</b>												
Accounts payable	(10,325)	39	(2,335)	(4,057)	(91)	(6,444)	1,022	33	(898)	(5,763)	(89)	(6,628)
Other current assets	110	(34)	(306)	0	0	(339)	3,688	1,110	(4,986)	(42)	0	(3,918)
Trade payables	589	(26)	16	356	(62)	284	168	0	96	569	37	702
Other current liabilities	11,305	0	(1,639)	0	0	(1,639)	9,153	0	1,200	0	0	1,200
Other non-current assets	(5)	0	0	0	0	0	756	0	0	0	0	0
Other non-current liabilities	0	0	(3)	0	0	(3)	2	0	0	0	0	0
<b>Total variations in assets and liabilities</b>	<b>1,673</b>	<b>(21)</b>	<b>(4,266)</b>	<b>(3,701)</b>	<b>(153)</b>	<b>(8,142)</b>	<b>14,790</b>	<b>1,143</b>	<b>(4,589)</b>	<b>(5,235)</b>	<b>(52)</b>	<b>(8,733)</b>
<b>Cash flows generated (used) by operating activities</b>	<b>39,834</b>	<b>(21)</b>	<b>(4,266)</b>	<b>(3,701)</b>	<b>(153)</b>	<b>(8,142)</b>	<b>63,239</b>	<b>1,143</b>	<b>(4,589)</b>	<b>(5,235)</b>	<b>(52)</b>	<b>(8,733)</b>
<b>Cash flows generated (used) by investments</b>												
Investments in intangible assets	0					0	(3)					0
Investments in tangible assets	(385)					0	(658)					0
Realisable value of tangible assets	0					0	5					0
Disposal/(acquisitions) in shareholdings and avances	(43,650)	0	122,894	(71,409)	(669)	50,816	(14,329)		(14,329)			(14,329)
<b>Cash flows generated/(used) by investments</b>	<b>(44,035)</b>	<b>0</b>	<b>122,894</b>	<b>(71,409)</b>	<b>(669)</b>	<b>50,816</b>	<b>(14,991)</b>	<b>0</b>	<b>(14,329)</b>	<b>0</b>	<b>0</b>	<b>(14,329)</b>
<b>Cash flows generated (used) by financial activities</b>												
Net changes in debts due to other financiers	(67)					0	22					0
Net changes in short-term bank borrowings	(98,616)	0	0	0	0	0	(55,042)	0	0	0	0	0
Net variation in current and non-current financial assets and liabilities	(39,552)	0	0	0	0	0	(325)					0
Net variation in current financial assets and liabilities vs subsidiary companies	44,733	0	(4,852)	0	0	(4,852)	(12,005)	0	(9,521)	4,213	0	(5,309)
Net change in (Purchase) / Disposal of own shares	0	0	0	0	0	0	204	0	(3,325)	(3,191)	0	(6,516)
Ignitions outstanding medium/long-term bonds	69,851					0	24,181					0
Ignitions loans and mortgages	612,000					0	288,000					0
Redemptions loans and mortgages	(517,000)					0	(239,700)					0
Dividends distributed to Ascopiave S.p.A. shareholders*	(35,757)					0	(34,663)					0
<b>Cash flows generated (used) by financial activities</b>	<b>35,592</b>	<b>0</b>	<b>(4,852)</b>	<b>0</b>	<b>0</b>	<b>(4,852)</b>	<b>(29,327)</b>	<b>0</b>	<b>(12,847)</b>	<b>1,021</b>	<b>0</b>	<b>(11,825)</b>
<b>Variations in cash</b>	<b>31,391</b>						<b>18,921</b>					<b>0</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>39,489</b>					<b>0</b>	<b>20,568</b>					<b>0</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>70,881</b>					<b>0</b>	<b>39,489</b>					<b>0</b>

### Related party column header legend:

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## Representation of financial assets and liabilities by category

The breakdown of financial assets and liabilities by category and their *fair value* (IFRS 13) as at 31 December 2022 and 31 December 2021 is as follows:

(Thousands of Euro)					31.12.2022	
	A	B	C	D	Total	Fair value
Shareholdings in other companies		78,254			78,254	78,254
Other non-current assets			514		514	514
Non-current financial assets			2,510		2,510	2,510
Trade receivables and Other current assets			19,182		19,182	19,182
Current financial assets			87,456		87,456	87,456
Cash and cash equivalents			70,881		70,881	70,881
Current assets from derivative financial instruments		6,586			6,586	6,586
Outstanding medium- and long-term bonds				94,033	94,033	94,033
Medium- and long-term bank loans				169,495	169,495	169,495
Other non-current liabilities				11	11	11
Non-current financial liabilities				43	43	43
Payables due to banks and financing institutions				181,888	181,888	181,888
Trade payables and Other current liabilities				8,453	8,453	8,453
Current financial liabilities				51,865	51,865	51,865
Current liabilities from derivative financial instruments		1,152			1,152	1,152

(Thousands of Euro)					31.12.2021	
	A	B	C	D	Total	Fair value
Shareholdings in other company		78,923			78,923	78,923
Other non-current assets			508		508	508
Non current financial assets			2,864		2,864	2,864
Trade receivables and Other current assets			9,005		9,005	9,005
Current financial assets			59,835		59,835	59,835
Cash and cash equivalents			39,489		39,489	39,489
Current assets from derivative financial instruments		265			265	265
Outstanding medium/long-term bonds				24,181	24,181	24,181
Medium- and long-term bank loans				155,368	155,368	155,368
Other non-current liabilities				11	11	11
Non-current financial liabilities				110	110	110
Payables due to banks and financing institutions				199,631	199,631	199,631
Trade payables and Other current liabilities				6,151	6,151	6,151
Current financial liabilities				7,127	7,127	7,127
Current liabilities from derivative financial instruments		109			109	109

### Legend

- A - Assets and liabilities at *fair value* through profit or loss
- B - Assets and liabilities at *fair value* through equity (including hedging derivatives)
- C - Loans and receivables (including cash and cash equivalents)
- D - Financial liabilities recognised at amortised cost



## Earnings per share

As required by IAS 33, information is provided on the data used to calculate earnings per share and diluted earnings per share.

Earnings per share are calculated by dividing the net profit for the period attributable to the Company's shareholders by the number of shares, net of treasury shares.

It should be noted that there are no preference dividends, conversion of preference shares and other similar effects that would have to adjust the economic result attributable to holders of ordinary equity instruments.

Diluted earnings per share are equal to earnings per share as there are no ordinary shares that could have a dilutive effect and no shares or warrants that could have the same effect.

The following table shows the result and the number of ordinary shares used for the calculation of basic earnings per share, determined according to the method prescribed by IAS 33:

(Thousands of Euro)	Amount at 31 <sup>st</sup> December 2022	Amount at 31 <sup>st</sup> December 2021
Net profit attributable to parent company shareholders	41,793	53,252
Weighted average number of ordinary share including own shares, for the purpose of earnings per share	234,411,575	234,411,575
Weighted average number of own share	17,701,578	17,701,578
Weighted average number of ordinary share excluding own share, for the purpose of net income per share	216,709,997	216,709,997
<b>Earning per share (in Euro)</b>	<b>0.193</b>	<b>0.246</b>

## Auditing Company Fees

Pursuant to Article 149-duodecies of the Consob Issuers' Regulations, the table below shows the fees for the financial year 2021 for audit and non-audit services rendered by the audit firm itself. There are no services rendered by entities belonging to its network.

Type of services	Entity providing the service	Recipient	Fees (Thousand of Euro)
Audit	PricewaterhouseCoopers S.p.A.	Ascopiave S.p.A.	135
Statutory audit of separate accounts	PricewaterhouseCoopers S.p.A.	Ascopiave S.p.A.	8
Other services	PricewaterhouseCoopers S.p.A.	Ascopiave S.p.A.	26
<b>Total</b>			<b>168</b>

## Commitments and risks

### Guarantees given

The company has provided the following contingent guarantees as at 31 December 2022:

(Thousands of Euro)	31.12.2022	31.12.2021
On credit lines	6,307	16,306
Patronage to cover the obligations deriving from the related relationships	28,375	31,463
On execution of works (letter of comfort)	3,734	1,776
On distribution concession (letter of comfort)	1,548	6,468
On renewable energy production plants	5,570	
On purchase of company shares (letter of comfort)	3,717	500
On participation in the tender		75
On UTF offices and regions for taxes on gas (letter of comfort)	1,850	1,850
<b>Total</b>	<b>51,101</b>	<b>58,439</b>

The patronage on credit lines and on gas purchase contracts issued in favour of Sinergie Italiane S.r.l. in liquidation, as of 31 December 2021 equal to Euro 9,999 thousand, as of 31 December 2022 are no longer in place. Ascopiave S.p.A. received an active guarantee from Hera S.p.A., equal to Euro 962 thousand, in relation to sureties issued by the affiliate Estenergy S.p.A. to the technical finance offices and regions for consumption taxes on natural gas.

## Risk hedging policies

### Information on agreements not shown in the balance sheet

Pursuant to Article 2427, paragraph 1, item 22-ter of the Italian Civil Code, introduced by Legislative Decree 173 on 23 November 2008, we report that the company does not have any agreements that are not reflected in the balance sheet.

### Financial risk management: objectives and criteria

Ascopiave S.p.A.'s main financial liabilities include bank loans, the bond loan, short-term negative bank balances and hire purchase agreements. The main purpose of these liabilities is to finance operating activities. Ascopiave S.p.A. has various financial assets such as cash and short-term bank and postal deposits, which derive directly from operating activities.

The main risks generated by Ascopiave S.p.A.'s financial instruments are interest rate risk and liquidity risk. The Board of Directors reviews and agrees policies to manage these risks, as summarised below.

### Rate risk

Ascopiave S.p.A. manages its liquidity needs by means of temporary credit lines and short-term loans at variable rates, which, due to their continuous fluctuation, do not allow for easy hedging relative to interest rate risk, by means of medium-/long-term loans with the application of fixed and variable rates, and by means of the issue of bonds with the application of fixed rates.

The medium/long-term loans and the bond loan managed by Ascopiave S.p.A., regulated at both variable and fixed rates, present a residual debt as of 31 December 2022 equal to Euro 287,383 thousand and maturities between 1 January 2023 and 24 March 2032.

Medium- and long-term variable-rate loans, including those subsequently hedged against interest rate risk, have repayment dates between 2023 and 2030, and as of 31 December 2022 had a total outstanding debt of €209,072,000 (€147,667,000 as of 31 December 2021), represented by

- loan with Intesa Sanpaolo, disbursed in November 2020 for €50,000 thousand, equal to the residual debt as of 31 December 2022, hedged through the subscription of a financial derivative, for which the interest rate risk is therefore sterilised,
- loan with BPER, disbursed in September 2022, with residual debt as of 31 December 2022 of Euro 28,492 thousand;
- loan with Iccrea Banca, disbursed in June 2022, with residual debt as of 31 December 2022 amounting to €28,495 thousand;
- Loan with Banco BPM, disbursed in May 2022, with a residual debt of Euro 27,015 thousand at 31 December 2022;
- Loan with Mediobanca, disbursed in December 2020, with residual debt as of 31 December 2022 equal to €20,000 thousand, hedged through the subscription of a financial derivative, for which the interest rate risk is therefore sterilised;
- Loan with Mediobanca, disbursed in December 2021, with residual debt as of 31 December 2022 amounting to €17,778 thousand, hedged through the subscription of a financial derivative, for which the interest rate risk is therefore sterilised;
- loan with BNL, disbursed in August 2019, with residual debt as of 31 December 2022 equal to €15,000 thousand, hedged through the subscription of a financial derivative, for which the interest rate risk is therefore sterilised;
- Loan with Crédit Agricole Friuladria, disbursed in March 2022, with residual debt as of 31 December 2022 equal to €9,042 thousand, hedged through the subscription of a financial derivative, for which the interest rate risk is therefore sterilised;
- loan with the European Investment Bank, disbursed in August 2013, with residual debt as of 31 December 2022 of €7,250 thousand;
- Loan with Crédit Agricole Friuladria, disbursed in October 2019, with residual debt as of 31 December 2022 equal to €6,000 thousand, hedged through the underwriting of a financial derivative, for which, therefore, the interest rate risk is sterilised.

It should be noted that, as of 31 December 2022, the derivative instruments hedging the risk of changes in interest rates, relative to the loans underwritten with BNL, Crédit Agricole - Friuladria, Intesa Sanpaolo and Mediobanca, detailed in the paragraph "Current liabilities on derivative financial instruments" and whose mark-to-market amounted to €5,673 thousand, were effective.

The following transactions are not exposed to interest rate risk, as they involve the application of a fixed rate:

- Cassa Centrale Banca loan signed in March 2022, with a residual debt as of 31 December 2022 of Euro 29,903 thousand,
- Intesa Sanpaolo loan signed in November 2019, with a residual debt at 31 December 2022 of Euro 20,000 thousand,
- BNL loan signed in August 2017, with an outstanding debt as of 31 December 2022 of Euro 18,750 thousand,
- Cassa Centrale Banca loan signed at the beginning of 2018, with an outstanding debt as at 31 December 2022 of Euro 6,301 thousand,
- BPER loan signed in May 2020, with a residual debt as of 31 December 2021 of Euro 3,356 thousand,
- the bond loan issued in March 2021, with residual debt as of 31 December 2022 of €69,794 thousand,
- bond loan issued in October 2021, with residual debt as of 31 December 2022 of €24,239,000.

The loans and debenture loan represented are subject to financial covenants calculated on the consolidated figures of the Ascopiave Group, which as of 31 December 2022 were respected.

For further details, please refer to the section on 'Medium- and long-term loans'.

### Sensitivity analysis to interest rate risk

The following table shows the sensitivity of the Company's pre-tax profit to reasonably possible changes in interest rates, holding all other variables constant.

(Thousands of Euro)	I qtr 2022	II qtr 2022	III qtr 2022	IV qtr 2022	
Average Net Financial Position	(296,652)	(358,090)	(393,012)	(359,497)	
Borrowing rates of interest	0.25%	0.35%	0.49%	0.85%	
Lending rates of interest	0.33%	0.56%	0.72%	1.20%	
Borrowing rate of interest plus 200 basis points	2.25%	2.35%	2.49%	2.85%	
Lending rates of interest plus 200 basis points	2.33%	2.56%	2.72%	3.20%	
Borrowing rate of interest reduced of 50 basis points	0.00%	0.00%	0.00%	0.35%	
Lending rates of interest reduced of 50 basis points	0.00%	0.06%	0.22%	0.70%	
NFP recalculated with the increase of 200 basis points	(298,115)	(359,876)	(394,994)	(361,309)	
NFP recalculated with decrease of 50 basis points	(296,286)	(357,644)	(392,517)	(359,044)	<b>Total</b>
Effect on pre-tax result of the increase of 200 basis points	(1,463)	(1,786)	(1,981)	(1,812)	(7,042)
Effect on pre-tax result of the decrease of 50 basis points	366	446	495	453	1,760

The sensitivity analysis, obtained by simulating a change in interest rates applied to the Company's credit lines equal to 50 basis points down (with a minimum limit of zero basis points), and equal to 200 basis points up, keeping all other variables constant, leads to an estimate of an effect on pre-tax profit between a worsening of €7,042 thousand (2021: €5,899 thousand) and an improvement of €1,760 thousand (2021: €1,47 thousand).

### Credit risk policies

Credit risk represents the Company's exposure to potential losses arising from the failure of counterparties to fulfil their obligations. The non-payment or delayed payment of fees due could negatively affect the Company's economic results and financial equilibrium.

Given Ascopiave S.p.A.'s type of business, this risk is not particularly significant.

### Liquidity risk

Ascopiave S.p.A. constantly pursues the maintenance of balance and flexibility between financing sources and uses, acting as the Group's treasury manager.

The two main factors influencing Ascopiave S.p.A.'s liquidity are, on the one hand, the resources generated or absorbed by operating or investing activities, and, on the other, the maturity and renewal characteristics of debt.

The breakdown by maturity date, as at 31 December 2022, of medium- and long-term financial payables is shown in Note 17.

Liquidity requirements are monitored by the treasury function of Ascopiave S.p.A. with a view to ensuring that financial resources are effectively raised or any liquid assets are adequately invested.

The directors believe that the funds and lines of credit currently available, in addition to those that will be generated by operating and financing activities, will enable them to meet the needs arising from investment activities, working capital management and the repayment of debts at their natural due dates.

## Capital Management

The primary objective of Ascopiave S.p.A.'s capital management is to ensure that a solid credit rating and adequate capital indicator levels are maintained. Ascopiave S.p.A. may adjust dividends paid to shareholders, reimburse capital or issue new shares.

Ascopiave S.p.A. verifies its capital by means of a debt-to-capital ratio, i.e., the ratio of net debt to total capital plus net debt. Ascopiave S.p.A.'s net debt includes interest-bearing loans, trade and other payables, net of cash and cash equivalents.

(Thousands of Euro)	31.12.2022	31.12.2021
Short-term net financial position	164,015	131,458
Medium / long-term net financial position	167,028	152,614
<b>Net Financial Position</b>	<b>331,043</b>	<b>284,073</b>
Share capital	234,412	234,412
Own shares	(55,423)	(55,423)
Reserves	617,279	595,425
Undistributed net profit	41,793	53,252
<b>Total Net equity</b>	<b>838,060</b>	<b>827,666</b>
<b>Total sources of funding</b>	<b>1,169,103</b>	<b>1,111,738</b>
Net financial position / Net equity ratio	0.40	0.34

## Hedging policies for risks related to interest rate fluctuations

The Company is exposed to the risk of interest rate fluctuations mainly in relation to short-term debts and for the portion of medium- and long-term loans at variable interest rates to banking institutions.

## Significant events after the end of the financial year 2022

### Shareholders' agreements - updating of voting rights

On 7 January 2023, pursuant to the laws and regulations in force, notice is hereby given that an updated version of the key information relating to the shareholders' agreement signed on 16 March 2020 was published in the Corporate Governance section of the website [www.gruppoascopiave.it](http://www.gruppoascopiave.it). This update exclusively relates to the change in the number of voting rights held by some of the peaceful shareholders as a result of the intervening increase in voting rights, as last communicated by Ascopiave on 6 May 2022.

Pursuant to Articles 65-quinquies, 65-sexies and 65-septies of the Issuers' Regulations, the document is available to the public at the company's registered office, at Borsa Italiana S.p.A., on the authorised storage mechanism "eMarket STORAGE" ([www.emarketstorage.com](http://www.emarketstorage.com)) of Teleborsa S.r.l, and in the Corporate Governance section of the website [www.gruppoascopiave.it](http://www.gruppoascopiave.it).

### Completed the closing of the rationalisation of gas distribution concessions between Ascopiave and Iren

On 31 January 2023, Ascopiave and Iren finalised the transaction for the rationalisation of certain assets within the natural gas distribution service (see press release of 25 November 2022), following the fulfilment of the contractually envisaged conditions precedent.

In particular, the operation provided for:

- i) the transfer by the Ascopiave Group to the Iren Group of the entire share capital of Romeo 2 S.r.l., a company newly incorporated by the Ascopiave Group, into which the branches of business related to the management of the concessions of the Savona 1 and Vercelli ATEMs owned by Edigas S.p.A., a company of the Ascopiave Group, for about 19,000 PDR were previously transferred;
- ii) the sale by the Iren Group in favour of Ascopiave S.p.A. of its 19.7% shareholding in the capital of Romeo Gas S.p.A., a company that holds, directly and through its subsidiary Serenissima Gas S.r.l., concessions in Northern Italy for a total of 126,000 PDR;
- iii) the waiver by the Iren Group to acquire from Romeo Gas S.p.A. the business units related to the management of the concessions in the Piacenza 1 and Pavia 4 ATEMs;
- iv) the sale by Romeo Gas S.p.A. in favour of the Iren Group of the business units related to the management of the concessions of the Parma and Piacenza 2 ATEMs with about 3,200 RDCs;
- v) the waiver of the right to acquire from the A2A Group the business unit related to the management of the gas transportation network located in the province of Pavia currently held by Retragas, the latter upon the fulfilment of the condition for the acquisition (i.e. the prior reclassification from transportation network to distribution network); the acquisition from Retragas will therefore be completed by the Ascopiave Group.

Overall, the asset rationalisation transaction entailed the recognition of a monetary adjustment of €3.6 million in favour of the Ascopiave Group based on the different expected profitability. The transaction just concluded highlights the two companies' desire to rationalise their gas distribution concessions by pursuing their strategic plan based on the territorial continuity of the assets.

### Strategic Plan 2022-2026

On 9 February 2023, the Board of Directors approved the Group's Strategic Plan 2022-2026.

The plan confirms the strategic directions set out last year, outlining a sustainable growth path in the core businesses of gas distribution and renewable energies and in new areas of activity.

Development will take place under conditions of a balanced financial structure, ensuring a remunerative dividend distribution.

#### Economic and financial highlights

- EBITDA to 2026: EUR 133 million (+ EUR 56 million compared to preliminary 2022)
- Net result to 2026: EUR 41 million (+ EUR 10 million compared to preliminary 2022 result)
- Net investments 2022-2026: EUR 873 million
- Divestments of minority interests 2022-2026: EUR 497 million
- Net debt to 2026: EUR 373 million
- Financial leverage (Net Financial Position / Shareholders' Equity) to 2026: 0.40
- Dividend forecast: 13 cents per share for the financial year 2022, increasing by 1 cent per share in the following years until 2026.

The plan presents a scenario that makes the most of the Group's possible award of certain tenders for gas distribution services in minimum territorial areas of interest. This opportunity, which depends, among other things, on the actual timing of the publication of the tenders, entails an estimated further growth in EBITDA to 2026 of EUR 21 million and an increase in the volume of investments of EUR 220 million.

### Adjustment of the annual calendar of corporate events, pursuant to Article 2.6.2 of the Rules of the Markets Organised and Managed by Borsa Italiana S.p.A.

Ascopiave S.p.A. announces that the Board of Directors' meeting for the approval of the draft financial statements and consolidated financial statements for the year ended 31 December 2022, initially scheduled for 9 March 2023, will be held on 7 March 2023, and that the Analysts' Presentation, initially scheduled for 9 March 2023, will be held on 7 March 2023. In addition, Ascopiave S.p.A. informs that the Board of Directors' meeting for the approval of the half-yearly report as at 30 June 2023, initially scheduled for 3 August 2023, will be held on 27 July 2023, and that the Analyst Presentation, initially scheduled for 4 August 2023, will be held on 27 July 2023.

## Litigation

### DISPUTES ON PLANT VALUE - CIVIL JURISDICTION

As at 31 December 2022, there were no pending litigations.

### ADMINISTRATIVE DISPUTES - NOT RELATING TO CONCESSIONS

As at 31 December 2022, they are pending:

#### ARERA DELIBERATIONS ARG/GAS 310/2014 and ARG/GAS 414/2014 (now 905/2017)

An appeal to the Regional Administrative Court for Lombardy - Milan against ARERA, for the annulment of Resolutions ARG/gas 310 and 414/2014 concerning the modalities for verifying the delta VIR RAB, due pursuant to Article 15, paragraph 5 of Legislative Decree 164/2000 (current text) where the difference is greater than 10%. To date there are no further procedural acts. Resolutions 310 and 414 were formally repealed by Resolution 905/2017 which, however, in substance, re-proposed the same regulation. Ascopiave S.p.A., therefore, together with the other plaintiff companies and AP Reti Gas S.p.A. (as Ascopiave's assignee and subject to the regulation), in order to avoid the declaration of lack of interest, proceeded to challenge, with additional grounds, Resolution 905/2017. On 3 December 2019, the notice of imminent peremption was received. The Company consequently proceeded to file the request for the setting of a hearing, within the prescribed terms. In line with the forecasts (as no concrete occasions for declarations of ineligibility of the VIR against the Group's distributions had arisen during the proceedings), the Regional Administrative Court held that the contested measure was not immediately injurious, specifying, however, that the plaintiff companies' right to take subsequent action for their own protection remains intact. It states, in particular: "The profiles of illegitimacy deduced must therefore be asserted by the companies concerned at the actual (and not only hypothetical or potential) occurrence of the injury, i.e. at the time of the adoption of the application acts with reference to specific tenders". In this way, the objective of shielding any subsequent challenges from possible exceptions of tardiness (in relation to the failure to challenge the "upstream" regulatory act) was achieved. The costs of the proceedings were fully compensated. The company consequently decided not to appeal. As a result, the litigation can be considered definitively concluded and will therefore not be considered in the next quarterly report.

#### ARERA DELIBERATION ARG/GAS 570/2019 and DELIBERATION 117/2021/R/gas

An appeal to the Regional Administrative Court for Lombardy - Milan, promoted against ARERA by Ascopiave together with its subsidiary AP Reti Gas S.p.A. (together with other leading gas distribution service operators), for the annulment of Resolution 570/2019/R/gas, concerning the "tariff regulation of gas distribution and metering services for the period 2020- 2025". The new regulatory discipline provides for a strong and unjustified reduction of tariff items to cover the operating costs recognised to distributors. The appeal was filed on 25 February 2020. With an appeal on additional grounds, filed within the terms of the appeal (24-05-2021), an appeal was also filed against ARERA Resolution No. 117/2021/R/gas published on 23 March 2021, containing the "Determination of the definitive reference tariffs for gas distribution and metering services, for the year 2020", considering that the measure, being part of the determinations resulting from the tariff regulation as per Resolution No. 570/2019, may be further detrimental to the Group's distribution companies. As of today, the judgement is pending and the hearing has not yet been set.

## Relations with the Internal Revenue Service

### ROBIN TAX

The companies Ascopiave S.p.A., Ap Reti Gas Rovigo S.r.l., Edigas Esercizio Distribuzione Gas S.p.A., Unigas Distribuzione (merged into Ascopiave) and Asco Energy S.p.A. (ex. Veritas Energia) starting from the year 2008 have been subject to the additional IRES (Robin Tax) introduced by Article 81 DL. 112/2008. Subsequently, the Constitutional Court in 2015 declared the constitutional illegitimacy of the aforementioned tax and following this ruling the companies requested the refund of the tax unduly paid, filing the various appeals on the basis of a retroactive interpretation of the aforementioned ruling supported also by an opinion issued by a constitutional lawyer.

After negative rulings by the respective Regional Tax Commissions, the companies appealed to the Supreme Court of Cassation.

In March 2022, the first negative orders were communicated, with the Constitutional Court rejecting the appeal filed by AP Reti Gas Rovigo S.r.l. and Edigas Esercizio Distribuzione Gas S.p.A., which proceeded with the filing of the appeal with the European Court of Human Rights. The appeals filed by the other companies are still pending.

#### **VENETO REGIONAL DIRECTORATE AUDIT**

In the month of September 2019, a short access began against the companies Ascopiave S.p.A. and Ascotrade S.p.A. (the latter merged into EstEnergy S.p.A. with effect from 1 October 2022) by the Veneto Regional Directorate of the Agenzia delle Entrate in relation to the Ires, Irap and Iva sectors with respect to the years ranging from 2013 until the date of access.

The first phase of the audit activities led to the issuance on 29 October 2019 of a Formal Notice of Findings against Ascotrade S.p.A., a company sold the following 19 December 2019 to the Hera Group and subject to a specific guarantee, containing findings regarding direct and indirect taxes related to the years 2013 and 2014; this act was followed, following the presentation of specific pleadings by the company, by the issuance by the Inland Revenue Agency of notices of assessment related to the contested matters, for which the company filed an appeal before the Provincial Tax Commission of Venice, which was upheld with the ruling of 21 April 2021, providing for the annulment of the related contested acts. On 15 November 2021, the Agenzia delle Entrate appealed against the first instance judge's ruling before the Regional Tax Commission of Venice; the company appeared on 30 December 2021 with a counter-argument and a contextual cross-appeal. The discussion of the appeal took place on 13 February 2023, to date there are no further updates.

With reference to the subsequent financial years, the audit activities continued with the issuance on 29 September 2020, against Ascotrade S.p.A., of the Formal Notice of Assessment referring to the year 2015, after which, after the presentation of specific pleadings, the Inland Revenue issued on 23 December 2020 the notices of assessment, subject to the subsequent appeal by the company before the Venice Provincial Tax Commission, which was accepted with the sentence of 23 February 2022, which provided for the annulment of the relative contested acts. On 27 October 2022, the Agenzia delle Entrate filed an appeal, which has not yet been discussed.

Finally, on 23 December 2021, the company was served notices of assessment relating to Ires for the years 2016 and 2017, as well as Irap and VAT for the years 2016, 2017 and 2018, for which an appeal was filed on 18 February 2022. The Venice Provincial Tax Commission set the hearing for discussion on 24 May 2023.

The company, with the support of its tax advisor, considers the risk as 'possible' or 'remote' and therefore has not made any provision.

#### **REGIONAL REVENUE DEPARTMENT AUDIT - FINANCIAL YEAR 2019**

On 28 July 2022, the Regional Directorate of Inland Revenue started an audit activity against Ascopiave for the tax year 2019, for IRES, IRAP and VAT purposes. The work was completed in November 2022.



## Proposals of the Board of Directors to the Shareholders' Meeting

The Board of Directors of Ascopiave S.p.A., in consideration of the result for the financial year and the solidity of the Group's equity and financial structure, will propose to the Shareholders' Meeting the distribution of a dividend of €0.13 per share, for a total of €28.2 million, an amount calculated on the basis of the shares in circulation at the closing date of the 2022 financial year.

Ascopiave S.p.A. announces that, if approved at the first call of the shareholders' meeting, the dividend will be paid on 4 May 2023 with ex-dividend date on 2 May 2023 (record date 3 May 2023).

The Board of Directors will not propose to allocate any amount to the legal reserve as it is already equal to one fifth of the share capital.

Pieve di Soligo, 7 March 2023

The Chairman of the Board of Directors  
Dr Nicola Cecconato

## DECLARATION

regarding the Consolidated Financial Statements for the accounting period 2022, pursuant to Article 81-ter, Consob Regulation N. 11971 dated 14<sup>th</sup> May 1999, subsequent amendments and additions.

1) The undersigned dr. Nicola Ceconato in his capacity as Chairman of the Board of Directors, and dr. Riccardo Paggiaro, Officer Responsible for preparing the Corporate Financial Reports of Ascopiave S.p.A. hereby certify, pursuant to the guidelines of Article 154-bis, paragraphs 3 and 4, Legislative Decree n. 58, dated 24<sup>th</sup> February 1998:

- the appropriateness of the Financial Statements with respect to the characteristics of the company, and
- the actual adoption of administrative and accounting procedures in preparing the Consolidated Financial Statements for the period 1<sup>st</sup> January 2022 –31<sup>st</sup> December 2022

2) We also declare that:

2.1 the consolidated financial statements:

- (a) have been written in accordance with IFRS International Accounting Principles adopted by the European Union as well as with the provisions of regulations based on Article 9, Legislative Decree n. 38/2005;
- (b) correspond to the information in the books and other accounting records;
- (c) to our best knowledge, provide a true and fair representation of the performance and financial position of the Issuer and the companies included in the scope of consolidation.

2.2 the report on operations accompanying the financial statements contains a reliable analysis of operations and performance, as well as the situation of the Issuer and the companies included in the scope of consolidation, together with a description of the main risks and uncertainties to which they are exposed.

Pieve di Soligo – 7<sup>th</sup> March 2023

Chairman of the Board of Directors	Officer Responsible for the preparation of Corporate Financial Reports
dr. Nicola Ceconato <i>signature</i>	dr. Riccardo Paggiaro <i>signature</i>

## DECLARATION

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- (b) correspond to the information in the books and other accounting records;
- (c) to our best knowledge, provide a true and fair representation of the performance and financial position of the Issuer.

2.2 the report on operations accompanying the financial statements contains a reliable analysis of operations and performance, as well as the situation of the Issuer, together with a description of the main risks and uncertainties to which they are exposed.

Pieve di Soligo – 7<sup>th</sup> March 2023

Chairman of the Board of Directors	Officer Responsible for the preparation of Corporate Financial Reports
dr. Nicola Ceconato <i>signature</i>	dr. Riccardo Paggiaro <i>signature</i>

# **REPORT ON CORPORATE GOVERNANCE AND OWNERSHIP STRUCTURE**

pursuant to Article *123-bis* TUF  
(traditional administration and control model)

Issuer: Ascopiave S.p.A.  
Website: *www.gruppoascopiave.it*  
Year of pertinence: 2022  
Date of approval of the Report: 7 March 2023

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## GLOSSARY

**Corporate Governance Code or CG Code:** the Corporate Governance Code of listed companies approved in January 2020 by the Corporate Governance Committee.

**Cod. civ. or c.c.:** the civil code.

**CG Committee or Corporate Governance Committee:** the Italian Committee for the Corporate Governance of Listed Companies, promoted not only by Borsa Italiana S.p.A., but also by ABI, Ania, Assogestioni, Assonime and Confindustria.

**Board or Board of Directors:** the Board of Directors of the Issuer.

**Issuer or Company:** the issuer of securities referred to in the Report.

**Financial Year:** the financial year to which the Report refers.

**Group:** Ascopiave Group.

**Borsa Regulation Instructions:** Instructions to the Regulation of markets organised and managed by Borsa Italiana S.p.A..

**Market Abuse Regulation or MAR:** Regulation (EU) No 596/2014 of the European Parliament and of the Council of the European Union of 16 April 2014 and its Implementing Regulations.

**Regulation of the Board of Directors, Lead independent director and endoconsiliar committees**

**Regulation:** the regulation adopted by the Board of Directors of Ascopiave S.p.A. on 11 November 2021.

**Stock Exchange Regulations:** the Regulations of the markets organised and managed by Borsa Italiana S.p.A..

**Consob Regulation on Issuers:** the Regulation issued by Consob with Resolution No. 11971 of 1999 (as subsequently amended) on issuers.

**Consob Market Regulations:** the Regulations issued by Consob with Resolution No. 20249 of 2017 on markets.

**Consob Related Parties Regulation or RPT Regulation:** the Regulation issued by Consob with resolution no. 17221 of 12 March 2010 (as subsequently amended) concerning related party transactions.

**Report:** the report on corporate governance and corporate structures that companies are required to prepare and publish pursuant to Article 123-bis of the Consolidated Law on Finance.

**Remuneration Report:** the report on remuneration policy and remuneration paid that companies are required to prepare and publish pursuant to Article 123-ter TUF and 84-quater Consob Regulation on Issuers.

**Testo Unico della Finanza or TUF:** Legislative Decree No. 58 of 24 February 1998, as amended.

Where not otherwise specified, the CG Code definitions of: **directors, executive directors (see Q. Def. (1) and Q. Def. (2)), independent directors, significant shareholder, chief executive officer (CEO), board of directors, control body, business plan, concentrated ownership company, large company, sustainable success, top management.**



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## 1. ISSUER PROFILE

The Ascopiave Group is one of the main national operators in the natural gas distribution sector. The Group holds direct concessions and assignments for the management of activities in 305 municipalities, providing service to over 880,000 users through a network of over 14,500 kilometres. Ascopiave S.p.A. is also a *partner* of the Hera Group in the marketing of gas and electricity, holding a 40% stake in Est Energy S.p.A., a subsidiary of the Hera Group, a leading operator in the sector with a portfolio of over 1 million sales contracts to end consumers, mainly in the Veneto, Friuli Venezia-Giulia and Lombardy regions.

Ascopiave is also present in the renewable energy sector, owning 28 hydroelectric and wind power plants with a nominal installed capacity of 62.5 MW. Through its subsidiary Salinella Eolico S.r.l., it is also about to start construction of a new wind power plant.

Finally, in the water sector, the Group is a shareholder and technological partner of the company Cogeide S.p.A., which manages the integrated water service in 15 municipalities in the Province of Bergamo, serving a basin of over 100,000 inhabitants through a network of 880 km.

Ascopiave S.p.A. has been listed on the Euronext Star Milan segment of the Italian Stock Exchange since 12 December 2006.

The Issuer is organised according to the traditional administration and control model as set forth in Article 2380 *bis* et seq. of the Italian Civil Code, with the Shareholders' Meeting, the Board of Directors and the Board of Statutory Auditors as well as, separately, the auditing company (external body).

During the financial year, Ascopiave S.p.A. placed the pursuit of the goal of 'sustainable success' at the centre of its corporate culture and *corporate governance* system.

Also to this end, it should be noted that on 15 January 2021, the Issuer's Board of Directors formally adhered to the new *Corporate Governance* Code, which, in Principle I, promotes 'sustainable success'.

It should also be noted that the Extraordinary Shareholders' Meeting of Ascopiave S.p.A. held on 29 April 2021 resolved on certain amendments to the Company's Articles of Association, including the inclusion of the objective of "sustainable success" in the corporate purpose. In particular, the Shareholders' Meeting resolved to amend the Articles of Association in order to broaden the scope of the activities that constitute the Company's corporate purpose, mainly to expressly include in the corporate purpose certain activities concerning the so-called "energy transition", which are proposed to accompany the *core* activities carried out by the Company, in line with the objectives set forth in the Group's strategic plan approved by the Board of Directors on 15 January 2021 (the "2020-2024 Strategic Plan"). The Issuer's Articles of Association are published on the Company's website ([www.gruppoascopiave.it](http://www.gruppoascopiave.it) "Corporate Governance" section).

Subsequently, on 31 January 2022, the Board of Directors of Ascopiave S.p.A. approved the 2021-2025 Strategic Plan. This plan confirms the four strategic guidelines already indicated in the plan approved in 2021: growth in the *core business* of gas distribution, diversification into synergic sectors, economic and operational efficiency, and innovation.

After the end of the Financial Year, on 9 February 2023, the Board of Directors of Ascopiave S.p.A. approved the 'Strategic Plan 2022-2026', confirming the four strategic guidelines already indicated in the plan approved in 2022: growth in *core businesses*, diversification into synergic sectors, economic and operational efficiency, and innovation.

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The Group's strategy aims to pursue sustainable business success, integrating environmental, social and economic sustainability aspects, and is oriented towards the goal of stable value creation for shareholders, evolving a profitable relationship with other relevant *stakeholders*.

On 10 September 2021, the Board of Directors of Ascopiave S.p.A. also updated the Code of Ethics of the Ascopiave Group, adopted in its first version on 14 May 2013, including, among other things, the alignment of the definition of "sustainable success" (the Group's mission) with the corporate purpose of the Articles of Association, as well as the revision of the order in which the Group's values are classified, giving priority to the issue of sustainability and respect for and enhancement of personnel.

The full description of Ascopiave's mission is set out in the 'Code of Ethics of the Ascopiave Group' published on the Company's website ([www.gruppoascopiave.it](http://www.gruppoascopiave.it) 'Corporate Governance' section).

On 11 November 2021, the Board of Directors of Ascopiave S.p.A. adopted the "Regulation of the Board of Directors, Lead independent director and endoconsiliar committees", which is aligned with the *Corporate Governance* Code with reference to the provisions on sustainability and established the Sustainability Committee, an endoconsiliar committee with investigative functions, of a propositional and advisory nature, in the Company's assessments and decisions on environmental, social and economic sustainability and energy transition. This document is published in full on the Company's website ([www.gruppoascopiave.it](http://www.gruppoascopiave.it) "Corporate Governance" section).

On 22 December 2021, Ascopiave's Board of Directors approved the 'Policy for Managing Dialogue with Shareholders and Other Stakeholders', a document published in full on the Company's website ([www.gruppoascopiave.it](http://www.gruppoascopiave.it) 'Corporate Governance' section and in the 'Investor Relations' section).

Please note that in the "Guidelines on the exercise of management and coordination powers by Ascopiave", updated in September 2020, the objectives of sustainable social, environmental and economic development were confirmed, specifying that "*Ascopiave S.p.A. adopts a growth strategy that pursues both objectives of increasing the economic value of the company and objectives of sustainable social and environmental development*". Furthermore, it is recalled that in 2020 Ascopiave signed the first *ESG linked loan* with Intesa Sanpaolo S.p.A. for a total amount of Euro 50 million and a duration of 3 years. Furthermore, in 2021 the company signed a *green loan* with Mediobanca S.p.A. for a total amount of Euro 20 million.

During the Financial Year, the Board of Directors of Ascopiave S.p.A. managed its business activities by pursuing sustainable success, i.e. the creation of long-term value for the benefit of shareholders, taking into account the interests of the Company's other relevant *stakeholders*. Furthermore, pursuant to Principle II of the CG Code, the Board has defined the strategic and supervisory guidelines for the Company and the Group companies, consistent with Principle I of the CG Code, monitoring their implementation.

