

ANNUAL FINANCIAL REPORT AS AT 31 DECEMBER

2023

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 2023.

Auditing Company:

- Independent auditors' report to the consolidated financial statements for the year ended 31 December 2023;
- Auditor's Report on the Financial Statements for the Year Ended 31 December 2023;
- Auditor's report on the consolidated non-financial statement 2023.

GENERAL INFORMATION

Corporate bodies and company information

Board of Directors and Board of Statutory Auditors

Name	Office	Duration of office	From	To
Cecconato Nicola	Chairman of the Board of Directors and CEO	2020-2022	29.05.2020	18.04.2023
Pietrobon Greta*	Independent Director	2020-2022	29.05.2020	18.04.2023
Quarello Enrico**	Directors	2020-2022	29.05.2020	18.04.2023
Bet Roberto	Directors	2020-2022	29.05.2020	18.04.2023
Geronazzo Mariachiara	Independent Director	2020-2022	29.05.2020	18.04.2023
Vecchiato Luisa***	Independent Director	2020-2022	29.05.2020	18.04.2023
Novello Cristian	Independent Director	2020-2022	29.05.2020	18.04.2023

(*) 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.

Cecconato Nicola *	Chairman of the Board of Directors and CEO	2023-2025	18.04.2023	Approval of budget 2025
Pietrobon Greta	Directors	2023-2025	18.04.2023	Approval of budget 2025
Quarello Enrico	Directors	2023-2025	18.04.2023	Approval of budget 2025
Novello Cristian	Independent Director	2023-2025	18.04.2023	Approval of budget 2025
Monti Federica	Independent Director	2023-2025	18.04.2023	Approval of budget 2025
Vecchiato Luisa	Independent Director	2023-2025	18.04.2023	Approval of budget 2025
Zoppas Giovanni **	Independent Director	2023-2025	18.04.2023	Approval of budget 2025

(*) Cecconato Nicola was appointed Chief Executive Officer by the Board of Directors on 11 May 2023;

(**) Zoppas Giovanni was appointed Lead Independent Director by the Board of Directors on 11 May 2023.

Name	Office	Duration of office	From	To
Salvaggio Giovanni	President of the Board of Auditors	2020-2022	29.05.2020	18.04.2023
Moro Barbara	Statutory Auditor	2020-2022	29.05.2020	18.04.2023
Biancolin Luca	Statutory Auditor	2020-2022	29.05.2020	18.04.2023
Salvaggio Giovanni	President of the Board of Auditors	2023-2025	18.04.2023	Approval of budget 2025
Moro Barbara	Statutory Auditor	2023-2025	18.04.2023	Approval of budget 2025
Biancolin Luca	Statutory Auditor	2023-2025	18.04.2023	Approval of budget 2025

Governance Committees

Control and Risk Committee

Name	Office	From	To
Novello Cristian	Independent director - President	11.05.2023	Approval of budget 2025
Monti Federica	Independent director	11.05.2023	Approval of budget 2025
Vecchiato Luisa	Independent director	11.05.2023	Approval of budget 2025

Remuneration Committee

Name	Office	From	To
Vecchiato Luisa	Independent director - President	11.05.2023	Approval of budget 2025
Novello Cristian	Independent director	11.05.2023	Approval of budget 2025
Pietrobon Greta	Non-executive director	11.05.2023	Approval of budget 2025

Sustainability Committee

Name	Office	From	To
Pietrobon Greta	Non-executive director - President	11.05.2023	Approval of budget 2025
Monti Federica	Independent director	11.05.2023	Approval of budget 2025
Quarello Enrico	Non-executive director	11.05.2023	Approval of budget 2025

External Auditors

PricewaterhouseCoopers S.p.A.

Investor Relations

Tel. +39 0438 980098

Fax +39 0438 964778

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Registered office and company data

Ascopiave S.p.A.

Via Verizzo, 1030

I-31053 Pieve di Soligo - TV Italy

Tel: +39 0438 980098

Fax: +39 0438 964778

Share Capital: Euro 234,411,575 fully paid-in

VAT 03916270261

Ascopiave Group Key Economic and Financial Data

Economic Data

(Thousands of Euro)	Financial year			
	2023	% of revenues	2022	% of revenues
Revenues	180,794	100.0%	163,651	100.0%
Gross operative margin	94,526	52.3%	77,930	47.6%
Operating result	45,990	25.4%	31,911	19.5%
Result for the period	36,621	20.3%	30,972	18.9%
Net result for the period	36,677	20.3%	32,438	19.8%