Please refer to the specific Sections of the report herein where the following are illustrated: (i) how the objective of sustainable success is integrated into strategies (see Section 4.1), remuneration policies (see Section 8) and the internal control and risk management system (see Section 9); (ii) the corporate governance measures specifically adopted in this regard (see Section 6).

The profiles relating to the sustainability of the Issuer are described in the "Annual non-financial statement", prepared on a mandatory basis pursuant to Legislative Decree No. 254/2016, presented in the specific section of the management report within the annual financial report, a document

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published on the Company's website ([www.gruppoascopiave.it](http://www.gruppoascopiave.it) section "*Investor relations*", in particular <https://www.gruppoascopiave.it/investor-relations/dati-finanziari/bilanci-annuali>), as well as in the "Sustainability Report".

As of the date of approval of the draft financial statements as of 31 December 2022, Ascopiave S.p.A. was not an SME within the meaning of the definition identified by Article 1, paragraph 1, letter *quater.1*), of the Consolidated Law on Finance and regulated by the implementing provisions set forth in Article 2-ter of the Issuers' Regulation. Therefore, Ascopiave S.p.A. is not included in the list of issuers of listed "SME" shares published on CONSOB's institutional website (<https://www.consob.it/web/area-pubblica/emittenti-quotati-pmi>).

On 15 January 2021, at the same time as formally adhering to the CG Code, it should be noted that the Board of Directors of Ascopiave S.p.A. evaluated the classification of the Company as a "non-major concentrated ownership company" with respect to the CG Code categories. In addition, the Board assessed the simplification options that could be implemented with reference to this category of Company, according to the proportional approach introduced by the CG Code.

In particular, the proportionality measures related to the status of "company with non-major concentrated ownership" adopted by the Company include: (i) the provision, within the "Regulation of the Board of Directors, Lead independent director and endoconsiliar Committees", of the obligation of self-assessment on a three-yearly (and not annual) basis; (ii) the decision not to adopt, at present, a succession plan for directors, but rather to adopt a "*Contingency plan*" (as approved by the Board on 11 November 2021); (iii) the decision not to set up an *ad hoc* appointments committee. The *corporate governance* choices implemented by the Company during the Year, with particular regard to the proportional approach introduced by the new CG Code, where applicable, are described in the specific sections of the report herein, to which reference should be made.

The Corporate Governance and Share Ownership Report and the Articles of Association are available on the Company's website ([www.gruppoascopiave.it](http://www.gruppoascopiave.it)).

## **2. INFORMATION ON OWNERSHIP ASSETS (pursuant to Art. 123 *bis*, paragraph 1, TUF) as at 31/12/ 2022**

### **a) Share capital structure**

Amount of subscribed and paid-up share capital in Euro: 234,411,575.00

Categories of shares making up the share capital and voting rights as at 31/12/2022:

<b>SOCIAL CAPITAL STRUCTURE</b>				
	<b>No. of shares</b>	<b>No. of voting rights</b>	<b>Listed (indicate markets) / unlisted</b>	<b>Rights and obligations</b>
<b>Ordinary shares</b> <i>(the mechanism of increased voting rights is envisaged)</i>	234.411.575	394.377.060	Euronext Star Milan	Each share entitles the holder to one vote. In the event that the right to vote has become effective, each share shall entitle the holder to two votes. The shareholders' rights and obligations are those set forth in Articles 2346 et seq. of the Italian Civil Code and the Articles of Association.
<b>Preference shares</b>	–	–	–	–
<b>Multiple-voting shares</b>	–	–	–	–
<b>Other categories of shares with voting rights</b>	–	–	–	–
<b>Savings shares</b>	–	–	–	–
<b>Convertible savings shares</b>	–	–	–	–
<b>Other non-voting share classes</b>	–	–	–	–
<b>More</b>	–	–	–	–

It should be noted that the Extraordinary Shareholders' Meeting of Ascopiave S.p.A. of 23 April 2019 approved to amend Article 6 of the Issuer's Articles of Association in order to provide for the mechanism of the voting right increase, pursuant to Article 127-*quinquies* of the Consolidated Law on Finance. It should also be noted that the Extraordinary Shareholders' Meeting of Ascopiave S.p.A. held on 29 May 2020 approved an amendment to Article 6 of the Company's Articles of Association, in light of Consob's orientation (Communication No. 0214548 of 18 April 2019).

During the Year, specifically on 7 March 2022, on 7 April 2022 and on 6 May 2022, the increased voting rights of some ordinary shares of the Company became effective, pursuant to Article 127-*quinquies* of the Consolidated Law on Finance and Article 6 of Ascopiave S.p.A.'s Articles of Association. Accordingly, as of 31 December 2022, the number of ordinary shares of Ascopiave S.p.A. with increased voting rights totalled 159,965,485 shares.

In particular, it should be noted that Article 6 of the Company's Bylaws provides that each share owned by the same shareholder for a continuous period of at least 24 months from the date of its

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registration in the Special List established pursuant to Article 6.8 of the Bylaws is attributed two votes. The person in charge of managing the Special List was also appointed.

It should also be noted that, during the Year, with reference to the accrual of the increased voting rights for certain shareholders, the Company published the relevant press releases concerning the disclosure of the total amount of voting rights updated pursuant to Article 85-bis, paragraph 4-bis, of the Issuers' Regulations in the "Investor Relations" section of the website.

Please also refer to the information published on the Company's website ([www.gruppoascopiave.it](http://www.gruppoascopiave.it), "Corporate Governance" section) for updates on shareholders with a shareholding of more than 3% of the voting capital who are included in the Special List for entitlement to the benefit of enhanced voting rights (<https://www.gruppoascopiave.it/corporate-governance/voto-maggiorato>), as well as for the updated situation of the Company's shareholding and voting capital (<https://www.gruppoascopiave.it/corporate-governance/azionatario>).

The shares are indivisible and give the holders equal rights, with the exception of treasury shares for which this right is suspended as long as they remain the property of Ascopiave S.p.A..

As of the date of approval of the report herein, there were no rights to subscribe for newly issued shares.

Although it does not represent an incentive plan involving increases, even free of charge, in the share capital, it should be noted that the Shareholders' Meeting of 29 April 2021 approved a share-based long-term incentive plan for the three-year period 2021-2023 ("LTI 2021-2023 Share-based Long-Term Incentive Plan"), reserved for executive directors and certain management resources of Ascopiave S.p.A. and its subsidiaries.

With regard to this incentive plan, for further information, please refer to the Report on the remuneration policy and compensation paid prepared pursuant to Article 123-ter of the Consolidated Law on Finance, as well as the information document prepared pursuant to Article 84-bis of the Issuers' Regulation and according to Schedule no. 7 of Annex 3A of the Issuers' Regulation. Both documents are available on the Company's website.

#### **(b) Restrictions on the transfer of securities**

There are no restrictions on the transfer of securities.

#### **c) Significant shareholdings in the capital**

As of the date of approval of the report herein, i.e. 7 March 2023, the Issuer's significant shareholdings, taking into account the notifications received pursuant to Article 120 of the Consolidated Law on Finance, the results of the shareholders' register, as well as on the basis of the information in the Company's possession, are as follows:

<b>Declarant</b>	<b>Direct shareholder</b>	<b>Share of ordinary capital</b>	<b>Share % of voting capital</b>
Asco Holding S.p.A.	Asco Holding S.p.A.	51,157%	60,813%
Ascopiave S.p.A.	Ascopiave S.p.A.	7,551%	4,488%

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Municipality of Rovigo	ASM Rovigo S.p.A.	4,399%	5,229%
Anita S.r.l.	Anita S.r.l.	3,050%	3,626%
Hera S.p.A.	Hera S.p.A.	4,900%	4,636%

During the financial year and up to the date of the report herein, Ascopiave S.p.A. has received the following mandatory communications concerning significant holdings pursuant to Article 120 of the Consolidated Law on Finance, relating to the voting capital of Ascopiave S.p.A:

- 8 March 2022: communication from Anita S.r.l. of ownership of 3.71% of the voting capital (previous situation: 1.97% of the voting capital);
- 11 March 2022: communication from Ascopiave S.p.A. of possession of 4.595% of the voting capital (previous situation: 4.682% of the voting capital);
- 11 March 2022: communication from Asco Holding S.p.A. of ownership of 62.187% of the voting capital (previous situation: 63.375% of the voting capital);
- 13 April 2022: communication from Hera S.p.A. of possession of 4.659% of the voting capital (previous situation: 2.982% of the voting capital);
- 13 April 2022 communication from Ascopiave S.p.A. of possession of 4.510% of the voting capital (previous situation: 4.595% of the voting capital);
- 13 April 2022 communication from Asco Holding S.p.A. of ownership of 61.109% of the voting capital (previous situation: 62.187% of the voting capital);
- 12 May 2022 communication from Ascopiave S.p.A. of possession of 4.488% of the voting capital (previous situation: 4.510% of the voting capital);
- 12 May 2022 communication from Asco Holding S.p.A. of ownership of 60.813% of the voting capital (previous situation: 61.109% of the voting capital).

It should also be noted that on 11 March 2022 Hera S.p.A. notified Consob that it holds 2.982% of the voting capital of Ascopiave S.p.A. (previous situation: 4.900% of the share capital).

It should be noted that, at the end of the Financial Year and until the date of approval of the report herein, i.e. on 7 March 2023, the Issuer's treasury shares in portfolio amount to 17,701,578.

#### **d) Securities conferring special rights**

No securities conferring special rights of control were issued.

As indicated above, the Shareholders' Meeting of Ascopiave S.p.A. of 23 April 2019, in extraordinary session, approved to amend Article 6 of Ascopiave's Articles of Association in order to provide for the mechanism of the voting right increase, pursuant to Article 127-*quinquies* of the Consolidated Law on Finance. Subsequently, the Extraordinary Shareholders' Meeting of Ascopiave S.p.A. held on 29 May 2020 amended Article 6 of the Company's Articles of Association in order to bring the statutory regulation of the mechanism for the operation of the voting rights surcharge in line with the interpretation made by Consob in Communication No. 0214548 of 18 April 2019.

In particular, the surcharge mechanism allows the attribution of 2 voting rights for each Ascopiave S.p.A. share that has belonged to the same shareholder for a continuous period of at least 24 months from the registration in a Special List, which has been set up by the Company at its registered office.

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On 5 July 2019, the Board of Directors of Ascopiave S.p.A. by virtue of the provisions of paragraph 6.10 of the Articles of Association: (i) adopted the "Regulations for enhanced voting" in order to regulate the procedures for the registration, maintenance and updating of the Special List in compliance with applicable regulations, the Articles of Association and market practices, so as to ensure the timely exchange of information between shareholders, the Company and Intermediaries; and (ii) appointed the person in charge of managing the Special List.

Please note that the current version of the Regulation for the increased vote and the related application form for inclusion in the special list for the attribution of the increased vote are available on Ascopiave's website at [www.gruppoascopiave.it](http://www.gruppoascopiave.it), Section "*Corporate Governance*" - "*Voto Maggiorato*". In the same Section of the website, the Company also publishes the notice drafted pursuant to Article 143-*quater*, paragraph 5 of the Issuers' Regulation concerning the list of shareholders with a shareholding of more than 3% of the voting capital who are included in the special list for the entitlement to benefit from the enhanced vote.

#### **e) Employee share ownership: mechanism for exercising voting rights**

It should be noted that the Shareholders' Meeting of 29 April 2021, in extraordinary session, with reference to the regulations on share capital increases, introduced into the Articles of Association, in compliance with the applicable regulations, the statutory option provided for in Article 2349 of the Italian Civil Code, in order to grant the Shareholders' Meeting, in extraordinary session, the power to resolve capital increases through the issue of shares, including special categories, to be assigned free of charge to its own employees and employees of subsidiaries.

#### **f) Voting restrictions**

The Shareholders' Meeting of Ascopiave S.p.A. of 29 May 2020, at its extraordinary session, introduced, through Article 6-*bis* of the Articles of Association, a clause limiting voting rights applied to shareholders that meet the definition of "Operators" and to parties related to them, resulting in the suspension of voting rights held in excess of the threshold of 5% of the total voting rights that may be exercised and without prejudice to the exercise of equity rights and other administrative rights connected to the shareholding held by the party subject to the so-called "voting cap". The voting cap applies to (i) "Operators", meaning operators in the production and/or distribution and/or transmission and/or purchase and/or sale of natural gas and/or electricity and/or the energy efficiency sector and/or the water service and/or network service in general, and (ii) each person entitled to vote who belongs to a group in which there is an Operator, where "group" means companies controlled, controlling or subject to the same control, pursuant to art. 93 of Legislative Decree no. 58/1998, of the person entitled to vote.

The introduction of a voting limit aimed not at the generality of shareholders, but at a specific category of shareholders, namely the Operators and their related parties, is interpreted from the perspective of protecting the company's interest from potential conflicting interests, through the inclusion of an instrument of articulation of the right to vote expressly permitted by the law. In particular, this clause seizes the opportunity offered by current legislation to resort to statutory autonomy to limit the influence of certain shareholders. In particular, Article 2351(3) of the Civil Code, which is also applicable to listed companies following Decree-Law 91/2014 (converted by Law 116/2014), provides that the bylaws may provide that, in relation to the number of shares held by the same person, the voting right may be limited to a maximum amount (or provide for staggered voting rights).

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Compared to the text of Article 2351(3) of the Civil Code, the wording of the clause introduced in Article 6-bis of the Articles of Association makes reference not to the shares held, but to the voting rights that can be exercised, taking into account the fact that the Company's Articles of Association contain the mechanism of increased voting. Therefore, for the purpose of reaching the threshold of 5% : (i) on the one hand, the increased voting rights accrued (or renounced) by shareholders other than the shareholder subject to the "voting cap" will increase (or reduce) the calculation basis, (ii) on the other hand, should the shareholder subject to the "voting cap" accrue the conditions to benefit from the increased voting rights any exceeding of the 5% threshold (and, consequently, the excess shares in respect of which voting rights will be suspended) will be determined on the basis of the voting rights available to the shareholder as increased as a result of the increased voting rights mechanism. In addition, in order to allow for an effective application of the clause and to avoid circumvention, it is provided that the "basket" of voting rights to be taken into account for the purposes of exceeding the materiality threshold shall include voting rights exercisable also by persons connected in various ways with the shareholder to whom the "cap on voting rights" applies, i.e. not only to persons belonging to the same group as such shareholder, but also to persons linked to such shareholder by a shareholders' agreement concerning the shares of the Company and to companies included in the portfolio of funds possibly managed on a discretionary basis by such shareholder or by persons linked to it.

With regard to issues concerning the exercise of voting rights, please also refer to the information presented in Section 13 of the report herein.

### **g) Shareholder Agreements**

As of the end of the Financial Year, and updated as of the date of approval of the report herein, there was a shareholders' agreement ("Agreement"), originally communicated to Ascopiave on 18 March 2020 (signed on 16 March 2020), subsequently updated three times by the shareholders in agreement. Initially, this Covenant was updated on 1 January 2022 and communicated to the Company on 3 January 2022, of a total of 13,909,426 ordinary Ascopiave shares, equal to 5.934% of the share capital and at that time having a total number of voting rights equal to 27,621,055, equal to 7.306% of the voting rights due in total to Ascopiave S.p.A. shareholders. It should be noted that the sole purpose of the updating of the Agreement was to change the number of voting rights held by some of the Approving shareholders as a result of the intervening increase in voting rights, as communicated by Ascopiave S.p.A. on 7 October 2021 and 5 November 2021. It should also be noted that in the abstract of the Shareholders' Agreement, updated on 1 January 2022 and published by the Company in the manner and within the terms required by law, the Approving shareholders had informed that not all of the shares owned by the parties to the Agreement were contributed to the Shareholders' Agreement.

During the Financial Year, it should be noted that this covenant was further amended by the same approving shareholders on 20 April 2022, communicated to the Company on 22 April 2022, exclusively as a result of the change in the number of voting rights held by certain approving shareholders, as well as following the contribution to the covenant of additional Ascopiave S.p.A. by some approving shareholders, holders of a total of 15,734,784 ordinary Ascopiave shares, equal to 6.712% of the share capital and amounting to 29,619,501 total voting rights representing 7.547% of the Company's total voting rights.

Lastly, the Covenant was updated by the approving shareholders on 2 January 2023 and communicated to the Company on 4 January 2023, of a total of 15,734,784 ordinary Ascopiave shares, equal to 6.712% of the share capital and currently having a total number of voting rights equal to 29,619,501, or 7.510% of Ascopiave S.p.A.'s total voting rights. It should be noted that the last



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update exclusively concerns the change in the number of voting rights held by some of the peaceful shareholders as a result of the intervening increase in voting rights, as last communicated by Ascopiave on 6 May 2022.

The Agreement can be traced back to a voting syndicate with which the adherents intended to regulate the exercise of voting rights in the ordinary and extraordinary shareholders' meetings of Ascopiave S.p.A. in order to express their votes in the Company's shareholders' meetings in an unequivocal and consistent manner, with the intention of protecting the interests of the entities they administer in the best possible way and to enhance the value of their shareholding investment. The extract of the updated Covenant and subsequent updates are available in the '*Corporate Governance*' section of the Company's website ([www.gruppoascopiave.it](http://www.gruppoascopiave.it)).

#### **h) *Change of Control* Clauses and Statutory Provisions on Takeovers**

The Issuer and its subsidiaries have not entered into any significant agreements that take effect, are amended or are terminated in the event of a change of control of the contracting company. With regard to takeover bids, the Issuer has not provided in its Articles of Association for any exceptions to the provisions of the Consolidated Law on Finance. The Issuer's Articles of Association also do not provide for the application of the neutralisation rules set forth in Article *104-bis*, paragraphs 2 and 3, of the Consolidated Law on Finance.

#### **i) Powers to increase the share capital and authorisations to purchase treasury shares**

During the year, the Board of Directors was not granted any powers by the Shareholders' Meeting to increase the share capital.

The Ordinary Shareholders' Meeting of 28 April 2022 approved the renewal of the authorisation, pursuant to Articles 2357 and *2357-ter* of the Italian Civil Code, to purchase and dispose of treasury shares, subject to the revocation of the previous authorisation granted by the Shareholders' Meeting of 29 April 2021, which, for the part relating to the purchase of treasury shares, would have expired on 29 October 2022.

In particular, the Shareholders' Meeting authorised the Company (i) to purchase, on one or more occasions, a maximum number, on a revolving basis, of no. 46,882.315 ordinary shares of Ascopiave or a different number that will represent a portion not exceeding the maximum limit of 20% of the share capital, also taking into account the shares already owned by the Company and those that may be owned from time to time by the subsidiaries, for a period of 18 months from the date of the resolution; and (ii) to carry out acts of disposal, without time limits, of the treasury shares purchased and/or those that may be held in the Company's portfolio.

The authorisation to purchase and dispose of treasury shares is granted, in general, in order to provide the Company with a valid instrument that allows it to acquire treasury shares to be used, inter alia, for the execution of investment transactions consistent with the Company's strategic guidelines, including through an exchange, contribution, assignment or other act of disposition of treasury shares, for the acquisition of shareholdings or share packages or for other capital transactions involving the assignment or disposition of treasury shares (such as, by way of example, mergers, demergers, issues of convertible bonds or *warrants*, etc.).

Authorisation was also requested in order to allow the Company to carry out, inter alia, the transactions listed below, in compliance with the laws in force from time to time (i) intervene, also through authorised independent intermediaries, and in compliance with applicable regulations, to regularise the trend of trading and prices, in the face of distorting phenomena linked to excessive

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volatility and/or poor trading liquidity; (ii) offer shareholders an additional tool to monetise their investment; (iii) acquire treasury shares to be allocated, if necessary, to service any share-based incentive plans reserved for directors and/or employees and/or collaborators of the Company or other companies controlled by it or its parent company.

Purchase transactions may be carried out in accordance with the operating procedures permitted by the laws and regulations in force at the *time*, to be identified from time to time at the discretion of the Board of Directors or the director delegated for this purpose. Disposal transactions may be carried out in any manner deemed appropriate in relation to the purposes that will be pursued.

The unit price for the purchase of Ascopiave ordinary shares may not be 10% higher or lower than the reference price recorded by the Ascopiave share during the stock exchange session preceding each individual purchase transaction.

With regard to the consideration for the disposal of the treasury shares purchased, the Shareholders' Meeting determined only the minimum consideration, which may not be 10% lower than the reference price recorded by the stock on the stock exchange session prior to each individual disposal transaction (meaning the date on which the commitment to dispose is made, regardless of the date of its execution), it being understood that this limit may not be applied in certain cases indicated in the resolution.

The Company, in compliance with current and applicable regulations, will inform the market of the start date of the share buyback programme as well as any further information required.

The number of treasury shares in portfolio as at 31 December 2022 was 17,701,578, corresponding to 7.551% of the share capital and representing 4.488% of the voting capital.

Please note that this number of treasury shares remained unchanged as of 7 March 2023, the date of approval of the report herein.

No subsidiary of Ascopiave holds shares in it.

### **(I) Management and coordination activities**

Despite the existence of certain relations of an economic nature with the parent company Asco Holding S.p.A., the Issuer believes that it is not subject to any management and coordination activities pursuant to Articles 2497 et seq. of the Italian Civil Code, since Asco Holding S.p.A. does not issue directives to its subsidiary and there is no form of managerial and/or organisational interdependence between the two companies since decisions relating to Ascopiave S.p.A. and its subsidiaries are taken, as far as their respective competences are concerned, exclusively within the Issuer's Board of Directors and by the administrative bodies of the Issuer's subsidiaries. Consequently, Ascopiave S.p.A. believes that it has always operated in conditions of corporate and entrepreneurial autonomy with respect to its parent company Asco Holding S.p.A..

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It should be noted that:

- The information required by Article 123-bis, paragraph 1, letter i) ("agreements between the company and the directors ... which provide for indemnities in the event of resignation or dismissal without just cause or if their employment ceases as a result of a takeover bid") is illustrated in the section of the Report dealing with directors' remuneration (*see Section 8.1*);
- The information required by Article 123-bis, paragraph 1, letter l) ("the rules applicable to the appointment and replacement of directors ... if different from the laws and regulations applicable by way of supplementary provisions") is illustrated in the section of the Report dedicated to the Board of Directors (*see Section 4.2*);

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- The information required by Art. 123-bis, para. 1 (l), second part ("the rules applicable ... to the amendment of the articles of association, if different from the laws and regulations applicable by way of supplementary provisions") is set out in the section of the Report devoted to the Shareholders' Meeting (*see Sect. 13*).

### **3. COMPLIANCE**

On 15 January 2021, the Issuer's Board of Directors formally adhered to the *Corporate Governance Code* for Listed Companies promoted by the *Corporate Governance Committee* of Borsa Italiana S.p.A., conforming to the Principles and Recommendations set forth therein; any failure to conform to individual Principles or Recommendations will be justified in the report herein.

The *Corporate Governance Code* is publicly accessible on the *Corporate Governance Committee's* website at <https://www.borsaitaliana.it/comitato-corporate-governance/codice/2020.pdf>.

The Issuer is not subject to non-Italian legal provisions affecting the Issuer's *corporate governance* structure.

## **4. BOARD OF DIRECTORS**

### **4.1. ROLE OF THE BOARD OF DIRECTORS**

The Board of Directors performs a significant function in relation to the proper handling of corporate information and relations with shareholders.

To this end, Article 19 of the Articles of Association grants the Board of Directors the broadest powers for the ordinary and extraordinary management of the Company, with no exceptions whatsoever, and the power to perform all acts it deems appropriate for the implementation and achievement of the corporate purposes, excluding only those that the law peremptorily reserves to the Shareholders' Meeting.

Furthermore, again pursuant to Article 19 of the Articles of Association, the Board of Directors has the power, which cannot be delegated, to pass resolutions, in compliance with the laws in force from time to time, concerning

- mergers or demergers pursuant to Articles 2505, 2505-bis, 2506-ter, of the Italian Civil Code;
- establishment or suppression of branch offices;
- transfer of the registered office within the national territory;
- indication of which directors have legal representation;
- reduction of capital following the withdrawal of one or more shareholders;
- adaptation of the Articles of Association to mandatory regulatory provisions;
- issue of non-convertible bonds,

on the understanding that such resolutions may also be passed by the extraordinary Shareholders' Meeting.

As a reminder, the Extraordinary Shareholders' Meeting of 29 April 2021 approved an amendment to the aforementioned Article 19 of the Articles of Association, aimed at assigning the Board of Directors the authority to pass resolutions on the issue of non-convertible bonds.

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It should be noted that, with regard to the powers of the Board of Directors, on 11 November 2021 the Board adopted a "Regulation of the Board of Directors, the Lead independent director and the endoconsiliar committees" aimed at ensuring compliance with the applicable provisions of law and the Articles of Association, as well as, to the maximum extent possible, with the principles and recommendations on corporate governance expressed by the *Corporate Governance Code*, to which the Company adheres. In particular, it should be noted that the powers of the Board of Directors, described in this Section, are governed by paragraph 3.2 of the Regulation.

During the Financial Year, in line with Principle I of the CG Code, the Board of Directors guided the exercise of business activities by pursuing the goal of sustainable success, i.e. the creation of long-term value for the benefit of shareholders, taking into account the interests of the Company's other relevant *stakeholders*. This role of the Board of Directors is regulated in Section 3.1.1 of the Regulation. For further information, please refer to Section 1 '*Issuer Profile*' of the report herein.

Pursuant to Principle II of the CG Code, the Board of Directors has its own functions in defining the strategies of the Company and the Group, pursuing their sustainable success, as well as the control of their implementation, in compliance, as far as the gas distribution sector is concerned, with the powers and prerogatives provided by the *Unbundling Regulation* for the so-called 'Independent Operator' and the vertically integrated company.

In addition, with reference to Recommendation 1 (a) of the CG Code, the Board is competent, where appropriate, with regard to the examination and approval of the Group's business plan, also analysing issues relevant to long-term value generation.

In this regard, it should be noted that on 15 January 2021, the Board of Directors examined and approved the '2020-2024 Strategic Plan', also based on the analysis of the issues relevant to the generation of value in the long term, integrating the sustainability of the company's business into the definition of corporate strategies, in particular, within the Plan approval process.

It should also be noted that on 31 January 2022, the Board of Directors of Ascopiave S.p.A. approved the 'Strategic Plan 2021-2025', integrating the sustainability of the company's business into the definition of corporate strategies.

After the end of the Financial Year, on 9 February 2023, the Board of Directors approved the 'Strategic Plan 2022-2026', integrating the environmental, social and economic sustainability of the company's business in the pursuit of sustainable success. In particular, the new plan confirmed the four strategic guidelines already indicated in the plan approved in 2022, namely growth in *core businesses*, diversification into synergic sectors, economic and operational efficiency, and innovation.

It should also be noted that the "Rules and Regulations of the Board of Directors, Lead independent director and endoconsiliar committees", approved by the Board on 11 November 2021, provide that the Board of Directors is responsible for defining the Company's strategic guidelines on sustainability and analysing issues relevant to the generation of long-term value, with the support of the Sustainability Committee.

With reference to Recommendation 1, letter b) of the CG Code, the Board periodically monitors the implementation of the business plan and the assessment of the general performance of management, periodically comparing the results achieved with those planned.

During the course of the financial year, the Board assessed, on a quarterly basis, the general performance of operations, verifying the economic and financial results of the Company and consolidated. The results, and *performance* indicators, were compared with planning data.

Pursuant to the "Guidelines for the management and coordination of Ascopiave S.p.A.", adopted by the Board of Directors of Ascopiave S.p.A. in 2012 and subsequently updated on 16 June 2016 and

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on 11 September 2020, the Company ensures the control of management performance through analyses and assessments aimed at guaranteeing forecast and final information on the economic, financial and equity management of the Ascopiave Group. In particular, the parent company Ascopiave S.p.A. prepares the Group's industrial plan and *budget* and establishes the guidelines that must be incorporated into the process of drawing up plans and *budgets by the* individual companies of the group, without prejudice to the respect of the management autonomy of the companies of the Ascopiave Group subject to the functional and accounting separation regime (so-called *unbundling*). In this regard, it should be noted that on 12 February 2021, the Board of Directors of Ascopiave S.p.A. updated the budget procedure called 'Procedure for the preparation and approval of the Ascopiave Group's budget and annual and multi-year infrastructure development plan'.

In order to allow for the preparation of the Group's business plan and *budget*, consistent with the planning and scheduling procedures, tools and timelines implemented and disseminated by the parent company, it is the responsibility of the board of directors of each subsidiary to send the parent company information and forecast data that incorporates the aforesaid guidelines, as well as to operate on the basis of approved business plans and annual *budgets*, providing for periodic checks through the preparation of final statements for the period. The parent company verifies in advance the correspondence of the business plans and annual *budgets* of the subsidiaries with the given guidelines and the deviations with the final figures for the period.

The planning and *budgeting guidelines* established by the parent company for Group companies subject to functional unbundling obligations take into account the powers and prerogatives provided for in the *unbundling* regulations for the Independent Operator and the vertically integrated company.

With specific reference to the gas distribution service, the parent company exercises its management and coordination powers, ensuring compliance with the purposes of functional unbundling, in accordance with the provisions of Article 13 of the TIUF. In particular, the *budget* objectives defined by the parent company for Group companies subject to functional unbundling obligations refer to: i) annual level of investments; ii) level of debt; iii) profitability of assets managed and investments made. The parent company's Board of Directors approves the Group's consolidated *budget*, based on the *budgets* approved by each individual subsidiary in line with the planning and *budgeting guidelines* mentioned above and in compliance with Group *policies* and procedures.

With reference to Recommendation 1, letter c) of the CG Code, the Board is competent with regard to defining the nature and level of risk compatible with the Company's strategic objectives, including in its assessments all elements that may be relevant to the sustainable success of the Company.

In particular, during the Financial Year, as part of the approval process of the '2021-2025 Strategic Plan', which took place on 31 January 2022, the Board of Directors defined the nature and level of risk compatible with the Company's strategic objectives, including in its assessments all the elements that may be relevant to the Company's sustainable success. It should be noted that the approval process of the 'Strategic Plan 2020-2024' was also implemented in compliance with Recommendation 1, letter c) of the CG Code.

After the end of the Financial Year, as part of the approval process of the '2022-2026 Strategic Plan', on 9 February 2023, the Board of Directors also continued to integrate the environmental, social and economic sustainability of the company's activities into the definition of corporate strategies, confirming the strategic guidelines indicated last year.

With reference to the provisions of Principle III of the CG Code and pursuant to Recommendation 1, letter d), first part, of the CG Code, the Board plays a primary role in Ascopiave S.p.A.'s corporate governance system, as it defines the most functional corporate governance system for the performance of business activities and the pursuit of the Company and Group's strategies, being able to make proposals to the Shareholders' Meeting, if necessary, with reference to the following profiles

- (a) choice and characteristics of the corporate model;

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(b) articulation of the administrative and property rights of the shares;  
(c) percentages established for the exercise of the prerogatives established to protect minorities.  
In particular, please refer to Section 13 "Shareholders' Meetings" of the report herein for more information on the Board's proposals submitted to the Shareholders' Meeting for the definition of a corporate governance system more functional to the Issuer's needs.

In line with Recommendation 1(d), part 2 of the CG Code, the Board of Directors defines the structure of the Group and assesses the adequacy of the organisational, administrative and accounting structure of the Company and its strategically important subsidiaries, with particular reference to the internal control and risk management system.

On 3 March 2022, with reference to the financial year 2021, and on 6 March 2023, with reference to the financial year 2022, the Board assessed the adequacy of the Issuer's organisational, administrative and accounting structure, with particular reference to the internal control system and risk management of the Issuer and its subsidiaries. Within the scope of this activity, the Board was supported by the Control and Risk Committee, the Head of the *Internal Audit* Department and the Manager in charge of preparing the company's financial reports, as well as the procedures and checks implemented also pursuant to Law 262/2005, and the interaction with the Board of Statutory Auditors, the Supervisory Board and the Independent Auditors.

In 2012, the Board of Directors of Ascopiave S.p.A. adopted the document "Guidelines for the exercise of the power of direction and coordination" (hereinafter also referred to as the "Guidelines"), a document updated on 16 June 2016 and subsequently on 11 September 2020, which regulates the mechanisms for implementing direction and coordination, information and control flows between the Issuer and its subsidiaries. The document, approved by the shareholders' meetings of the individual subsidiaries and subsequently adopted by the individual boards of directors of those subsidiaries, constitutes an integral part of the Group's *governance* system.

For further information on the structure of the internal control and risk management system, please refer to Section 9 'Internal Control and Risk Management System - Control and Risk Committee' of the report herein.

In line with Recommendation 1, letter e) of the CG Code, the Board of Directors is competent for resolutions concerning transactions of the Company and its subsidiaries that, as defined by the Company within the Guidelines, have a significant strategic, economic, equity or financial significance for the Company itself and/or the Group. In particular, if such transactions are carried out by subsidiaries, the Guidelines provide that, in compliance with the sector regulations on the subject of administrative and accounting separation, the boards of directors of the subsidiaries shall submit to the parent company for prior examination and approval, for any appropriate resolutions, transactions of significant strategic, economic, equity or financial importance, such as, by way of example only:

- agreements with *competitors* and *partners which*, by virtue of their object, nature, commitments, constraints, which may directly or indirectly derive therefrom, may permanently affect the freedom of strategic entrepreneurial choices (e.g. *partnerships, joint ventures*, etc.);
- acts and transactions involving entry into (or exit from) geographic and/or product markets;
- investment and divestment transactions in tangible and intangible assets worth more than EUR 3 million;
- deeds of purchase and disposal of companies or branches of companies;
- acts of contribution, purchase, sale or disposal of shareholdings, including controlling and associated shareholdings and interests in other companies, as well as the conclusion of agreements on the exercise of the rights inherent in such shareholdings;

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- acts and operations of transformation, merger and demerger, as well as capital transactions and issues of convertible bonds;
  - taking out or granting loans or *guarantees/guarantees in the* interest of Group companies or in the interest of other parties for an amount exceeding EUR 1 million;
  - acts for the purchase of goods and services committing the subsidiaries for a duration of more than 12 months, non-renewable, and/or for an amount exceeding Euro 500,000;
  - acts of purchase of consultancy services and professional appointments, amounting individually to more than EUR 100,000;
  - amendments to the articles of association, as well as the establishment and suppression of secondary offices;
  - with reference to the gas distribution sector, with respect to participation in tenders for the award of the gas distribution service, the parent company may supervise the profitability of the investments made by the Independent Operator; it approves the annual financial plan, or other equivalent instrument, drawn up by the Independent Operator and relating to the management of its activities and the development of its infrastructure; it provides for limits on the levels of indebtedness incurred by the Independent Operator in its activities;
  - recruitment of managerial staff.

In line with Recommendation 1(f) of the CG Code, on 28 January 2021, the Board of Directors, at the proposal of the Chairman and Chief Executive Officer, approved the updated version of the 'Procedure for the Management and Handling of Inside Information, for the Disclosure of Information to the Public and for the Management of Persons with Access to Inside Information'. Please refer to Section 5 '*Management of Corporate Information*' of the report herein for further information.

Lastly, please refer to the specific relevant Sections of the report herein, with reference to the Board's further powers on the subject of composition, operation, appointment and self-assessment, remuneration policy, as well as the internal control and risk management system.

During the Financial Year, pursuant to Principle IV of the CG Code, the Board of Directors promoted dialogue with shareholders and other *stakeholders* relevant to the Issuer in the most appropriate forms. To this end, pursuant to Recommendation 3 of the CG Code, it should be noted that, at its meeting of 22 December 2021, on the proposal of the Chairman and Chief Executive Officer, the Board adopted the 'Policy for Managing Dialogue with Shareholders and Other Relevant Stakeholders'. This policy governs the management of dialogue with the generality of shareholders, also taking into account the engagement policies adopted by institutional investors and asset managers.

Please refer to Section 12 'Relations with Shareholders' of the report herein for more details on the content of this policy, which has been published in full in the 'Corporate Governance' section of the Company's website.

#### **4.2. APPOINTMENT AND REPLACEMENT (pursuant to Article 123-bis(1)(l), first part, TUF)**

The provisions of the Issuer's Articles of Association that regulate the composition and appointment of the Board (Articles 14 and 15) are suitable to ensure compliance with the provisions introduced on the subject by Law 262/2005, Legislative Decree No. 303 of 29 December 2006, Law No. 120 of

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11 July 2011 and Law No. 160 of 27 December 2019 (Article 147-ter of the Consolidated Law on Finance).

With particular reference to gender diversity, it should be noted that on 20 March 2020, the Board of Directors approved, pursuant to Article 19 of the Articles of Association, the adjustment of Article 15 of the Articles of Association to the regulatory provisions on gender balance in the composition of corporate bodies, precisely in order to align the provisions of the Articles of Association with the provisions of Law No. 160 of 27 December 2019: this law amended, *inter alia*, Article 147-ter of the Consolidated Law on Finance, introducing a new criterion for the distribution of gender quotas, which was applied as of the first renewal of the governing bodies following 1 January 2019. 160: this law amended, *inter alia*, Article 147-ter of the Consolidated Law on Finance, introducing a new distribution criterion, which was applied as of the first renewal of the governing bodies after 1 January 2020, pursuant to which at least two-fifths (rounded up to the next higher unit if the application of this criterion results in a non-integer number) of the effective members of the governing body must be reserved for the less represented gender, for six consecutive terms.

Subsequently, on 29 May 2020, the Extraordinary Shareholders' Meeting approved amendments to Articles 14 (with reference to the composition of the Board of Directors) and 15 of the Articles of Association (with reference to the appointment of the Board of Directors) in order to introduce an increase in the number of directors from 6 (six) to 7 (seven), to increase the number of directors taken from the list obtaining the highest number of votes from five to six, as well as to integrate the mechanism for replacing directors in compliance with the legal and regulatory provisions set forth in relation to gender balance.

Lastly, it should be noted that the Extraordinary Shareholders' Meeting of 29 April 2021 approved the amendment of certain other articles of the Bylaws aimed at aligning their content with the *best practice* of listed companies, including certain amendments to Article 15 (with reference to the appointment of the Board of Directors), introducing the possibility for the outgoing Board of Directors to submit a list of candidates for the appointment of the Board in order to ensure the stability of *governance* in the event that any future changes in the shareholding structure should result in the absence of a controlling shareholder.

The attribution to the outgoing administrative body of the faculty to take a proactive role in the appointment of the Board of Directors represents a corporate governance rule already adopted by other issuers. Indeed, it allows the Board of Directors to use its experience, professionalism, and knowledge of the Issuer's *business*, to select the candidates to be included in the list and submitted to the Shareholders in the absence of a controlling shareholder.

Pursuant to Article 15 of the Articles of Association, the members of the Board of Directors are appointed by means of the so-called list voting on the basis of lists submitted by shareholders who, alone or together with other shareholders, hold, at the date of submitting the list, a number of shares with voting rights in the Shareholders' Meeting resolutions on the appointment of members of the administration and control bodies ("relevant shares") representing at least 2.5% of the share capital, or, where different, the shareholding in the share capital required for the submission of lists by the applicable laws and regulations ("shareholding"). The shareholding percentage is indicated in the notice of call of the Shareholders' Meeting called to resolve on the appointment of the Board of Directors.

Article 15 of the Articles of Association provides that the lists submitted by shareholders must be deposited at the Company's registered office, also by means of remote communication and in accordance with the procedures and terms provided for by the laws in force from time to time and indicated in the notice of call of the Shareholders' Meeting.



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Together with each list, within the terms indicated above, declarations must be filed by the individual candidates accepting their candidacy and certifying, under their own responsibility, the non-existence of the causes of ineligibility, incompatibility and disqualification pursuant to the laws and regulations in force from time to time, as well as the possession of the additional requirements prescribed by the laws and regulations in force from time to time, and any other or different declarations, information and/or documents required by law and the applicable regulations. The first candidate on each list must meet the independence requirements provided for by the legislation applicable from time to time and by the codes of conduct drawn up by market management companies to which the Company has adhered.

It should be noted that Article 15.10 of the Articles of Association, pursuant to the provisions of Article 147-ter, paragraph 1 of the Consolidated Law on Finance, provides that, for the purpose of allocating the directors to be elected, no account is taken of the lists that have not obtained a percentage of votes equal to at least half of the percentage required for the presentation of the lists themselves pursuant to the Articles of Association.

Lists with at least three candidates cannot be composed only of candidates belonging to the same gender (male or female). These lists must include a number of candidates of the less represented gender such as to ensure that the composition of the Board of Directors complies with the legal and regulatory provisions, as in force from time to time, concerning gender balance (male and female).

If only one list is submitted, the Shareholders' Meeting shall vote on it and, if it obtains a relative majority of the votes, all the members of the Board of Directors shall be drawn from that list in compliance with the laws and regulations in force from time to time, also with regard to gender balance (male and female). In the event that the only list submitted and obtaining a relative majority of votes does not contain a sufficient number of candidates to ensure that the number of seven directors is reached, all the candidates listed therein shall be drawn from that list and appointed as directors, and the remaining directors shall be appointed by the Shareholders' Meeting with the ordinary procedures and majorities, without application of the list voting mechanism and in compliance with the provisions of the law, without prejudice to the provisions of Article 15.15 of the Bylaws.

If no lists are submitted, or if only one list is submitted and that list does not obtain a relative majority of the votes, or if the number of directors elected on the basis of the lists submitted is less than the number of directors to be elected, or if the entire Board of Directors is not to be renewed, or if no list has obtained a number of votes equal to at least the minimum threshold set forth in Article 15.10 of the Articles of Association (i.e. a percentage of votes equal to at least half of that required for the submission of the lists themselves pursuant to these Articles of Association), the Shareholders' Meeting shall pass resolutions with the ordinary procedures and majorities, without application of the list voting mechanism and in compliance with the provisions of the law, without prejudice to the provisions of Article 15.15 of the Articles of Association.

In the event that two or more lists are submitted, the Shareholders' Meeting shall vote if they obtain a percentage of votes equal to at least half of that required for the submission of such lists under the Articles of Association:

- (i) All candidates up to a maximum of 6 (six) shall be taken from the list that has obtained the highest number of votes (the "Majority List") and elected as directors, in the progressive order in which they are indicated on the list, without prejudice to the provisions set forth below to ensure the balance between genders in compliance with the applicable provisions of the law and regulations;
- (ii) One director shall be drawn from the list obtaining the second highest number of votes and which is not connected in any way, not even indirectly, with the shareholders who submitted

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or voted for the Majority List, in the person of the candidate indicated with the first number in the list;

- (i) in the event of a tie between two or more lists, the candidates of the list submitted by shareholders owning the largest shareholding, or, secondarily, by the largest number of shareholders, shall be elected, subject to the following provisions to ensure gender balance in compliance with the applicable provisions of the law and regulations.

If, at the end of the vote, the legal and regulatory provisions concerning the balance between male and female gender are not complied with, the candidate of the most represented gender elected as last in numerical order from the Majority List shall be excluded and shall be replaced by the first non-elected candidate belonging to the other gender, drawn from the same list. Such replacement shall be carried out until a number of candidates belonging to the less represented gender are elected such as to ensure that the composition of the Board of Directors complies with the provisions of the law and regulations, in force from time to time, on gender balance (male and female). In the event that it is not possible to implement this replacement procedure in order to ensure compliance with the legal and regulatory provisions, in force from time to time, on the subject of gender balance (male and female), the missing directors shall be elected by the Shareholders' Meeting in the ordinary manner and with ordinary majorities, after nominating candidates belonging to the less represented gender.

If, at the end of the voting, the number of independent directors required by the applicable laws and regulations is not ensured, the non-independent candidates elected as last in numerical order from the Majority List shall be excluded and shall be replaced with the first independent candidates not elected in the same list. If said procedure does not ensure the election of the number of independent directors required by the applicable regulations, the missing directors shall be elected by the Shareholders' Meeting with the ordinary procedures and majorities, subject to the submission of nominations of candidates who meet the independence requirements set forth by the regulations in force from time to time.

The appointment mechanism through the so-called 'list vote' ensures transparency as well as timely and adequate information on the personal and professional characteristics of the candidates for office.

The Board of Directors did not set up an internal committee to propose appointments to the Board of Directors, as it did not deem it necessary, reserving the relevant functions to the entire Board of Directors, in line with the provisions of Recommendation 16 of the CG Code. This choice was also adopted in consideration of the size and shareholding structure of the Issuer, as well as the limited number of members of the administration and control bodies, and the possibility of guaranteeing adequate supervision within the Board of Directors' dialectic, considering the high number of independent directors.

Please note that on 29 April 2021, the Extraordinary Shareholders' Meeting of Ascopiave S.p.A. approved the proposal to amend Article 15.1 of the Articles of Association to provide for the possibility for the outgoing Board of Directors to present a list of candidates for the appointment of the Board of Directors in order to guarantee *governance* stability in the event that any future changes in the shareholding structure should result in the absence of a controlling shareholder.

Pursuant to the Articles of Association, if one or more directors taken from the Majority List ("Majority Directors") should cease to hold office during the year, for any reason whatsoever, and provided that such cessation does not cause the majority of directors elected by the Shareholders' Meeting to cease to hold office, the Board of Directors shall replace the ceased Majority Directors

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by co-optation, pursuant to Article 2386 of the Italian Civil Code, it being understood that, where one or more of the outgoing Majority Directors are independent directors, other independent directors must be co-opted, and the applicable provisions on gender balance must also be complied with. The directors thus co-opted remain in office until the next Shareholders' Meeting, which will confirm or replace them with the ordinary procedures and majorities, as an exception to the list voting system indicated above.

If, during the course of the financial year, one or more directors taken from the Minority List (the "Minority Director") should cease to hold office for any reason whatsoever, and provided that such cessation does not cause the majority of directors elected by the Shareholders' Meeting to cease to hold office the Board of Directors shall replace the ceased Minority Directors with the first unelected candidates belonging to the same list, provided that they are still eligible and willing to accept the office, or, failing that, to the first list following by number of votes among those that have reached a number of votes equal to at least the minimum threshold set forth in paragraph 15.10 of the Articles of Association, subject to compliance, in both alternative cases, with the applicable provisions on gender balance. The replacements remain in office until the next Shareholders' Meeting, which will proceed to their confirmation or replacement with the ordinary procedures and majorities, as an exception to the list voting system indicated in Article 15 of the Bylaws.

In the event that one or more of the outgoing Minority Directors are independent directors, they must be replaced with other independent directors. If it is not possible to proceed within the above terms, due to the inability of the lists or the unavailability of the candidates, the Board of Directors shall co-opt, pursuant to Article 2386 of the Italian Civil Code, a director chosen by it in accordance with the criteria established by law, so as to comply with the statutory and regulatory provisions concerning the presence of the minimum number of independent directors, the respect of the balance between genders and, where possible, the principle of minority representation. The director thus co-opted will remain in office until the next Shareholders' Meeting, which will confirm or replace him/her with the ordinary procedures and majorities, as an exception to the list voting system indicated in Article 15 of the Articles of Association.

With regard to information on the role of the Board of Directors and the endoconsiliar committees in the processes of self-assessment, nomination and succession of directors, please refer to Section 7 'Self-Assessment and Succession of Directors - Nomination Committee' of the report herein. The Articles of Association do not provide for any requirements of honourableness and/or professionalism other than and in addition to the law.

#### **4.3. COMPOSITION (pursuant to Article 123-bis, paragraph 2, letters d) and d-bis), TUF)**

Pursuant to Principle V of the *Corporate Governance* Code, the Board of Directors is composed of executive and non-executive directors (i.e., directors without management powers), all of whom meet the requirements provided for by law, as well as having the professionalism and skills appropriate to the tasks entrusted to them.

In line with Principle VI of the CG Code, the non-executive directors are in such numbers and skills as to ensure that their judgement can carry significant weight in board decisions and ensure effective monitoring of management.

In particular, pursuant to Article 14 of the Articles of Association, the Board of Directors is composed of seven (7) members, including non-shareholders, appointed by the Ordinary Shareholders' Meeting.

The Board of Directors resolves with the favourable vote of the majority of the directors present. In the event of an equal number of votes, the decision shall be deemed to have been approved if the Chairman of the Board of Directors votes in favour.

Please note that the Shareholders' Meeting of 29 May 2020, in extraordinary session, examined and approved the following amendments to Articles 14 and 15 of the Articles of Association:

- increase in the number of members of the Board of Directors from 6 (six) to 7 (seven); increase from 5 (five) to 6 (six) in the number of directors taken from the list obtaining the highest number of votes;
- integration of the mechanism for the replacement of directors in compliance with the legal and regulatory provisions on gender balance, providing that in the event that it is not possible to implement the replacement procedure in order to ensure compliance with the legal and regulatory provisions, in force from time to time, on the subject of gender distribution (male and female), the missing directors will be elected by the shareholders' meeting using the ordinary procedures and majorities, subject to the submission of nominations of persons belonging to the less represented gender.

The members of the Board of Directors remain in office for three financial years and their term of office expires on the date of the Shareholders' Meeting called to approve the financial statements for the last financial year of their office; there are no different terms of office for the members of the Board of Directors. The members of the Board of Directors may be re-elected.

Below is information on the appointment of the current Board of Directors in the financial year 2020. The Board of Directors of Ascopiave S.p.A., appointed during the Shareholders' Meeting of 29 May 2020, in ordinary session, is composed of 7 (seven) members who will remain in office until the date of the Shareholders' Meeting called to approve the financial statements for the year ending 31 December 2022.

At this Shareholders' Meeting, three lists were presented, between which there were no relations of connection. Six directors were taken from the list presented by the majority shareholder Asco Holding S.p.A., owner of a 52.043% stake in the share capital of Ascopiave S.p.A.. On the other hand, director Cristian Novello was taken from the minority list no. 2 presented by ASM Rovigo S.p.A. (owner of a 4.399% stake in the share capital).

Below is a summary of the lists presented and the results of the voting:

SUBJECT PRESENTER	LIST OF CANDIDATES	LIST OF ELECTED MEMBERS	% VOTES OBTAINED IN RELATION TO VOTING CAPITAL
<b>List No. 1</b> Asco Holding S.p.A.	1. Greta Pietrobon 2. Nicola Ceconato 3. Roberto Bet 4. Mariachiara Geronazzo 5. Enrico Quarello 6. Luisa Vecchiato	1. Greta Pietrobon 2. Nicola Ceconato 3. Roberto Bet 4. Mariachiara Geronazzo 5. Enrico Quarello 6. Luisa Vecchiato	68,806%
<b>List No. 2</b> ASM Rovigo S.p.A.	1. Cristian Novello 2. Edoardo Gaffeo	1. Cristian Novello	23,182%

<b>List No. 3</b> Municipalities participating in the shareholders' agreement communicated to the Company on 18 March 2020	1. Gloria Paulon 2. Mario Collet	-	8,012%
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For the detailed composition of the Board of Directors, with reference to the financial year 2022, please refer to Table 2 at the end of the Report.

The main professional characteristics of the directors and their length of service since first appointment are presented below:

- Mr. Nicola Ceconato, **Chairman and Chief Executive Officer ("Chief Executive Officer")**, in office since 4 May 2017, in his second term (**non-independent executive director**).

He was born in Treviso on 16 June 1965. He graduated in economics and commerce from Ca' Foscari University of Venice in 1991. He is a member of the Order of Chartered Accountants of Treviso, of the Register of Auditors, of the Register of Consultants and Experts at the Court of Treviso and of the College of Economists of Barcelona (Spain). He has been practising as a Chartered Accountant since 1994.

He has extensive experience as Chairman and Director of public and private companies, including financial and credit companies, member of Boards of Statutory Auditors, Legal Auditor, Bankruptcy Curator, Judicial Commissioner and tax and corporate advisor in various public and private companies. Of particular note is the experience gained in M&A transactions and extraordinary transactions for the reorganisation of corporate groups.

He also deals with international tax and corporate consulting and company valuation. He was Councillor for Budget, Finance and Taxes of the Municipality of San Vendemiano (TV) from 2004 to 2014.

President and CEO of Ascopiave S.p.A. since 2017.

On 28 January 2021, the Board of Directors qualified the Chairman and Chief Executive Officer, Dr. Nicola Ceconato, as *Chief Executive Officer* of the Issuer, also pursuant to the *Corporate Governance Code*.

On 11 November 2021, the Board of Directors, upon the proposal of the Remuneration Committee and subject to the favourable opinion of the same Committee also acting as the Committee for Related Party Transactions, resolved to appoint the Chairman and Chief Executive Officer Dr. Nicola Ceconato as General Manager of Ascopiave, effective as of 1 January 2022.

- Mr. Enrico Quarello, in office since 14 February 2012, in his fourth term (**Non-Independent Non-Executive Director**).<sup>1</sup>

He was born in Castelfranco Veneto on 10 November 1974. He has held numerous management and coordination positions in International Cooperation programmes, especially in the Balkan area. He has founded and directed several cooperative enterprises operating in the production/commercial and social sectors. From 2005 to 2011 he was a member of the Board of Directors of COOP Adriatica, one of the largest Italian companies operating in organised

<sup>1</sup> Mr. Enrico Quarello, appointed at the Ordinary Shareholders' Meeting of 29 May 2020, in office since 4 June 2020, was an independent director until 28 January 2021 and, thereafter, a non-independent director.

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- distribution, where he was a member of the Executive Committee. From July 2011 he took on the role of Head of Relations and Territorial Activities of COOP Adriatica. Today he is Coordinator of the Members' Management of COOP Alleanza 3.0. He is also a member of numerous other boards of directors of public and private companies.
- He has been a director of Ascopiave S.p.A. since 2012. He is a member of the Remuneration Committee and the Sustainability Committee of Ascopiave S.p.A..
- Ms. Greta Pietrobon, in office since 24 April 2014, in her third term (**independent non-executive director, 'Lead independent director'**).
- Greta Pietrobon was born in Treviso on 18 October 1983. She graduated in Law in 2009 and is currently enrolled in the Bar Association of Treviso.
- He practices in the fields of civil law, *data protection* and corporate contract law. Since 2014 to date, he has been a member of the Board of Directors of Ascopiave S.p.A.
- Appointed *Lead independent director* by the Board of Directors on 28 January 2021, Ms Pietrobon serves as Chairman of the Remuneration Committee as well as director of Group companies.
- He obtained a first-level Master's degree in '*Risk Management, Internal Audit & Fraud*' at the Cà Foscari University of Venice in 2022.
- Mr. Roberto Bet, in office since 29 May 2020, in his first term (**non-independent non-executive director**).
- He was born in Mariano Comense (CO) on 22 April 1976. He graduated in 2004 from the University of Padua with a law degree.
- After a period of legal practice and passing the state exam, he has been a member of the Treviso Bar Association since 2008 and is qualified to practice before the Court of Cassation and higher courts.
- Since 2008 he has been practising law at his law firm; in the municipality of Codognè he has been a member of municipal commissions, mayor and is currently a municipal councillor; he has been a regional representative on the board of the Consorzio Bonifica Sinistra Piave, at the Province of Treviso he has been a member of the National Environment and Territory Commission of the Italian Provinces Union and a provincial councillor, he has chaired the investigating body of the national horse racing discipline, he has been president and board member of various public bodies. Since 6/10/2020 Veneto Regional Councillor.
- He obtained a first-level Master's degree in '*Risk Management, Internal Audit & Fraud*' at the Cà Foscari University of Venice in 2022.
- He holds the position of member of the Control and Risk Committee of Ascopiave S.p.A..
- Ms. Mariachiara Geronazzo, in office since 4 June 2020, in her first term (**Independent Non-Executive Director**).
- She was born in Valdobbiadene (TV) on 10 December 1969. She graduated in economics and commerce - specialising in business administration - from the University of Trieste in 2002. She is a member of the Order of Chartered Accountants of Treviso and of the Register of Auditors. Currently practising as a chartered accountant and auditor, she works as a Director and Auditor in private companies. She was Councillor for Budget, Taxes, Heritage and Economic Development of the Municipality of Valdobbiadene (TV) from 2014 to 2021.
- He has been a Director of Ascopiave S.p.A. since 2020, where he also served as a member of the Control and Risk Committee and as Chairman of the Sustainability Committee since 2021, as well as a director of Group companies.
- He obtained a first-level Master's degree in '*Risk Management, Internal Audit & Fraud*' at the Cà Foscari University of Venice in 2022.

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- Ms. Luisa Vecchiato, in office since 4 June 2020, in her first term (**Independent Non-Executive Director**<sup>2</sup>).

She was born in Castelfranco Veneto (TV) on 4 April 1965. She graduated in business administration from the Ca' Foscari University of Venice in 1994. She is a member of the Order of Chartered Accountants of Treviso and of the Register of Auditors.

She practises as a chartered accountant and auditor, owns a professional firm and deals with tax and corporate consulting. She is on the board of directors and partner of a real estate management company, she was a member of the Board of Liquidators of the Consorzio Portuario di Treviso from 2003 to 2014, and she has acted as bankruptcy receiver at the Court of Treviso.

Since 2020, he has been a Director of Ascopiave S.p.A., where he is also a member of the Remuneration Committee.

He obtained a first-level Master's degree in 'Risk Management, Internal Audit & Fraud' at the Cà Foscari University of Venice in 2022.

- Mr. Cristian Novello, in office since 4 June 2020, in his first term (**Independent Non-Executive Director**).

He was born in Noale (VE) on 17 November 1982. He graduated in law from the University of Padua in 2007. He worked as an independent lawyer until 2015; as of today he is the administrative and legal manager at Veneto Acque S.p.A.

He holds the position of Chairman of the Control and Risk Committee and member of the Sustainability Committee of Ascopiave S.p.A..

The professional *curricula* of the directors are filed at the registered office and available on the Issuer's institutional website [www.gruppoascopiave.it](http://www.gruppoascopiave.it) in the *Investor Relations* section.

## Diversity criteria and policies

The current composition of the Board of Directors of Ascopiave S.p.A. complies with the gender balance provided for by the laws in force from time to time and by the Articles of Association, as well as the provisions of the CG Code.

Pursuant to Principle VII and Recommendation 8 of the CG Code, the Board of Directors has its own functions in the identification of diversity criteria, including gender criteria, for the composition of the Board of Directors and the Board of Statutory Auditors, in compliance with the priority objective of ensuring adequate competence and professionalism of its members, as well as the identification, also taking into account the Company's ownership structure, of the most appropriate instrument for their implementation.

With regard to diversity policies, including gender policies, with reference to the composition of the current Board of Directors, we inform you that, pursuant to the current Bylaws, the composition of the Board of Directors must ensure a balance between genders as provided by law. In particular, at least two-fifths of the current Board of Directors is made up of directors of the least represented gender.

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<sup>2</sup>Dr. Luisa Vecchiato, appointed at the Ordinary Shareholders' Meeting of 29 May 2020, in office since 4 June 2020, was a non-independent director until 28 January 2021 and, thereafter, an independent director.

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The current Board of Directors was appointed in 2020 and will remain in office until the date of the Shareholders' Meeting called to decide on the budget for the financial year 2022.

Please refer to the professional *curricula* of the directors deposited at the company's registered office and available on the Issuer's institutional website ([www.gruppoascopiave.it](http://www.gruppoascopiave.it)) in the "Investor Relations" section, from which the various educational and professional backgrounds and skills acquired emerge.

With particular reference to gender balance, moreover, we inform you that the Shareholders' Meeting held on 29 May 2020 approved amendments to the Articles of Association aimed at ensuring that the distribution of the directors to be elected is carried out on the basis of a criterion that ensures gender balance, as required by the new Article 147-ter, paragraph 1-ter, of the Consolidated Law on Finance, which provides that "*The lesser represented gender must obtain at least two-fifths of the directors elected.*"

It should also be noted that, on 24 January 2020, in compliance with the recommendations of Application Criterion 1. h) of the previous Corporate Governance Code for Listed Companies and considering that, with the approval of the financial statements for the 2019 financial year, its term of office was expiring, the outgoing Board of Directors, taking into account the results of the self-assessment ("*board review*") referred to the 2019 financial year, expressed to the shareholders, in view of the renewal of the administrative body for the 2020-2022 financial years, the guidelines on the managerial and professional figures whose presence in the new Board of Directors was deemed appropriate. First of all, the Board suggested to the shareholders to ensure, compatibly with the constraints and rules of *corporate governance*, an adequate continuity in the composition of the administrative body in order to enhance the wealth of knowledge of Ascopiave S.p.A. acquired by the directors, necessary to continue and support the Group's development phase.

Furthermore, the Board of Directors of the Company considered that an optimal composition of the administrative body of the Issuer could be ensured by compliance with certain requirements identified for the office of Chairman and Managing Director, as well as for the office of member of the Board of Directors.

In formulating these guidelines, the Board of Directors emphasised the importance of achieving an adequate diversity of gender, age, seniority in office, and complementarity of professional and managerial experience in the composition of the Board of Directors, also taking into account the characteristics and relevance of the positions previously held.

Please note that, for a complete description of the aforementioned requirements for the Chairman and Chief Executive Officer and for the members of the Board of Directors, please refer to the document "Orientations of the Board of Directors of Ascopiave S.p.A. to Shareholders on the future composition of the Board of Directors" published on 24 January 2020 on the Company's website ([www.gruppoascopiave.it](http://www.gruppoascopiave.it) section "Investor relator" - "Shareholders' Meetings") and at the authorised storage mechanism "*eMarket Storage*" ([www.emarketstorage.com](http://www.emarketstorage.com)).

We inform you that, after the end of the Financial Year, on 23 February 2023, in compliance with the provisions of Recommendation 23 of the new CG Code and considering that, with the approval of the financial statements for the financial year 2022, its term of office ends, the current Board of Directors taking into account the results of the self-assessment ("*board review*") referred to the financial year 2022, has expressed to the shareholders, in view of the renewal of the administrative body for the financial years 2023-2025, the guidelines on the managerial and professional figures whose



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presence in the new Board of Directors would be deemed appropriate. The current Board of Directors suggests ensuring, compatibly with the constraints and rules of *corporate governance*, an adequate continuity in the composition of the administrative body in order to enhance the wealth of knowledge of Ascopiave S.p.A. acquired by the directors, necessary for the continuation of the current strategic plan that is partly focused on the activities of the so-called "energy transition". In particular, the Board hopes that the renewal of the administrative body will also consider, in order to ensure continuity of action to the same, the confirmation of some of the current members, enhancing their acquired knowledge of the Company and the *business* as well as the active contribution made to the Board's work during the term of office.

It should also be noted that, in formulating its latest guidelines, the Board of Directors emphasised the importance of achieving an adequate diversity of gender, age, seniority in office, complementary professional and managerial/entrepreneurial experience or in non-executive roles preferably in listed companies or in any case of a complexity and size comparable to those of Ascopiave S.p.A., also taking into account the characteristics and relevance of the offices previously held.

It should also be noted that the expression of these guidelines is provided for in Recommendation 23 of the new CG Code, which is not mandatory for Ascopiave S.p.A., since it can be classified as a 'concentrated ownership company'.

The CG Code, in Recommendation 8, suggests that issuers apply the instrument deemed most appropriate to pursue the identified diversity objective, also taking into account their ownership structures.

Finally, the Board of Directors is also responsible for adopting measures to promote inclusion, equal treatment and opportunities within the entire company organisation and the enhancement of diversity, monitoring their concrete implementation. For more detailed information on the measures introduced during the Year and the related results, please refer to the "Annual Non-Financial Declaration", prepared on a mandatory basis pursuant to Legislative Decree No. 254/2016, presented in the specific section of the Report on Operations within the Annual Financial Report, a document published on the Company's website ([www.gruppoascopiave.it](http://www.gruppoascopiave.it) "Investor relations" section, specifically <https://www.gruppoascopiave.it/investor-relations/dati-finanziari/bilanci-annuali>), as well as the Sustainability Report available in the "Sustainability" section of the Company's website.

### **Maximum cumulation to offices held in other companies**

The Board has not deemed it necessary to define general criteria regarding the maximum number of administration and control positions in other companies that can be considered compatible with an effective performance of the role of director of the Issuer, taking into account the participation of directors in the committees established within the Board, without prejudice to the duty of each director to assess the compatibility of the offices of director and statutory auditor, held in other companies listed on regulated markets, in financial, banking, insurance or large companies, with the diligent performance of the duties undertaken as a director of the Issuer.

Table 5 at the end of the report herein shows the list of the main companies in which each director holds directorships or control positions, particularly in listed companies or companies of significant size. It should be noted that companies that are not defined as SMEs pursuant to EU

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Recommendation 2003/361/EC have been defined as companies of significant size. Offices in subsidiaries and associated companies are excluded.

The Board, after verifying the offices held by its directors in other companies, illustrated in the report herein, has deemed that the number and quality of the offices held does not interfere and is, therefore, compatible with the effective performance of the office of director in the Issuer.

Lastly, it should be noted that the "Regulation of the Board of Directors, Lead independent director and endoconsiliar committees", approved by the Board of Directors on 11 November 2021, envisages the power for the Board of Directors, if deemed appropriate, to express a guideline on the maximum number of positions held by directors in the administration or control bodies in other listed or large companies that can be considered compatible with the effective performance of the office of director of the Company, taking into account the commitment deriving from the role held.

#### **4.4. OPERATION OF THE BOARD OF DIRECTORS (pursuant to Article 123-bis(2)(d) TUF)**

On 11 November 2021, in line with Principle IX and Recommendation 11 of the CG Code, the Board of Directors of Ascopiave S.p.A. adopted the "Regulation of the Board of Directors, Lead independent director and endoconsiliar committees", which defines the competences and rules of operation of the Board of Directors, *Lead independent director* and endoconsiliar committees, including the convening, holding of meetings, taking of minutes and procedures for the management of pre- and post-directory information to directors.

The Rules also ensure the implementation of the principles and recommendations of the CG Code with regard to the Board of Auditors.

This document is aimed at ensuring compliance with the applicable provisions of law and the Articles of Association, as well as, to the maximum extent possible, with the principles and recommendations on corporate governance expressed in the CG Code, to which the Company adheres. For all matters not expressly regulated, the provisions of the law and the Articles of Association, from time to time in force, applicable to the Board of Directors shall apply.

With regard to the current role of the Chairman of the Board of Directors of Ascopiave S.p.A., as clarified in the Regulation, it should be noted that, with reference to the Company's *governance* structure in place as of the date of approval of the report herein, the functions of Chairman and CEO of Ascopiave S.p.A. are attributed to the same person and for this reason, consistently with the description in Section 4.7 "Independent Directors" of the report herein, the Company's Board of Directors appointed a Lead independent director. That being said, it is hereby specified that the separate description in the Regulation of the functions attributed to the person holding the office of Chairman and to the person holding the office of CEO contained in the Regulation itself, a document referred to in the report herein, is to be understood as merely explanatory of the duties typically attributed to such functions, it being understood that, under Ascopiave S.p.A.'s current *governance* structure, both offices are attributed to the same person (Chairman and CEO).

Specifically, with regard to the manner in which minutes of board meetings are recorded, the Rules of Procedure provide that the resolutions passed at the meeting shall be recorded in minutes transcribed in a special book. The transcribed minutes are signed by the person who chaired the meeting and by the person who acted as secretary (or by the notary public in the cases envisaged by current legislation). They are kept at the secretary's office of the Board of Directors and remain

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available for consultation at the request of each of the directors and control bodies as far as they are of interest. The Chairman and CEO, also through the secretary, may make statements regarding resolutions taken at meetings of the Board of Directors when the minutes of those meetings have not yet been allibrated. Consistent with the latter provision, part of the minutes, relating to resolutions adopted that require immediate execution, may be certified and extracted by the Chairman and Secretary, even prior to the completion of the minutes.

The Board of Directors passes resolutions with the majorities prescribed by law and the Articles of Association. Each member of the Board of Directors is entitled to have his vote against, abstention, if any, and the reasons thereof recorded in the minutes.

Resolutions shall be recorded in the minutes signed by the person who chaired the meeting and by the person who acted as secretary and shall be immediately enforceable unless otherwise provided .

With regard to the procedures for the management of information to directors, below are the provisions of the Regulation concerning the terms for the prior sending of information and the methods for protecting the confidentiality of the data and information provided, so as not to prejudice the timeliness and completeness of information flows.

In particular, before each meeting, the secretary, also availing himself of the support of the persons from time to time competent, shall make available to the directors and statutory auditors the documentation reasonably necessary to provide adequate information with respect to the items on the agenda. Said documentation shall be made available by the secretary at least 2 (two) calendar days in advance of the date of the meeting, except in cases of urgent calling of the meeting and/or other cases where it is not possible to provide the documentation with such advance notice. In the latter cases, the Chairman and CEO shall ensure that during the meeting all the members of the Board and the Board of Statutory Auditors are adequately informed on the topics to be discussed and that adequate time is devoted to the in-depth analyses deemed useful for a proper understanding of the matter. Lastly, should particular requirements impose it, the information may be provided within a shorter period of time than the 2-calendar day period referred to above or during the meeting, in a manner to be determined on the basis of the requirements that led to the information being made available beyond the 2-day period referred to above (e.g. by making the information available in hard copy during the meeting). Also in such cases, the Chairman and CEO shall ensure that adequate information is provided to all members of the Board and the Board of Statutory Auditors during the meeting on the topics under discussion and that adequate time is devoted to the in-depth analyses deemed useful for a proper understanding of the matter.

All members of the Board of Directors and the Board of Statutory Auditors, the heads of the relevant company departments or functions, and other employees of the Company and its subsidiaries, or other persons or external consultants who attend board meetings, or are otherwise familiar with their contents, are required to keep confidential the documents and information acquired by reason of their office.

They are also required to comply with the rules adopted by the Company for the dissemination of the aforementioned documents and information and shall refrain from using confidential information for purposes other than the performance of their duties. They shall also comply with the provisions of the internal procedure adopted by the Company for the management and processing of relevant and privileged information, as well as any other applicable law provisions.

It should be noted that the recommendations in terms of the timeliness and adequacy of pre-consultation reporting were complied with during the Year, in accordance with the provisions of the Regulation adopted on 11 November 2021 and published in full on the Company's website ([www.gruppoascopiave.it](http://www.gruppoascopiave.it), "*Corporate Governance*" section).

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In line with Principle XII of the CG Code, each director shall ensure that adequate time is available for the diligent performance of the duties assigned to him/her (*see Table 2*).

During the Financial Year, 16 (sixteen) meetings of the Board of Directors were held on the following dates: 19 January 2022, 31 January 2022, 24 February 2022, 3 March 2022, 4 March 2022, 10 March 2022, 29 March 2022, 21 April 2022, 12 May 2022, 4 August 2022, 15 September 2022, 24 October 2022, 2 November 2022, 3 November 2022, 10 November 2022 and 2 December 2022.

The duration of council meetings was, on average, one and a half hours.

As of the date of the report herein, i.e. 7 March 2023, four (4) meetings have already been held since the beginning of 2023, on 9 February 2023, 23 February 2023, 6 March 2023 and 7 March 2023.

The calendar of major corporate events 2023 (already communicated to the market and to Borsa Italiana S.p.A. in accordance with regulatory requirements) envisages a further (3) meetings on the following dates:

- 11 May 2023 - approval of the Interim Report as at 31 March 2023;
- 27 July 2023 - approval of the Half-Yearly Report as at 30 June 2023;
- 9 November 2023 - approval of the Interim Management Report as at 30 September 2023.

During the financial year, board meetings were also held by means of remote communication.

It should be noted that the Extraordinary Shareholders' Meeting of 29 April 2021 approved an amendment to Article 17 of the Articles of Association with reference to board meetings, expressly providing for the admissibility of meetings to be held exclusively at a distance and, therefore, without the indication of a physical place of convocation and clarifying how, in the case of board meetings that provide for both the remote participation of the participants and a physical place of convocation, the meeting is deemed to be held in the place where the person taking the minutes is present.

#### **4.5. ROLE OF THE CHAIRMAN OF THE BOARD OF DIRECTORS**

Pursuant to Principle X of the CG Code, the Chairman of the Board of Directors of Ascopiave S.p.A. plays the role of liaison between the executive and non-executive directors and ensures the effective functioning of board proceedings.

In particular, the 'Rules of Procedure of the Board of Directors, the Lead independent director and the endoconsiliar committees' provide that, in addition to the powers that may be delegated to him by the Board of Directors, the Chairman and CEO - with the help of the secretary - performs the following activities in his capacity as Chairman:

- (i) ensures the proper and effective functioning of the council proceedings;
- (ii) performs a liaison function between the executive and non-executive directors;
- (iii) defines the proposed calendar of board meetings;
- (iv) convene Board meetings, defining the date and time, as well as the place, of convocation, the agenda and the modalities of participation, as well as the possible intervention of persons outside the Board of Directors;
- (v) presides over, organises and coordinates the work of the Board of Directors and guides the conduct of its meetings, guaranteeing the effectiveness of the Board's debate and encouraging the participation of the directors and, in particular, non-executive and

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- independent directors, soliciting their active participation in the discussion of the matters under discussion;
- (vi) ensures that the pre-meeting and supplementary information and documentation provided during meetings is adequate to enable directors to act in an informed manner in performing their role with respect to the matters on the agenda;
  - (vii) ensures that the activities of the committees with investigative, proposing and advisory functions are coordinated with the activities of the Board of Directors, being able - by way of example - to request and exchange information with the chairmen of the committees, as well as with the relevant corporate structures, to view the opinions and proposals of the committees in advance of board meetings, and to know the calendar of committee meetings in advance;
  - (viii) ensures that the persons responsible for each matter attend Board meetings, also at the request of individual directors, in order to provide the appropriate details on the items on the agenda;
  - (ix) organises *induction* activities for the members of the Board of Directors and/or the Board of Statutory Auditors, at the beginning and - where deemed appropriate - during their term of office, aimed at providing them with adequate knowledge of the business sectors in which the Company operates, of the Company's dynamics and their evolution also with a view to the creation of long-term value for the pursuit of sustainable success, as well as compliance with the principles of proper risk management, applicable regulations and the *Corporate Governance Code*;
  - (x) ensures the adequacy and transparency of the self-assessment process of the board of directors, supporting the work of the board of directors;
  - (xi) takes care of minute-taking in connection with board proceedings, in coordination with the secretary;
  - (xii) formulate proposals for the adoption or modification of a policy for managing dialogue with shareholders in general, as well as with institutional investors and asset managers, also taking into account the *engagement* policies adopted by the latter;
  - (xiii) within the framework of the organisation of the Board's work, ensures that the Board of Directors is informed, no later than the first useful meeting, of the development and significant contents of the dialogue that has taken place with all the parties mentioned in the previous point;
  - (xiv) formulates, in order to ensure the proper management of corporate information, proposals for the adoption of a procedure for the internal management and external communication of documents and information concerning the company, with particular reference to inside information.

During the year, in particular, pursuant to Recommendation 12, letter a) of the CG Code, the Chairman of the Board of Directors, with the help of the Secretary of the Board of Directors, ensured that the pre-meeting information was sent out at least 2 (two) calendar days in advance of the date of the meeting, except in cases of urgent convocation of the meeting and/or other cases where it is not possible to provide the documentation in such advance. In the latter cases, the Chairman ensured that during the meeting all the members of the Board and the Board of Statutory Auditors were

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provided with adequate information on the topics to be discussed and that adequate time was set aside for the in-depth analyses deemed useful for a proper understanding of the matter. Lastly, if particular requirements have imposed it, during the course of the Financial Year the information was provided within a shorter period of time than the 2-day period referred to above, or during the meeting, in a manner determined on the basis of the requirements that entailed making the information available beyond the 2-day period referred to above (e.g. by making the information available in hard copy during the meeting). Even in such cases, the Chairman ensured that during the meeting, all members of the Board and the Board of Statutory Auditors were provided with adequate information on the topics to be discussed and that adequate time was devoted to the in-depth analyses deemed useful for a proper understanding of the matter.

Pursuant to Recommendation 12 (b) of the CG Code, during the Financial Year, the Chairman of the Board of Directors, with the help of the Secretary of the Board of Directors, ensured the coordination of the activities of the endoconsiliar committees with the activities of the Board of Directors.

In line with Recommendation 12 (c) of the CG Code, during the Financial Year, at the invitation of the Chairman and CEO of the Board of Directors, the Director of Legal and Corporate Affairs was invited and attended all meetings of the Board of Directors. Furthermore, during the Financial Year there was constant involvement of the departments and corporate functions competent according to the subject matter dealt with. In particular, in relation to the topics discussed, other managers of the Issuer and heads of corporate functions competent according to the subject matter, or external consultants, were invited to attend the Board of Directors' meetings in order to provide the appropriate in-depth analyses of the topics on the agenda.

During the financial year, in line with Recommendation 12, letter d) of the CG Code, the Chairman of the Board of Directors ensured that the members of the Board of Directors and Board of Statutory Auditors were adequately informed with a view to the sustainable success of the Issuer itself, as well as the principles of proper risk management and the regulatory and self-regulatory framework of reference, in particular, with reference to new legislation (including the new CG Code) and regulations concerning the sector in which the Issuer operates, *business* issues, principles of proper risk management, and the exercise of the functions of the corporate bodies, through the dissemination of information during meetings and as part of pre-meeting information.

During the year, five members of the Board of Directors attended the Master's Degree Course *Risk Management, Internal Audit & Fraud* organised by Ca' Foscari University.

Pursuant to Recommendation 12, letter e) of the CG Code, with reference to the duty of the Chairman of the Board of Directors to take care of the adequacy and transparency of the self-assessment process of the Board of Directors ("*board review*"), as referred to in Recommendation 12, letter e) of the CG Code, on 23 February 2023 the Board of Directors, with the assistance of the Secretary of the Board of Directors carried out a formalised *board review* process, prior to the expiry of the current three-year term of office of the Board of Directors, applying the provisions of Recommendation 22 of the CG Code, in accordance with the procedures set out in the "Regulation of the Board of Directors, Lead independent director and endoconsiliar committees" adopted by the Board of Directors on 11 November 2021. For more information on the board review, please refer to Section 7.1 "Self-evaluation and succession of directors" in the report herein.

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Finally, in accordance with Recommendation 3 of the CG Code, during the Year the Chairman and CEO oversaw and managed the dialogue with all shareholders, including, inter alia, during meetings with investors in the events calendar.

It should be noted that, on 22 December 2021, the Board of Directors, on the proposal of the Chairman and CEO, adopted the 'Policy for Managing Dialogue with General Shareholders and Other Stakeholders'. Please refer to Section 12 "Relations with Shareholders" of the report herein for more details on the content of the "Policy for Managing Dialogue with General Shareholders and Other Stakeholders", which has been published in its entirety in the "Corporate Governance" section of the Company's website.

### **Secretary of the Council**

On 19 January 2022, upon the proposal of the President and CEO, the Board of Directors of Ascopiave S.p.A. appointed the Head of the Corporate Affairs Function of Ascopiave S.p.A. as Secretary of the Board of Directors, a role already performed by the same person.

In line with Recommendation 18 of the CG Code, the 'Regulation of the Board of Directors, Lead independent director and endoconsiliar committees' stipulates that the Board of Directors of Ascopiave S.p.A. is responsible for appointing and dismissing the secretary upon the proposal of the President and CEO.

The Rules further provide that for the organisation of its work, the board of directors shall be supported by a secretary, who shall be appointed by the administrative body, also chosen from outside its members, upon the proposal of the President and CEO. The secretary is appointed for the entire duration of the term of office of the board of directors, unless the board of directors revokes him before the end of the term or the secretary himself resigns.

The Rules specify that in the event of the absence or inability of the secretary to attend a board meeting, the board of directors shall appoint a substitute to act as secretary for the specific meeting. With regard to the professional requirements, in particular, the Regulation stipulates that the secretary must be a person with proven experience in the corporate sphere, with particular reference to practices concerning the *corporate governance of* listed companies and regulated markets, as well as corporate secretarial activities.

The Rules provide that the secretary supports the work of the President and CEO, with particular reference to the activities referred to in Recommendation 12 of the CG Code.

In general, the secretary provides impartial assistance and advice to the Chairman and CEO and the Board of Directors on any aspect relevant to the proper functioning of the corporate governance system, pursuant to the legislation in force from time to time, the *Corporate Governance Code*, the Articles of Association and the Rules.

To perform his duties, the secretary is supported by the Legal and Corporate Affairs Department, whose director is invited and may attend Board of Directors' meetings. In addition, the secretary has access to information and competent persons within the company that are useful or necessary for the performance of his duties.

In the event of the absence or impediment of the secretary, the powers, tasks or duties incumbent upon him/her under these Rules shall be exercised or performed in his/her stead by the substitute.