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)	31.12.2023	31.12.2022
Net working capital	33,702	(17,005)
Fixed assets and other non current assets	1,273,692	1,378,338
Non-current liabilities (excluding loans)	(63,749)	(63,073)
Net invested capital	1,243,645	1,298,260
Net financial position	(389,363)	(411,857)
Total Net equity	(854,282)	(886,403)
Total financing sources	(1,243,645)	(1,298,260)

Please note that 'net working capital' is 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	
	2023	2022
Total comprehensive income	18,472	35,104
Cash flows generated (used) by operating activities	6,128	98,520
Cash flows generated/(used) by investments	49,060	(83,285)
Cash flows generated (used) by financial activities	(80,022)	19,143
Variations in cash	(24,834)	34,378
Cash and cash equivalents at the beginning of the period	76,917	42,539
Cash and cash equivalents at the end of the period	52,083	76,917

Foreword

The Ascopiave Group closed the 2023 financial year with a consolidated net profit of Euro 36.7 million (Euro 32.4 million as at 31 December 2022), an increase of Euro 4.2 million compared to the previous year.

Consolidated shareholders' equity as at 31 December 2023 amounted to EURO 854.2 million (EURO 886.4 million as at 31 December 2022), and net invested capital to EURO 1,243.6 million (EURO 1,298.3 million as at 31 December 2022).

In the financial year 2023, the Group made investments of Euro 87.6 million (Euro 87.0 million in 2022), mainly in the installation of electronic meters, as well as in the development, maintenance and modernisation of gas distribution networks and plants for Euro 61.6 million (Euro 58.0 million in 2022). At the end of the reporting period, investments were made in plants for the production of energy from renewable sources for Euro 23.6 million.

It should be noted that the Estenergy Group's and Cogeide S.p.A.'s share of the results of operations is recognised 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 assignments for the management of gas distribution in 304 municipalities, operating a distribution network that extends over 14,700 kilometres and providing service to approximately 874,000 users.

The Group is also present in the renewable energy sector, owning 29 hydroelectric and wind power plants.

The Group also operates in 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 improvement of operational processes.

Operating performance

The volumes of gas distributed through the networks managed by the Group amounted to 1,432.0 million cubic metres, a decrease of 1.6% 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 2023 was 14,730 kilometres long, an increase of 116 kilometres compared to 31 December 2022.

The 28 plants producing electricity from renewable energy sources, with a total installed capacity of 62.5 MW, produced 150.8 GWh during the financial year, showing an increase of 69.0% compared to 2022. Despite the improvement in comparison, the year's production was heavily affected by the significant drought. At the beginning of 2024, an additional wind farm of the subsidiary Salinella Eolico S.r.l., located in Calabria, came into operation, with an installed capacity of 21.6 MW.

Economic results and financial situation

Consolidated revenues for 2023 amounted to Euro 180.8 million, compared to Euro 163.7 million in the previous year. The Group's operating profit amounted to Euro 46.0 million, an increase of Euro 14.1 million compared to the previous year.

At Euro 36.7 million, the consolidated net profit increased by Euro 4.2 million compared to the previous year.