During the Financial Year, the secretary supported the activities of the President and CEO, particularly in connection with the tasks stipulated in Recommendation 12 of the CG Code. In addition, the secretary also supported the President and CEO in conducting the *board review* that took place on 23 February 2023 after the end of the Financial Year, prior to the expiry of the current three-year term of the Board. In addition, pursuant to CG Recommendation 18, during the Financial Year

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the secretary provided impartial assistance and advice to the Board of Directors on all issues relevant to the proper functioning of the corporate governance system.

#### 4.6. EXECUTIVE DIRECTORS

##### Managing Director

By resolution of 8 June 2020, the Issuer's Board of Directors, appointed by the Shareholders' Meeting of 29 May 2020, resolved to appoint the Chairman of the Board of Directors, Mr. Nicola Ceconato, as Chief Executive Officer of the Company, granting him the relevant powers.

It should be noted that as of 1 January 2022, Mr. Nicola Ceconato will also hold the position of General Manager of Ascopiave S.p.A.. In particular, on 11 November 2021, the Board of Directors, upon the proposal of the Remuneration Committee and subject to the favourable opinion of the same Committee in its capacity as Committee for Related Party Transactions, resolved to appoint the Chairman and Chief Executive Officer Dr. Nicola Ceconato as General Manager of Ascopiave, effective 1 January 2022. At the same Board meeting, the Board also redefined the powers vested in him, effective as of 1 January 2022.

The appointment responds to the company's interest in giving stability to Dr. Ceconato's role as the Group's key manager, who has played a significant part in the important extraordinary operations that have characterised the Group in recent years, also in relation to the implementation of the current strategic plan, which is partly focused on the so-called 'energy transition' activities.

Following the redefinition of the system of powers, as of 1 January 2022, the Chairman and Chief Executive Officer, Mr. Nicola Ceconato, in addition to the legal and institutional representation and the competences vested in him by law and the Bylaws, has been granted powers, exercisable in compliance with the *budget* and the investment plan as well as the Board of Directors' guidelines and in accordance with the Code of Ethics, the administrative and accounting separation regime (so-called *unbundling*) and, where applicable, the procedure for transactions with related parties.

In particular, during the Year, Mr. Ceconato, as Chairman and Chief Executive Officer, was assigned the following main powers:

- coordinating the activities of the Board of Directors and implementing the resolutions adopted by the Board of Directors;
- handle relations with the Company's shareholders;
- manage institutional relations and promote the Company's image;
- develop medium- to long-term strategies, submitting the contents to the Board of Directors;
- researching and identifying companies potentially subject to acquisition or integration, negotiating with identified counterparties, contacting financial and non-financial counterparties in order to identify possible ways to finance acquisition or integration activities, submitting the identified transactions and the related acquisition or integration proposals to the Board of Directors for approval;
- participate, consistently with the guidelines and strategies defined by the Board of Directors and providing timely information to the Board, in public procedures, or private auctions, concerning works, supplies, services, gas distribution concessions, acquisition of company quotas and/or shares, private auctions, committing and acting on behalf of the Company, directly or through a person delegated in accordance with the law, to the presentation of the relative offers and the necessary documentation, in addition to the signing and stipulation of the relative deeds.



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As of 1 January 2022, Mr. Nicola Ceconato as General Manager of Ascopiave S.p.A., in addition to his legal and institutional representation and the powers vested in him by law and the Articles of Association, is vested with all powers for the performance of acts relating to the management, coordination and control of the activities of corporate functions and services, including, in particular, the powers, exercisable in compliance with the *budget* and investment plan as well as the Board of Directors' guidelines and in accordance with the Code of Ethics, the administrative and accounting separation regime (so-called *unbundling*) and, where applicable, the procedure for transactions with related parties.

As of 1 January 2022, in summary, the Director General was assigned the following main powers, by value and subject matter:

- implement the resolutions adopted by the Board of Directors;
- manage and direct all the corporate functions and services organised in the various divisions into which the Company is divided;
- manage institutional relations and promote the Company's image;
- participate, consistently with the guidelines and strategies defined by the Board of Directors and providing timely information to the Board, in public procedures, or private auctions, concerning works, supplies, services, gas distribution concessions, acquisition of company quotas and/or shares, private auctions, committing and acting on behalf of the Company, directly or through a person delegated in accordance with the law, to the presentation of the relative offers and the necessary documentation, in addition to the signing and stipulation of the relative deeds;
- to approve, enter into, amend and terminate contracts for the purchase and sale of goods, raw materials, movables in general and services (excluding professional appointments), carrying out the relevant procedures, provided that they are part of the corporate purpose or in any case instrumental to the exercise of the business activity, the economic content of which does not exceed, per individual transaction and series of interrelated transactions, the amount of Euro 1,500,000, within the limits of the *budget*
- authorise and award professional appointments, consultancy, services, for amounts not exceeding EUR 100,000 per individual contract, with the obligation to report periodically to the Board of Directors;
- purchase, including through leasing contracts, sell or exchange plant, machinery, equipment, trademarks and patents with a value not exceeding Euro 500,000 for each individual transaction, within the limits of the *budget*;
- purchase, also by means of leasing contracts, motor vehicles of any type up to a total annual amount of EUR 500,000, hire and sell the same; allow the cancellation of mortgages and motor vehicle liens, with or without collection of the related credit, with the exemption of the registrar of the public motor vehicle register from any obligation or liability in this respect;
- enter into, amend, terminate credit and loan agreements, agree on credit facilities and other banking facilities, up to a maximum limit of Euro 5,000,000.00 per individual agreement;
- requesting and/or issuing sureties, in the interest of Ascopiave and/or its subsidiaries or investees, for commitments falling within the scope of the activities referred to in its corporate purpose, for amounts of up to Euro 5,000,000.00 for any single transaction or series of related transactions;
- Hiring, dismissing, promoting and suspending managerial and salaried staff, determining their qualifications, remuneration and organisational grading, exercising disciplinary power and imposing sanctions.

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On 15 January 2021, the Board of Directors of Ascopiave S.p.A. examined and formally adhered to the new *Corporate Governance Code*. Recommendation 4 of the *Corporate Governance Code* requires the Board of Directors to define the allocation of management powers and identify who among the executive directors holds the position of chief *executive officer* ("CEO"). This recommendation is part of the requirements of the Euronext Star Milan segment as set forth in Article 2.2.3, paragraph 3 of the Borsa Italiana Regulation. Furthermore, the new CG Code involves the CEO as the person in charge of establishing the maintenance of the internal control and risk management system and assigns him certain tasks pursuant to Recommendation 34 of the CG Code.

In the meeting of 28 January 2021, the Board of Directors therefore resolved to qualify the Chairman and Chief Executive Officer, Mr. Nicola Ceconato, as CEO also pursuant to the new *Corporate Governance Code*.

It should also be noted that in the Board meeting of 11 November 2021, as of 1 January 2022, the Chief Executive Officer is also assigned the role of director in charge of establishing and maintaining the internal control and risk management system, pursuant to the CG Code of Borsa Italiana S.p.A..

### **Chairman of the Board of Directors**

On 28 January 2021, the Board of Directors qualified the Chairman and Chief Executive Officer, Dr. Nicola Ceconato, as *Chief Executive Officer* of the Issuer, also pursuant to the CG Code.

In this regard, it should be noted that the Chairman has been appointed Chief Executive Officer and has been granted significant management powers. As a result of these powers, on 28 January 2021, the Chairman and Chief Executive Officer therefore also qualifies as CEO pursuant to the Corporate Governance Code.

It should be noted that the Chairman and Chief Executive Officer, Dr. Ceconato, is not the controlling shareholder of the Issuer.

For further information, please refer to the '*Managing Director*' section above.

### **Information to the Council by the councillors/delegated bodies**

In Article 19.5 of the Articles of Association, the delegated bodies are required to report to the Board of Directors and the Board of Statutory Auditors at least quarterly on their work, the general performance of operations, its foreseeable evolution, and the most important economic, financial and equity transactions carried out by the Company and its subsidiaries; in particular, the Chairman is required to report on transactions in which he has an interest on his own behalf or on behalf of third parties.

With respect to the provisions of the articles of association, it should be noted that the delegated persons report and involve the board of directors on the activities carried out at each meeting of the board of directors. On the other hand, on the occasion of the approval of the annual and interim financial statements, the management results and related *performance* indicators are reported.

### **Other executive directors**

There are no other executive directors on the Board of Directors of Ascopiave S.p.A. other than the Chairman and Chief Executive Officer, Dr. Nicola Ceconato (who was qualified as CEO of the Issuer by the Board of Directors on 28 January 2021, also pursuant to the new CG Code).

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## 4.7. INDEPENDENT DIRECTORS AND *LEAD INDEPENDENT DIRECTORS*

### Independent directors

Pursuant to Principle VI of the CG Code, the number and competencies of the Issuer's non-executive directors are such as to ensure that they have significant weight in the adoption of board resolutions and to guarantee effective monitoring of management.

In particular, during the Financial Year, the Issuer's Board of Directors included four independent directors, i.e., directors of the Company who meet the independence requirements set forth in Article 148, paragraph 3, of the Consolidated Law on Finance, as referred to in Article *147-ter*, paragraph 4, of the Consolidated Law on Finance, and in the regulations applicable from time to time, and recognised by the Board of Directors as meeting the independence requirements set forth in Article 2 of the *Corporate Governance* Code, also taking into account the quantitative and qualitative criteria defined by the Board of Directors for the assessment of the significance of commercial, financial or professional relations for the purposes of the existence of the aforesaid independence requirements. The number and competences of the Issuer's independent directors are appropriate to the needs of the company and the functioning of the board of directors, as well as the constitution of the relevant committees, in line with Recommendation 5 of the CG Code.

The number of independent directors (4 out of a Board of 7) is adequate both on the basis of the provisions of Article IA.2.10.6 of the Stock Exchange Instructions, and in relation to the size of the Board and the Issuer's business; lastly, it is sufficient for the constitution of the endoconsiliar committees that the Company has decided to adopt.

It should be noted that the Chairman of the Board of Directors, Mr. Nicola Ceconato, is also Managing Director as well as CEO and therefore did not qualify as an independent director.

Pursuant to Recommendation 6 of Article 2 of the CG Code, the Issuer's Board of Directors assessed the independence of each non-executive director immediately after appointment as well as during the term of office upon the occurrence of circumstances relevant to independence and in any case at least once a year.

Furthermore, Article 2.2.3, paragraph 3, letter m) of the Borsa Italiana Regulation, for the purposes of maintaining qualification in the Euronext STAR Milan segment, requires the issuer to apply, with regard to the composition of the Board of Directors and the role and functions of non-executive and independent directors, the principles and recommendations set forth in Article 2 (excluding Recommendations 5, third and fourth paragraphs, and Recommendation 8) of the *Corporate Governance* Code.

Consistently, on 24 February 2022, the Board of Directors proceeded to the annual assessment of the existence of the independence requirements as provided for by Article 2.2.3, paragraph 3, letter m) of the Italian Stock Exchange Regulations, pursuant to Article 2 of the new *Corporate Governance* Code and also with reference to Article *147-ter*, paragraph 4, which refers to Article 148, paragraph 3, of the Consolidated Law on Finance.

In particular, it should be noted that, for the purposes of this assessment, the Board of Directors carried out the annual evaluation of the existence of the independence requirements for each of the non-executive directors, considering all the information available, particularly that provided by the directors being evaluated, assessing all the circumstances that appear to compromise independence

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identified by the Consolidated Law on Finance and the CG Code (Recommendation 6) and applying all the criteria provided for by the CG Code with reference to the independence of directors (Recommendation 7), as well as the quantitative and qualitative criteria, approved by the Board of Directors on 28 January 2021, for assessing the significance referred to in points c) and d) of Recommendation 7 of the CG Code.

In this regard, it should be noted that in its meeting of 28 January 2021, the Board of Directors defined the following quantitative and qualitative criteria for assessing the materiality referred to in points c) and d) of Recommendation 7 of the *Corporate Governance Code*:

- for the purposes of Recommendation 7(c) of the *Corporate Governance Code* is to be regarded as 'significant':
  - (a) a relationship of a commercial or financial nature (with Ascopiave S.p.A. and/or with companies controlled by it and/or with Asco Holding S.p.A. and/or with their respective directors or *top managers*) whose overall annual fee payable to the director (or to companies controlled by the director or of which the director is an executive director): (i) amounts to 5% or more of the total annual turnover of the director (in the case of a director who is an individual entrepreneur) or of the company or entity over which the director has control or of which he/she is an executive director; and/or (ii) amounts to 20% or more of the total annual costs incurred by Ascopiave S.p.A. for services that are attributable to the same type of relationship with Ascopiave S.p.A., services like the commercial or financial relationship concerned;
  - (b) a relationship of a professional nature where the aggregate annual fee payable to the director (or to the professional firm or consulting company of which the director is a *partner*) (i) (a) in the case of a consultant who acts as an individual professional, affects 20% or more of the relevant total annual turnover; or (b) in the case of a consultant who is a *partner* in a law firm or consulting company, affects 5% or more of the total annual turnover of the law firm or consulting company and/or (ii) affects 20% or more of the total annual costs incurred by Ascopiave S.p.A. for services that can be traced back to assignments of a similar nature to the professional relationship under examination.

It is understood that, even if the quantitative parameters set forth in points (a) and (b) are not exceeded, a relationship of a commercial, financial or professional nature is to be deemed "significant" for the purposes of Recommendation 7, letter c) of the *Corporate Governance Code* if it is deemed by the Board of Directors to be capable of conditioning the autonomy of judgement and independence of a director of the Company in the performance of his or her duties. Therefore, purely by way of example, in the case of a director who is a *partner* in a professional firm or consulting company, the Board of Directors, regardless of the quantitative parameters indicated above, may consider as "significant" a relationship that (i) may have an effect on the position and/or role held by the director within the firm/consulting company and/or (ii) relates to important operations of Ascopiave S.p.A. and the Ascopiave Group and may, therefore, have a significance for the director in reputational terms.

- For the purposes of Recommendation 7d) of the *Corporate Governance Code*, additional remuneration received by a director for offices in Ascopiave S.p.A., Asco Holding S.p.A. or in companies controlled by Ascopiave S.p.A. is to be considered "significant" if it exceeds, on an annual basis, 90% of the fixed annual remuneration received by such director for the office of director of Ascopiave (including any remuneration for participation in endoconsiliar committees). It is understood that for the purposes of the *Corporate Governance Code* (a) "fixed remuneration for office" means: (i) the remuneration determined by the shareholders' meeting for all directors or established by the board of directors for all non-executive directors within the total amount

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resolved by the shareholders' meeting for the entire board of directors; and (ii) any remuneration awarded on account of the particular office held by the individual non-executive director within the board of directors (Chairman, Deputy Chairman, *Lead Independent Director*), defined in accordance with the *best practices* set forth in Recommendation 25 of the *Corporate Governance Code*; (b) "remuneration for participation in endoconsiliar committees" means the remuneration that the individual director receives by reason of his or her participation in endoconsiliar committees envisaged by the *Corporate Governance Code* or by committees/ bodies envisaged by applicable laws and regulations, with the exclusion of the remuneration deriving from participation in any executive committees. It is also understood that, for the purposes of determining the "additional remuneration" received by a director of Ascopiave S.p.A., the "fixed remuneration for the office" and the "remuneration provided for participation in the endoconsiliar committees" (as defined above pursuant to the *Corporate Governance Code*) received by such director at subsidiaries and/or at Asco Holding are relevant.

It should be noted that the fact of being a 'close family member' of a person in one of the aforementioned situations, where 'close family members' include, but are not limited to, parents, children, spouses who are not legally separated, and cohabitees, also constitutes a circumstance that may compromise a director's independence.

Furthermore, in order to specify the circumstances of Recommendation 7, letter b) of the *CG Code*, where reference is made to the subsidiary having strategic relevance, it should be noted that the Board of Directors, on 28 January 2021, established that all the subsidiaries of Ascopiave S.p.A. have strategic relevance. It should be noted that this assessment, pursuant to Recommendation 7 letter b) of the *CG Code*, regarding the strategic relevance of all the subsidiaries was also confirmed by the Board of Directors during the independence evaluations of the non-executive directors carried out on 24 February 2022.

After the end of the Financial Year, on 23 February 2023, the Board of Directors expressed its opinion on the strategic relevance of the subsidiaries and established the relevance of all the subsidiaries, excluding Morina S.r.l., Edigas Esercizio Distribuzione Gas S.p.A. and AP Reti Gas Rovigo S.r.l.

During the Financial Year, following the annual verification of the independence requirements of the directors pursuant to Article 2.2.3, paragraph 3, letter m) of the Italian Stock Exchange Regulations, carried out at the Board meeting of 24 February 2022, based on the information provided by the non-executive directors, also considering any circumstance that affects or may appear to affect the director's independence, and taking into account the pre-defined quantitative and qualitative criteria, the Board of Directors deemed that the independence requirements set forth in Article 2 of the *CG Code* and in paragraph 3 of Article 148 of the Consolidated Law on Finance were met with respect to the non-executive directors Greta Pietrobon, Luisa Vecchiato, Cristian Novello and Luigi Cappugi, as well as the non-executive directors Greta Pietrobon, Luisa Vecchiato, Cristian Novello and Luigi Cappugi. 2 of the *CG Code* and pursuant to paragraph 3 of Article 148 of the Consolidated Law on Finance with reference to the non-executive directors Greta Pietrobon, Luisa Vecchiato, Cristian Novello and Mariachiara Geronazzo; it considered that the non-executive directors Enrico Quarello and Roberto Bet did not meet the independence requirements pursuant to Article 2 of the *CG Code* and paragraph 3 of Article 148 of the Consolidated Law on Finance; it qualified the Chairman and Chief Executive Officer Nicola Ceconato as non-independent. In this regard, it should be noted that there are no changes with respect to the results of the previous annual verification of independence requirements carried out on 28 January 2021.

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It should be noted that, in line with the provisions of Application Principle 3.P.2 of the previous Corporate Governance Code (as well as pursuant to Recommendation 6 of the new CG Code), in the meeting of 8 June 2020, the newly appointed Board of Directors assessed the existence of the independence requirements of the non-executive directors Greta Pietrobon, Mariachiara Geronazzo, Cristian Novello and Enrico Quarello (now non-independent director).

During this meeting, the new Board of Directors resolved that its non-executive directors Luisa Vecchiato (now an independent director) and Roberto Bet did not meet the requirements to qualify as independent directors, in line with the statements made by the same directors when they previously accepted the position of director.

C.4 of the previous Corporate Governance Code (as well as in line with Recommendation 10 of the new CG Code), the Board of Directors also disclosed the outcome of its assessments, after the appointment, by means of a press release to the market. The criteria used to assess the materiality of the relationships were specified in this communiqué.

In carrying out these checks, the Board of Directors applied Application Criteria 3.C.1. and 3.C.2. of the previous Corporate Governance Code, in force at the time of this assessment.

The independent directors therefore meet the independence requirements set forth in the previous Corporate Governance Code and in Article 148, paragraph 3, letters a), b) and c) of the Consolidated Law on Finance.

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It should be noted that, after the end of the Financial Year, on 23 February 2023, the Board of Directors of Ascopiave S.p.A. once again carried out the annual assessment of the existence of the independence requirements for each of the non-executive directors, considering all the information available, in particular that provided by the directors being assessed, assessing all the circumstances that appear to compromise independence identified by the TUF and the CG Code (Recommendation 6) and applying all the criteria set forth in the CG Code with reference to the independence of directors (Recommendation 7), as well as the quantitative and qualitative criteria, approved by the Board of Directors on 28 January 2021, for the assessment of materiality referred to in letters c) and d) of Recommendation 7 of the CG Code. In this regard, it should be noted that there are no changes with respect to the results of the previous annual verification of independence requirements carried out on 24 February 2022.

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In line with Application Criterion 3.C.5 of the previous Corporate Governance Code, after the appointment of the Board of Directors, during the Board meeting held on 8 June 2020, the Board of Statutory Auditors verified the correct application of the criteria and verification procedures adopted by the new Board to assess the independence of its members, pursuant to Article 149, paragraph 1, letter *c-bis* of the Consolidated Law on Finance, and the outcome of this control was disclosed in a press release to the market. During the Financial Year, the same checks were carried out by the Board of Statutory Auditors on 24 February 2022 and, after the end of the Financial Year, on 23 February 2023, and the outcome of these checks is disclosed through the publication of the report herein.

In addition, the Board of Statutory Auditors also verified the independence requirements of its members during 2020, after their appointment, in particular at its meeting of 8 June 2020.

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It should be noted that the provision set forth in Recommendation 5 of the CG Code, which requires the independent directors to meet, in the absence of the other directors, at least once a year, would not be applicable to the Issuer, considering that the Issuer does not qualify as a large company under the CG Code. However, on 11 March 2019, the Board of Directors of Ascopiave S.p.A. deemed it

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appropriate to establish an internal Committee of Independent Directors of which only the independent directors of Ascopiave S.p.A. are members.

For further information on the Committee of Independent Directors, please refer to Section No. 6 'Internal Board Committees' of the report herein.

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It should be noted that the directors who indicated their eligibility to qualify as independent in the lists for appointment to the Board did not undertake to maintain their independence during their term of office and, if necessary, to resign.

### **Lead independent director**

Recommendation 13 of the CG Code stipulates that a *lead independent director must* be appointed if the chairman is CEO or is primarily responsible for the management of the company or if the chairman has significant management powers.

At its meeting of 28 January 2021, the Board of Directors identified Dr Nicola Ceconato as the lead independent director, i.e. CEO, also pursuant to the new CG Code, who is also in charge of establishing and maintaining the internal control and risk management system pursuant to Recommendation 32 of the CG Code. It then appointed director Greta Pietrobon as *Lead independent director* of Ascopiave S.p.A. pursuant to Recommendation 13 of the CG Code.

The "Rules of the Board of Directors, Lead independent director and endoconsiliar committees", adopted by the Board of Directors on 11 November 2021, provides that the *Lead independent director* (i) represents a point of reference and coordination of the requests and contributions of non-executive directors and, in particular, of independent directors and (ii) convenes and coordinates, with the support of the secretary, the meetings of the Committee of Independent Directors .

During the Year, the *Lead independent director* attended the meetings of the Committee of Independent Directors held on 13 October 2022 and 2 November 2022. During these meetings, the *Lead independent director acted as* Chairman of the Committee.

During the financial year, the *Lead Independent Director* met with the President and CEO of Ascopiave S.p.A., Mr. Ceconato, regarding the "Notice inviting expressions of interest for the purchase of the shares held by Asco Holding and C.C.I.A.A. of Treviso - Belluno in the company Asco TLC".

As of the date of the report herein, i.e. 7 March 2023, no meetings with the Committee of Independent Directors have been held since the beginning of 2023.

## **5. MANAGEMENT OF CORPORATE INFORMATION**

In line with Recommendation 1, letter f) of the *Corporate Governance Code*, on 28 January 2021, the Board of Directors of Ascopiave S.p.A. approved the update of the "Procedure for the management and processing of privileged information, for the public disclosure of information and for the management of persons with access to privileged information" (hereinafter the "Procedure") in line with the applicable laws and regulations on the subject.

The Procedure contains provisions on:

- management and processing of inside information;

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- Procedures to be observed for the disclosure to the public of inside information directly concerning Ascopiave S.p.A. and/or its subsidiaries, with reference, in the case of the latter, to information relevant to Ascopiave S.p.A.'s *price sensitivity*;
  - management of the register of persons with access to specific relevant information and inside information.

The Person Responsible for Keeping Records is responsible for keeping and updating the register of persons who have access to specific relevant information and inside information, the management of which is carried out in accordance with the criteria and procedures set out in the aforementioned Procedure.

It should be noted that the "Procedure for the Management and Processing of Inside Information, for the Disclosure of Notices to the Public and for the Management of the Register of Persons with Access to Inside Information" is available on the Issuer's website [www.gruppoascopiave.it](http://www.gruppoascopiave.it) in the section *Corporate Governance/System and Rules/Private Information Management Procedure*.

The '*Internal Dealing Code*' was last updated on 28 January 2021, in line with the applicable laws and regulations.

The '*Internal Dealing Code*' regulates the procedures and timing for the disclosure to Ascopiave S.p.A., Consob and the market of information on transactions carried out directly or indirectly by so-called relevant persons, relevant shareholders and persons closely related to them on the ordinary shares of Ascopiave S.p.A. or credit instruments, derivatives or other financial instruments linked to them. Please note that this code is available on the Issuer's website [www.gruppoascopiave.it](http://www.gruppoascopiave.it) in the section *Corporate Governance/System and Rules/Internal Dealing Code*.

In addition, pursuant to Article 2.6.1 of the Stock Exchange Regulations, the Board of 23 June 2015 appointed the head of the *Compliance* Function and the Director of Strategy, Planning and Control - *Investor Relator*, as her substitute, as Information Referent of Ascopiave S.p.A., assigning the task of fulfilling the legal and regulatory requirements to the aforesaid Information Referent, with particular reference to those on the subject of mandatory corporate disclosure and the dissemination to the market of information on transactions subject to the "*Code of Internal Dealing*".

## **6. INTERNAL BOARD COMMITTEES (pursuant to Article 123-bis, Section 2(d), TUF)**

Pursuant to Principle XI of the *Corporate Governance Code*, the Board of Directors of Ascopiave S.p.A. has ensured an adequate internal division of its functions and established Board committees with investigative, propositional and advisory functions. This competence of the Board is provided for in the "Regulation of the Board of Directors, Lead independent director and endoconsiliar committees" approved by the Board on 11 November 2021.

The Issuer's Board of Directors includes the Remuneration Committee, the Control and Risk Committee, the Sustainability Committee and the Committee of Independent Directors.

The Extraordinary Shareholders' Meeting of Ascopiave S.p.A. held on 29 April 2021, among other things, approved an amendment to Article 19 of the Articles of Association with the aim of granting the Board of Directors greater flexibility in setting up endoconsiliar committees and in defining their composition and the rules governing their operation.



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In addition to this Section, for more information on the composition and functioning of the Remuneration Committee, please refer to Section 8.2 and Section 9.2 for the Audit and Risk Committee.

In line with Recommendation 11 of the CG Code, on 11 November 2021, the Board of Directors of Ascopiave S.p.A. adopted the "Regulation of the Board of Directors, Lead independent director and endoconsiliar committees", which defines the competences and operating rules of the Board of Directors, *Lead independent director* and endoconsiliar committees, including the convening, holding of meetings, minute-taking and procedures for the management of pre-meeting and supplementary information to directors. In particular, also with regard to the endoconsiliar committees, the Regulation identifies the terms for the prior submission of information and the procedures for protecting the confidentiality of the data and information provided so as not to prejudice the timeliness and completeness of information flows.

With specific reference to the modalities of functioning of the meetings of the endoconsiliar committees, the Regulation provides that the committees shall meet, at least annually: (i) when convened by its chairman whenever he deems it appropriate, or (ii) when requested by the chairman of the Board of Statutory Auditors, the Chairman of the Board of Directors or each member of the committees themselves. In the cases referred to in point (ii) above, the committee must be held within 5 working days from the date of the relative request to convene it.

Pursuant to the Regulation, the chairman of each committee, where necessary, shall ensure that the documentation reasonably necessary to ensure that the members of the committee are adequately informed with respect to the items on the agenda, so as to enable them to act in an informed manner when performing their role within the committee. In order to acquire all the information necessary for the performance of its duties, it may interact, through the secretary, with the persons within the company competent for the subject matter. In addition, the chairman of each committee, if necessary, may invite to individual meetings the Chairman and CEO, the other directors and, informing the Chairman and CEO, representatives of company departments and functions or other persons competent by subject matter or advisors to the Company or the committee, including members of other committees and/or representatives of the control bodies.

In the course of the financial year, there was constant involvement of the relevant company departments and functions according to the subject matter dealt with in the course of the meetings of the endoconsiliar committees.

Furthermore, the chairman of each committee, if necessary, presides over the meetings and, in the event of his absence or impediment, is replaced by a member chosen by those present, and informs the Board of Directors of the committee's activities at the first useful meeting.

With regard to the manner in which minutes are taken, the Rules provide that summary minutes are taken of the decisions taken by each committee, which, among other things, note any dissent expressed by the members of each committee. The chairman and secretary of each committee sign the minutes of the meetings, which are kept by the secretary of the committee in chronological order in a special book, for possible consultation, as far as it is of interest, of the members of the committees themselves, as well as the other directors and control bodies.

With regard to the management of the information provided to the members of the committees, the Rules provide that the documentation shall be made available to each committee at least two (2) calendar days in advance of the date of the meeting, except in the case of an urgent call of the meeting

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and/or other cases where it is not possible to provide the documentation in such advance. In the latter cases, the chairperson of the committee shall ensure that appropriate and punctual investigations are carried out during the meeting. Finally, if particular needs (including confidentiality requirements) so require, the information may be provided within a shorter period of time than the 2-calendar-day period referred to above, or during the meeting, in a manner to be determined on the basis of the needs that led to the information being made available beyond the 2-day period referred to above (e.g. by making the information available in hard copy during the meeting).

The presence of the majority of the members in office is required for the meetings of the committees to be valid. Decisions of the committees shall be taken by an absolute majority of those present; in the event of a tie, the vote of the chairman of the committee (and not the chairman of the meeting if different from the chairman of the committee) shall prevail.

It should be noted that, during the Year, the timeliness and adequacy of the information provided to committee members was ensured, in compliance with the provisions of the Regulation.

In line with Recommendation 16 of the CG Code, the Rules provide that the functions that the CG Code assigns to committees may also be distributed differently or merged into a single committee, provided that adequate information is provided on the tasks and activities performed for each of the assigned functions and that the CG Code's recommendations for the composition of the relevant committees are complied with. The functions of one or more committees may also be attributed to the entire Board of Directors, under the coordination of the Chairman and CEO, provided that the conditions for this purpose set forth in the *CG Code* in relation to each committee are met.

It should be noted that during the year, the Board of Directors did not set up an internal appointments committee, as it did not deem it necessary considering the size and shareholding structure of the Company, reserving the relevant functions to the entire Board, under the coordination of the Chairman and CEO. This choice of *governance* is in line with the provisions of Recommendation 16 of the CG Code, since the majority of the company's Board of Directors is made up of independent directors (it should also be noted that, pursuant to the provisions of the last paragraph of Recommendation 16 of the CG Code, since Ascopiave S.p.A. is classified as a company with non-major concentrated ownership, the functions of the appointments committee can be assigned to the Board of Directors, even in the absence of this condition).

In particular, adequate space is reserved at board meetings for the performance of the task of identifying the most suitable persons to hold positions within the various *corporate governance* bodies.

Pursuant to Recommendation 17 of the CG Code, the Board has determined the composition of the committees by favouring the competence and experience of their members and avoiding an excessive concentration of tasks.

### **Additional committees (other than those envisaged by law or recommended by the Code)**

In line with Recommendation 1 letter a) of the CG Code, on 11 November 2021 the Board of Directors of Ascopiave S.p.A. established the Sustainability Committee. The Sustainability Committee has the task of assisting the Board of Directors with investigative, propositional and advisory functions in the Company's assessments and decisions regarding environmental, social and economic sustainability and, in particular, with reference to activities related to the so-called "energy transition".

This Committee consists of the following Directors: Mariachiara Geronazzo as Chairman, Cristian Novello and Enrico Quarello as members (*see Table 3*).

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The "Rules of Procedure of the Board of Directors, Lead independent director and endoconsiliar committees", adopted by the Board of Directors on 11 November 2021, also regulates the competences and operating rules of the Sustainability Committee.

The Regulation provides that endoconsiliar committees shall be composed of at least three directors, as decided by the Board of Directors from time to time at the time of their appointment, all of whom shall be non-executive and at least a majority of whom shall be independent; the chairman of each committee shall be chosen from among the independent directors. However, it should be noted that, with reference to the Sustainability Committee, as an exception to this composition, the Regulation provides that the Board of Directors may establish a Sustainability Committee composed of members of the Board of Directors and senior management of the Company with expertise in sustainability issues.

In particular, the following responsibilities are assigned to the Sustainability Committee:

- (i) elaborate and propose to the Board of Directors a guideline that integrates the pursuit of the objective of sustainable success into the *business* processes, the Group's industrial plan and the *performance targets in terms* of remuneration in order to pursue the objective of sustainable success of the Company; these principles are shared with the Risk Control Committee to support the latter's assessment of the suitability of periodic financial and non-financial reporting to correctly represent the *business* model, the Company's strategies, the impact of its activities and the *performance* achieved, pursuant to par. 4.4.3 (ii) of the Regulation;
- (ii) monitor the dissemination of the culture of sustainability at corporate level and make proposals to the Board of Directors for the adoption of initiatives aimed at promoting it;
- (iii) support the Board of Directors in assessing the social, environmental and economic impacts of business activities;
- (iv) expressing opinions on the sustainability objectives defined by the Board of Directors so that they are correctly identified, as well as adequately measured, managed and monitored;
- (v) where introduced, monitor the Company's positioning in the main sustainability indices and report to the Board on this;
- (vi) express opinions on the initiatives and programmes promoted by the Company or its subsidiaries on corporate *social* responsibility and *environmental social governance* and monitor their implementation;
- (vii) upon indication of the Board of Directors, formulate opinions and proposals concerning specific corporate social responsibility issues;
- (viii) examine, in advance of the Board of Directors' examination, the sustainability report submitted annually to the Board of Directors (if prepared);
- (ix) coordinating activities with the Remuneration Committee for profiles relating to the integration of '*Environmental Social Governance*' objectives in the remuneration policy;
- (x) coordinating activities with the Control and Risk Committee in the elaboration of annual and multi-year sustainability objectives to be achieved with specific reference to the management of correlated medium- and long-term risks pertaining to the Company and its subsidiaries.

During the Financial Year, six meetings of the Sustainability Committee were held on 3 February 2022 and 15 April 2022, and, together with the Audit and Risk Committee, on 10 March 2022, 12

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May 2022, 4 August 2022 and 3 November 2022. There have been no changes in the composition of the Sustainability Committee since the end of the Financial Year.

Further meetings of the Sustainability Committee will be scheduled during 2023. Since the end of the Financial Year and up to the date of the report herein, one meeting was held on 7 March 2023.

Pursuant to the Regulation, on 3 February 2022, the Sustainability Committee of Ascopiave S.p.A. met for the first time, in order to initiate a process within the committee, aimed at supporting the Board of Directors of Ascopiave S.p.A. with reference to the following board responsibilities:

- adopt, upon the proposal of the Sustainability Committee, a guideline that integrates the pursuit of the objective of sustainable success into the business processes and the Group's business plan, and into the performance targets on remuneration in order to pursue the objective of sustainable success of the Company (cf. paragraph 3.2.2 (i) of the Regulation) and
- defining, upon the proposal of the Sustainability Committee, the annual and multi-annual sustainability objectives to be achieved with specific reference to the management of correlated medium- and long-term risks pertaining to the Company and its subsidiaries, in coordination with the Control and Risk Committee (see Section 3.2.2 (iv) of the Regulation).

Following the aforementioned path, we would also like to inform you that on 21 April 2022, at the proposal of the Sustainability Committee, the Board of Directors approved the 'Guidelines for the pursuit of sustainable success'. Furthermore, on 21 April 2022, at the proposal of the Sustainability Committee, the Board of Directors approved the Sustainability Report 2021.

The Board of Statutory Auditors attended only the Sustainability Committee meetings held in conjunction with the Control and Risk Committee. The meetings of the Sustainability Committee are coordinated by the Committee Chairman, with the support of the secretary, and are duly recorded. The average duration of the meetings was 40 (forty) minutes.

The Chairman of the Sustainability Committee informs the Board of Directors of the committee's activities at the first available meeting.

Pursuant to the Rules of Procedure, the Board of Directors may establish an annual *budget* for one or more committees, depending on the external advice they may require.

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As anticipated in Section 4.7 "Independent Directors and Lead independent directors" of the report herein, we inform you that, on 11 March 2019, the Board of Directors of Ascopiave S.p.A. proceeded to set up the Independent Directors Committee among its members.

The Committee of Independent Directors is composed of all the Independent Directors of Ascopiave S.p.A., in particular Mariachiara Geronazzo, Cristian Novello, Greta Pietrobon and Luisa Vecchiato (*see Table 3*).

It should be noted that Greta Pietrobon was appointed *Lead independent director* by the Board of Directors on 28 January 2021.

The "Regulation of the Board of Directors, Lead independent director and endoconsiliar committees", adopted by the Board of Directors on 11 November 2021, governs the powers and rules of operation of the Committee of Independent Directors, which are briefly illustrated below.

In particular, pursuant to the Regulation, the Independent Directors shall meet in a special committee whenever the *Lead independent director*, or each of them, deems it appropriate - and, in any case, at least once a year - to discuss issues of interest with respect to the functioning and activity of the Board of Directors or company management. The Committee of Independent Directors may also be involved

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in the process of defining corporate regulations. In particular, with reference to the process of amending the Company's procedure for transactions with related parties, the Committee of Independent Directors is called upon to express a favourable opinion before possible amendments to the current text are brought to the attention of the Board of Directors.

The *Lead independent director*, if necessary, chairs the meetings of the Committee of Independent Directors and, in the event of his absence or impediment, is replaced by an independent director chosen by those present.

For the meetings of the Committee of Independent Directors to be valid, a majority of the independent directors in office must be present. Decisions of the Committee of Independent Directors are made by an absolute majority of those present; in the event of a tie, the vote of the *Lead independent director* prevails.

Summary minutes are taken of the decisions taken by the Committee of Independent Directors, which, among other things, record the reasons for any dissent expressed by the members of the Committee.

During the Year, 2 (two) meetings of the Committee of Independent Directors were held, on 13 October 2022 and on 2 November 2022 .

The meetings of the Committee of Independent Directors were convened and coordinated by the Lead independent director, with the support of the secretary. The meetings of the Committee of Independent Directors were duly recorded.

The average duration of the meetings was about half an hour.

At the invitation of the Lead independent director, the Board of Statutory Auditors attended the Committee meeting.

There have been no changes in the composition of the Committee since the end of the financial year. During 2023, the Committee of Independent Directors will schedule further meetings. No meetings of the Committee of Independent Directors have been held since the end of the Financial Year and up to the date of the report herein.

During the Year, the Committee of Independent Directors performed the following activities:

- on 13 October 2022, the Committee of Independent Directors, in its capacity as committee for related-party transactions, was informed in advance, with reference to the participation in the competitive procedure called by the parent company Asco Holding S.p.A., for the purchase of the shares held by Asco Holding and C.C.I.A. of Treviso - Belluno in the company Asco Tlc S.p.A, receiving ample and detailed information from the President and CEO of Ascopiave S.p.A. regarding the negotiations underway between Ascopiave S.p.A. and Acantho S.p.A. (a company of the Hera Group operating in the telecommunications market) for the purpose of the joint presentation of the economic offer and the possible and consequent future *governance* of Asco Tlc S.p.A. in the event of the competitive procedure being awarded;
- on 2 November 2022, as the committee responsible for related-party transactions of Ascopiave S.p.A, the Committee of Independent Directors expressed a prior favourable, non-binding opinion with reference to the transaction qualified as of "minor significance", pursuant to the Consob Regulation on related party transactions, as well as the related procedure adopted by the Issuer, concerning the economic conditions of the economic offer jointly presented by Ascopiave S.p.A. and Acantho S.p.A. relating to the acquisition of 92% of the shares of Asco Tlc S.p.A, held by the parent company Asco Holding and the C.C.I.A.A. of Treviso-Belluno.

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The meetings of the Committee of Independent Directors were convened and coordinated by the *Lead independent director*, with the support of the secretary.

In carrying out its functions, the Committee of Independent Directors had access, through the secretary, to the information and corporate functions necessary for the performance of its duties and made use of external consultants.

Pursuant to the Rules of Procedure, the Board of Directors may establish an annual *budget* for one or more committees, depending on the external advice they may require.

For more information on the competencies and functioning of the endoconsiliar committees, please refer to the "Regulation of the Board of Directors, Lead independent director and endoconsiliar committees" available in the "*Corporate Governance*" section of the website [www.gruppoascopiave.it](http://www.gruppoascopiave.it).

## **7. SELF-ASSESSMENT AND SUCCESSION OF DIRECTORS - NOMINATION COMMITTEE**

### **7.1 SELF-ASSESSMENT AND SUCCESSION OF DIRECTORS**

In line with Principle XIV of the CG Code, the Board of Directors of Ascopiave S.p.A. is responsible for periodically assessing the effectiveness of its activities and the contribution made by its individual members ("*board review*"), at least every three years in view of the renewal of the board of directors, as governed by the "Regulation of the Board of Directors, Lead independent director and endoconsiliar committees", adopted by the Board of Directors on 11 November 2021.

The Regulation provides that the Board of Directors periodically assesses the effectiveness of its activities and the contribution made by its individual members, through formalised activities whose implementation it supervises. To this end, the Board of Directors, at least every three years - in view of its renewal - carries out a formalised self-assessment process. The President and CEO, with the help of the secretary, ensures the adequacy and transparency of this self-assessment process.

In particular, the self-assessment process is carried out in order to assess the effectiveness of the Board of Directors' and committees' activities and express an opinion on the actual functioning, size and composition of the body as a whole and of any committees, also considering its role in defining strategies and monitoring management performance and the adequacy of the internal control and risk management system. The self-assessment also considers the contribution made by each director, taking into account the professional characteristics, experience, knowledge, competence and gender of its members, as well as their seniority in office. Following the self-assessment activity, the Board of Directors identifies any necessary or appropriate corrective actions.

The President and CEO considers whether it would be appropriate for the Company to make use of external consultants to carry out the self-assessment.

The self-assessment, when conducted in-house and without the support of external consultants, is carried out in accordance with the procedures established by the Board of Directors, including guided discussion, possibly also through the use of questionnaires concerning the size, composition and functioning of the Board of Directors and its committees, with the possibility of providing suggestions or proposals for action.

In line with Recommendations 21 and 22 of the CG Code, Ascopiave S.p.A. being a "non-major concentrated ownership company" with respect to the CG Code categories, after the end of the Financial Year, on 23 February 2023, the Issuer's Board of Directors carried out the *board review* on a

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three-year basis, before the expiry of the current board term, through a discussion led by the Chairman and CEO, with the assistance of the secretary, in line with the provisions of the Regulation. After the end of the financial year, on 23 February 2023, in compliance with the provisions of Recommendation 23 of the new CG Code and considering that, with the approval of the financial statements for the year 2022, its term of office expired, the current Board of Directors, taking into account the results of the self-assessment ("*board review*") referred to the year 2022, expressed to shareholders, in view of the renewal of the administrative body for the years 2023-2025, the guidelines on the managerial and professional figures whose presence on the new Board of Directors would be considered appropriate. The current Board of Directors suggests ensuring, compatibly with the constraints and rules of *corporate governance*, an adequate continuity in the composition of the administrative body in order to enhance the wealth of knowledge of Ascopiave S.p.A. acquired by the directors, necessary for the continuation of the current strategic plan that is partly focused on the activities of the so-called "energy transition". In particular, the Board hopes that the renewal of the administrative body will also consider, in order to ensure continuity of action to the same, the confirmation of some of the current members, enhancing their acquired knowledge of the Company and the *business* as well as the active contribution made to the Board's work during the term of office. It should also be noted that, in formulating its latest guidelines, the Board of Directors emphasised the importance of achieving an adequate diversity of gender, age, seniority in office, complementary professional and managerial/entrepreneurial experience or in non-executive roles preferably in listed companies or in any case of a complexity and size comparable to those of Ascopiave S.p.A., also taking into account the characteristics and relevance of the offices previously held. For the evaluation, the Board did not rely on the work of external consultants, but on the Company's in-house expertise.

It should also be noted that, previously, on 24 January 2020, the Board of Directors conducted a self-assessment on the functioning of the Board itself and of the internal committees. The evaluation process was carried out on the basis of qualitative criteria, comparing the composition and functioning of the Board of Directors and the internal committees to the *best reference practices* and current regulations. For the evaluation, the Board did not avail itself of the work of external consultants, but of the Company's internal professionals.

It is also worth noting that, on 24 January 2020, in compliance with the recommendations of Application Criterion 1.C.1. h) of the previous Self-Regulatory Code and considering that, with the approval of the financial statements for the financial year 2019, its term of office would have expired, the Board of Directors of Ascopiave S.p.A, taking into account the results of the self-assessment ("*board review*") referred to the 2019 financial year, expressed to the shareholders, in view of the renewal of the administrative body, the guidelines on the managerial and professional figures whose presence in the new Board of Directors was deemed appropriate.

In this regard, for further details, please also refer to what is described in Section 4.3 "*Composition*", in particular in the paragraph "*Diversity Criteria and Policies*".

It should be noted that both of these guidelines were published on the Issuer's website ([www.gruppoascopiave.it](http://www.gruppoascopiave.it) "*Investor relator*" section - "Shareholders' Meetings") well in advance of the publication of the notice of call of the Shareholders' Meeting relating to the renewal of the respective board mandates.

Recommendation 19 letter d) of the CG Code provides that the Board of Directors entrusts the nomination committee, or if the nomination committee is not constituted, directly manages the possible presentation of a list by the outgoing board of directors to be implemented in a manner that ensures its transparent formation and presentation.

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It should be noted that, on 29 April 2021, the Extraordinary Shareholders' Meeting of Ascopiave S.p.A. approved the proposal to amend Article 15.1 of the Bylaws in order to provide for the possibility for the outgoing Board of Directors to present a list of candidates for the appointment of the Board of Directors in order to guarantee *governance* stability in the event that any future changes in the shareholding structure should result in the absence of a controlling shareholder.

Furthermore, Q&A 19 clarifies that the CG Code invites shareholders submitting majority lists to make proposals on the number of members, term of office and remuneration. In this regard, please refer to the explanatory report for the upcoming Ascopiave Shareholders' Meeting regarding the appointment of the Board of Directors.

It should be noted that, in line with Recommendation 23 of the CG Code, the expression of an orientation on the optimal quantitative and qualitative composition of the Board, taking into account the results of the *board review*, would not be mandatory for Ascopiave S.p.A., as the same can be classified as a "non-major concentrated ownership company" with respect to the CG Code categories. However, pursuant to the provisions of the Regulation, the Board deemed it appropriate to express this orientation to the Shareholders' Meeting, on a voluntary basis, in view of the upcoming renewal of the Board's mandate.

In addition, it should be noted that Recommendation 23 of the CG Code, which requires those who submit a list containing more than half the number of candidates to be elected to provide adequate information, in the documentation submitted for the filing of the list, on the conformity of the list with the orientation expressed by the Board of Directors and to indicate their candidate for the office of Chairman of the Board, is not mandatory for Ascopiave, since it can be classified as a "concentrated ownership company".

However, it should be noted that, in the latest guidelines approved by the Board of Directors on 23 February 2023, in line with the aforementioned Recommendation 23 of the CG Code, the Board invited shareholders who submit a list containing a number of candidates exceeding half of the members to be elected to (i) provide adequate information, in the documentation submitted for the filing of the list, on its compliance with this guideline, also with reference to the diversity criteria set forth in Principle VII and Recommendation 8 of the CG Code; (ii) indicate their candidate for the office of Chairman of the Board of Directors, whose appointment is made according to the procedures set forth in the Articles of Association.

In line with Principle XIII of the CG Code, the Rules provide that the Board of Directors has its own functions for the definition, updating and implementation of any succession plan for the Chairman and CEO and other executive directors, if appointed, which at least identifies the procedures to be followed in the event of early termination of office.

With regard to Recommendation 24 of the CG to 'provide, at least in large companies, a succession plan for executive directors that at least identifies the procedures to be followed in the event of early termination of office', it should be noted that this recommendation is not mandatory in the Company, as the Company can be classified as a 'non-major concentrated ownership company' within the meaning of the CG Code.

Therefore, it should be noted that, at the Board meeting held on 11 November 2021, in view of the Company's capitalisation and shareholding structure, and therefore the absence of a fragmented shareholder base, the Board of Directors did not deem it necessary to adopt a plan for the succession of the Chairman and CEO, pursuant to Recommendation 24 of the CG Code, but considered it more useful to adopt a *contingency plan*.



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For more information on this 'Contingency plan', please refer to Section 14 'Additional Corporate Governance Practices' of the report herein.

Finally, reference is also made to the procedures for the replacement of directors already provided for by the provisions of the Bylaws in force. In particular, the three-year term of office of all directors, set forth in Article 15 of the Company's Bylaws, as well as the replacement of members of the Board of Directors who ceased before the expiration of the term.

## **7.2 NOMINATION COMMITTEE**

As reported in Section 6 "Internal Board Committees" of the report herein, the Board of Directors has not established an internal committee to propose candidates for appointment to the Board of Directors, as it did not deem it necessary, reserving the relevant functions to the *full* Board, in line with the provisions of Recommendation 16 of the CG Code. This choice was also adopted in consideration of the size, *governance* structure and shareholding structure of the Issuer, as well as the possibility of guaranteeing adequate supervision in the boardroom dialectic, considering the high number of independent directors.

The decision to reserve the Appointments Committee's functions to the Board was taken, after verifying compliance with the conditions set forth in Recommendation 16 of the CG Code, reserving adequate space during Board meetings for the task of identifying the most suitable persons to hold positions within the Company's various corporate governance bodies.

Please refer to Section 7.1 'Self-Assessment and Succession of Directors' above, as well as Section 14 'Additional Corporate Governance Practices' for a description of the activities carried out by the Board of Directors.

## **8. DIRECTORS' REMUNERATION - REMUNERATION COMMITTEE**

### **8.1 DIRECTORS' REMUNERATION**

The information in this Section is provided by means of a reference to the relevant parts of the Report on Remuneration Policy and Remuneration Paid published pursuant to Article 123-ter of the Consolidated Law on Financial Intermediation, published within the terms set forth in the applicable regulations.

In particular, please refer to the Report on Remuneration Policy and Remuneration Paid in respect of the following information:

- Remuneration policy;
- Remuneration of executive directors and top management;
- Share-based remuneration plans;
- Remuneration of non-executive directors;
- Maturation and disbursement of remuneration;
- Directors' indemnity in the event of resignation, dismissal or termination following a takeover bid (pursuant to Art. 123-bis(1)(i) TUF.

### **8.2 REMUNERATION COMMITTEE**

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The Board of Directors of the Company, in accordance with Recommendation 16 of the CG Code, has established an internal Remuneration Committee.

**Composition and functioning of the Remuneration Committee (pursuant to Article 123-bis, paragraph 2(d) TUF)**

The Issuer's Remuneration Committee consists of three directors.

With reference to the current Board of Directors, the members of the Remuneration Committee were appointed at the Board meeting of 8 June 2020.

In accordance with Recommendation 26 of the CG Code, this committee is composed of non-executive directors, the majority of whom are independent, and the chairman is an independent director. In particular, at the date of the report herein, the Remuneration Committee was composed of the independent director Greta Pietrobon, acting as Chairman, the non-executive director Enrico Quarello and the independent director Luisa Vecchiato (see Table 3).

Moreover, in line with the provisions of the Corporate Governance Code, at least one member of the Remuneration Committee has knowledge and experience in financial matters or remuneration policies, deemed adequate by the Board at the time of appointment. In particular, director Greta Pietrobon has acquired adequate experience as a member of the Board of Directors in office since 24 April 2014.

During the financial year 2022, 2 (two) meetings of the Remuneration Committee were held, on 16 February 2022 and 1 March 2022. The average duration of the meetings was more than half an hour. There have been no changes in the composition of the Remuneration Committee since the end of the financial year.

As of today, further meetings of the Remuneration Committee are scheduled for the financial year 2023.

The Committee also met, after the end of the Financial Year and up to the date of the report herein, on 15 February 2023 and on 2 March 2023.

The meetings of the Remuneration Committee are coordinated by the Committee Chairman, with the support of the secretary. Meetings of the Remuneration Committee are regularly recorded.

The Chairman of the Remuneration Committee informs the Board of Directors of the committee's activities at the first useful meeting.

Pursuant to Recommendation 17 of the CG Code, the meetings of the Remuneration Committee were attended, at the invitation of the Committee Chairman and informed by the Chairman and CEO, by representatives of the relevant company departments and functions.

In particular, during the financial year, there was constant involvement of the relevant company departments and functions according to the subject matter dealt with during the Remuneration Committee meetings.

In line with Recommendation 26 of the CG Code, directors must abstain from attending committee meetings where proposals to the Board concerning their remuneration are made.

The meeting of the Remuneration Committee was attended by the Board of Statutory Auditors, at the invitation of the Committee Chairman.

Please refer to Section 6 'Internal Board Committees' of the report herein above for further information on the common operating procedures of the endoconsiliar committees.

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## Functions of the Remuneration Committee

The "Rules of Procedure of the Board of Directors, Lead independent director and endoconsiliar committees", adopted by the Board of Directors on 11 November 2021, also regulates the powers and rules of operation of the Remuneration Committee.

In particular, pursuant to Recommendation 25, letter a) of the CG Code, the Remuneration Committee has the task of assisting the Board of Directors with investigative, proposal-making and advisory functions in evaluations and decisions relating to the drafting of the remuneration policy.

In line with Recommendation 25 letter b) of the CG Code, the Regulation provides that the Remuneration Committee shall submit proposals or express opinions to the Board of Directors on the remuneration of executive directors and other directors who hold special offices as well as on the setting of *performance* targets related to the variable component of such remuneration and on the integration of objectives related to social, environmental, economic sustainability or so-called '*Environmental Social Governance*' matters in the remuneration policy.

In addition, the Committee monitors the concrete application of the remuneration policy, verifying, in particular, the actual achievement of *performance* targets, consistent with Recommendation 25 letter c) of the CG Code.

The Remuneration Committee periodically assesses the adequacy, at least once a year, the overall consistency and the concrete application of the policy for the remuneration of directors and Executives with Strategic Responsibilities, pursuant to Recommendation 25 letter d) of the CG Code.

For details of the additional functions assigned to the Remuneration Committee, please refer to the Regulation available in the "*Corporate Governance*" section of the Company's website, as well as Section I, Chapter 2.4 of the Report on Remuneration Policy and Remuneration Paid, prepared pursuant to Article 123-ter of the Consolidated Law on Finance and published in accordance with applicable regulations.

During the financial year, the Remuneration Committee met, among other things, to discuss the following main topics:

- Report on remuneration policy and compensation paid pursuant to Article 123-ter of the Consolidated Law on Financial Intermediation: assessment of the 2022 Remuneration Policy, consistency check on compensation paid in 2021 and 2021 remuneration policy;
- review of the results of the 2021 ITS Plan (so-called 'Management by Objectives' or 'MBO');
- Short-Term Variable Incentive Plan 2022 ('STI Plan').

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In the performance of its functions, the Remuneration Committee had access, through the secretary, to the information and corporate functions necessary for the performance of its duties and made use of external consultants.

Pursuant to the Rules of Procedure, the Board of Directors may establish an annual *budget* for one or more committees, depending on the external advice they may require.

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## 9. INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM - CONTROL AND RISK COMMITTEE

With reference to the Year, a description of the internal control and risk management system implemented by Ascopiave S.p.A. is provided below.

The Company has adopted an internal control and risk management system that complies with the principles and recommendations of the CG Code and is aligned with reference *best practices*.

In line with Principle XIX and Recommendation 33, letter a) of the CG Code, during the financial year the Board of Directors of Ascopiave S.p.A. defined the guidelines of the internal control and risk management system - consisting of the set of rules, procedures and organisational structures aimed at an effective and efficient identification, measurement, management and monitoring of the main risks, in order to contribute to the sustainable success of the Company - in line with the Issuer's strategies.

In particular, it should be noted that, as part of the approval process of the "2020-2024 Strategic Plan", which took place on 15 January 2021, the Board of Directors integrated the sustainability of the company's business into the definition of corporate strategies. On that occasion, in line with the provisions of Recommendation 1 letter c) of the CG Code, during 2021, the Board of Ascopiave S.p.A. defined the nature and level of risk compatible with the Company's strategic objectives, including in its evaluations all the elements that may be relevant in view of the Company's sustainable success.

Subsequently, during the Financial Year, on 31 January 2022, the Board of Directors approved the 'Strategic Plan 2021-2025' and, lastly, after the end of the Financial Year, on 9 February 2023, as part of the approval process of the new 'Strategic Plan 2022-2026', the Board of Directors continued to integrate the sustainability of the company's business into the definition of corporate strategies, confirming the four strategic guidelines already indicated in the plan approved in 2022.

In particular, the strategy that will guide the Group to 2026 is based on four pillars, confirming the strategic guidelines already indicated in the plan approved in 2022: growth in *core businesses*, diversification into synergetic sectors, economic and operational efficiency, and innovation.

The Group's strategy aims to pursue sustainable business success, integrating environmental, social and economic sustainability aspects, and is oriented towards the goal of stable value creation for shareholders, evolving a profitable relationship with other relevant *stakeholders*.

The strategic development hypotheses were examined in detail by estimating their economic and financial impacts over the entire plan period, taking into account both the main risk elements typical of the reference sectors, and the peculiar characteristics of the Group, assessed in relation to the planned actions.

Its financial and equity solidity will allow Ascopiave to continue on its growth path within a framework of overall, economic-financial, social and environmental sustainability, confirming a stable and attractive remuneration for shareholders.

Ascopiave S.p.A.'s internal control and risk management system consists of the set of rules, procedures and organisational structures aimed at the effective and efficient identification, measurement, management and monitoring of the main risks, in order to contribute to the company's sustainable success. This system is integrated into the more general organisational and corporate governance structures adopted by the Issuer and takes into adequate consideration the reference models and *best practices* existing at a national and international level.

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The system is aimed at the pursuit of sustainable success, ensuring the safeguarding of corporate assets, the efficiency and effectiveness of corporate processes, the reliability of information provided to corporate bodies and *stakeholders*, and compliance with regulations and internal procedures.

During the financial year, the following risk management activities continued under the coordination of the *Chief Financial Officer*:

-Application of the 'Financial Risk Management and Control' *Policy*;  
-application of the "EMIR Regulation Compliance Procedure" adopted by the Board of Directors of Ascopiave S.p.A., as well as by the other subsidiaries, which regulates the procedures for complying with the requirements of the European EMIR Regulation concerning the use of derivative instruments (i.e., timely confirmation of transactions, periodic reconciliation of the portfolio with the counterparty, reporting of all derivatives stipulated to specific *trade repositories* approved by ESMA), while also complying with an adequate accounting *framework* in line with *hedge accounting*.

We would like to inform you that the "EMIR regulation compliance" procedure currently applies to Ascopiave S.p.A., *which is* indebted to a number of credit institutions as a result of signing medium-term loans that envisage the application of a variable rate, for which it was deemed appropriate, given the market situation, to hedge against the risk of rate changes through the use of financial derivatives, both with reference to three derivative contracts relating to the price of electricity produced by the hydroelectric power plants of the subsidiary Asco EG S.p.A.. The situation of the derivatives indicated is constantly monitored by the *Chief Financial Officer*.

In particular, at the date of approval of the report herein, the Board of Directors of Ascopiave S.p.A. approved/updated the following documents:

- "Guidelines on the Exercise of the Power of Direction and Coordination by Ascopiave S.p.A.", update approved on 11 September 2020;
- "Ascopiave Group Energy Efficiency Certificates Management Procedure - TEE", approved on 9 November 2020;
- "*Policy* - Financial Risk Management and Control", update adopted on 15 January 2021;
- "EMIR Regulation Compliance Procedure", update adopted on 15 January 2021;
- "Code of Conduct on Internal Dealing", update approved on 28 January 2021;
- 'Procedure for the Management and Handling of Inside Information, for Public Disclosure and for the Management of the Register of Persons with Access to Inside Information', update approved on 28 January 2021;
- 'Budget Procedure', update approved on 12 February 2021;
- 'Procedure for Transactions with Related Parties', update approved on 21 June 2021;
- 'Policy for Managing Dialogue with General Shareholders and Other Stakeholders', approved on 22 December 2021;
- "Ascopiave Group Personnel Selection Policy", approved on 15 September 2022;
- 'Regulations for works, supply and service contracts below the Community thresholds in the special sectors', approved on 9 February 2023.

In addition, it should be noted that on 11 November 2021, the Board of Directors approved the 'Regulations of the Board of Directors, Lead independent director and endoconsiliar committees'.

It should also be noted that during the year, a new project was launched to update the Group's *Policies*, also in terms of risk management, as well as the Organisation, Management and Control Model,

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following the appointment of the Chairman and Chief Executive Officer, also as General Manager, as of 1 January 2022.

## **Roles and Functions**

Pursuant to Recommendation 32 of the CG Code, the organisation of the internal control and risk management system involves, each within its own sphere of competence, different subjects who are assigned specific roles and responsibilities:

- Board of Directors;
- *Chief Executive Officer*;
- Audit and Risk Committee;
- Supervisory Body pursuant to Legislative Decree No. 231/2001;
- Manager responsible for preparing the company's financial reports;
- Departments and Functions for the processes and activities within their competence;
- Head of the *Internal Audit* Function;
- Reporting Committee;
- *Risk Manager*;
- Board of Auditors;
- Statutory Auditing Company.

In particular, in relation to the internal control and risk management system, it is up to the Board of Directors, with the support of the Control and Risk Committee, to define the guidelines of the internal control and risk management system in line with the Company's strategies and to assess its adequacy and effectiveness, at least once a year, in relation to the characteristics of the business and the risk profile assumed.

In addition, the Board, with the support of the Control and Risk Committee, is tasked with defining the principles concerning the coordination and information flows between the various parties involved in the internal control and risk management system, in order to maximise the efficiency of the system itself, reduce duplication of activities and ensure the effective performance of the Board of Statutory Auditors' tasks.

The Control and Risk Committee has the task of assisting the Board of Directors with investigative, propositional and advisory functions in evaluations and decisions relating to the internal control and risk management system, as well as those relating to the approval of periodic financial and non-financial reports.

The Head of *Internal Audit* is assigned the task of verifying that the internal control and risk management system is functioning and adequate.

In addition, the heads of each of the Company's corporate structures involved are responsible, within the framework of the guidelines of the internal control and risk management system established by the Board of Directors, the directives received and the organisational provisions, in implementing

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these guidelines, for defining, managing and monitoring the effective functioning of the internal control and risk management system with reference to their own sphere of competence.

All employees, each according to their respective roles, contribute to ensuring the effective functioning of Ascopiave S.p.A.'s internal control and risk management system.

During the Year, the Company considered establishing a *Risk Manager* figure with the objective of instructing and setting up the development of *risk management* functions consistent with the organisational structure, activities and size of the Ascopiave Group and, as of 1 October 2022, proceeded to do so by establishing the *Risk Manager*.

In accordance with the provisions of Article 2.2.3, paragraph 3, letter (l) of the Stock Exchange Regulations, on 27 March 2008, Ascopiave adopted the organisation, management and control model pursuant to Article 6 of Legislative Decree No. 231 of 8 June 2001, also identifying a Supervisory Board in charge of overseeing the adequacy and effective implementation of the model; for further details, please refer to Section 9.4 "*Organisational Model pursuant to Legislative Decree No. 231/2001*" of this document.

On 28 January 2021, the Board of Directors identified Dr. Cecconato as *Chief Executive Officer, also pursuant to the new CG Code*, who is also in charge of establishing and maintaining the internal control and risk management system, also pursuant to Recommendation 32 of the CG Code.

### **Existing risk management and internal control system in relation to the financial reporting process**

The internal control and risk management system in relation to the financial reporting process is designed to provide reasonable certainty that the financial information disclosed provides a true and fair representation of the company's operations, enabling the issuance of the attestations and declarations required by law on the correspondence with the documented results, to the books and accounting records of the acts and communications of the company disclosed to the market and relating to financial reporting, including interim reports, as well as the adequacy and effective application of administrative and accounting procedures during the period to which the documents refer (annual financial report, half-yearly report, interim management report) and their preparation in accordance with applicable international accounting standards.

In this regard, it should be recalled that, as specified in previous Reports on Corporate Governance and Ownership Structures, Ascopiave S.p.A., as an Italian company with shares traded on an Italian regulated market, is required to appoint a Manager Responsible for the preparation of corporate accounting documents (the 'Manager Responsible'), to whom the law attributes specific competences, responsibilities and certification and declaration obligations.

As a result, as of 19 July 2007, the Board of Directors appointed a Financial Reporting Manager, who was entrusted with the task of preparing adequate administrative and accounting procedures for the formation of the financial information disclosed to the market, as well as supervising the effective compliance with these procedures, granting him adequate powers and means for the exercise of the relative tasks.

The Executive in Charge of Financial Reporting developed 'Project 262' with the objective of ascertaining the adequacy of the internal control and risk management system to provide reasonable certainty of the true and fair representation of economic, asset and financial information.

The Board has entrusted this task to the *Chief Financial Officer of the Issuer*, to whom it has granted adequate powers and means for the performance of duties in accordance with the provisions of Article 154-bis of Legislative Decree No. 58 of 24 February 1998.

The risk management and internal control system is based on the following characteristic elements:

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- a body of corporate procedures relevant to the preparation and dissemination of financial information, consisting inter alia of financial statements and *reporting* operating instructions;
  - a process to identify the main risks associated with financial information and the key controls to monitor the risks identified (*financial risk assessment*), which led to the identification, for each relevant area, of the processes/financial flows considered critical and the control activities to monitor such processes/financial flows, as well as the development of specific control matrices, which describe, for each process identified as critical and/or sensitive from a 262 perspective, the standard control activities, key controls and related *process owners*. The business processes and the relevant matrices are periodically assessed and, if necessary, updated;
  - *process owners who are responsible for updating the control matrices*; the *Chief Financial Officer* is responsible for checking and periodically updating the Group's administrative-accounting procedures;
  - a process of periodic assessment of the adequacy and effective application of the key controls identified. The assessment is carried out every six months on the occasion of the preparation of the financial statements and the half-yearly report and is performed by the Manager in charge, in coordination with the *Internal Audit* Function and the *Compliance* Function. In particular, tests on the half-yearly controls are carried out on the basis of the priorities identified during the *risk assessment* phase with the support of the *Compliance Function* (reporting to the Legal and Corporate Affairs Department) in coordination with the Head of the *Internal Audit* Function; in addition, the *Compliance* Function also carries out monthly checks with the support of *continuous auditing* IT tools, sharing the results of these monthly checks with the Head of the *Internal Audit* Function;
  - an external attestation process based on the reports and declarations made by the Executive in Charge of Financial Reporting pursuant to Article 154-bis of Legislative Decree 58/1998, as part of the general process of preparing the annual financial statements or the half-yearly financial report and the interim management report, also based on the controls carried out and subject to the accounting control model, the content of which is shared with the Chairman and CEO, who submits the report or declaration to the Board of Directors, together with the accompanying accounting document, for approval by the latter. With a view to internal *reporting*, the Executive in Charge of Financial Reporting periodically reports to the Control and Risk Committee, the Board of Statutory Auditors and the Supervisory Board (as part of the periodic information flows) on how the process of assessing the internal control and risk management system was carried out, as well as on the results of the assessments made in support of the statements or declarations issued.

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The Board of Directors' meeting held on 3 March 2022, with reference to the financial year 2021, and on 6 March 2023, with reference to the financial year 2022, after receiving the opinion of the Control and Risk Committee, assessed the adequacy of the internal control and risk management system with respect to the characteristics of the company and the risk profile assumed, as well as its effectiveness, in line with Principle XIX and Recommendation 33, letter a) of the CG Code.

This assessment was conducted within the framework of the regular Board meetings, through the information flow constantly ensured by the actors of the internal control and risk management system. In particular, the Board of Directors, with the support of the Control and Risk Committee, on the basis of the findings set forth in the reports of the Executive in Charge of Financial Reporting, the Head of the *Internal Audit* Department and the Supervisory Board of Ascopiave S.p.A. pursuant to Legislative Decree no. 231/01 the information received from the Reporting Committee, the information received from the *Risk Manager* (a function introduced as from 1 October 2022) and the information and procedures made available by the relevant company departments and functions during the meetings held



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by the Control and Risk Committee during the Financial Year and, in any case, up to the date of the report herein as well as on the basis of the information acquired during participation in the meetings of the Board of Directors, also taking into account the improvement actions underway, considered that the internal control and risk management system is adequate, confirming the overall assessment of the internal control and risk management system of Ascopiave S.p.A. already expressed in previous years, in which the internal control and risk management system was assessed as adequate and effective with respect to the characteristics of the Company and the Ascopiave Group and the risk profile assumed.

## 9.1 CHIEF EXECUTIVE OFFICER

On 28 January 2021, the Board of Directors identified Mr. Nicola Ceconato, Chairman and Chief Executive Officer, as Chief *Executive Officer* ("CEO"), also pursuant to the new *Corporate Governance Code*, who is also in charge of setting up and maintaining the internal control and risk management system, also pursuant to Recommendation 32, letter b) of the CG Code.

The 'Rules of the Board of Directors, Lead independent director and endoconsiliar committees', adopted by the Board of Directors on 11 November 2021, also regulates the powers of the *Chief Executive Officer*. The Rules and Regulations provide that the Board of Directors, giving reasons for its choice, may also assign the task of establishing and maintaining the internal control and risk management system to a director other than the Chairman and CEO, provided that the latter can qualify as an executive according to the notion set forth in the CG Code.

In particular, during the Year, the *Chief Executive Officer*:

- Pursuant to Recommendation 34 (a) of the CG Code, it identified the main corporate risks, taking into account the characteristics of the activities carried out by the Issuer and its subsidiaries, and submitted them periodically to the Board for review;
- Pursuant to Recommendation 34 (b) of the CG Code, it implemented the guidelines defined by the Board, taking care of the design, implementation and management of the internal control and risk management system and constantly verifying its adequacy and effectiveness, as well as adapting it to the dynamics of the operating conditions and the legislative and regulatory landscape.

During the year, the CEO did not entrust the *Internal Audit* Function with the performance of any additional actions with respect to the *internal audit* plan approved by the Board of Directors, as no critical issues were found during the year that justified these initiatives.

Lastly, the CEO did not report to the Control and Risk Committee on any issues that had arisen in the course of his work or of which he was otherwise aware, so that the committee could take the appropriate initiatives, as no critical issues were encountered during the year that could justify such initiatives.

## 9.2 CONTROL AND RISK COMMITTEE

The Board of Directors of the Company, in accordance with Recommendation 16 of the CG Code, has established an internal Control and Risk Committee.

### **Composition and functioning of the Control and Risk Committee (pursuant to Article 123-bis(2)(d) TUF)**

The Issuer's Control and Risk Committee consists of three directors.

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At the board meeting of 8 June 2020, the members of the Audit and Risk Committee were appointed. In accordance with Recommendation 35 of the CG Code, during the Year the Control and Risk Committee was composed of non-executive directors, the majority of whom are independent, and the Chairman is an independent director. In particular, at the date of the report herein, the Control and Risk Committee was composed of the independent director Cristian Novello, acting as Chairman, the independent director Mariachiara Geronazzo and the non-executive director Roberto Bet (*see Table 3*).

In addition, in line with Recommendation 35 of the CG Code, the Control and Risk Committee as a whole has adequate expertise in the business sector in which the Issuer operates, functional to assessing the relevant risks. In particular, director Cristian Novello has expertise in risk management, acquired by virtue of positions held in other companies; director Mariachiara Geronazzo has expertise in accounting and taxation acquired in her experience as a freelance professional; finally, director Roberto Bet has expertise in legal and legal matters acquired in the positions held and in the exercise of his profession.

During the Year, 7 (seven) meetings of the Audit and Risk Committee were held on 16 February 2022, 2 March 2022, 10 March 2022, 12 May 2022, 3 August 2022, 4 August 2022 and 3 November 2022.

The average duration of meetings was over half an hour.

There have been no changes in the composition of the Audit and Risk Committee since the end of the financial year.

As of the date of the report herein, for the year 2023, meetings of the Audit and Risk Committee are scheduled at the 4 (four) meetings of the Board of Directors set to approve the Company's annual, half-yearly and quarterly results.

The Audit and Risk Committee also met, after the end of the Financial Year and up to the date of the report herein, on 15 February 2023, 1 March 2023 and 7 March 2023.

During the Year, at the invitation of the Chairman of the Audit and Risk Committee, the CEO attended a meeting of the Audit and Risk Committee.

The meetings of the Risk and Control Committee are coordinated by the Committee Chairman, with the support of the secretary. The meetings of the Risk and Control Committee are duly recorded.

The Chairman of the Control and Risk Committee informs the Board of Directors of the committee's activities at the first useful meeting.

Pursuant to Recommendation 17 of the CG Code, the meetings of the Audit and Risk Committee were attended, at the invitation of the Chairman of the Committee and informed by the Chairman and CEO, by representatives of the relevant company departments and functions. In particular, during the Financial Year, there was constant involvement of the departments and corporate functions competent according to the subject matter dealt with during the meetings of the Control and Risk Committee.

The Audit and Risk Committee meetings were attended by the Board of Auditors, at the invitation of the Committee Chairman.

Please refer to Section 6 'Internal Committees of the Board' of the report herein for further information on the common modalities of operation of the endoconsiliar committees.

### **Functions assigned to the Audit and Risk Committee**

The 'Rules of the Board of Directors, Lead independent director and endoconsiliar committees', adopted by the Board of Directors on 11 November 2021, also regulates the powers and rules of operation of the Control and Risk Committee.

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In particular, pursuant to Recommendation 33 of the CG Code, the Control and Risk Committee supports the Board of Directors in performing the tasks entrusted to it by the CG Code in the area of internal control and risk management.

The Rules provide that the Control and Risk Committee, in particular, in assisting the Board of Directors:

- assesses, in consultation with the Manager responsible for preparing the company's financial reports and having consulted the statutory auditor and the Board of Statutory Auditors, the correct use of accounting standards and their uniformity for the purpose of preparing the consolidated financial statements, in line with Recommendation 35 (a) of the CG Code;
- assesses the suitability of periodic financial and non-financial information to correctly represent the company's *business* model, strategies, the impact of its activities and the *performance* achieved, in coordination with the Sustainability Committee (in line with Recommendation 1, letter a) and Recommendation 35, letter b) of the CG Code); this assessment takes place during the Board of Directors' meeting called to approve the periodic financial reports, after the Board meeting has been adjourned;
- examines the content of periodic non-financial information relevant to the internal control and risk management system, pursuant to Recommendation 35 (c) of the CG Code;
- expresses opinions on specific aspects concerning the identification of the main corporate risks and supports the Board of Directors' assessments and decisions concerning the management of risks arising from prejudicial facts of which the latter has become aware, pursuant to Recommendation 35 (d) of the CG Code;
- examines periodic and particularly significant reports prepared by the *Internal Audit* Function, pursuant to Recommendation 35 (e) of the CG Code;
- monitors the autonomy, adequacy, effectiveness and efficiency of the *Internal Audit* Function, pursuant to Recommendation 35 (f) of the CG Code;
- may entrust the *Internal Audit* Function with the performance of audits on specific operational areas, simultaneously notifying the Chairman of the Board of Statutory Auditors, pursuant to Recommendation 35(g) of the CG Code;
- reports to the Board of Directors, at least once every six months, on the occasion of the approval of the annual and semi-annual financial report on the activities carried out as well as on the adequacy of the internal control and risk management system, pursuant to Recommendation 35 (h) of the CG Code.

For details of the further functions assigned to the Control and Risk Committee, please refer to the Regulations available in the "*Corporate Governance*" section of the Company's website [www.gruppoascopiave.it](http://www.gruppoascopiave.it).

During the Year, the Audit and Risk Committee met, among other things, to discuss the following main issues:

- assessment of the adequacy of the internal control and risk management system;
- review of the 2022-2023 Plan of the Head of the *Internal Audit* Function;
- review of the periodic reports prepared by the Head of the *Internal Audit* Function on the progress of the *internal auditing* work plan;
- Examination of the reports prepared by the Manager in charge, with particular regard to *risk analysis* activities and the implementation of the measures necessary to provide reasonable

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- certainty as to the truthful and correct representation of economic, equity and financial information, in accordance with the provisions of Law No. 262/2005;
- examination of the reports of the Supervisory Board appointed pursuant to Legislative Decree 231/2001;
  - review of the periodic reporting by the Reporting Committee;
  - evaluations regarding the most appropriate initiatives, with a view to a progressive improvement of the internal control and risk management system.

After the end of the financial year, the Audit and Risk Committee also reviewed the report of the *Risk Manager*, a function established since October 2022.

In the performance of its functions, the Audit and Risk Committee had access, through the secretary, to the information and company functions necessary for the performance of its tasks and did not make use of external consultants.

Pursuant to the Rules of Procedure, the Board of Directors may establish an annual *budget* for one or more committees, depending on the external advice they may require.

### 9.3. HEAD OF THE INTERNAL AUDIT FUNCTION

Responsibility for the *Internal Audit* Function has been entrusted since June 2015 to Dr. Sandro Piazza, an external consultant.

The Head of *Internal Audit* is responsible for verifying that the internal control and risk management system is functioning and adequate.

The appointment of the Head of the *Internal Audit Function* was made upon the proposal of the director in charge of the internal control and risk management system, having taken note of the favourable opinion of the Control and Risk Committee and having consulted the Board of Statutory Auditors, on the basis of the technical knowledge and suitability of the professional experience, for the purpose of carrying out the assignment.

In particular, the Board of Directors is responsible for defining the remuneration of the Head of the *Internal Audit Function*, ensuring that he is provided with adequate resources to perform his duties. Having entrusted this task externally, the Board of Directors has also assessed that the Head of the *Internal Audit* Function has adequate requirements of professionalism and independence, having gained extensive experience in *internal auditing* and *compliance* activities.

We inform that as of July 2019, the *Compliance* Function was established, reporting to the Legal and Corporate Affairs Department of Ascopiave S.p.A., which includes the two resources that were previously part of the *Internal Audit* Function. Among its activities, the *Compliance* Function also has the task of supporting, as a point of contact for the purposes of collecting the necessary information for the performance of operational audits by the Head of *Internal Auditing*.

The *Internal Audit* Function is not responsible for any operational area and reports organisationally to the Chairman of Ascopiave's Board of Directors. The Head of the *Internal Audit* Function has direct access to all information useful for the performance of the task.

The Board of Directors, having heard the opinion of the Control and Risk Committee, approved the '2022-2023 Plan' prepared by the Head of the *Internal Audit* Function, after consulting the Board of Statutory Auditors and the *Chief Executive Officer*.

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During the Year, the Head of the *Internal Audit* Function:

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- verifies, both on an ongoing basis and in relation to specific needs and in compliance with international standards, the operation and suitability of the internal control and risk management system, through an audit plan, approved annually by the Board of Directors, based on a structured process of analysis and prioritisation of the main risks;
  - It prepares periodic reports, every six months, containing adequate information on its activities, on the manner in which risk management is conducted and on compliance with the plans defined for their containment, as well as an assessment of the suitability of the internal control and risk management system, and transmits them to the Chairmen of the Board of Statutory Auditors, the Control and Risk Committee and the Board of Directors, as well as to the *Chief Executive Officer*;
  - verifies, as part of the audit plan, the reliability of information systems including accounting systems.

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During the Year, the Head of the *Internal Audit Function* continuously verified the effectiveness of the Issuer's internal control and risk management system based on the control tools implemented in previous years. During the Financial Year, the Head of the *Internal Audit Function* also ensured systematic and periodic information flows on the results of the activities carried out, addressed to the Chairmen of the Control and Risk Committee and of the Board of Statutory Auditors, as well as to the *Chief Executive Officer*, to allow them to fulfil their assigned tasks in the matter of monitoring and evaluating the internal control and risk management system.

The Head of *Internal Auditing* is also a member and coordinator of the Reporting Committee of Ascopiave S.p.A., a collegial body set up following the adoption of the "Procedure for the Management of Reporting by the Ascopiave Group", adopted on 13 May 2019, as well as chairman of the Supervisory Board of the subsidiary Asco Energy S.p.A.

#### **9.4. ORGANISATIONAL MODEL pursuant to Legislative Decree No. 231/2001**

On 27 March 2008, the Issuer adopted the Organisation, Management and Control Model for the prevention of offences for the purposes of Legislative Decree No. 231/2001 ('Model 231'), which was subsequently supplemented and updated.

The Board of Directors of Ascopiave S.p.A., at the proposal of the Supervisory Board, adopted the current version of the model at its meeting of 11 November 2021, with the addition of a new special section to cover "Tax Crimes".

On 10 September 2021, the Board of Directors of Ascopiave S.p.A. approved an update to the Code of Ethics of the Ascopiave Group, an integral part of Model 231, including, among other things, the alignment of the definition of "sustainable success" with the new corporate purpose of the Articles of Association of Ascopiave S.p.A., adopted by the Extraordinary Shareholders' Meeting on 29 April 2021, as well as the revision of the order in which the Group's values are classified, giving priority to the issue of sustainability and respect for and enhancement of personnel. This Code of Ethics was adopted by the boards of directors of all the subsidiaries of the Ascopiave Group.