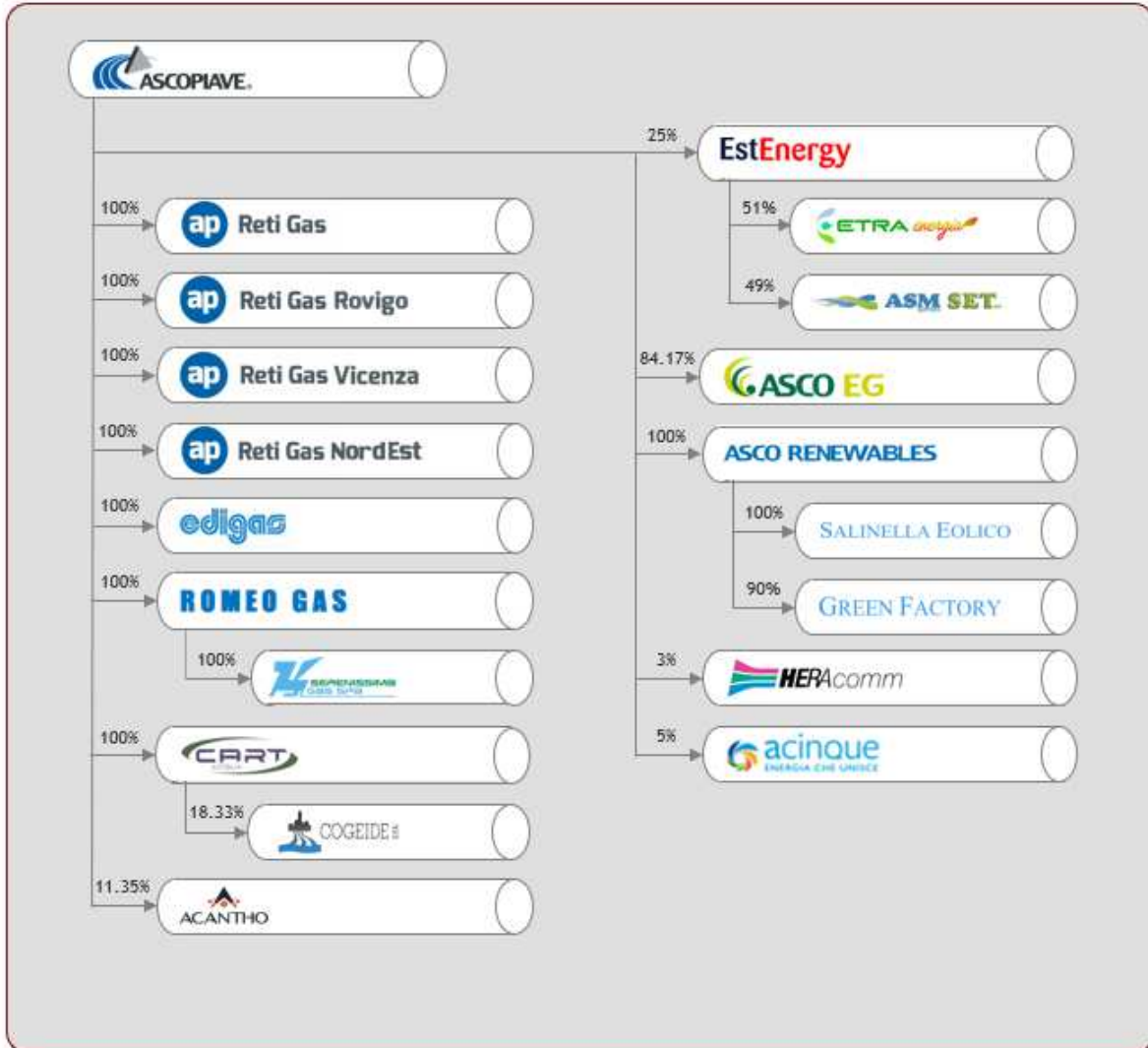
The Group's Net Financial Position as at 31 December 2023 was Euro 389.4 million, down Euro 22.5 million from Euro 411.9 million as at 31 December 2022.

The reduction in financial debt is determined by the cash flow for the year (given by the sum of the net result, capital losses/gains, income from equity investments, the result of companies consolidated using the equity method and depreciation and amortisation), which generated resources of Euro 63.5 million, by the management of net working capital, which absorbed financial resources of Euro 61.6 million, by investment activities, which generated resources of Euro 25.8 million, and by asset management (dividends), which absorbed resources of Euro 5.3 million.

The ratio of Net Financial Position to Shareholders' Equity as at 31 December 2023 was 0.46 (0.46 as at 31 December 2022).

The structure of the Ascopiave Group

The following table shows the corporate structure of the Ascopiave Group as at 31 December 2023.



The economic framework of reference

The year 2023 was significantly characterised by several economic and geopolitical factors partly inherited from previous years and still unresolved. 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 improved post-pandemic situation has affected demand, which, further supported by expansionary fiscal and monetary policies, has found supply less flexible due to the long-lasting restrictive measures put in place to contain the spread of the virus and which have generated 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 conflict significantly revived inflationary trends, 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 to the 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.

Inflation in Italy averaged an increase of 8.1% at the end of the financial year 2022, mainly driven by the trend in the prices of energy goods. Net of these, consumer price growth amounted to 4.1%.

In the year 2022, the Federal Reserve and the European Central Bank, like the other central banks of the world, started a process of raising interest rates in order to curb the run-up in inflation and, at the same time, try to avert an excessively violent slowdown that would lead to a recession in their respective countries. The increase in interest rates has been gradual, stopping in 2023 at 5.5% for the Fed, and 5.5% for the ECB. The ECB recently confirmed the reference rate of 4.5%, stating that it is still too early to discuss an interest rate cut. Possible downward or upward adjustments will be defined according to macroeconomic data developments. The monetary policies implemented by the central banks are effectively bending the inflation curve, which, although still above pre-crisis levels, is showing a significant decline.