All Group companies, including the most recently acquired ones, have adopted and apply the Ascopiave Group Code of Ethics in the version approved by the Board of Directors of Ascopiave S.p.A. on 10 September 2021.

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The Company has appointed the Supervisory Board as the body responsible for supervising the operation of and compliance with the Model 231 itself, taking into account the requirements of the reference legislation and the indications deriving from the guidelines of the relevant trade associations as well as industry *best practices*.

In particular, on 3 August 2020, the Board of Directors of Ascopiave S.p.A. appointed the Supervisory Board of Ascopiave S.p.A. currently in office, composed of Mr. Fabio Pavone (Chairman of the Board), Mr. Luca Biancolin - who also holds the position of member of the Board of Statutory Auditors of Ascopiave S.p.A. - and Ms. Roberta Marcolin.

In line with Recommendation 33, letter e) of the CG Code, the Board of Directors considered the advisability of appointing a member of the Issuer's Board of Statutory Auditors to the Supervisory Board in order to ensure coordination between the various parties involved in the internal control and risk management system.

During the year, in the performance of the tasks assigned by law and by the Board of Directors of Ascopiave S.p.A. to the Supervisory Board, nine (9) meetings were held, all of which were documented by special minutes kept by the secretary of the Supervisory Board.

The Board of Directors of Ascopiave S.p.A., during its meeting of 13 May 2019, approved the "Ascopiave Group *Whistleblowing* Management Procedure" (so-called *Whistleblowing*), an integral part of the 231 Model (Annex 3) in compliance with Law 179/2017, which amended Article 6 of Legislative Decree 231/2001. This procedure, adopted by all subsidiaries of the Ascopiave Group, provides for three main channels of contact (letter, dedicated *e-mail* and *web* platform) and assigns the management of reports to a "Whistleblowing Committee".

The Reporting Committee, a collegial body established following the adoption of the "Ascopiave Group Reporting Management Procedure", adopted on 13 May 2019, is composed of the Head of the *Internal Audit* Function, the Director of Legal and Corporate Affairs and the Supervisory Board of Ascopiave S.p.A..

In 2022, the Reporting Committee of Ascopiave S.p.A. met on 21 February 2022 and on 25 July 2022. In 2023, up to the date of the report herein, the Committee also met on 13 February 2023.

The "Ascopiave Group's Whistleblowing Management Procedure" is published on the Issuer's website [www.gruppoascopiave.it](http://www.gruppoascopiave.it) in the Corporate Governance/System and Rules/Model 231 section.

The summary document of Model 231 consists of a general part in which the reference regulatory system, the process of defining the model, and the constituent elements of the model itself are illustrated; various special parts are also documented in relation to the types of offences that the model intends to prevent, including

- offences against the Public Administration;
- corporate offences;
- *market abuse*;
- health and safety at work;
- environmental crimes;
- computer crimes;
- offences of receiving stolen goods, money laundering and self-laundering;
- offences of corruption between private individuals;
- tax offences.

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Already in previous years, the Supervisory Board has activated a structured annual collection of information flows from the so-called apical corporate subjects, aimed at obtaining information on significant events occurring in the course of management, which may relate to the risk areas identified by Model 231.

For the purposes of dissemination of Model 231, the general part of the same can be found on the Issuer's website *www.gruppoascopiave.it* under *Corporate Governance/System and Rules/Model 231*. In addition, the Ascopiave Group's Code of Ethics, in the updated version approved by resolution of the Board of Directors of Ascopiave S.p.A. on 10 September 2021, is also available on the Issuer's website *www.gruppoascopiave.it* in the section *Corporate Governance/System and Rules/Code of Ethics*.

Ascopiave S.p.A. and its subsidiaries have adopted an Organisational, Management and Control Model ("Model 231") pursuant to Legislative Decree No. 231/2001 and have adopted the new Code of Ethics of the Ascopiave Group. Each company in the Group has appointed a Supervisory Board, the body responsible for overseeing the implementation and effectiveness of Model 231.

During the year, a project continued for all Group subsidiaries to prepare a new special section to cover 'Tax Crimes', a project that will be completed in 2023.

Furthermore, during the year, the recently acquired subsidiaries started a process to adopt their own Organisational, Management and Control Model for the prevention of crimes for the purposes of Legislative Decree No. 231/2001. At the same time, a further updating activity has also been started due to the latest legislative innovations, addressed to all the Group's subsidiaries that already have their own Organisation, Management and Control Model for the prevention of crimes for the purposes envisaged by Legislative Decree no. 231/2001. The aforementioned drafting and updating activities are expected to be completed in 2023.

The 'Procedure for the Management of Reporting by the Ascopiave Group', an integral part of Ascopiave S.p.A.'s Model 231 (attachment 3), has been adopted by all the subsidiaries of the Ascopiave Group.

## **9.5. AUDITING COMPANY**

The auditing activity is entrusted to PricewaterhouseCoopers S.p.A.

The appointment was made by the Shareholders' Meeting of 23 April 2015 and will expire with the approval of the financial statements as at 31 December 2023.

During the financial year, the auditing firm did not issue a letter of suggestions and an additional report addressed to the board of auditors.

## **9.6. MANAGER RESPONSIBLE FOR THE PREPARATION OF CORPORATE ACCOUNTING DOCUMENTS AND OTHER CORPORATE ROLES AND FUNCTIONS**

The Board of Directors of Ascopiave S.p.A., which met on 15 October 2018, after hearing the opinion of the Board of Statutory Auditors and verifying the requisites of honourableness and professionalism set forth in the Articles of Association, appointed Mr. Riccardo Paggiaro, effective 31 October 2018, as *Chief Financial Officer*, Manager in charge of drafting accounting and corporate documents pursuant to Article 154-bis of Legislative Decree 58/98 and strategic manager of the Ascopiave Group. Mr. Paggiaro, who graduated in Economics and Commerce from the Ca' Foscari University of Venice in 2001, and is a Chartered Accountant and Auditor, has gained significant

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experience in the administration, finance and control area after several years in the tax and *corporate finance* field at leading consulting and auditing companies. Since 2011, he has held the position of Finance & Treasury Manager for the Ascopiave Group and Administrative Manager for subsidiaries, in addition to holding positions in Group companies.

Pursuant to Article. 25 of the Issuer's Articles of Association, the Manager in charge of preparing the company's financial reports must possess, in addition to the requirements of honourability prescribed by current regulations for those who perform administrative and management functions, professional requirements such as (i) having graduated in economics, finance or business management and organisation disciplines (ii) they must have at least three years' overall experience in administration or control activities or management duties with executive functions in joint-stock companies, or administrative or managerial functions or positions as auditor or consultant as chartered accountant with entities operating in the credit, financial or insurance sectors or in any case in sectors closely connected or inherent to the Company's business, involving the management of economic and financial resources.

Furthermore, persons who do not meet the honourability requirements provided for by the laws in force from time to time for persons performing administrative and management functions may not be appointed to the position of Manager in charge and, if already appointed, shall forfeit the same position.

The Board of Directors, subject to the opinion of the Board of Statutory Auditors, which is mandatory but not binding, appoints the Executive in charge of Financial Reporting and establishes his remuneration.

The Board of Directors shall grant the Executive in Charge of Financial Reporting adequate powers and means to perform the tasks assigned to him in accordance with the provisions, including regulatory provisions, in force from time to time.

During the Financial Year, the Company considered establishing a *Risk Manager* figure with the objective of instructing and setting up the development of *risk management* functions consistent with the organisational structure, activities and size of the Ascopiave Group and, as of 1 October 2022, proceeded to do so by establishing the *Risk Manager* (see Recommendation 32, letter e of the CG Code), identified in the resource of Mr Mario Ontini.

The *Risk Manager*, among other functions, also has the following responsibilities:

- oversee the implementation and updating of the Enterprise Risk Management model, providing specialist methodological support in the identification and assessment of risks;
- coordinating the overall Enterprise Risk Management process, ensuring the proper consolidation and prioritisation of risks;
- consolidate management strategies for risks identified by all corporate functions, identifying uniform guidelines;
- prepare periodic reports, for the CEO, Board of Directors and Audit and Risk Committee, on the Enterprise Risk Management model and the results of risk assessment activities;
- support the Board of Directors in defining the elements constituting the Risk Appetite levels;
- must ensure adequate support for the bodies in order to fulfil the aforementioned responsibilities.

With reference to certain legal and non-compliance risk control activities, we also inform you that there is a *Compliance* Function, in the person of Ms. Irene Rossetto, reporting to the Legal and Corporate Affairs Department (Ms. Federica Stevanin), which, among other functions, also has the following responsibilities



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- take care of regulatory compliance by acting on the internal control system, in particular with respect to the provisions of Legislative Decree 231/2001 and Law 262/2005, in coordination with the Head of the *Internal Audit* Function;
  - assist in assessing, in synergy with the relevant corporate structures, the impacts of the entry into force of new reference regulations with significant repercussions on the design and operation of the internal control and risk management system;
  - carrying out checks and compliance with the regulations on functional *unbundling*;
  - take care of the updating of legislative and/or regulatory changes concerning the Issuer's rules of reference and *governance* rules.

Furthermore, with specific reference to the gas distribution sector, the adequacy to the purposes of functional unbundling of the corporate measures and procedures adopted by the Independent Manager is verified by the Compliance Officer, appointed pursuant to Title IV of the "Integrated Text of the Provisions of the Authority for Electricity, Gas and the Water System concerning functional *unbundling* obligations for companies operating in the electricity and gas sectors" ("TIUF"). The Compliance Officer, a role covered by the head of the *Compliance* Function of Ascopiave S.p.A., is appointed by the administrative body of the distribution company of which the Independent Manager is a member, or appointed by the Shareholders' Meeting of the distribution company of which the Independent Manager is a member if there is a sole director.

During the year, no other special functions were identified, nor were non-compliance and legal risk monitoring functions (*see Recommendation 32, letter e* of the CG Code), since the heads of each corporate structure involved of the Company are responsible, within the guidelines of the internal control and risk management system established by the Board of Directors, the directives received and the organisational provisions, in implementing these guidelines, for defining, managing and monitoring the effective functioning of the internal control and risk management system with reference to their own sphere of competence.

All employees, each according to their respective roles, contribute to ensuring the effective functioning of Ascopiave S.p.A.'s internal control and risk management system.

It should be noted that, in line with Recommendation 33 letter d) of the CG Code, the "Rules of the Board of Directors, Lead independent director and endoconsiliar committees" adopted at the Board meeting held on 11 November 2021, provides that the Board of Directors, with the support of the Control and Risk Committee, has its own functions with reference to assessing the appropriateness of adopting measures to ensure the effectiveness and impartiality of judgement of the persons involved in the risk control and management system (other than *internal audit*), verifying that they have adequate professionalism and resources.

In the course of the financial year, the Board of Directors did not carry out any evaluations of expediency with regard to the aforementioned functions.

## **9.7. COORDINATION BETWEEN PARTIES INVOLVED IN THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM**

Pursuant to Principle XX of the CG Code, in relation to the internal control and risk management system, with the support of the Control and Risk Committee, the Board of Directors has its own functions with regard to defining the principles concerning the coordination and information flows between the various parties involved in the internal control and risk management system, in order to maximise the efficiency of the system itself, reduce duplication of activities and ensure the effective

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performance of the duties of the Board of Statutory Auditors. This principle has also been incorporated in the new 'Regulation of the Board of Directors, Lead independent director and endoconsiliar committees'.

The Issuer has implemented mechanisms of interaction between the parties involved in the internal control and risk management system aimed at ensuring the coordination and effective performance of their respective duties. It should be noted that periodic meetings are held between the competent bodies and departments in charge of internal control and risk management, and that the Head of the *Internal Audit* Department attends meetings of the Control and Risk Committee when periodic reports are presented.

In particular, also in line with Recommendation 37 of the CG Code:

- the Board of Auditors and the Control and Risk Committee exchange information relevant to the performance of their respective tasks in a timely manner;
- the Board of Auditors participated in the work of the Control and Risk Committee.

It should be noted that on 24 March 2022, the Risk and Control Committee met with the Independent Auditors, the Board of Statutory Auditors and the Financial Reporting Manager in a joint meeting; the Independent Auditors subsequently provided the 'Report to the Audit Committee', the 'Summary of the plan for the legal audit of the separate financial statements' and the 'Annual confirmation of independence'. On 12 May 2022, the Audit and Risk Committee, having heard the Manager in charge of preparing the company's financial reports and having consulted the statutory auditor and the Board of Statutory Auditors, certified the correct use of the accounting standards and their uniformity for the purposes of preparing the consolidated financial statements.

It should be noted that the Rules of Procedure provide that the Chairman of the Control and Risk Committee, if necessary, may invite the Chairman and CEO, the other directors and, informing the Chairman and CEO, representatives of company departments and functions or other persons competent by subject or advisor to the Company or the committee, including members of other committees and/or representatives of the control bodies, to individual meetings. In particular, during the financial year, there was constant involvement of the departments and corporate functions competent according to the subject matter.

Furthermore, it is noted that no specific meetings were held during the year for the purpose of exchanging information pursuant to Article 151 of the Consolidated Law on Financial Intermediation with the control bodies of Ascopiave and the subsidiaries of the Ascopiave Group, as an exchange of information pursuant to Article 151, paragraph 2 of the Consolidated Law on Financial Intermediation was implemented on a quarterly basis by means of written notes/reports.

## **10. DIRECTORS' INTERESTS AND RELATED PARTY TRANSACTIONS**

On 21 June 2021, the Board of Directors approved an update to the 'Procedure for Related Party Transactions' (the 'RPT Procedure'), in accordance with the provisions of Article 3(2) of Consob Resolution No. 21624 of 10 December 2020.

The Procedure governs related-party transactions carried out by the Company, directly or through subsidiaries, in accordance with the provisions of the Regulation adopted pursuant to Article 2391-bis of the Italian Civil Code by the National Commission for Companies and the Stock Exchange

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(CONSOB) with Resolution No. 17221 of 12 March 2010, as subsequently amended (the 'RPT Regulation').

Previous versions of this document were approved by the Issuer's Board of Directors on 24 November 2010 and on 11 September 2006.

The "Rules of the Board of Directors, Lead independent director and endoconsiliar committees", approved by the Board of Directors on 11 November 2021, provides that:

- the Remuneration Committee performs functions concerning related party transactions in accordance with the RPT Procedure;
- The Control and Risk Committee performs functions in the area of related party transactions in accordance with the RPT Procedure.

In this regard, in particular, the RPT Procedure provides that, (i) with respect to so-called "Transactions of Lesser Significance" having as their object the assignment or increase of remuneration and economic benefits, in any form whatsoever, to a member of an administrative or control body or to a manager with strategic responsibilities, is the Remuneration Committee and (ii) with respect to all other Transactions of Lesser Significance, it shall be the Audit and Risk Committee, it being understood that if one or more members of the committee involved from time to time is the counterparty of the Transaction of Lesser Significance being evaluated or is a related party to it, the other members of the committee shall call another non-related director (non-executive and if applicable, independent, depending on whether or not it is necessary to restore the presence of at least two independent directors) or, failing that, a standing member (other than the Chairman) of the Board of Statutory Auditors, provided that he/she is different from the counterparty of the Transaction of Lesser Significance under assessment or a related party thereof, as may be identified by the Chairman and Chief Executive Officer.

The committee must render its opinion before the final approval of the Transaction of Lesser Significance by the Board of Directors, if the transaction falls within the latter's competence. In other cases, before the Company assumes the obligation to perform the Transaction of Lesser Significance.

For the contents of the RPT Procedure and more information on the relative functions of the committees involved by competence, please refer to the document available on the Issuer's website [www.gruppoascopiave.it](http://www.gruppoascopiave.it) in the section *Corporate Governance/System* and *Rules/Related Parties Regulation* (<https://www.gruppoascopiave.it/corporate-governance/sistema-e-regole/regolamento-parti-correlate>).

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For the purposes of implementing the RPT Procedure, a mapping of the so-called 'Related Parties' is carried out periodically, in relation to which the contents and control measures provided for in the document are applicable. Directors are also required to declare, if any, any conflicting interests with respect to the performance of the transactions under consideration.

During the Year, the Committee of Independent Directors met twice to act as the RPT Committee and the Audit and Risk Committee met once to act as the RPT Committee. For further information, please refer to Section 6 and Section 9.2 of the report herein, respectively.

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## 11. BOARD OF AUDITORS

### 11.1 APPOINTMENT AND REPLACEMENT

The appointment and replacement of auditors is governed by the law and regulations and Article 22 of the Issuer's Articles of Association.

The Board of Statutory Auditors consists of three standing auditors and two alternate auditors, who remain in office for three financial years and may be re-elected. At least one of the regular auditors must be: (i) female, if the majority of the regular auditors are male; (ii) male, if the majority of the regular auditors are female, unless otherwise provided for by the laws and regulations, in force from time to time, on the subject of gender distribution (male and female).

Pursuant to Article 22 of the Issuer's Articles of Association, the entire Board of Statutory Auditors is appointed on the basis of lists submitted by the shareholders. For the purposes of submitting these lists, as well as electing the members of the Board of Statutory Auditors and replacing any members that leave office, the laws and regulations in force shall apply, without prejudice to the rules specified below. Shareholders who, alone or together with other shareholders, hold at least a shareholding representing at least 2.5% of the share capital, or, if different, the maximum shareholding in the share capital required for the submission of lists by the applicable laws and regulations, shall be entitled to submit lists. The shareholding percentage shall be indicated in the notice of call of the Shareholders' Meeting called to resolve on the appointment of the Board of Statutory Auditors.

Each list must consist of two sections: one for the appointment of the standing auditors, the other for the appointment of the alternate auditors. The lists must indicate at least one candidate for the office of Standing Auditor and one candidate for the office of Alternate Auditor. Each candidate may only be nominated in one list, under penalty of ineligibility. Lists containing a total of three or more candidates must contain in both sections a number of candidates such as to ensure that the composition of the Board of Statutory Auditors, both in its effective and alternate components, complies with the provisions of the law and regulations in force from time to time on gender balance (male and female).

The lists, signed by the shareholders submitting them, or by the shareholder with the proxy to submit them, and accompanied by the documentation required by the Articles of Association and the applicable laws and regulations, must be filed at the registered office within the terms set forth by the applicable laws and regulations. In the event that only one list of candidates or no list at all has been submitted by the deadline set forth in the applicable laws and regulations, the Shareholders' Meeting shall resolve by relative majority of those entitled to vote present. In the event of a tie between several candidates, a ballot shall be held between them, by means of a further shareholders' meeting vote.

If, on the other hand, two or more lists are submitted, the election of the Board of Statutory Auditors shall be conducted as follows:

- (i) (a) two standing auditors and (b) one alternate auditor shall be taken from the list that has obtained the majority of votes, in the progressive order in which they are indicated in the various sections of the list, without prejudice to the provisions set forth below to ensure the balance between genders in compliance with the applicable provisions of the law and regulations;
- (ii) (a) one statutory auditor, who shall also act as Chairman of the Board of Statutory Auditors, and (b) one alternate auditor and, if available, additional alternate auditors, to replace the minority member, up to a maximum of three, shall be taken from the list that came second by number of votes and that is not connected, even indirectly, with the shareholders who submitted or voted for the list that came first by number of votes, in the progressive order in which they are indicated in the various sections of the list. In the absence thereof, the first candidate for

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such office taken from the first list following by number of votes and who is not connected, not even indirectly, with the shareholders who submitted or voted for the list that came first by number of votes, shall be appointed Alternate Auditor;

- (iii) in the event of a tie between two or more lists, the candidates of the list submitted by shareholders owning the largest shareholding or, secondarily, by the largest number of shareholders shall be elected as Statutory Auditors, in compliance with the applicable provisions on gender balance.

If during the year, for any reason, one or more standing auditors taken from the list that obtained the highest number of votes (the "Majority Auditors") leave office, they shall be replaced - where possible - by the alternate auditor belonging to the same list as the auditor leaving office, subject to compliance with the applicable provisions on gender balance. If it is not possible to proceed within the above terms, the Shareholders' Meeting must be convened, so that it can integrate the Board of Statutory Auditors with the ordinary methods and majorities, as an exception to the list voting system indicated above and always in compliance with the applicable provisions on gender balance. If during the financial year, for any reason, the standing auditor taken from the first list following the list that obtained the highest number of votes (the "Minority Auditor") ceases to hold office, he shall be replaced by the alternate auditor belonging to the same list as the outgoing auditor, provided that the applicable provisions on gender balance are complied with. If it is not possible to proceed within the above terms, the Shareholders' Meeting must be convened, so that it can integrate the Board of Statutory Auditors with the ordinary methods and majorities, as an exception to the list voting system, in order to respect, where possible, the principle of minority representation and the applicable provisions on gender balance.

The Shareholders' Meeting required to resolve on the integration of the Board of Statutory Auditors shall in any event proceed to appoint or replace the members of said Board, without prejudice to the need to ensure that the composition of the Board of Statutory Auditors complies with the applicable laws and regulations and the Issuer's Articles of Association.

Without prejudice to the provisions of the preceding paragraph, if the Shareholders' Meeting has to provide for the integration of the Board of Statutory Auditors, it shall resolve with the ordinary procedures and majorities, as an exception to the list voting system, a system that is applied only in the case of renewal of the entire Board of Statutory Auditors.

## **11.2 COMPOSITION AND OPERATION (pursuant to Article 123-bis, paragraph 2, letters d) and d-bis), TUF)**

The Board of Statutory Auditors appointed by the Ordinary Shareholders' Meeting of 29 May 2020 and in office until the approval of the financial statements for the year ending 31 December 2022, is composed as follows:

<b>Name</b>	<b>Charge</b>
Giovanni Salvaggio	Chairman of the Board of Auditors
Luca Biancolin	Standing Auditor
Barbara Moro	Standing Auditor
Matteo Cipriano	Alternate Auditor
Marco Bosco	Alternate Auditor

The standing auditors Luca Biancolin and Barbara Moro and the alternate auditor Matteo Cipriano were taken from the list presented by the majority shareholder Asco Holding S.p.A.. The Chairman

of the Board of Statutory Auditors Giovanni Salvaggio and the Alternate Auditor Marco Bosco were instead drawn from list no. 2 presented by ASM Rovigo S.p.A..

In relation to the two lists submitted, there are no liaison relationships.

For the detailed composition of the Board of Statutory Auditors with reference to the Year, please refer to Table 4 at the end of the Report.

The following are the two lists submitted for the appointment of the Board of Statutory Auditors:

<b>SUBJECT PRESENTER</b>	<b>LIST OF CANDIDATES</b>	<b>LIST OF ELECTED MEMBERS</b>	<b>% VOTES OBTAINED IN RELATION TO VOTING CAPITAL</b>
<b>List No. 1</b> Asco Holding S.p.A.	<b>Standing auditors</b> 1. Luca Biancolin 2. Barbara Moro <b>Alternate Auditor</b> 1. Matteo Cipriano	<b>Standing auditors</b> 1. Luca Biancolin 2. Barbara Moro <b>Alternate Auditor</b> 1. Matteo Cipriano	68,806%
<b>List No. 2</b> ASM Rovigo S.p.A.	<b>Standing auditor</b> 1. Giovanni Salvaggio <b>Alternate Auditor</b> 1. Marco Bosco	<b>Standing auditor</b> 1. Giovanni Salvaggio <b>Alternate Auditor</b> 1. Marco Bosco	23,298%

Please also refer to Table 6 for the list of other offices of director or statutory auditor held by each member of the Board of Statutory Auditors pursuant to Article 148-bis of the Consolidated Law on Finance and the relative implementing provisions contained in the Consob Issuers' Regulations. The complete list of offices is published by Consob on its website pursuant to Article 144-quinquiesdecies of the Consob Issuers' Regulations. It should also be noted that appointments in companies that are not defined as SMEs pursuant to EU Recommendation 2003/361/EC are indicated. Positions in subsidiaries and associated companies are excluded.

In line with Principle VIII of the CG Code, the composition of the Board of Statutory Auditors is adequate to ensure the independence and professionalism of its function.

In particular, the members of the Board of Statutory Auditors meet the independence requirements pursuant to Article 148 of the Consolidated Law on Finance and the CG Code. Furthermore, with reference to the professional requirements, the personal and professional characteristics of each auditor are illustrated below:

- Chairman, Giovanni Salvaggio: Born in Rovigo (RO) on 11 May 1968. He graduated in business economics from Ca' Foscari University in Venice, is a member of the Order of Chartered Accountants and Accounting Experts of the province of Rovigo, and has been a registered auditor since 2000.  
He has been chairman of the Board of Directors and member of the Board of Statutory Auditors of numerous public and private companies, including Asm Rovigo S.p.A.. He is a contract

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professor of Tax Law at the University of Ferrara and is often called upon as a speaker at professional conferences.

- Standing Auditor, Luca Biancolin: born in Gaiarine (TV) on 9 October 1952. He graduated in political science with a focus on international politics from the University of Padua in 1984, and is enrolled in the Order of Chartered Accountants and Accounting Experts of Treviso, in the Register of Legal Auditors, in the List of Local Authority Auditors, and in the List of Technical Consultants of the Court of Treviso - Commercial Category.

He has held various professional positions as auditor, director and liquidator of corporations. He carries out auditing activities at local and instrumental entities, consortia, cooperatives, other bodies and public, private or publicly-owned companies. Currently a member of the Board of Statutory Auditors or the Supervisory Board of several companies of the Ascopiave Group and standing auditor of the Board of Statutory Auditors of Ascopiave S.p.A. since 2014.

He is also a statutory auditor of AP Reti Gas S.p.A., AP Reti Gas Nord Est S.r.l. and Chairman of the Board of Statutory Auditors of EstEnergy S.p.A..

- Standing Auditor, Barbara Moro: born in Venice on 4 July 1977. She graduated in economics and commerce, specialising in legal-taxation, from Ca' Foscari University of Venice in 2001. She is a member of the Order of Chartered Accountants of Treviso and of the Register of Auditors.

He has many years of professional experience in the field of taxation, insolvency proceedings and real estate enforcement procedures. He is currently a member of several boards of auditors in corporations and cooperatives.

Currently standing auditor of Ascopiave S.p.A. since 2020 and also standing auditor of Romeo Gas S.p.A. and Eosforo S.r.l..

- Alternate Auditor, Matteo Cipriano: born in Padua on 10 August 1974. He graduated in economics and commerce in 1998. He has been enrolled in the Register of Chartered Accountants and the Register of Auditors since 2003.

He deals with domestic and international tax consultancy mainly aimed at industrial companies. The activity includes the study of domestic and international civil and tax issues and related pareristics, the study of issues related to the determination of intercompany transfer pricing, the planning of extraordinary operations and corporate reorganisations in the Italian context.

He is a partner in Advant NCTM, a law firm with offices in Milan and Rome, and an adjunct professor of Corporate Finance and Strategic Finance at the University of Padua.

- Alternate Auditor, Marco Bosco: born in Marino (Rome) on 7 July 1974. He graduated in economics and commerce from Ca' Foscari University of Venice in 1999. He has been enrolled in the Register of Auditors and the Order of Chartered Accountants of Treviso and in the list of Auditors of local authorities and the Veneto Region since 2010.

He has many years of experience as auditor and auditor also of local authorities, technical consultant to the Court and in various companies in the public and private sectors. He currently practices at his office in Treviso.

The professional *curricula* of the Statutory Auditors pursuant to Articles 144-*octies* and 144-*decies* of the Consob Regulation on Issuers are available on the Issuer's website in the "*Investor Relations*" section.

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During the Year, 11 (eleven) meetings of the Board of Statutory Auditors were held on the following dates: 24 February 2022, 24 March 2022, 30 March 2022, 5 April 2022, 22 June 2022, 26 July 2022, 19 September 2022, 18 October 2022, 10 November 2022, 23 November 2022 and 1 December 2022. The average duration of the meetings was 90 minutes.

For details on the attendance of auditors at meetings of the Board of Auditors, please refer to the contents of Table 4 attached.

During the financial year 2023, the Board of Statutory Auditors will meet at least every ninety days, as provided for in Article 2404 of the Civil Code. After the end of the financial year, up to the date of the report herein, the Board of Statutory Auditors met on 20 February 2023. There are 11 (eleven) meetings scheduled for the year 2023 by the Board of Statutory Auditors.

There have been no changes in the composition of the Board of Statutory Auditors since the end of the financial year.

### **Diversity criteria and policies**

With regard to diversity policies in relation to the composition of the current Board of Statutory Auditors with respect to aspects such as age, gender and educational and professional background, we inform you that under the current Articles of Association, the composition of the Board of Statutory Auditors must ensure the gender balance required by law.

With specific reference to gender balance, moreover, please note that on 20 March 2020, the Board of Directors approved, pursuant to Article 19 of the Bylaws, the adjustment of Article 22 to the regulatory provisions on gender balance in the composition of corporate bodies, in order to align the provisions of the Bylaws with the provisions of Law No. 160 of 27 December 2019.

The Issuer has deemed it unnecessary to adopt - with reference to the composition of the control body - a specific diversity policy in relation to the additional elements of the age and educational and professional background of the auditors. Nonetheless, the Company already employs - *de facto* - principles of age and professional diversification in the appointment of auditors to guarantee a calibrated composition of the body and a satisfactory breadth of the degree of diversity desired by the CG Code, implementing the alignment to the criteria set forth by the latter.

For further information on the diversification criteria adopted in the appointments, please refer to the professional *curricula* of the statutory auditors filed at the Company's registered office and available on the Issuer's institutional website [www.gruppoascopiave.it](http://www.gruppoascopiave.it) in the "Investor Relations" section, from which the different ages, educational and professional backgrounds, and the skills accrued of the individual members emerge, in line with the above.

### **Independence**

During the Year, the Board of Statutory Auditors did not predefine the quantitative and qualitative criteria for assessing the significance of circumstances relevant to the assessment of the independence of auditors (pursuant to Recommendation 7, as referred to in Recommendation 9 of the CG Code). In line with Recommendation 10 of the CG Code, the Board of Statutory Auditors, at its meeting of 8 June 2020, the first meeting after appointment, verified the existence of the independence requirements for its members, in accordance with the provisions of Application Criterion 8. The verification did not reveal any elements that would determine the lack of such requirements, and the outcome of the assessment was disclosed to the market through a press release.

In accordance with the provisions of Recommendation 9 of the CG Code, during the course of the Financial Year, and in particular at the meeting of 24 February 2022, the Board of Statutory Auditors



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verified that its members continued to meet the independence requirements of Recommendation 7 of the CG Code. After the end of the Financial Year, this verification was carried out by the Board of Statutory Auditors in the meeting of 20 February 2023. The results of these verifications were communicated to the Board of Directors and set out in the report herein.

It should be noted that, in making the above assessments, as provided for in Recommendation 9 of the CG Code, the Board of Statutory Auditors considered all the information made available by each member of the Board of Statutory Auditors, assessing all the circumstances that appear to compromise independence as identified by the TUF and the CG Code, and applied all the criteria set out in Recommendation 7 of the CG Code with reference to the independence of directors.

### **Remuneration**

The remuneration of Statutory Auditors provides for remuneration commensurate with the competence, professionalism and commitment required by the importance of the role held and the size and sectoral characteristics of the company and its situation, pursuant to Recommendation 30 of the CG Code.

In particular, the "Remuneration Policy" 2022 (Section I of the "Report on Remuneration Policy and Compensation Paid") approved with a binding vote by the Shareholders' Meeting of 28 April 2022, was defined by the Company without reference to specific remuneration policies adopted by other companies, but rather in continuity with previous years and on the basis of the principles long followed by the Company in identifying and defining the remuneration of its auditors and the recommendations made by the *Corporate Governance Code*.

The amount of the annual emoluments due to the members of the Board of Statutory Auditors for the office of auditor is determined by the Shareholders' Meeting at the time of appointment.

For more details on the remuneration of the members of the Board of Statutory Auditors, please refer to the "Report on Remuneration Policy and Remuneration Paid" published in the *Corporate Governance* section of the Company's website.

### **Interest Management**

The Issuer requires an auditor who, on his own behalf or on behalf of third parties, has an interest in a certain transaction of the Issuer to promptly and fully inform the other auditors and the Chairman and CEO about the nature, terms, origin and extent of his interest, pursuant to Recommendation 37 of the CG Code.

## **12. RELATIONS WITH SHAREHOLDERS**

### **Access to information**

Ascopiave has set up a special "*Investor relations*" section on its website ([www.gruppoascopiave.it](http://www.gruppoascopiave.it)), in which information concerning the Company that is relevant to its shareholders is made available, so that they can exercise their rights in an informed manner.

Art. 2.2.3 paragraph 3 letter k) of the Stock Exchange Regulations also provides, with specific reference to companies intending to have their shares listed in the "Euronext STAR Milan" segment, the obligation for such companies to identify within their organisational structure a professionally qualified person (*investor relator*) with the specific task of managing relations with investors.

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In view of the above, the Company's Board of Directors, in its meeting of 24 July 2006, appointed Mr. Giacomo Bignucolo as Investor *Relator*, responsible for investor relations.

### **Dialogue with shareholders**

On 22 December 2021, the Board of Directors of Ascopiave approved the "Policy for Managing Dialogue with Shareholders and Other Stakeholders" (hereinafter the "Policy"), a document published in full in the "*Corporate Governance*" section and in the "*Investor Relations*" section of the Company's website ([www.gruppoascopiave.it](http://www.gruppoascopiave.it)).

As explained in the Policy, the Company considers it in its own interest, as well as a duty towards the market and *stakeholders* relevant to the Company:

- a) to ensure a constant and open relationship, based on a mutual understanding of roles, with all of its shareholders and the holders or bearers of other financial instruments issued by the Company, current institutional investors, potential investors, asset managers, financial market operators, the Italian and international economic press, *rating* agencies and *proxy advisors*, trade associations, and other *stakeholders* of Ascopiave S.p.A, in order to increase their level of understanding of the activities carried out by the Company and the Group, its economic-financial performance and its strategies aimed at pursuing sustainable success in line with the recommendations of Article 1 of the CG Code; and
- b) maintain an adequate channel of information with such persons, inspired by principles of transparency and fairness in compliance with the law and the procedure for the management and processing of inside information, adopted by the Company.

The Board of Directors approved the Policy taking into account the recommendations of the *Corporate Governance* Code, to which the Company adheres, *best practices*, and the Company's own *corporate governance* structure.

In particular, the Policy applies to the dialogue with stakeholders on matters and issues falling within the competence of the Board of Directors, including - but not limited to - the following:

- (i) economic and financial results of the Company and the Group and corporate strategies;
- (ii) extraordinary transactions of particular strategic importance for the Company and/or the Group;
- (iii) *corporate governance* and, in particular, the appointment and composition of the corporate bodies (including in terms of size, professionalism, independence and *diversity*) and the composition, size and functions of the endoconsiliar committees;
- (iv) remuneration policies for directors, auditors, and strategically accountable managers of the Company and the Group;
- (v) internal control and risk management system;
- (vi) related party transactions; and
- (vii) sustainability.

Except as provided for in the Policy, in particular in Section 4.2 thereof, the Policy does not apply in the context of pre-meeting fulfilments that are governed by law, the Articles of Association and the Company's Shareholders' Meeting Regulations.

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It should be noted that, pursuant to Recommendation 3 of the CG Code, during the Financial Year, the Chairman and CEO took care of and managed the dialogue with all shareholders, in particular, inter alia, during the meetings with investors scheduled in the calendar of events. During the Financial Year, there were no significant topics of dialogue with shareholders falling within the scope of the Policy.

As part of the preparation of the Non-Financial Statement and the Sustainability Report, the company also implemented activities aimed at mapping and involving *stakeholders*.

Please refer to the document published in full on Ascopiave S.p.A.'s website for further information on the Policy and its concrete application.

### 13. ASSEMBLY

Pursuant to Article 11.1 of the Issuer's Articles of Association, Shareholders' Meetings may be attended by persons who have obtained from the authorised intermediary a certificate of their entitlement to attend pursuant to the regulations in force from time to time.

Any person entitled to attend the Shareholders' Meeting may be represented by written proxy by another person, even if not a shareholder, in compliance with the law. The proxy may also be conferred electronically, in the manner established by the regulations in force from time to time. The electronic notification of the proxy may be made, in accordance with what is indicated in the notice of call, by using the appropriate section of the Company's website or by sending the document to the Company's certified e-mail address (Article 11, paragraph 2 of the Articles of Association).

It should be noted that the regulations applicable to listed companies concerning the conduct of shareholders' meetings were subject to significant changes following the entry into force of Legislative Decree No. 27 of 27 January 2010, implementing Directive 2007/36/EC of the European Parliament and of the Council of 11 July 2007 on the exercise of certain rights of shareholders in listed companies (the so-called "*Shareholders' Rights Directive*" or "SHRD").

That being said, it should be noted that the Extraordinary Shareholders' Meeting of 28 April 2011 resolved to supplement Article 11 of the Articles of Association by inserting paragraph 11.3, which provides for the Company to designate for each Shareholders' Meeting a person to whom those entitled to vote may grant a proxy with voting instructions on all or some of the proposals on the agenda (the 'designated representative').

During the Financial Year, the Shareholders' Meeting of 28 April 2022 was held, in the manner set forth in article 106, paragraph 4, of Decree-Law No. 18 of 17 March 2020 on "*Measures to strengthen the National Health Service and provide economic support for families, workers and businesses related to the epidemiological emergency from COVID-19*", converted into law with amendments by Law No. 27 of 24 April 2020. 27 (the "**D.L. Cura Italia**"), whose effectiveness had been extended by paragraph 1 of Article 3, Decree-Law No. 228/2021, converted into law with amendments by Law No. 15 of 25 February 2022.

In particular, it should be noted that (i) shareholders with voting rights could only attend the Shareholders' Meeting by granting proxy (or sub-delegation) to the representative designated by the Company pursuant to Article 135-*undecies* of the Consolidated Law on Finance; and (ii) the other persons entitled to attend the Shareholders' Meeting could only participate by means of telecommunications that would guarantee the identification of the participants, without it being necessary for the Chairman, Secretary and Notary Public to be in the same place, in the manner individually communicated to them by the Company.

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In order to facilitate Shareholders' participation in Shareholders' Meetings, the Articles of Association also provide that the notice of meeting may provide that attendance at the Shareholders' Meeting may take place by means of telecommunications, provided that the collegial method and the principle of good faith and equal treatment of Shareholders are respected (Article 12, paragraph 1 of the Articles of Association).

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Article 13 of the Articles of Association of the Company provides that the provisions of the law and the provisions of the Articles of Association shall be observed for the constitution and resolutions of the Shareholders' Meeting, both ordinary and extraordinary.

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The Company's Ordinary Shareholders' Meeting of 5 July 2006 resolved to adopt Shareholders' Meeting Regulations (subsequently amended by the Shareholders' Meeting of 28 April 2008 and by the Shareholders' Meeting of 28 April 2011), which came into force as of the date on which trading commenced. This document is available on the Company's website (<https://www.gruppocopiave.it/investor-relations/assemblee>). Said regulation, in particular, is aimed at regulating the conduct of the Shareholders' Meeting, guaranteeing its proper and orderly functioning and, in particular, the right of each shareholder to intervene on the items under discussion and constitutes a valid instrument to guarantee the protection of the rights of all shareholders and the correct formation of the meeting's will.

The Rules provide, *inter alia*, that the President shall regulate the discussion by giving the floor to those entitled to speak (i.e. those who have the right to participate in the meeting according to the law and the Articles of Association) who have requested to do so.

In particular, those entitled to speak who intend to speak must make a request to the President, after the item on the agenda to which the request to speak relates has been read out and the discussion has been opened, and before the President has declared the discussion on the item under discussion closed.

The request must be made by a show of hands, unless the President has ordered that it be made by written requests. In the case of proceeding by a show of hands, the President shall grant the floor to the person who raised his hand first; if it is not possible for him to determine this precisely, the President shall grant the floor according to the order established by him in his sole discretion. Where written requests are made, the President shall grant the floor in the order in which the applicants are registered.

The Chairman and/or, on his invitation, the directors and auditors, insofar as they are competent or deemed useful by the Chairman in relation to the matter to be discussed, respond to those entitled to speak after each of them has spoken, or after all the speeches on each item on the agenda have been completed, as decided by the Chairman.

Entitled persons, directors and auditors have the right to take the floor on each of the topics under discussion and to formulate proposals pertaining to them.

It should be noted that those entitled to participate may ask questions on the items on the agenda even before the Shareholders' Meeting, in accordance with the procedures set out in the notice of call.

Questions received prior to the Shareholders' Meeting by those entitled to participate shall be answered during the Shareholders' Meeting itself, unless the information requested has been made available in accordance with the applicable regulations and without prejudice to the right of the Chairman to answer questions with the same content as a single question.

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Without prejudice to the foregoing, in the context of the Shareholders' Meeting held on 28 April 2022, at which the shareholders took part exclusively by granting proxies to the representative appointed by the Company pursuant to Article 106, paragraph 4, of Decree-Law No. 18 of 17 March 2020, converted into law with amendments by Law No. 27 of 24 April 2020 (the "D.L. Cura Italia"), the effectiveness of which had been extended by paragraph 1 of Article 3, Decree-Law No. 228/2021, converted into law with amendments by Law No. 15, the Company - consistently with the recommendations expressed by CONSOB in its Communication No. 3 of 10 April 2020 - has brought forward, with respect to the provisions of Article 127-ter, paragraph 1-bis, of the Consolidated Law on Finance, the deadline for providing answers to the questions received from shareholders to the third trading day prior to the shareholders' meeting, so as to allow shareholders to make an informed choice in time for the purpose of voting instructions to the designated representative.

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In light of the regulatory changes that took place on the subject of transactions with related parties pursuant to the Regulation adopted by Consob Resolution No. 17221 of 12 March 2010 (as subsequently amended) as well as the changes introduced by Legislative Decree No. 27/2010 in implementation of Directive 2007/36/EC (the so-called '*Shareholders' Rights Directive*' or 'SHRD'), the Extraordinary Shareholders' Meeting of 28 April 2011 resolved to supplement the Articles of Association by inserting a new article entitled 'Transactions with Related Parties'. This provision envisages the possibility that the Board of Directors may approve transactions of greater significance, notwithstanding the contrary opinion of the independent directors, provided that the Shareholders' Meeting authorises the transaction and the Shareholders' Meeting itself resolves, not only with the legal majorities, but also with the favourable vote of the majority of the non-related voting shareholders and provided that the non-related shareholders present at the Shareholders' Meeting represent at least 10 % of the share capital with voting rights.

It should be noted that the Extraordinary Shareholders' Meeting of 29 April 2021 approved an amendment to Article 29 'Related Party Transactions', for the sake of clarity, aimed at specifying that the Ordinary Shareholders' Meeting will authorise any related party transactions of greater significance in the presence of the contrary opinion of the committee of independent directors responsible for issuing the opinion on the transaction.

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As a reminder, the Extraordinary Shareholders' Meeting of 29 April 2021 also approved the introduction of the following changes in the convocation and conduct of the Shareholders' Meeting:

- an amendment to Article 10 of the articles of association to expressly clarify that it is not necessary for the Chairman of the meeting and the person taking the minutes to be present in the event of speeches being held in several places;
- in line with the provisions of Article 2369 of the Italian Civil Code, the express introduction in the Articles of Association of the possibility that the Shareholders' Meeting be held in a single call, without prejudice to the right of the Board of Directors to provide for the Shareholders' Meeting to be held in more than one call.

Furthermore, we inform you that, at the same extraordinary session of the Shareholders' Meeting, an amendment to the Articles of Association was approved in order to grant the Board of Directors the power to pass resolutions on the issue of non-convertible bonds.

Please refer to section 4.1 "Role of the Board of Directors" of the report herein for the other competences attributed to the Board of Directors in the Articles of Association.

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The Board of Directors reported to the Shareholders' Meeting on the activities performed and planned, and endeavoured to ensure that the shareholders were adequately informed about the necessary elements so that they could make informed decisions at the Shareholders' Meeting. Director Roberto Bet was excused from attending the Shareholders' Meeting of 28 April 2022.

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It is herein stated that the Extraordinary Shareholders' Meeting of Ascopiave S.p.A. of 23 April 2019 approved to amend Article 6 of Ascopiave's Articles of Association in order to introduce the mechanism of the voting right increase, pursuant to Article 127-*quinquies* of the Consolidated Law on Finance. Subsequently, the Extraordinary Shareholders' Meeting of Ascopiave S.p.A. held on 29 May 2020 also approved an amendment to Article 6 (Shares) of the Company Bylaws, inserting a clarification regarding the mechanism of attribution of the voting right increase already provided for by the Company Bylaws. In particular, this amendment concerned the conditions for the attribution of the increased voting right with the sole purpose of eliminating any reference to the "communication of the intermediary upon the shareholder's request" as a necessary circumstance for the attribution of the increased vote, thus providing that the latter shall operate automatically only upon the continuous possession for a minimum period of 24 (twenty-four) months from the registration in the so-called "Special List" (and without prejudice to any waiver by the shareholder concerned).

Please note that the Regulations for the Increased Vote and the related application form for inclusion in the Special List for the assignment of the Increased Vote are available on Ascopiave S.p.A.'s website at [www.gruppoascopiave.it](http://www.gruppoascopiave.it), Section "*Corporate Governance*" - "*Voto Maggiorato*" (increased voting rights).

Please also refer to the section 'Securities conferring special rights' in the report herein for further details on the increased voting rights.

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Below are the proposals drawn up by the Board of Directors of Ascopiave S.p.A. and submitted to the Shareholders' Meeting during the year and previous years, to define a corporate governance system that is more functional to the Issuer's needs, pursuant to Recommendation 2 of the CG Code.

It should be noted that the Board of Directors deemed it necessary to draft a proposal to amend Article 19 of the Articles of Association, a proposal approved by the Extraordinary Shareholders' Meeting of 29 April 2021, in order to define a corporate governance system that is more functional to the company's needs, pursuant to Recommendation 2 of the CG Code. This amendment concerned the constitution of endoconsiliar committees, in order to provide the Board of Directors with greater flexibility in setting them up and defining their composition and the rules that inform their operation.

In particular, pursuant to the new Article 19 of the Articles of Association, the Board of Directors may establish one or more committees from among its members with proposing and/or advisory functions, for which it approves the respective organisational regulations that govern their composition, duties and meeting procedures. In proposing the establishment of these committees, whose members it appoints and determines their remuneration, if any, the Board took into account the need to ensure that Ascopiave S.p.A.'s corporate governance system is in line with the provisions of current regulations. For further information on the reasons for the proposal that had been drawn up by the Board of Directors, please refer to the illustrative report published in the "*Investor relations*" section of the Company's website, specifically in the documentation relating to the Shareholders' Meeting of 29 April 2021.

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With reference to the size and composition of the Board of Directors, it should be noted that, on 29 May 2020, the Extraordinary Shareholders' Meeting approved proposals formulated by the Board of Directors concerning amendments to Articles 14 (with reference to the composition of the Board of Directors) and 15 of the Bylaws (with reference to the appointment of the Board of Directors) in order to introduce the increase in the number of directors from 6 (six) to 7 (seven), to increase from five to six the number of directors taken from the list that obtains the highest number of votes, as well as to integrate the mechanism for the replacement of directors in compliance with the legal and regulatory provisions set forth in relation to gender balance. For more information on the rationale of the proposal that had been drafted by the Board, please refer to the illustrative report published in the "*Investor relations*" section of the Company's website, specifically in the documentation relating to the Shareholders' Meeting of 29 May 2020.

After the end of the Financial Year, with reference to the composition of the new Board of Directors, we inform you that, on 23 February 2023, in compliance with the provisions of Recommendation 23 of the CG Code and considering that, with the approval of the financial statements for the financial year 2022, its term of office expired, the current Board of Directors taking into account the results of the self-assessment ("*board review*") referred to the financial year 2022, expressed to the shareholders, in view of the renewal of the administrative body for the financial years 2023-2025, the guidelines on the managerial and professional figures whose presence in the new Board of Directors would be deemed appropriate. The current Board of Directors suggests ensuring, compatibly with the constraints and rules of *corporate governance*, an adequate continuity in the composition of the administrative body in order to enhance the wealth of knowledge of Ascopiave S.p.A. acquired by the directors, necessary for the continuation of the current strategic plan that is partly focused on the activities of the so-called "energy transition". In particular, the Board hopes that the renewal of the administrative body will also consider, in order to ensure continuity of action to the same, the confirmation of some of the current members, enhancing their acquired knowledge of the Company and the *business* as well as the active contribution made to the Board's work during the term of office.

For further information on the aforementioned policy, please refer to this document, which is published on the Company's website ([www.gruppoascopiave.it](http://www.gruppoascopiave.it) "*Investor relator*" - "Shareholders' Meetings" section).

With reference to the administrative and property rights of the shares, it should be noted that the Extraordinary Shareholders' Meeting of 29 May 2020, in an extraordinary session, introduced a clause limiting the voting rights applied to shareholders who meet the definition of "Operators" and to parties related to them, in the new Article *6-bis* "Voting Limits" of the Bylaws, resulting in the suspension of voting rights held in excess of the threshold of 5% of the total voting rights that can be exercised, and without prejudice to the exercise of equity rights and other administrative rights connected to the shareholding held by the person subject to the so-called "voting cap". For more information on the reasons for the proposal that had been drafted by the Board, please refer to the section "Voting Right Restrictions" of the report herein.

In addition, it should be noted that in the 2021 financial year, as already anticipated in the section "Employee share ownership: mechanism for exercising voting rights" of the report herein, the Shareholders' Meeting of 29 April 2021, in its extraordinary session, with reference to the regulations on share capital increases, introduced into the Bylaws, in compliance with the applicable regulations, the statutory option provided for under Article 2349 of the Italian Civil Code, in order to attribute to the Shareholders' Meeting, in extraordinary part, the power to resolve capital increases through the issue of shares, including special categories, to be assigned free of charge to its own employees

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and employees of subsidiaries. For further information, please refer to the illustrative report published in the "*Investor relations*" section of the Company's website, specifically in the documentation relating to the Shareholders' Meeting of 29 April 2021.

With regard to the introduction in the Articles of Association of the voting surcharge mechanism pursuant to Article 127-*quinquies* of the Consolidated Law on Finance, described above, the Board of Directors, within the framework of the illustrative report of the Shareholders' Meeting, provided adequate reasons on the purpose of the choice. For more information on the reasons for the proposal that had been drafted by the Board, please refer to the illustrative report published in the "*Investor relations*" section of the Company's website, in particular in the documentation relating to the Shareholders' Meeting of 23 April 2019 and the Shareholders' Meeting of 29 May 2020.

During the Financial Year, (i) the Board of Directors made specific proposals for resolutions on items to be submitted to the Shareholders' Meeting and (ii) no requests for additions to the agenda or proposals for resolutions on items on the agenda of the Shareholders' Meeting were made by shareholders.

#### **14. FURTHER CORPORATE GOVERNANCE PRACTICES (pursuant to Article 123-bis(2)(a), second part, TUF)**

In 2012, the Board of Directors of Ascopiave S.p.A. adopted, and subsequently updated on 16 June 2016 and 11 September 2020, the document "Guidelines on the exercise of the power of management and coordination", which regulates the mechanisms for implementing management and coordination, information and control flows between the Issuer and its subsidiaries, in compliance with the prerogatives provided for by the *unbundling* regulations for the Independent Manager and the vertically integrated company (so-called functional *unbundling*). The document, approved by the shareholders' meetings of the individual subsidiaries and subsequently adopted by the individual boards of directors of the subsidiaries, is an integral part of the Group's *governance* system.

It should be noted that at the board meeting of 11 November 2021, in consideration of the capitalisation of the Company and its shareholding structure, and therefore the absence of a fragmented shareholder base, the Board of Directors of Ascopiave S.p.A. did not deem it necessary to adopt a plan for the succession of the Chairman and CEO, pursuant to Recommendation 24 of the CG Code, however, considering it more useful to adopt a *contingency plan*.

In particular, the purpose of the *Contingency Plan* is to illustrate the main steps of the corporate process for the replacement of the Chairman and CEO of Ascopiave S.p.A., Mr. Nicola Ceconato, upon the occurrence of one of the following "Significant Events":

- resignation with immediate effect;
- disqualification from office;
- death or permanent impediment to the performance of their duties.

The *Contingency Plan* entrusts a central role to the *Lead independent director* (or 'LID'), in the management of the process, in his capacity as coordinator of the independent directors, whereby the LID is the contact figure to whom the corporate functions shall report the occurrence of a Significant Event. It will therefore be the LID's responsibility to bring together the independent directors to ascertain the actual existence of an event that would effectively make it impossible for the Managing Director to exercise his delegated powers. Should such a situation be confirmed, provision has been made for the automatic transfer of proxies to the most senior non-independent director, which, in



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consideration of the exceptional nature of the event, will be assumed for the period of time strictly necessary for the appointment of the new Chairman and Chief Executive Officer and with the same prerogatives and limits previously provided for the Chairman and Chief Executive Officer and will be exercised for the exercise of all those activities that may become necessary or merely opportune. Within 24 hours of his taking office, the director thus identified shall convene the Board of Directors, which shall (i) ratify the powers of the most senior non-independent director who has temporarily assumed the powers to manage the Company and (ii) identify from among its members a person to whom the powers of Chairman and *Interim Chief Executive Officer shall be* attributed.

The *interim* Chairman thus appointed will initiate a dialogue with the majority shareholder requesting to receive indications as to who should be appointed as Chairman and who should be appointed as Chief Executive Officer to replace the outgoing Chairman and Chief Executive Officer. These indications will be assessed by the Board of Directors in its autonomy and independence of judgement for the purpose of co-opting and appointing the new Chairman and Chief Executive Officer.

This plan has a duration whose effectiveness will end upon the possible approval of a new *contingency plan* by the Board of Directors to be appointed following the approval of the financial statements as of 31 December 2022.

## **15. CHANGES SINCE THE END OF THE REPORTING PERIOD**

Since the end of the reporting year, there have been no changes in the corporate governance system adopted by the Issuer.

## **16. COMMENTS ON THE LETTER FROM THE CHAIRMAN OF THE CORPORATE GOVERNANCE COMMITTEE**

On 26 January 2023, the Chairman of the Corporate Governance Committee (hereinafter also referred to as the 'Committee'), Lucia Calvosa, sent a letter, dated 25 January 2023, to all the Chairmen of the administrative bodies and, for information, to the managing directors and supervisory bodies of Italian listed companies.

The purpose of the letter is to analyse the reports on corporate governance and ownership structure published in 2022. In this context, the Committee, in addition to highlighting some critical issues identified during the first monitoring activity concerning the application of the new CG Code and set out in the annex "10th Report on the Application of the Corporate Governance Code" (hereinafter the "2022 Report") intended to communicate to the companies the main general indications on the application of the CG Code that emerged from the monitoring activity and to recommend - with reference to the recommendations for 2023 that are of particular relevance for the full realisation of the new CG Code's purposes - some application methods that could lead to their more effective application (hereinafter "Committee Recommendations for 2023" or "Recommendations"). In particular, the Chairman of the Committee invites you to submit the '2022 Report' and the 'Recommendations' to the Board of Directors and the relevant committees for their consideration in order to analyse the alignment of the Company's practices with what is recommended and to identify any gaps in the application or explanations provided. Furthermore, the letter also calls for ensuring that these documents are adequately considered in the self-assessment activities of the Board of Directors and committees (so-called *board review*).

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The recommendations of the Chairman of the *Corporate Governance* Committee formulated in the aforementioned communication were examined at the meeting of the Board of Directors on 23 February 2023. These recommendations were also previously reviewed by the Control and Risk and Remuneration Committee at its meeting on 15 February 2023. At these meetings, the Board of Directors and the relevant intra-consiliar committees reviewed the recommendations of the *Governance* Committee, in order to assess the effective implementation of the recommendations made by the *Corporate Governance* Committee and identify possible governance developments to be implemented during the financial year 2023. The recommendations formulated in the letter were also submitted to the Board of Statutory Auditors.

Below is a summary of the initiatives planned and/or undertaken by Ascopiave S.p.A., divided by subject area, in line with the recent Recommendations formulated by the *Corporate Governance* Committee.

### ***Dialogue with shareholders and other relevant stakeholders***

#### *Dialogue with shareholders*

The Committee invites companies to adopt a policy of dialogue with shareholders that also provides for the possibility of this being initiated at the initiative of investors, defining graduated methods and procedures, on the basis of the principle of proportionality, depending on the company's characteristics in terms of size and ownership structure. Moreover, the Committee also invites companies to consider providing information, in their own corporate governance report, on the most relevant issues that have been the subject of the dialogue with shareholders and on any initiatives taken to take account of the indications that have emerged.

In this regard, the governance choices implemented are aligned with this examined recommendation, as on 22 December 2021, the Board of Directors of Ascopiave S.p.A. already approved the "Policy for the management of dialogue with shareholders and other stakeholders", which also envisages the possibility of dialogue being initiated at the initiative of investors, defining the methods and procedures.

In addition, the information contained in the Governance 2021 Report is aligned with the Borsa Italiana Format of January 2022, as well as consistent with the recommendation examined, since during the 2021 financial year there were no significant issues subject to dialogue with shareholders falling within the scope of the Policy.

The President and CEO maintains and manages the dialogue with all shareholders, in particular, during meetings with investors on the events calendar.

The report herein is prepared in accordance with the recommendation examined. In this regard, please refer to Section '12. Relations with Shareholders'.

#### *Dialogue with other relevant stakeholders*

The Committee invites companies to provide adequate information in their Corporate Governance Report on the criteria and ways in which the board of directors has promoted dialogue with other relevant stakeholders.

The governance choices implemented during the 2021 and 2022 financial years are in line with the recommendation examined. In particular, in order to promote dialogue with other relevant stakeholders, during the 2021 financial year the Board of Directors of Ascopiave S.p.A. has already approved the "Policy for the management of dialogue with shareholders and other stakeholders", which has been fully published on the institutional website.

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As part of the preparation of the Non-Financial Statement and the Sustainability Report, the company also implemented activities aimed at mapping and involving *stakeholders*. Furthermore, the disclosures contained in the Governance 2021 Report are consistent with the recommendation reviewed and this Governance 2022 Report is prepared in accordance with that recommendation. In this regard, please refer to Section "12. *Relations with Shareholders*".

### ***The delegation of management powers to the president***

The Committee invites companies in which the chairman is granted significant management powers to provide adequate reasons for this choice in the Corporate Governance Report, even if the chairman does not qualify as CEO.

The governance choice implemented on 28 January 2021 is aligned with the CG Code, with particular reference to the qualification of the Chairman and Chief Executive Officer, Dr. Nicola Ceconato, as *Chief Executive Officer* of the Company, also pursuant to the CG Code.

The information contained in the Governance 2021 Report is aligned with the Borsa Italiana Format of January 2022. In light of the new recommendation expressed by the Committee, the 2022 Governance Report is drafted in line with the recommendation examined, in particular by providing adequate reasons for the choice of assigning the position of *Chief Executive Officer* to the Chairman and Chief Executive Officer, Mr. Nicola Ceconato. In this regard, for more information, please refer to Section "4.6. *Executive Directors*".

### ***Pre-counselling information***

The Committee invites the boards of directors to provide procedures for the management of pre-consultation disclosures that do not include generic exemptions to the timeliness of disclosures for reasons of confidentiality of data and information, and to provide detailed information in the corporate governance report on any failure to comply with the notice period indicated in the procedures for sending board documentation, explaining the reasons and illustrating how adequate in-depth studies were ensured during the board meeting.

In this regard, with reference to the issue of pre-consultation disclosure, the governance choices implemented during the 2021 financial year and the content of the Governance 2021 Report is consistent with the Committee's recommendation examined.

This Governance Report is drafted in accordance with this recommendation, specifically recalling that on 11 November 2021, the Board of Directors of Ascopiave S.p.A. had already adopted the "Regulation of the Board of Directors, Lead independent director and endoconsiliar committees", reporting on compliance with the deadlines during the financial year for the submission of the pre-board information defined in the aforementioned Regulation. In this regard, for further information, please refer to Section "4.4. *Operation of the Board of Directors*".

### ***Attendance of managers at board meetings***

The Committee invites companies to define, in the regulations adopted for the functioning of the board of directors and its committees, the manner in which such bodies may access the competent corporate functions according to the subject matter, under the coordination of the chairman of the board of directors or committee, respectively in agreement with or informing the CEO. The Committee also invites companies to provide, in the corporate governance report, information on the actual participation of managers in board and committee meetings, indicating the functions involved and the frequency of involvement.

In this regard, on 11 November 2021, the Board of Directors of Ascopiave S.p.A. already adopted the "Regulation of the Board of Directors, Lead independent director and endoconsiliar committees", which regulates the ways in which the Board of Directors and the endoconsiliar committees can

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access the relevant corporate functions according to the subject matter, in line with Recommendations 12 and 17 of the CG Code.

This Governance Report is drafted in line with this Committee Recommendation, in particular by illustrating the constant involvement and participation of the relevant company departments and functions according to the subject matter dealt with at board meetings and intra-committee meetings.

### ***Guidelines on optimal composition***

The Committee reiterates the importance of the board of directors, at least in companies other than those with concentrated ownership, expressing an orientation on the optimal composition of the board with a view to its renewal, and invites companies to publish this orientation sufficiently in advance to enable those submitting lists of candidates to be able to take it into account for the purposes of list composition.

With reference to this recommendation, in view of the renewal of the Board of Directors' mandate, pursuant to the provisions of the "Regulation of the Board of Directors, Lead independent director and endoconsiliar committees" approved by the Ascopiave S.p.A. Board of Directors on 11 November 2021, the Board of Directors of Ascopiave S.p.A. agreed to express an orientation on the optimal quantitative and qualitative composition of the future administrative body, taking into account the results of the *board review* referring to the 2022 financial year.

In line with this recommendation of the Committee examined, on 23 February 2023, this orientation for the next Shareholders' Meeting was voluntarily expressed by the Board of Directors and published well in advance of the date of publication of the notice of the Shareholders' Meeting.

### ***Criteria for assessing the significance of the relationship that may affect the director's independence***

The Committee reiterates the importance of defining ex-ante and disclosing in the corporate governance report the quantitative parameters and qualitative criteria for assessing the significance of any commercial, financial or professional relationships and any additional remuneration for the independence of a director. The Committee invites companies to assess the appropriateness of providing quantitative parameters, also defined in monetary terms or as a percentage of the remuneration awarded for the office and for participation in committees recommended by the Code. The information contained in the Governance 2021 Report and the governance choices implemented during the financial year 2021 are consistent with this examined recommendation.

In particular, in line with the Committee's recommendation examined, during the 2021 financial year, the Board of Directors of Ascopiave S.p.A. has already defined ex ante the quantitative and qualitative criteria for assessing the significance of any commercial, financial or professional relationships and any additional remuneration for the purpose of assessing a director's independence, and these criteria have been disclosed in the 2021 Governance Report.

Quantitative parameters have also been provided for assessing the significance of the additional remuneration received by the director for positions in Ascopiave S.p.A., Asco Holding S.p.A. or in companies controlled by Ascopiave S.p.A..

Within the defined criteria, inter alia, an additional remuneration that is, in the aggregate and on an annual basis, greater than 90% of the fixed annual remuneration received by the director for the office of director of Ascopiave S.p.A. (including any remuneration provided for participation in endoconsiliar committees) was also deemed significant.

This Governance Report is prepared in line with the recommendation of the Committee examined. In this regard, please refer to Section "4.7. *Independent Directors and Lead independent directors*".

### ***Remuneration policy***

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*Transparency of remuneration policies on the weighting of variable components*

The Committee invites companies to include in the remuneration policy of the CEO and the other executive directors an *executive summary*, in tabular form, showing the composition of the remuneration package, with an indication of the characteristics and weighting of the fixed, short-term variable and long-term variable components with respect to the total remuneration, at least with reference to the achievement of the *target* objective of the variable components.

The information contained in Section I "Remuneration Policy" of the Report on Remuneration Policy and Remuneration Paid Published in the Year is aligned with this examined recommendation. In addition to the graph representing the *pay-mix of the* remuneration of the Chief Executive Officer and key management personnel, already published in Section I "Remuneration Policy" of the Report on Remuneration Policy and Remuneration Paid Published in the Year, within the 2023 Remuneration Policy the Company has also integrated a tabular presentation of the same information.

*Long-term horizons in remuneration policies*

The Committee invites companies to provide in their remuneration policies for a variable component with a multi-year horizon, consistent with the company's strategic objectives and the pursuit of sustainable success.

The governance choices implemented during the financial year 2021 with reference to the remuneration policy and the disclosure contained in Section I "Remuneration Policy" of the Report on Remuneration Policy and Remuneration Paid Published in the Financial Year are consistent with this recommendation of the Committee examined.

In particular, on 4 March 2021, the Board of Directors of Ascopiave S.p.A. approved the share-based incentive plan "LTI 2021-2023", based on the proposal of the Remuneration Committee, and subsequently approved by the Shareholders' Meeting on 26 April 2021, which regulates a variable component with a multi-year horizon, consistent with the Company's strategic objectives and the pursuit of performance objectives of an ESG nature.

*ESG parameters for directors' remuneration*

The Committee invites companies with incentive mechanisms for the CEO and other executive directors linked to sustainability goals to provide a clear indication of the specific performance targets to be achieved.

The information contained in Section I "Remuneration Policy" of the Report on Remuneration Policy and Remuneration Paid published during the Year, as well as the information reported in the "2020-2024 Strategic Plan" approved by the Board of Directors of Ascopiave S.p.A. on 15 January 2022, is in line with this Committee recommendation examined.

In particular, the share-based incentive plan "LTI 2021-2023" approved on 4 March 2021 by the Ascopiave S.p.A. Board of Directors, upon the proposal of the Remuneration Committee, and subsequently approved by the Ascopiave S.p.A. Shareholders' Meeting on 26 April 2021, contains clear ESG objectives relating to the reduction of CO<sub>2</sub> in 2024 that were published within the "Strategic Plan 2020-2024" approved by the Ascopiave S.p.A. Board of Directors on 15 January 2021 and available on the Company's website.

## TABLES

**TABLE 1: INFORMATION ON OWNERSHIP ASSETS AS OF 31/12/2022**

SOCIAL CAPITAL STRUCTURE				
	No. of shares	No. of voting rights	Listed (indicate markets) / unlisted	Rights and obligations
<b>Ordinary shares</b> <i>(the mechanism of increased voting rights is envisaged)</i>	234.411.575	394.377.060	Euronext Star Milan	Each share entitles the holder to one vote. In the event that the right to vote has become effective, each share shall entitle the holder to two votes. The shareholders' rights and obligations are those set forth in Articles 2346 et seq. of the Italian Civil Code and the Articles of Association.
Preference shares	–	–	–	–
Multiple-voting shares	–	–	–	–
Other categories of shares with voting rights	–	–	–	–
Savings shares	–	–	–	–
Convertible savings shares	–	–	–	–
Other non-voting share classes	–	–	–	–
More	–	–	–	–

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**SIGNIFICANT HOLDINGS IN THE CAPITAL AT THE DATE OF APPROVAL OF THE REPORT OR ON 7 MARCH 2023**

(pursuant to Article 120 of the Consolidated Law on Financial Intermediation, the information contained in the Ascopiave S.p.A. Shareholders' Agreement on Consob's institutional website, as well as the information in the Company's possession)

<b>Declarant</b>	<b>Direct shareholder</b>	<b>Share of ordinary capital</b>	<b>Share % of voting capital</b>
Asco Holding S.p.A.	Asco Holding S.p.A.	51,157 %	60,813 %
Ascopiave S.p.A.	Ascopiave S.p.A.	7,551 %	4,488 %
Municipality of Rovigo	ASM Rovigo S.p.A.	4,399 %	5,299 %
Anita S.r.l.	Anita S.r.l.	3,050 %	3,626 %
Hera S.p.A.	Hera S.p.A.	4,900 %	4,636 %

**TABLE 2: STRUCTURE OF THE BOARD OF DIRECTORS AS AT 31/12/ 2022**

Board of Directors													
Charge	Component s	Year of birth	Date of first appointment (*)	In office since	In office until	List (presenters) (**)	List (M/m) (***)	Exec.	Non-exec.	Indep. Code	Indep. TUF	No. other assignments (****)	Participation (*****)
<b>President and CEO -</b>	Nicola Ceconato	1965	28/04/2017	04/06/2020	Budget 2022	Shareholders	M	X	-	-	-	1	16/16
<b>Director</b>	Greta Pietrobon	1983	24/04/2014	04/06/2020	Budget 2022	Shareholders	M	-	X	X	X	0	16/16
<b>Director</b>	Quarello Enrico	1974	14/02/2012	04/06/2020	Budget 2022	Shareholders	M	-	X	-	-	0	16/16
<b>Director</b>	Roberto Bet	1976	29/05/2020	04/06/2020	Budget 2022	Shareholders	M	-	X	-	-	0	15/16
<b>Director</b>	Mariachiara Geronazzo	1969	29/05/2020	04/06/2020	Budget 2022	Shareholders	M	-	X	X	X	0	16/16
<b>Director</b>	Luisa Vecchiato	1965	29/05/2020	04/06/2020	Budget 2022	Shareholders	M	-	X	X	X	0	16/16
<b>Director</b>	Cristian Novello	1982	29/05/2020	04/06/2020	Budget 2022	Shareholders	m	-	X	X	X	0	16/16
<b>----- DIRECTORS TERMINATED DURING THE FINANCIAL YEAR -----</b>													
<b>Director</b>	-	-	-	-	-	-	-	-	-	-	-	-	-

Indicate the number of meetings held during the Year: 16

Indicate the *quorum* required for the submission of lists by minorities for the election of one or more members (*pursuant to Article 147-ter of the Consolidated Law on Finance*): 2.5 %.

**NOTES**

The following symbols must be entered in the 'Load' column:

- This symbol indicates the director in charge of the internal control and risk management system.

o This symbol indicates the *Lead Independent Director* (LID).

(\*) The date of first appointment of each director means the date on which the director was first appointed (ever) to the Issuer's Board of Directors.

(\*\*) This column indicates whether the list from which each director was drawn was submitted by shareholders (indicating 'Shareholders') or by the Board of Directors (indicating 'Board of Directors').

(\*\*\*) This column indicates whether the list from which each director was drawn is 'majority' (indicating 'M') or 'minority' (indicating 'm').

(\*\*\*\*) This column indicates the number of positions as director or auditor held by the person concerned in other listed companies or companies of significant size. Please note that companies that are not defined as SMEs within the meaning of EU Recommendation 2003/361/EC have been defined as companies of significant size. Positions in subsidiaries and associated companies are excluded. In the Corporate Governance Report, offices are indicated in full.

(\*\*\*\*\*) This column shows the attendance of directors at board meetings (indicate the number of meetings attended out of the total number of meetings attended; e.g. 6/8; 8/8 etc.).



**TABLE 3: STRUCTURE OF BOARD COMMITTEES AS AT 31/12/ 2022**

Board of Directors		Executive Committee		OPC Committee		Audit and Risk Committee		Remuneration Committee		Appointments Committee		Sustainability Committee		Committee of Independent Directors	
Position/Qualification	Components	(*)	(**)	(*)	(**)	(*)	(**)	(*)	(**)	(*)	(**)	(*)	(**)	(*)	(**)
President and CEO	Nicola Ceconato	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Non-Executive Director - independent as per TUF and CG Code (LID)	Greta Pietrobon	-	-	-	-	-	-	2/2	P	-	-	-	-	2/2	M
Non-executive director - non-independent	Quarello Enrico	-	-	-	-	-	-	2/2	M	-	-	6/6	M	-	-
Non-executive director - non-independent	Roberto Bet	-	-	-	-	7/7	M	-	-	-	-	-	-	-	-
Non-executive Director - independent as per TUF and CG Code	Mariachiara Geronazzo	-	-	-	-	7/7	M	-	-	-	-	6/6	P	2/2	M
Non-executive Director - independent as per TUF and CG Code	Luisa Vecchiato	-	-	-	-	-	-	2/2	M	-	-	-	-	2/2	M
Non-executive Director - independent as per TUF and CG Code	Cristian Novello	-	-	-	-	6/7	P	-	-	-	-	5/6	M	2/2	M
<b>----- DIRECTORS TERMINATED DURING THE FINANCIAL YEAR -----</b>															
Director	-														
<b>----- MEMBERS WHO ARE NOT DIRECTORS -----</b>															
Manager of the Issuer/Other	-														
<b>No. of meetings held during the Year:</b>		-		-		7		2		-		6		2	
<b>NOTES</b> (*) This column indicates the directors' participation in committee meetings (indicate the number of meetings attended out of the total number of meetings attended; e.g. 6/8; 8/8 etc.); (**) This column indicates the director's status within the committee: "P": chairman; "M": member.															

**TABLE 4: STRUCTURE OF THE BOARD OF AUDITORS AS AT 31/12/ 2022**

Board of Auditors									
Charge	Components	Year of birth	Date of first appointment (*)	In office since	In office until	List (M/m) (**)	Indep. CG Code	Participation in College meetings (***)	No. other assignments (****)
<b>President</b>	Giovanni Salvaggio	1968	29/05/2020	29/05/2020	Budget 2022	m	X	11/11	0
<b>Mayor effective</b>	Luca Biancolin	1952	24/04/2014	29/05/2020	Budget 2022	M	X	11/11	1
<b>Mayor effective</b>	Barbara Moro	1977	29/05/2020	29/05/2020	Budget 2022	M	X	11/11	0
<b>Alternate Auditor</b>	Matteo Cipriano	1974	29/05/2020	29/05/2020	Budget 2022	M	X	-	
<b>Alternate Auditor</b>	Mario Bosco	1974	29/05/2020	29/05/2020	Budget 2022	m	X	-	
----- AUDITORS WHO CEASED OFFICE DURING THE FINANCIAL YEAR -----									
<b>Mayor</b>	-								

Indicate the number of meetings held during the Year: 11

Indicate the *quorum* required for the submission of lists by minorities for the election of one or more members (*pursuant to* Article 148 TUF): 2.5%.

NOTES

(\*) The date of first appointment of each Statutory Auditor means the date on which the Statutory Auditor was first appointed (ever) to the Issuer's Board of Statutory Auditors.

(\*\*) This column indicates whether the list from which each auditor was drawn is 'majority' (indicating 'M') or 'minority' (indicating 'm').

(\*\*\*) This column shows the attendance of the statutory auditors at meetings of the board of auditors (indicate the number of meetings attended out of the total number of meetings attended; e.g. 6/8; 8/8 etc.).

(\*\*\*\*) This column shows the number of directorships or auditor appointments held by the person concerned pursuant to Article 148-bis of the Consolidated Law on Finance and the related implementing provisions contained in the Consob Issuers' Regulations. The complete list of offices is published by Consob on its website pursuant to Article 144-quinquiesdecies of the Consob Issuers' Regulations. Appointments in subsidiaries and associated companies are excluded.

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**TABLE 5: OFFICES HELD BY DIRECTORS IN  
OTHER COMPANIES AS AT 31/12/ 2022**

<i>Nicola Cecconato</i>	Charge	Company
<i>President and CEO (in office since 04/05/2017)</i>		
	<i>Director (from December 2019)</i>	<i>Hera Comm S.p.A.</i>

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**TABLE 6: OFFICES HELD BY AUDITORS IN OTHER COMPANIES AS AT 31/12/ 2022**

<b><i>Luca Biancolin</i></b>	<b>Charge</b>	<b>Company</b>
<i>Member of the Board of Auditors (from 24/04/2014)</i>		
	<i>Member of the Board of Auditors (from July 2018)</i>	Mobilità di Marca S.p.A.

**Minutes of the Meeting of the Board of Statutory**

**Auditors of ASCOPIAVE S.P.A.**

On 28 March 2023, at 1500 hours, the Board of Statutory Auditors of ASCOPIAVE S.p.A. met in **videoconference** to proceed with the completion and approval of the

**REPORT ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021**

Following the meeting of the Board of Statutory Auditors held on 20 March 2023, during which the representatives of the external auditing firm PricewaterhouseCoopers SpA (PWC), Dr. **Giorgio Simonelli** and Dr. **Alessandro Perin**, attending in videoconference, for an exchange of information pursuant to Article 150, Legislative Decree no. 58 (TUF) dated 24 February 1998, provided a detailed update on the activities performed and in progress for the purpose of expressing an opinion on the statutory and consolidated financial statements as at 31 December 2022. 58 (TUF), the Board of Statutory Auditors prepared the "Report of the Board of Statutory Auditors to the Shareholders' Meeting pursuant to Article 153, Legislative Decree 58/1998 (TUF) and Article 2429, co. 2, of the Italian Civil Code", which is shared with all members of the Board of Statutory Auditors for the sake of reading.

The Board of Statutory Auditors is here today adopting the reports of the external auditing firm (PWC), the contents of which are in compliance with the exchange of information on 20 March 2023.

The report of the Board of Statutory Auditors can therefore be deemed as final and, for ease of reading, is reproduced in full below.

**ASCOPIAVE S.P.A.**

Registered Office in Pieve di Soligo (TV), Via Verizzo 1030

**“REPORT OF THE BOARD OF STATUTORY AUDITORS TO THE SHAREHOLDERS’ MEETING**

**pursuant to Article 153, Legislative Decree 58/1998 (TUF / Consolidated Law on Finance) and Article 2429, paragraph 2 of the Civil Code”**

To the Shareholders,

The Board of Statutory Auditors, pursuant to Article 153, Legislative Decree 58/1998 (TUF / Consolidated Law on Finance) and Article 2429, paragraph 2, of the Civil Code, is called on to report to the Shareholders' Meeting on the supervisory activities performed by it as well as on any omissions and improper events it may have observed. The Board of Statutory Auditors can also make comments and proposals regarding the financial statements, their approval and other matters within its jurisdiction.

During the year, the supervisory tasks, attributed to the Board of Statutory Auditors by the applicable provisions of law and regulations, were performed.

In accordance with the provisions of Article 2403 of the Civil Code ("Duties of Statutory Auditors"), the Board of Statutory Auditors has performed its duties by supervising compliance with the law and the Articles of Association, compliance with the principles of correct administration and in particular, the adequacy and proper functioning of the organizational, administrative and accounting system adopted by the Company.

The task of the statutory audit of the accounts pursuant to Article 14 of Legislative Decree no. 39 of 27<sup>th</sup> January 2010 has been assigned to the external auditing company PricewaterhouseCoopers S.p.A. (PWC).

During the financial year ended 31<sup>st</sup> December 2022, the Board of Statutory Auditors performed the supervisory activities required by law, according to the rules of conduct for the Board of Statutory Auditors recommended by the National Council of Chartered Accountants and Accounting Experts.

With regard to the activities performed during the year, also in compliance with the indications provided by CONSOB communication DEM / 102SS64 of 6<sup>th</sup> April 2001, its subsequent amendments and additions, and with the indications contained in the Code of Conduct (currently Corporate Governance Code), we report the following:

- 1) The Board of Statutory Auditors supervised compliance with the law and the articles of association by respecting the periodicity envisaged in Article 23, paragraph 3 of the Articles of Association. We obtained information from the Directors on the activities and on the main operations approved from an economic, financial and equity viewpoint, which were implemented by the Company, its subsidiaries and associates, during the year. In this regard, we can reasonably affirm that these operations comply with the law and the Articles of Association and that they are not manifestly imprudent, risky or in conflict with the resolutions passed by the corporate bodies or such as to compromise the integrity of the company's equity. Furthermore, from the information provided by the Directors to us, in accordance with the law, no operations performed by them are deemed to be in conflict with the interests of the Company.
- 2) The Board of Statutory Auditors assessed as complete the information provided by the Board of Directors in the management report, with regard to atypical and / or unusual transactions, including intra-group transactions and transactions with related parties. The Board of Statutory Auditors also assessed the information provided by the Board of Directors in the notes to the financial statements relating to intercompany and related party transactions, of an ordinary nature, and we believe these transactions to be appropriate and in the Company's interests.
- 3) The external auditors PWC S.p.A., have issued the reports pursuant to Article 14 of Legislative Decree no. 39 of 27<sup>th</sup> January 2010 and Article 10 of EU Regulation no. 537/2014, regarding the separate financial statements and the consolidated financial statements of the Group on 31<sup>st</sup> December 2022, prepared in accordance with the International Financial Reporting Standards - IFRS adopted by the European Union.