The consumer price index, with reference to December 2023, published by ISTAT showed an average decrease in inflation of 2.4% year-on-year to 5.7%.

In addition, two more crisis scenarios opened up in the course of the 2023 financial year: the Israeli-Palestinian crisis and the Houthi crisis in Yemen, which, for different reasons, could propagate economic effects that could affect European economies and influence their inflationary trends.

In its Economic Outlook published on 29 January 2024, the OECD revised upwards the growth forecast for the world economy for the two-year period 2024-2025, with the current year possibly reaching 2.9% and 3% in 2025.

As far as the Eurozone is concerned, the OECD forecasts economic growth of 0.6 per cent in 2024 and 1.3 per cent in the next financial year, while in the same area, it foresees a shrinking consumer price index of 2.6 per cent in 2024 and 2.2 per cent in 2025.

With regard to Italy, the OECD forecasts economic GDP growth of 0.7% for the current year and 1.2% for 2025. At the same time, it forecasts a robust decline in the consumer price index in the current year, to 1.8%, before showing a slight upturn to 2.2% in 2025.

The scenarios, although some indicators are improving, consequently remain uncertain both because of the ongoing geopolitical crisis and the variables it may trigger, and because of the modest growth expected in 2024 that could quickly turn into recession if some variables do not react as expected.

Gas distribution

The distribution of natural gas, following the closing of the partnership between Ascopiave S.p.A. and the Hera Group on 19 December 2019, represents the *core business* of the Group's activities in terms of its contribution to the formation of the operating result.

This is an activity carried out under a concession, subject to strong regulation by the public sector authority (ARERA), both with regard to the minimum standards of management and quality of service, and to the related tariff remuneration.

As is well known, Legislative Decree No. 164/2000 introduced the obligation to entrust the gas distribution service by means of a public tender, wishing to implement the so-called 'competition for the market', on the assumption of the need for unitary management (therefore under a necessary monopoly regime) of the service and plants, as well as on the consideration that a competitive selection mechanism should favour a containment of costs for the end customer, an efficient development of the plants and an improvement in the quality of the service provided.

Decree-Law 159/2007 (converted, with amendments, into Law 222/2007), with Article 46-bis, introduced, for the first time, the concept of Minimum Territorial Area (Atem) for the management of the service, establishing that tenders must be announced with reference to the Atem, not to the individual municipality as was the case in the past.

The Atem tender was definitively adopted as the basic rule with Legislative Decree 93/2011, which, among other things, sanctioned, as of June 2011, the ban on tenders for individual municipalities.

Following various corporate transactions, at present, the Ascopiave Group, through seven gas distribution companies, manages concessions for the gas distribution service in a total of 304 municipalities, with about 874,000 Redelivery Points (PoR / Utenze) and more than 1,432 million cubic metres vectorized.

For more details, please refer to the section "Territorial Scope" of this Annual Financial Report.

The regulatory framework

Natural gas distribution sector

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 regulation of tariffs for gas distribution and metering services for the regulatory period (RTDG), 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 remote management/telemetry systems and concentrators, recognition of the residual value of first-time smart meters decommissioned early, determination of the down payment to cover the costs of metrological inspections, mitigation measures resulting from reductions in redelivery points, transposition of the provisions of Dpcm dated 29 March 2022 and Law 118/2022.

Resolution 31 January 2023 2- 3/2023/R/com - Implementation of the provisions of Article 1, paragraph 18, Law no. 197 dated 29 December 2022 concerning the recognition of electricity and gas social bonuses due to economic hardships, relating to the year 2023.

The measure defines the procedures for the recognition of social bonuses for the first quarter of 2023 pursuant to the Budget Law 2023.

Resolution 21 February 2023 - 60/2023/R/gas - Procedures for collecting the data necessary for the disbursement of the CIND equalisation component within the metering service for points equipped with class G4 and G6 smart meters in the natural gas sector.

The measure defines the procedures for collecting the data necessary for the disbursement of the CIND equalisation component within the metering service for points equipped with class G4 and G6 smart meters in the natural gas sector and, in particular, the data that distribution companies must make available annually to CSEA and the Authority.

Resolution 30 March 2023 - 134/2023/R/com - Update, as at 1 April 2023, of the tariff components intended to cover general charges and other components of the electricity and gas sectors. Provisions regarding the TIVG. Urgent provisions regarding the electricity and gas bonus. Provisions to the Environment and Energy services Fund. Amendments to the RTDG.

The general electricity and gas charges and social bonuses for Q2 2023 are updated.