- 4) The external auditors PWC S.p.A., in charge of the legal audit, has released the report on the “Non-financial consolidated declaration 2022” relating to ASCOPIAVE S.p.A. and its subsidiaries for the financial year ended 31<sup>st</sup> December 2022, pursuant to Article 3, paragraph 10, Legislative Decree 254/2016 and Article 5 of the CONSOB Regulation no. 20267: report prepared pursuant to Article 4 of the Decree and approved by the Board of Directors on 7<sup>th</sup> March 2023.
- 5) No claims to the Board of Statutory Auditors pursuant to Article 2408 of the Civil Code were submitted during the year.
- 6) No other complaints to the court pursuant to Article 2409 of the Civil Code were received during the year.
- 7) For the 2022 accounting period, the fees of the external auditors, PWC S.p.A. for their legal audit activities, amounted to € 356,815 (three hundred fifty-six thousand, eight hundred fifteen), of which € 134,597 (one hundred thirty four thousand, five hundred ninety seven) related to the accounting audit for ASCOPIAVE S.p.A.; € 222,218 (two hundred twenty two thousand, two hundred eighteen) for the subsidiaries; € 56,281 (fifty six thousand, two hundred eighty one) legal audit of the separate annual statements for ASCOPIAVE S.p.A and its subsidiaries; € 25.734 (twenty five thousand seven hundred thirty four) in Other Services for ASCOPIAVE S.p.A..

No activities were assigned to PWC S.p.A. falling outside of Article 160, paragraph 1-ter of Legislative Decree 58/1998 (TUF / Consolidated Law on Finance) and related CONSOB regulations, nor any implementation or responsibilities prohibited by Article 5, paragraph 1, of EU Regulation 537/2014.

- 8) In view of the statement of independence issued by PWC S.p.A. in accordance with Article 17 paragraph 9 letter a) of Legislative Decree 39/2010 and regarding the functions conferred upon it by ASCOPIAVE S.p.A. and subsidiaries, as shown above, the Board of Statutory Auditors deems that there are no grounds to doubt the independence of the external auditing company.

The external auditors, PWC S.p.A., has stated the following in its Report on the Financial Statements: *“We are independent in relation to the subject of independence envisioned in the code of Ethics for Professional Accountants issued by the International Ethics Standard Board of Accountants, based on the fundamental principles of integrity, fairness, skills and professionalism, confidentiality and professional behaviour. Our auditing company adopts the International Standard on Quality Control (ISQC Italia 1), and therefore retains a system of quality control that include documented directives and procedures of compliance with ethical principles, professional principles, legal provisions and applicable regulations”*

- 9) The Board of Statutory Auditors held 11 (eleven) meetings to perform its supervisory activities.  
The Board of Statutory Auditors attended all 16 (sixteen) meetings held by the Board of Directors and the Ordinary Meeting of the Shareholders on 28<sup>th</sup> April 2022.  
The Board of Statutory Auditors also attended all 7 (seven) sessions held by the Internal Control and Risk Committee, the 2 (two) meetings of the Remuneration Committee and the 2 (two) meetings of the Independent Directors Committee.
- 10) The Board of Statutory Auditors evaluated and supervised, within its scope of work, compliance with the principles of fair administration and the adequacy of the Company’s organizational structure, through the acquisition of information from Managers of the Company’s departments and through meetings with the external auditors, to reciprocally exchange relevant facts and figures.
- 11) The Board of Statutory Auditors assessed and watched over the consistency of the internal control system and had periodic meetings with the Internal Audit Manager of the Company. We did an in-depth analysis of the corrective measures proposed and received relevant updates, on at least a quarterly basis, of the related status, with particular care related to compliance issues. In this regard, we have taken note of the activities performed by the Internal Controls Manager during 2022. Our activities have revealed nothing untoward which may be considered an indicator of inadequacy or criticality of the internal control system.

- 12) The Board of Statutory Auditors supervised and evaluated the consistency of the administrative-accounting system as a reliable tool for representing operations correctly, through:

- i. The examination of the reports of the Director in charge of preparing the accounting and corporate documents, concerning the Administrative and Accounting structure and the Internal Control System, as well as the Company Information produced;
- ii. Obtaining timely and periodic information from the Managers of the respective functions;
- iii. Relations with the control bodies of the subsidiaries pursuant to paragraphs 1 and 2 of Article 151 of Legislative Decree no. 58/1998 (TUF / Consolidated Law on Finance);
- iv. Participation in the work of the Control and Risk Committee;
- v. The receipt of adequate updates on the activity performed by the Supervisory Committee set up by the Company in accordance with the provisions of Legislative Decree 231/2001.

Nothing untoward emerged from the activities which could be considered indicators of the inadequacy of the administrative-accounting system.

- 13) The Board of Statutory Auditors has acquired knowledge and supervised, within the scope of our work, the adequacy of the instructions given by the Company to its subsidiaries, pursuant to Article 114, paragraph 2, of Legislative Decree 58/1998 (TUF / Consolidated Law on Finance), through the gathering of information from the Managers of the competent corporate functions and meetings with the auditing firm, as well as with the Boards of Statutory Auditors of the subsidiaries themselves, for the purpose of reciprocal exchange of relevant facts and figures.
- 14) The Board of Statutory Auditors held meetings with the managers of the auditing firm, also pursuant to Article 150, paragraph 3, of Legislative Decree 58/1998, during which no facts or situations emerged which require highlighting in this report.
- 15) The Board of Statutory Auditors supervised the methods of compliance and actual implementation of the Code of Conduct (currently Corporate Governance Code) and the Code of Ethics & Conduct of ASCOPIAVE S.p.A., pursuant to Article 149, paragraph 1, letter c-bis, of Legislative Decree 58/1998 (TUF / Consolidated Law on Finance).

The Board of Statutory Auditors has taken note of the assessment made by the Board of Directors regarding the independence of the directors, verifying the correct application of the benchmarks and procedures adopted. The Board of Statutory Auditors also verified the continuation of the independence of its members, in accordance with the provisions of the Code of Conduct (currently Corporate Governance Code) in force.

- 16) The Board of Statutory Auditors has viewed and obtained information on the organizational and procedural activities performed, pursuant to Legislative Decree no. 231/2001 and Legislative Decree no. 61/2002, concerning the administrative liability of Entities and the responsibility for the crimes envisaged by these regulations. The Supervisory Committee, established by the Board of Directors, has reported to the Board of Statutory Auditors on the activities performed during the 2022 financial year, highlighting the activities to ensure compliance with the legislation in force.
- 17) In compliance with the provisions of "International Accounting Standards - IAS 24" concerning the definition of related parties, it should be noted that these are fully indicated in the paragraph "Relations with related parties", in the chapter "Other comments to the 2022 annual financial report".
- 18) The Director in charge of preparing the accounting and corporate documents has released the declaration required by Article 154-bis of Legislative Decree 58/1998 (TUF / Consolidated Law on Finance), with reference to the separate and consolidated financial statements of ASCOPIAVE S.p.A. closed on 31<sup>st</sup> December 2022, expressing an overall positive evaluation.

- 19) The Board of Statutory Auditors highlights, among the significant events that occurred during the year, that<sup>1</sup>:

- Shareholders' Agreements of Voting Rights: On 5 January 2022 and subsequently on 25 April 2022, Ascopiave announced that an updated version of the key information on the Shareholders' Agreement

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<sup>1</sup> Additional information or details about the subject discussed in this section can be found in the Group's financial statement from pages 25 to 30.



signed on 16 March 2020 was published in the Corporate Governance section of the website [www.ascopiave.it](http://www.ascopiave.it)

- On 21 January 2022, the Ascopiave Group -announced that it had acquired, through its subsidiary Asco Renewables Spa a 60% stake in the shareholdings of Salinella Eolico Srl, belonging to Renco Spa, which continued to hold a 40% share in Salinella Eolico Srl;
- On 28 January 2022, the Ascopiave Group announced that it had finalised a further investment in the renewable energy sector through the acquisition of the majority shareholding held by Supermissile Srl, equal to 79.74%, of the share capital of Eusebio Energie Srl, now renamed Asco EG Spa;
- On 31 January 2022, the Board of Directors approved the strategic plan of the group for the period 2023 - 2025;
- On 07 March 2022 Ascopiave announced that the majority of the voting rights for 7,149,505 ordinary shares of the Company had become effective, pursuant to Art. 127 quinquies, Legislative Decree 98/1998 and Art. 6 of Ascopiave's by-laws. The same procedure took place on 07 April 2022 and 06 May for additional shares. As of today, there are 159,965,485 Ascopiave shares with increased voting rights;
- On 01 April 2022, the Consortium formed by Ascopiave Spa, ACEA Spa and IREN Spa announced that it had finalised the closing of the agreement with the A2A Group for the acquisition of some assets in the natural gas distribution service, as anticipated in the press release dated 31 December 2021;
- On 21 April 2022, the Board of Directors of Ascopiave approved the Year 2021 Sustainability Budget;
- On 1 October 2022, there was the partial demerger of Romeo Gas Spa which had commenced on 27 July 2022, in favour of Adistribuzione Spa. In virtue of this transaction, Ascopiave's stake in Romeo Gas increased to 80.293%;
- On 1 October 2022, Ascotrade Spa, Ascopiave Energie Spa, Blue Meta Spa were merged by incorporation into EstEnergy Spa;
- On 29 November 2022, Gruppo Hera, through its subsidiary Acantho and Ascopiave won the public tender called by Asco Holding for the sale of 92% of Asco TLC: acquisition price 37.2 million euro;
- On 01 December 2022 (finalised on 29 December 2022), the Hera Group, through its subsidiary Hera Comm and Ascopiave Spa, signed an agreement for the sale by the latter of an 8% stake in the share capital of EstEnergy.

20) The Board of Statutory Auditors has also received analytical information on the impairment test performed by the auditing firm KPMG Advisory S.p.A. confirming the values of goodwill and some high-value financial assets entered in the balance sheet. The related details have been provided by the Board of Directors in the financial statements and are consistent with international accounting principles and Consob guidelines.

The Board of Statutory Auditors is not aware of other facts or elements that are relevant and / or worthy of being brought to the attention of the Shareholders' Meeting.

In consideration of the above, on the basis of the control activity performed during the year, there are no impediments to the approval of the financial statements on 31<sup>st</sup> December 2022 and to the proposal of the Board of Directors, with regard to the destination of the result of the fiscal period.

Pieve di Soligo, 28<sup>th</sup> March 2023

The meeting of the Board of Auditors ends with the interruption of the link between the participants. This will be followed by the drafting of the minutes and their signing by the members of the Board at the earliest opportunity.

The Board of Statutory Auditors

Giovanni Salvaggio – Chairman

Barbara Moro – Statutory Auditor

Luca Biancolin – Statutory Auditor



## ***Independent auditor's report***

*in accordance with article 14 of Legislative Decree No. 39 of 27 January 2010 and article 10 of Regulation (EU) No. 537/2014*

To the shareholders of Ascopiave SpA

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### ***Report on the Audit of the Consolidated Financial Statements***

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#### ***Opinion***

We have audited the consolidated financial statements of Ascopiave Group (the Group), which comprise the consolidated assets and liabilities statement as of 31 December 2022, the consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as of 31 December 2022, and of the result of its operations and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree No. 38/05.

#### ***Basis for Opinion***

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of this report. We are independent of Ascopiave SpA (the Company) pursuant to the regulations and standards on ethics and independence applicable to audits of financial statements under Italian law. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### ***Key Audit Matters***

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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#### ***PricewaterhouseCoopers SpA***

Sede legale: **Milano** 20145 Piazza Tre Torri 2 Tel. 02 77851 Fax 02 7785240 Capitale Sociale Euro 6.890.000,00 i.v. C.F. e P.IVA e Reg. Imprese Milano Monza Brianza Lodi 12979880155 Iscritta al n° 119644 del Registro dei Revisori Legali - Altri Uffici: **Ancona** 60131 Via Sandro Totti 1 Tel. 071 2132311 - **Bari** 70122 Via Abate Gimma 72 Tel. 080 5640211 - **Bergamo** 24121 Largo Belotti 5 Tel. 035 229691 - **Bologna** 40126 Via Angelo Finelli 8 Tel. 051 6186211 - **Brescia** 25121 Viale Duca d'Aosta 28 Tel. 030 3697501 - **Catania** 95129 Corso Italia 302 Tel. 095 7532311 - **Firenze** 50121 Viale Gramsci 15 Tel. 055 2482811 - **Genova** 16121 Piazza Piccapietra 9 Tel. 010 29041 - **Napoli** 80121 Via dei Mille 16 Tel. 081 36181 - **Padova** 35138 Via Vicenza 4 Tel. 049 873481 - **Palermo** 90141 Via Marchese Ugo 60 Tel. 091 349737 - **Parma** 43121 Viale Tanara 20/A Tel. 0521 275911 - **Pescara** 65127 Piazza Ettore Troilo 8 Tel. 085 4545711 - **Roma** 00154 Largo Fochetti 29 Tel. 06 570251 - **Torino** 10122 Corso Palestro 10 Tel. 011 556771 - **Trento** 38122 Viale della Costituzione 33 Tel. 0461 237004 - **Treviso** 31100 Viale Felissent 90 Tel. 0422 696911 - **Trieste** 34125 Via Cesare Battisti 18 Tel. 040 3480781 - **Udine** 33100 Via Poscolle 43 Tel. 0432 25789 - **Varese** 21100 Via Albuzzi 43 Tel. 0332 285039 - **Verona** 37135 Via Francia 21/C Tel. 045 8263001 - **Vicenza** 36100 Piazza Pontelandolfo 9 Tel. 0444 393311



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**Key Audit Matters**

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**Auditing procedures performed in response to key audit matters**

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**Recoverability of Goodwill**

*Note 1 to the consolidated financial statements  
"Goodwill"*

As of 31 December 2022, the Ascopiave Group recorded a goodwill amounting to Euro 61,3 million, representing 4% of total assets, partly referred to the major value resulted from the transfer of the gas distribution networks carried out by shareholders and partly referred to the consideration paid at the time of acquisition of some company branches belonging to the business of gas distribution and of electricity production from renewable sources.

We focused on this item of the financial statements since the assessment of the recoverability of the goodwill allocated to the cash generating unit represented by the distribution of gas ("Gas distribution") and by the electricity generation from renewable sources business ("Renewable Energy") implies a high degree of evaluation and judgment as it requires Company management to use assumptions and a certain level of discretion in developing the evaluation model.

The valuation of the recoverable amount of the cash generating unit has been carried out by the Company management using the Discounted Cash Flow Method ("DCF"), discounting at a rate representing the cost of capital the operating cash flows generated by cash generating units.

The estimate of expected operating cash flows is based:

- for Gas distribution, on the forecast data contained in the 2022-2026 business plan approved by the Board of Directors of Ascopiave SpA on 9 February 2023 and on the terminal value assessed on the basis of the estimate of a permanent sustainable profitability forecasted on the basis of an expected profitability for the year 2026;
- for Renewable Energy, on the forecast data set out in the Business Plan 2022-2026 approved by the Board of Directors

Our audit procedures concerned the recoverability of the goodwill value and were performed by carrying out the following tests:

- We performed an understanding and evaluation of the methodology adopted by the company's management to test the recoverability of the values allocated to the cash generating unit for the distribution of gas ("Gas distribution") and for the electricity generation from renewable sources business ("Renewable Energy").
- Procedures were furthermore carried out in order to obtain audit evidence on the estimation of cash flow projections and on the data included in the business plans for the period 2022-2026, also with reference to the various scenarios assumed for the valuation of the cash generating unit "Gas distribution" and to the scenario assumed for the valuation of the cash generating unit "Renewable Energy".
- Discussions were held with the Company management in order to understand and examine the business strategies and a critical analysis was performed on the most significant assumptions that underlie the new industrial plan, also using sector references and comparisons between the previous years' budgeted and final results.
- Experts from the PwC network have been involved to conduct a critical examination of the model used and the calculation of the Weighted average cost of capital (WACC) and of the expected long-term growth rate

of Ascopiave SpA on 9 February 2023 and, for the period subsequent to 2026, on the projections prepared on the basis of macroeconomic and energy scenario assuming a steady production trend, until the date of expiration of the relevant concessions (large hydro-electric derivations) or the presumed technical-economic useful life.

In particular, it should be noted that the current sectorial legislation provides that the natural gas distribution service is awarded according to bidding procedures to be carried out with a predefined timing. Since the renewal of the concessions has a certain degree of uncertainty, with reference to the valuation of the cash generating unit “Gas distribution” the Company management assumed two alternative scenarios:

- a) Obtainment of the renewal of all the concessions and assignments in place as at 31 December 2022 in 2026;
- b) Termination of the gas distribution service in 2026, realizing a reimbursement value of the plants in concession regime pursuant to article 15 of the Legislative Decree No. 164/2000.

With reference to the valuation of the Cash Generating Units Renewable Energy, Management has assumed a sole scenario that provides the explication of expected cash flows, determined considering models simulating macroeconomic and energy scenarios, the sector to which they belong and forecast growth rates, until the end of the relevant concessions or the presumed technical-economic useful life. Assumptions such as expected energy prices, the availability of renewable resources and the evolution of the regulatory framework assume relevance in this context.

(g) used in the test development.

- Compared to what the company did, an independent sensitivity analysis was developed on the WACC rate applied for the determination of the recoverable values of the cash generating units.
- We tested the correct determination of the assets and liabilities book value attributed to each cash generating unit, including the allocated goodwill, to compare it with the recoverable amount.
- Finally, the completeness and correctness of the disclosure in the financial statements has been evaluated, taking into consideration the applicable financial statement framework.

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**Recoverability of the value of the investments in subsidiaries and associated companies**

*Note 4 to the consolidated financial statements  
“Equity investments”*

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As of 31 December 2022, the Ascopiave Group registered shareholdings in associated companies totalling Euro 358 million, representing 22% of total assets.

At year-end, in accordance with its internal procedures, the Company management, regardless of the existence of indicators of impairment, deemed it appropriate to carry out the impairment test on all equity investments, comparing their book value with the related recoverable value represented by the higher between the fair value and the use value.

We focused on this item of the financial statements because of the amount involved, the recoverable value and the evaluation criteria applied by the Company management when applying the equity method.

The evaluation at equity of the associated company EstEnergy SpA, pertaining to the gas trade and power sector, was determined by the Company management by referring to the results of the period recorded by the EstEnergy sub-Group also considering the assessments and allocations made following the acquisition, duly updated. Moreover, the Company management carried out an impairment test on the investment by applying the Discounted Cash Flow method (“DCF”), discounting at a rate representing the cost of capital the operating cash flows generated by the company, as per the 2022-2026 business plan, and the terminal value assessed on the basis of the estimate of a permanent sustainable profitability forecasted on the expected profitability for the year 2026.

Our audit procedures concerned the recoverability of the value of the investments and were performed by carrying out the following tests:

- We performed an understanding and evaluation of the methodology adopted by the Company management to test the recoverability of the investments’ value for the subsidiaries.
  - Audit procedures were furthermore carried out in order to obtain audit evidence on the estimation of cash flow projections and on the data included in the business plans for the period 2022-2026 used for each investment.
  - Discussions were held with the Company management in order to understand the business strategies and a critical analysis was performed on the most significant assumptions that underlie the new industrial plans, also using sector references and comparisons between the previous years’ budgeted and final results.
  - Experts from the PwC network have been involved to conduct a critical examination of the model used and the calculation of the Weighted average cost of capital (WACC) and the expected long-term growth rate (g) used in the test development.
  - An independent sensitivity analysis was developed on the WACC rate applied for the determination of the recoverable values of the investments.
  - We performed an understanding and evaluation of the equity method applied by the Company management for the evaluation of the investment
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in the associated company EstEnergy SpA.

- Finally, the completeness and correctness of the disclosure in the financial statements has been evaluated, taking into consideration the applicable financial statement framework.
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### ***Responsibilities of the Directors and the Board of Statutory Auditors for the Consolidated Financial Statements***

The directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree No. 38/05 and, in the terms prescribed by law, for such internal control as they determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

The directors are responsible for assessing the Group's ability to continue as a going concern and, in preparing the consolidated financial statements, for the appropriate application of the going concern basis of accounting, and for disclosing matters related to going concern. In preparing the consolidated financial statements, the directors use the going concern basis of accounting unless they either intend to liquidate Ascopiave SpA or to cease operations, or have no realistic alternative but to do so.

The board of statutory auditors is responsible for overseeing, in the terms prescribed by law, the Group's financial reporting process.

### ***Auditor's Responsibilities for the Audit of the Consolidated Financial Statements***

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

As part of our audit conducted in accordance with International Standards on Auditing (ISA Italia), we exercised professional judgement and maintained professional scepticism throughout the audit. Furthermore:

- We identified and assessed the risks of material misstatement of the consolidated financial statements, whether due to fraud or error; we designed and performed audit procedures



responsive to those risks; we obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- We obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- We evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;
- We concluded on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;
- We evaluated the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- We obtained sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion on the consolidated financial statements.

We communicated with those charged with governance, identified at an appropriate level as required by ISA Italia regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identified during our audit.

We also provided those charged with governance with a statement that we complied with the regulations and standards on ethics and independence applicable under Italian law and communicated with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate the related risks, or safeguards applied.

From the matters communicated with those charged with governance, we determined those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We described these matters in our auditor's report.

#### ***Additional Disclosures required by Article 10 of Regulation (EU) No. 537/2014***

On 23 April 2015, the shareholders of Ascopiave SpA in general meeting engaged us to perform the statutory audit of the Company's and consolidated financial statements for the years ending 31 December 2015 to 31 December 2023.





We declare that we did not provide any prohibited non-audit services referred to in article 5, paragraph 1, of Regulation (EU) No. 537/2014 and that we remained independent of the Company in conducting the statutory audit.

We confirm that the opinion on the consolidated financial statements expressed in this report is consistent with the additional report to the board of statutory auditors, in its capacity as audit committee, prepared pursuant to article 11 of the aforementioned Regulation.

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### ***Report on Compliance with other Laws and Regulations***

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#### ***Opinion on compliance with the provisions of Commission Delegated Regulation (EU) 2019/815***

The directors of Ascopiave SpA are responsible for the application of the provisions of Commission Delegated Regulation (EU) 2019/815 concerning regulatory technical standards on the specification of a single electronic reporting format (ESEF - European Single Electronic Format) (hereinafter, the “Commission Delegated Regulation”) to the consolidated financial statements as of 31 Dicembre 2022, to be included in the annual report.

We have performed the procedures specified in auditing standard (SA Italia) No. 700B in order to express an opinion on the compliance of the consolidated financial statements with the provisions of the Commission Delegated Regulation.

In our opinion, the consolidated financial statements as of 31 Dicembre 2022 have been prepared in XHTML format and have been marked up, in all significant respects, in compliance with the provisions of the Commission Delegated Regulation.

Due to certain technical limitations, some information included in the explanatory notes to the consolidated financial statements when extracted from the XHTML format to an XBRL instance may not be reproduced in an identical manner with respect to the corresponding information presented in the consolidated financial statements in XHTML format.

#### ***Opinion in accordance with Article 14, paragraph 2, letter e), of Legislative Decree No. 39/10 and Article 123-bis, paragraph 4, of Legislative Decree No. 58/98***

The directors of Ascopiave SpA are responsible for preparing a report on operations and a report on the corporate governance and ownership structure of the Ascopiave Group as of 31 December 2022, including their consistency with the relevant consolidated financial statements and their compliance with the law.

We have performed the procedures required under auditing standard (SA Italia) No.720B in order to express an opinion on the consistency of the report on operations and of the specific information included in the report on corporate governance and ownership structure referred to in article 123-bis, paragraph 4, of Legislative Decree No. 58/98, with the consolidated financial statements of the Ascopiave Group as of 31 December 2022 and on their compliance with the law, as well as to issue a statement on material misstatements, if any.



In our opinion, the report on operations and the specific information included in the report on corporate governance and ownership structure mentioned above are consistent with the consolidated financial statements of Ascopiave Group as of 31 December 2022 and are prepared in compliance with the law.

With reference to the statement referred to in article 14, paragraph 2, letter e), of Legislative Decree No. 39/10, issued on the basis of our knowledge and understanding of the Company and its environment obtained in the course of the audit, we have nothing to report.

***Statement in accordance with article 4 of Consob's Regulation implementing Legislative Decree No. 254 of 30 December 2016***

The directors of Ascopiave SpA are responsible for the preparation of the non-financial statement pursuant to Legislative Decree No. 254 of 30 December 2016.

We have verified that the directors approved the non-financial statement.

Pursuant to article 3, paragraph 10, of Legislative Decree No. 254 of 30 December 2016, the non-financial statement is the subject of a separate statement of compliance issued by ourselves.

Treviso, 28 March 2023

PricewaterhouseCoopers SpA

*Signed by*

Giorgio Simonelli  
(Partner)

*This report has been translated into English from the Italian original solely for the convenience of international readers*



## ***Independent auditor's report***

*in accordance with article 14 of Legislative Decree No. 39 of 27 January 2010 and article 10 of Regulation (EU) No. 537/2014*

To the shareholders of Ascopiave SpA

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### ***Report on the Audit of the Financial Statements***

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#### ***Opinion***

We have audited the financial statements of Ascopiave SpA (the Company), which comprise the assets and liabilities statement as of 31 December 2022, the statement of comprehensive income, statement of changes in shareholders equity, statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as of 31 December 2022, and of the result of its operations and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree No. 38/05.

#### ***Basis for Opinion***

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of this report. We are independent of the Company pursuant to the regulations and standards on ethics and independence applicable to audits of financial statements under Italian law. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### ***Key Audit Matters***

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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#### ***PricewaterhouseCoopers SpA***

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**Key Audit Matters**

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**Auditing procedures performed in response to key audit matters**

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**Recoverability of the value of the investments in subsidiaries and associated companies**

*Note 3 to the financial statements "Equity investments"*

As of 31 December 2022 Ascopiave SpA recorded shareholdings in subsidiaries and associated companies totalling Euro 1,054 million, representing 78% of total assets.

At year-end, in accordance with its internal procedures, the Company management, regardless of the existence of possible impairment indicators, deemed it appropriate to carry out the impairment test on all equity investments, comparing the book value of the latter with the related recoverable value, represented by the higher between the fair value and the use value.

We focused on this item of the financial statements since the assessment of the recoverability of such investments' value recorded in the financial statements implies a high degree of evaluation and judgment as it requires Company management to use assumptions and a certain level of discretion in developing the evaluation model.

The evaluation of the recoverable amount of the investments in subsidiaries has been carried out by the Company management using the discounted cash flow method ("DCF"), that is discounting at a rate representing the cost of capital the operating cash flows generated by the companies.

The estimate of expected operating cash flows is based:

- for the Companies operating in gas distribution, on the forecast data contained in the 2022-2026 business plan approved by the Board of Directors of Ascopiave SpA on 9 February 2023 and

Our audit procedures concerned the recoverability of the value of the investments in subsidiaries and associated companies and were performed by carrying out the following tests:

- We performed an understanding and evaluation of the methodology adopted by the company's management to test the recoverability of the investments' value for the subsidiaries belonging to the gas distribution, the renewable energy production and other activities.
- Audit procedures were furthermore carried out in order to obtain audit evidence on the estimation of cash flow projections and on the data included in the business plans for the period 2022-2026 used for each investment, also with reference to the various scenarios assumed for the valuation of those belonging to the gas distribution sector and to the scenario assumed for the evaluation of those belonging to the renewables production activity.
- Discussions were held with the Company management in order to understand the business strategies and a critical analysis was performed on the most significant assumptions that underlie the new industrial plans, also using sector references and comparisons between the previous years' budgeted and final

on the terminal value assessed on the basis of the estimate of a permanent sustainable profitability forecasted on the basis of an expected profitability for the year 2026;

- for the companies operating in renewable energies, on the forecast data set out in the Business Plan 2022-2026 approved by the Board of Directors of Ascopiave SpA on 9 February 2023 and, for the period subsequent to 2026, on the projections prepared on the basis of macroeconomic and energy scenario assuming a steady production trend, until the date of expiration of the relevant concessions (large hydro-electric derivations) or the presumed technical-economic useful life.

In this respect, it should be noted that the current sectorial legislation provides that the natural gas distribution service is awarded according to bidding procedures to be carried out with a predefined timing. Since the renewal of the concessions has a certain degree of uncertainty, with reference to the valuation of companies belonging to the gas distribution sector, such as AP Reti Gas SpA, AP Reti Gas Rovigo Srl, Edigas Esercizio Distribuzione Gas SpA, AP Reti Gas Nord Est Srl, AP Reti Gas Vicenza SpA and Romeo Gas SpA, the management assumed two alternative scenarios:

- a) Obtainment of the renewal of all the concessions and assignments in place as at 31 December 2022 in 2026;
- b) Termination of the gas distribution service in 2026, realizing a reimbursement value of the plants in concession regime pursuant to art.15 of the Legislative Decree No. 164/2000.

With reference to the valuation of investments belonging to the production of renewable energy, such as Asco EG SpA and Asco Renewables SpA, Management has assumed a sole scenario that provides the explication of expected cash flows, determined considering models simulating macroeconomic and energy scenarios, the sector

results.

- Experts from the PwC network have been involved to conduct a critical examination of the model used and the calculation of the Weighted average cost of capital (WACC) and the expected long-term growth rate (g) used in the test development.
- Compared to what the company did, an independent sensitivity analysis was developed on the WACC applied for the determination of the recoverable values of the investments.
- Finally, the completeness and correctness of the disclosure in the financial statements has been evaluated, taking into consideration the applicable financial statement framework.



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to which they belong and forecast growth rates, until the end of the relevant concessions or the presumed technical-economic useful life. Assumptions such as expected energy prices, the availability of renewable resources and the evolution of the regulatory framework assume relevance in this context.

With reference to the associated company EstEnergy SpA belonging to the gas and power trade sector, the Company management recorded the investment at cost pursuant to the applicable accounting principles. The Company management assessed the recoverability of the item by means of an impairment test based on the Discounted Cash Flow method, discounting at a rate representing the cost of capital the operating cash flows generated by the company, as envisaged by the 2022-2026 business plan, and the terminal value determined on the estimated permanent sustainable profitability based on the FY 2026 expected profitability.

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### ***Responsibilities of the Directors and the Board of Statutory Auditors for the Financial Statements***

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree No. 38/05 and, in the terms prescribed by law, for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The directors are responsible for assessing the Company's ability to continue as a going concern and, in preparing the financial statements, for the appropriate application of the going concern basis of accounting, and for disclosing matters related to going concern. In preparing the financial statements, the directors use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The board of statutory auditors is responsible for overseeing, in the terms prescribed by law, the Company's financial reporting process.



### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of our audit conducted in accordance with International Standards on Auditing (ISA Italia), we exercised our professional judgement and maintained professional scepticism throughout the audit. Furthermore:

- We identified and assessed the risks of material misstatement of the financial statements, whether due to fraud or error; we designed and performed audit procedures responsive to those risks; we obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- We obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- We evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;
- We concluded on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- We evaluated the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicated with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identified during our audit.

We also provided those charged with governance with a statement that we complied with the regulations and standards on ethics and independence applicable under Italian law and communicated with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate the related risks, or safeguards applied.



From the matters communicated with those charged with governance, we determined those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We described these matters in our auditor's report.

#### ***Additional Disclosures required by Article 10 of Regulation (EU) No 537/2014***

On 23 April 2015, the shareholders of Ascopiave SpA in general meeting engaged us to perform the statutory audit of the Company's and consolidated financial statements for the years ending 31 December 2015 to 31 December 2023.

We declare that we did not provide any prohibited non-audit services referred to in article 5, paragraph 1, of Regulation (EU) No. 537/2014 and that we remained independent of the Company in conducting the statutory audit.

We confirm that the opinion on the financial statements expressed in this report is consistent with the additional report to the board of statutory auditors, in its capacity as audit committee, prepared pursuant to article 11 of the aforementioned Regulation.

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#### ***Report on Compliance with other Laws and Regulations***

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##### ***Opinion on compliance with the provisions of Commission Delegated Regulation (EU) 2019/815***

The directors of Ascopiave SpA are responsible for the application of the provisions of Commission Delegated Regulation (EU) 2019/815 concerning regulatory technical standards on the specification of a single electronic reporting format (ESEF - European Single Electronic Format) (hereinafter, the "Commission Delegated Regulation") to the financial statements as of 31 december 2022, to be included in the annual report.

We have performed the procedures specified in auditing standard (SA Italia) No. 700B in order to express an opinion on the compliance of the financial statements with the provisions of the Commission Delegated Regulation

In our opinion, the financial statements as of 31 december 2022 have been prepared in XHTML format in compliance with the provisions of the Commission Delegated Regulation.

##### ***Opinion in accordance with Article 14, paragraph 2, letter e), of Legislative Decree No. 39/10 and Article 123-bis, paragraph 4, of Legislative Decree No. 58/98***

The directors of Ascopiave SpA are responsible for preparing a report on operations and a report on the corporate governance and ownership structure of Ascopiave SpA as of 31 December 2022, including their consistency with the relevant financial statements and their compliance with the law.





We have performed the procedures required under auditing standard (SA Italia) No. 720B in order to express an opinion on the consistency of the report on operations and of the specific information included in the report on corporate governance and ownership structure referred to in article 123-bis, paragraph 4, of Legislative Decree No. 58/98, with the financial statements of Ascopiave SpA as of 31 December 2022 and on their compliance with the law, as well as to issue a statement on material misstatements if any.

In our opinion, the report on operations and the specific information included in the report on corporate governance and ownership structure mentioned above are consistent with the financial statements of Ascopiave SpA as of 31 December 2022 and are prepared in compliance with the law.

With reference to the statement referred to in article 14, paragraph 2, letter e), of Legislative Decree No. 39/10, issued on the basis of our knowledge and understanding of the Company and its environment obtained in the course of the audit, we have nothing to report.

Treviso, 28 March 2023

PricewaterhouseCoopers SpA

*Signed by*

Giorgio Simonelli  
(Partner)

*This report has been translated into English from the Italian original solely for the convenience of international readers*



**ASCOPIAVE SPA**

**INDEPENDENT AUDITOR'S REPORT ON THE CONSOLIDATED  
NON-FINANCIAL STATEMENT PURSUANT TO ARTICLE 3,  
PARAGRAPH 10, OF LEGISLATIVE DECREE NO. 254/2016 AND  
ARTICLE 5 OF CONSOB REGULATION NO. 20267**

**YEAR ENDED 31 DECEMBER 2022**



## ***Independent auditor's report on the consolidated non-financial statement***

*pursuant to article 3, paragraph 10, of Legislative Decree No. 254/2016 and article 5 of CONSOB Regulation No. 20267*

To the Board of Directors of Ascopiave SpA

Pursuant to article 3, paragraph 10, of Legislative Decree No. 254 of 30 December 2016 (the "Decree") and article 5 of CONSOB Regulation No. 20267/2018, we have undertaken a limited assurance engagement on the consolidated non-financial statement of Ascopiave SpA and its subsidiaries (the "Group") for the year ended 31 December 2022 prepared in accordance with article 4 of the Decree, presented in the specific section of the Report on Operations, and approved by the Board of Directors on 7 March 2023 (the "NFS").

Our review does not extend to the information set out in the "la tassonomia Europea (Reg. UE 2020/852)" paragraph of the NFS, required by article 8 of European Regulation 2020/852.

### ***Responsibilities of the Directors and the Board of Statutory Auditors for the NFS***

The Directors are responsible for the preparation of the NFS in accordance with articles 3 and 4 of the Decree, with the "Global Reporting Initiative Sustainability Reporting Standards" defined in 2016, and updated in 2021, by the GRI - Global Reporting Initiative (the "GRI Standards") indicated at paragraph "Comment on the methods adopted" of the NFS, identified by them as reporting standards.

The Directors are also responsible, in the terms prescribed by law, for such internal control as they determine is necessary to enable the preparation of a NFS that is free from material misstatement, whether due to fraud or error.

Moreover, the Directors are responsible for identifying the content of the NFS, within the matters mentioned in article 3, paragraph 1, of the Decree, considering the activities and characteristics of the Group and to the extent necessary to ensure an understanding of the Group's activities, its performance, its results and related impacts.

Finally, the Directors are responsible for defining the business and organisational model of the Group and, with reference to the matters identified and reported in the NFS, for the policies adopted by the Group and for the identification and management of risks generated or faced by the Group.

The Board of Statutory Auditors is responsible for overseeing, in the terms prescribed by law, compliance with the Decree.

### ***PricewaterhouseCoopers SpA***

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### ***Auditor's Independence and Quality Control***

We are independent in accordance with the principles of ethics and independence set out in the Code of Ethics for Professional Accountants published by the International Ethics Standards Board for Accountants, which are based on the fundamental principles of integrity, objectivity, competence and professional diligence, confidentiality and professional behaviour. Our audit firm adopts International Standard on Quality Control 1 (ISQC Italia 1) and, accordingly, maintains an overall quality control system which includes processes and procedures for compliance with ethical and professional principles and with applicable laws and regulations.

### ***Auditor's responsibilities***

We are responsible for expressing a conclusion, on the basis of the work performed, regarding the compliance of the NFS with the Decree and with the GRI Standards. We conducted our work in accordance with International Standard on Assurance Engagements 3000 (Revised) – Assurance Engagements Other than Audits or Reviews of Historical Financial Information (“ISAE 3000 Revised”), issued by the International Auditing and Assurance Standards Board (IAASB) for limited assurance engagements. The standard requires that we plan and apply procedures in order to obtain limited assurance that the NFS is free of material misstatement. The procedures performed in a limited assurance engagement are less in scope than those performed in a reasonable assurance engagement in accordance with ISAE 3000 Revised, and, therefore, do not provide us with a sufficient level of assurance that we have become aware of all significant facts and circumstances that might be identified in a reasonable assurance engagement.

The procedures performed on the NFS were based on our professional judgement and consisted in interviews, primarily of company personnel responsible for the preparation of the information presented in the NFS, analyses of documents, recalculations and other procedures designed to obtain evidence considered useful.

In detail, we performed the following procedures:

1. analysis of the relevant matters reported in the NFS relating to the activities and characteristics of the Group, in order to assess the reasonableness of the selection process used, in accordance with article 3 of the Decree and with the reporting standard adopted;
2. analysis and assessment of the criteria used to identify the consolidation area, in order to assess their compliance with the Decree;
3. comparison of the financial information reported in the NFS with the information reported in the Group's consolidated financial statements;
4. understanding of the following matters:
  - business and organisational model of the Group with reference to the management of the matters specified by article 3 of the Decree;
  - policies adopted by the Group with reference to the matters specified in article 3 of the Decree, actual results and related key performance indicators;
  - key risks generated or faced by the Group with reference to the matters specified in article 3 of the Decree.

With reference to those matters, we compared the information obtained with the information presented in the NFS and carried out the procedures described under point 5 a) below;

5. understanding of the processes underlying the preparation, collection and management of the significant qualitative and quantitative information included in the NFS.



In detail, we held meetings and interviews with the management of Ascopiave SpA and with the personnel of AP Reti Gas SpA, and we performed limited analyses of documentary evidence, to gather information about the processes and procedures for the collection, consolidation, processing and submission of the non-financial information to the function responsible for the preparation of the NFS.

Moreover, for material information, considering the activities and characteristics of the Group:

- at holding level:
  - a) with reference to the qualitative information included in the NFS, and in particular to the business model, the policies adopted and the main risks, we carried out interviews and acquired supporting documentation to verify its consistency with available evidence;
  - b) with reference to quantitative information, we performed analytical procedures as well as limited tests, in order to assess, on a sample basis, the accuracy of consolidation of the information;
- for the following companies, Ascopiave SpA and AP Reti Gas SpA, which were selected on the basis of their activities, their contribution to the performance indicators at a consolidated level and their location, we carried out meetings and interviews during which we met local management and gathered supporting documentation regarding the correct application of the procedures and calculation methods used for the key performance indicators.

### **Conclusion**

Based on the work performed, nothing has come to our attention that causes us to believe that the NFS of Ascopiave Group for the year ended 31 December 2022 has not been prepared, in all material respects, in accordance with articles 3 and 4 of the Decree and with the GRI Standards.

Our conclusions on the NFS of Ascopiave Group do not extend to the information set out in the “La tassonomia Europea (Reg. UE 2020/852)” paragraph of the NSF, required by article 8 of European Regulation 2020/852.

Treviso, 28 March 2023

PricewaterhouseCoopers SpA

*Signed by*

Giorgio Simonelli  
(Partner)

*This report has been translated from the Italian original solely for the convenience of international readers. We have not performed any controls on the NFS 2022 translation.*

**Gruppo Ascopiave**

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