Resolution 30 March 2023 - 138/2023/R/gas - Methods for returning the advance payment of the amounts relating to the default reinstatement mechanisms for the default transport service, the default distribution service and the default last resort supply service referred to in the Authority's Resolution 639/2022/R/gas.

The measure defines the procedures of repayment of the advances of the amounts recognised in the framework of the compensation mechanisms for arrears charges provided for each gas last resort service.

Resolution 11 April 2023 - 156/2023/R/gas - Determination of final reference tariffs for gas distribution and metering services for the year 2022.

The measure determines the final reference tariffs for the year 2022, based on the provisions of Article 3(2) of the RTDG.

Resolution 170/2023/R/gas dated 18 April 2023 - Provisions in relation to the determination of economic items for the years 2022 and 2023 and the variation fees for the 2021 annual adjustment session. Provisions to the Fund for Energy and Environmental Services (CSEA).

The measure provides for the extension of the economic compensation envisaged by Resolution 688/2022/R/gas to the periods between January - September 2022 and April - September 2023, as well as the authorisation for Snam Rete Gas S.p.A. to proceed with the redetermination of the deviation fees with reference to the annual adjustment session relating to the year 2021.

Resolution of 16 May 2023 207/2023/R/gas - Determination of provisional reference tariffs for gas distribution and metering services for the year 2023, redetermination of bimonthly advance equalisation amounts for the natural gas distribution service for the year 2023 and redetermination of definitive reference tariffs for the year 2022.

The measure approves the provisional reference tariffs for gas distribution and metering services for the year 2023.

Resolution 06 June 2023 249/2023/R/gas - Provisions on the procedure for the adoption of measures concerning conditions for access to the natural gas distribution service. Reform of the Standard Network Code.

The measure renews the procedure for updating the CRDG initiated with Resolution 465/2017/R/gas and mandates the DMRT Director in collaboration with the DIEU Director to develop the procedural, administrative and organisational steps necessary for the continuation and progress of the planned activities.

Resolution 268/2023/E/gas of 20 June 2023 - Approval of five inspections of natural gas distribution companies regarding service security recoveries.

The measure approves the programme of five inspections of natural gas distribution companies regarding service security recoveries.

Resolution of 27 June 2023 292/2023/R/gas - Initiation of proceedings for the definition of changes to the rules applicable to services of last resort in the natural gas sector, as of 1 October 2023.

Resolution 297/2023/R/com - 28 June 2023 - Update, as of 1 July 2023, of the tariff components intended to cover general charges and other components of the electricity and gas sectors.

Resolution 18 July 2023 - 321/2023/R/gas - Recognition of costs for the natural gas metering service, relating to remote reading/tele-management systems and concentrators, for the year 2020.

The measure sets the amounts of the annual operating costs incurred by natural gas distribution companies for the year 2020 and related to remote metering/tele-management systems and concentrators.

Resolution 25 July 2023 - 340/2023/R/efr - Determination of the tariff contribution to be paid to distributors under the energy efficiency certificates mechanism, for the obligation year 2022.

The measure determines the tariff contribution to be paid to distributors fulfilling their energy saving obligations under the TEE mechanism for the obligation year 2022.

Resolution 03 October 2023 - 439/2023/R/gas - Redetermination of reference tariffs for gas distribution and metering services, for the years 2014 to 2022.

The measure redetermines the reference tariffs for gas distribution and metering services for the years 2014 to 2022 as a result of errors in the calculation algorithm and/or new data reported.

Resolution 10 October 2023 - 449/2023/R/gas - Amendments to the RTDG on the application and updating of the component covering the costs of remote management systems and concentrators and clarification of the regulatory framework.

The measure intervenes with corrections and additions to the RTDG concerning the procedures of application and updating of the component covering centralised costs relating to the metering service, as well as the procedures for recognising the residual costs of smart meters decommissioned early at the end of their useful life, in order to remedy material errors and typographical oversights.

Resolution 10 October 2023 - 454/2023/R/efr - Revision of the regulation of the unit tariff contribution on account under the energy efficiency certificates mechanism.

This measure raises the unit tariff contribution paid on account to distributors fulfilling their energy saving obligations under the TEE mechanism and revises the maximum percentages of obligations that can be fulfilled in this session.

Resolution 28 November 2023 - 556/2023/R/com - Update of the rate of return on invested capital for infrastructure services in the electricity and gas sectors for the year 2024.

The measure provides for the updating of the rate of return on capital employed for infrastructure services in the electricity and gas sectors for the year 2024, pursuant to Article 8 of Annex A (TIWACC 2022-2027) of the Authority's Resolution 614/2021/R/com.

Resolution 19 December 2023 - 607/2023/R/gas - Observations concerning the reimbursement value to be recognised to local authorities for the portions of the natural gas distribution network they own, for the municipalities of the Atem Vicenza 2 - North-East.

In the resolution, the Authority expresses its observations concerning the VIR values, referring to the portions of the natural gas distribution network owned by the local authorities of the municipalities of the Atem Vicenza 2 - Nord-Est, with a deviation between VIR and RAB greater than 10%.

Resolution 28 December 2023 - 622/2023/R/com - Revision of the methods for updating social bonuses and amendments to the Authority's Resolution 63/2021/R/com.

The measure modifies the way in which social bonuses are updated and quantified, and revises certain operating procedures for the recognition of bonuses for the protection of customers/users.

Resolution 28 December 2023 - 631/2023/R/gas - Update of tariffs for gas distribution and metering services for the year 2024.

The measure approves the mandatory tariffs for natural gas distribution, metering and marketing services for the year 2024.

Resolution 28 December 2023 - 636/2023/R/gas - Integration of Articles 91 and 92 of the RQDG concerning the replacement of non-accessible or partially accessible traditional gas meters for which at least one reading per year cannot be taken.

The measure provides for additions to Articles 91 and 92 of the RQDG concerning the replacement of non-accessible or partially accessible traditional gas meters in the event that at least one reading per year cannot be taken with gas smart meters.

Production of Energy from Renewable Sources

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

- by Article 37 of Law Decree No. 21 dated 21 March 2022 ('Energy Decree'), which aims to tax the extra profits made by energy companies as a result of the increase in raw material costs. Measure extended also for the year 2023 (Law No. 197/2022 'Budget Law 2023').

The latter measure redefined the calculation mechanism as well as the percentage to be applied to the so-called 'extra profits' as a contribution;

- Article 15-bis of Law No. 25 of 28 March 2022 (conversion of Decree-Law No. 4 of 27 January 2022 - "Support Decree-ter"), applicable only to the energy produced by plants not operating under the incentive regime and providing for the payment to the GSE of revenues in excess of the sales made at a price above the reference price of Euro 58/MWh (a value for plants operated by the Group) for the period between 1 February 2022 and 31 December 2022. Decree-Law no. 115 dated 9 August 2022 - DL Aiuti-bis (converted by Law no. 142 dated 21 September 2022) then extended the application of the mechanism in question until 30 June 2023 without any substantial changes (ARERA will have to define the new timelines applicable to 2023).

With the publication of ARERA Resolution 266/2022/R/EEL dated 21 June, GSE announced the plants that fall within the scope of application of Article 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 ruling 2676/22 that had annulled ARERA's Resolution 266/2022, as well as the GSE's Technical Rules for calculating the amounts in application of the envisaged mechanism. This annulment is based on the Resolution's non-compliance with European regulations in this area.

ARERA and GSE then appealed against the TAR rulings; the hearing on the merits was set by the Council of State for 5 December 2023. The case was then postponed to a later date pending the decision of the EU Court of Justice, which has not yet set a hearing.

In the meantime, the fulfilments related to ARERA Resolution 266/2022 remain suspended.

Veneto Region Law n. 24 dated 04 November 2022 - Provisions concerning concessions for large water derivations for hydroelectric use pursuant to Article 12, Legislative Decree No 79 dated 16 March 1999 'Implementation of Directive 96/92/EC concerning common rules for the internal market in electricity'.

The Veneto Region has issued the law regulating the granting of concessions for large derivations for hydroelectric use, i.e. for concessions with a nominal power 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 companies with mixed public and private capital).

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 Euro40/kW of concession power as a fixed fee and a minimum of 5% of the 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 improvements 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 a large derivation concession that has expired as of today.

Lombardy Region - Decree dated 12 April 2023 - with this decree the amount of the fixed component of the state fee for the use of public water is set at 107.53 Euro/Kw, to be applied on the concession power, following an update on the basis of the variation in the ISTAT index.

Efficiency and energy-saving obligations

Article 16(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 targets 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.

With the Decree dated 21 December 2007, the Ministry of Economic Development revised and updated the Decree of 20 July 2004 in the following points:

- targets for the years 2008 and 2009 were revised, in light of the oversupply of energy efficiency certificates on the market;
- targets were defined for the three-year period 2010-2012, taking into account the energy consumption reduction target of 10.86 MTEP set by the action plan to 2016;
- energy efficiency and energy saving obligations were extended for each year after 2007 to distributors who, on 31 December of two years prior to each year of obligation, have more than 50,000 end customers connected to their distribution network.

The achievement of energy savings is certified through the award of energy efficiency certificates, the so-called White Certificates. In order to fulfil their obligations under the Decree of 20 July 2004, supplemented by the Decree dated 21 December 2007, and thus be awarded White Certificates, distributors may:

- carry out interventions aimed at improving the energy efficiency of the technologies installed or the way they are used;
- purchase White Certificates directly from third parties, either through bilateral trading or by trading on a special market set up at the Electricity Market Operator (GME).

The Decree of 28 December 2012 defined the annual primary energy savings targets in the period 2013-2016 for obligated distributors and established a minimum quantity of bonds to be delivered upon reaching the natural expiry date of the regulatory year equal to 50% of its annual obligation for the years 2013-2014 (to be offset in the following two-year period in order not to incur penalties) and equal to 60% for the two-year period 2015-2016; again with the possibility of offsetting in the following two-year period in order not to incur penalties.

In addition, the Decree of 28 December 2012 implemented the provisions of Decree 28/2011 whereby the management, evaluation and certification of savings related to energy efficiency projects conducted under the white certificates mechanism are transferred to GSE - Gestore dei Servizi Energetici.

The Decree also extended the possibility of submitting projects for white certificates to parties other than distribution companies and Energy Saving Companies (so-called ESCOs).

The Decree of 11 January 2017 (OJ No. 78, 3-4-2017) determined the national energy savings targets for obligated distributors in the period 2017-2020 and defined the new guidelines for the submission of energy efficiency projects, modifying the previous mechanism by eliminating the 'tau' coefficient, standardised sheets, and extending the life of projects.

The Ministerial Decree dated 10 May 2018 modified the mechanism for valuing the contribution recognised to obligated parties for the cancellation of securities 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 EURO 15/TEE and could eventually be redeemed the following year by the distributor.

With its 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.

The Ministerial Decree dated 21 May 2021 sanctioned 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 for gas distributors from 3.17 to 1.57 million white certificates.

The companies of the Ap Reti Gas S.p.A. Group, Ap reti Gas Vicenza S.p.A., Edigas Distribuzione S.p.A. and AP Reti Gas Nord Est Srl, subject to the obligations defined by the Decrees dated 21 May 2021 and 11 January 2017 are required to comply with the energy saving targets determined annually by the GSE.

The GSE is responsible for verifying that each distributor holds 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 for informing the Ministry of Economic Development, the Ministry of the Environment and Territorial Protection, and the Electricity Market Operator of the certificates received and the results of the verifications.

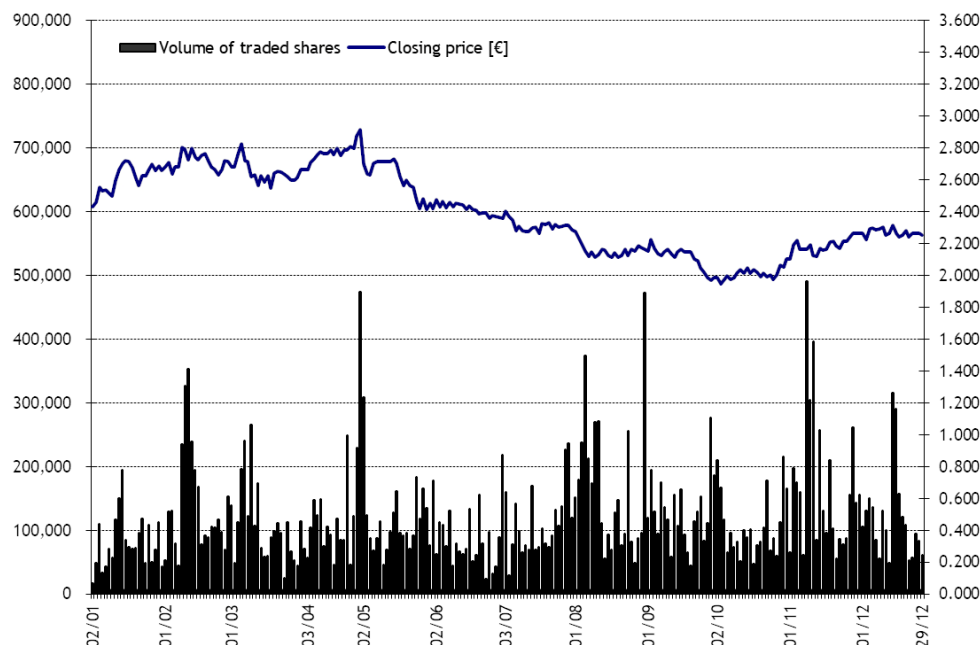
If a distributor fails to meet the set target, it may be subject to an administrative penalty imposed by the Authority for Electricity, Gas and the Water System, pursuant to Law No. 481 dated 14 November 1995 and the indications of the Decree dated 28 December 2012.

For more 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 trend on the Stock Exchange

As of 29 December 2023, the Ascopiave share price was quoted at Euro 2.25 per share, a decrease of 7.4 percentage points compared to the price at the beginning of 2023 (Euro 2.430 per share, referred to 2 January 2023).

Market capitalisation as at 23 February 2024 was EURO 534.46 million¹ (EURO 564.19 million as at 30 December 2022).



The share price during the financial year 2023 showed a deterioration in performance (-7.4%).

During the same period, the FTSE Italia All Share and FTSE Italia Star indices increased by 24.0% and 3.0% respectively.

The FTSE Italia Utilities sector index also increased by 23.8%.

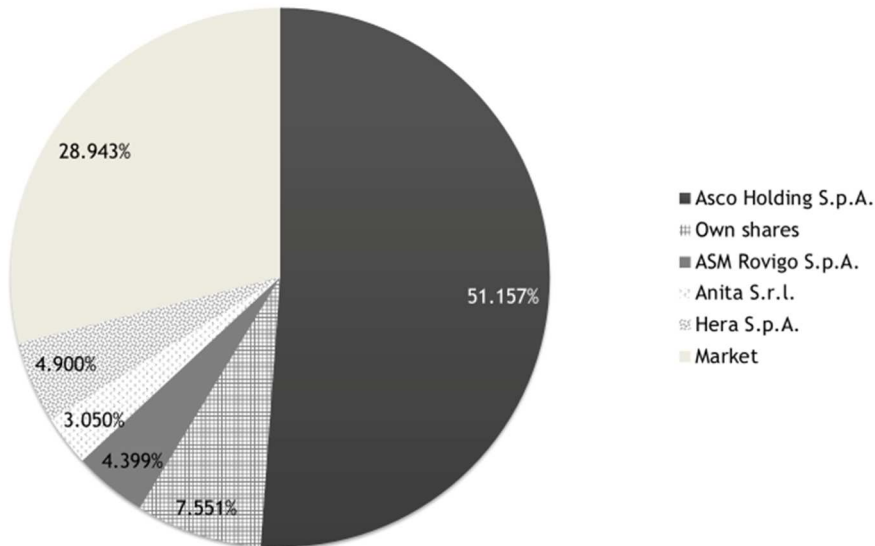
The table below shows the main share and stock market data as at 29 December 2023:

Share and stock-exchange data	29.12.2023	30.12.2022
Earning per share (Euro)	0.17	0.15
Net equity per share (Euro)	3.91	4.00
Placement price (Euro)	1.800	1.800
Closing price (Euro)	2.250	2.395
Maximum annual price (Euro)	2.910	3.630
Minimum annual price (Euro)	1.948	1.890
Stock-exchange capitalization (Million of Euro)	527.43	564.19
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

¹ The stock market capitalisation of the main listed companies active in the local public services sector (A2A, Acea, Acinque, Hera and Iren) as at 23 February 2024 was EURO 15.8 billion. Official data taken from the Borsa Italiana website (www.borsaitaliana.it).

Control of the company

As at 31 December 2023, Asco Holding S.p.A. directly controlled the majority of Ascopiave S.p.A. capital. 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 of 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 FY2023, 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 improvements to the tools aimed at protecting investors' interests.

Internal Control

The activity plan of the Internal Audit Manager is approved annually by the Company's Board of Directors. 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, reporting to the Legal and Corporate Affairs Department, reviewed the adequacy of administrative and accounting procedures as part of his audit 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 for the automation of control procedures.

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

Ascopiave S.p.A. and most of its subsidiaries adopt an Organisational, Management and Control Model; they have adhered to the Code of Ethics of the Ascopiave Group, a document updated by the Board of Directors of Ascopiave S.p.A. on 10 September 2021.

The General and Special Sections of Ascopiave S.p.A.'s Organisational, Management and Control Model were updated by the Board of Directors of Ascopiave S.p.A. on 11 November 2021 and in 2024 the Company launched a project aimed at comprehensively updating the model. The Company, availing itself of the activity of the Supervisory Board, constantly monitors the effectiveness and adequacy of the Model adopted.

On 9 November 2023, following the supervening force of Legislative Decree 24/2023, implementing the EU Directive 2019/1937 on "Whistleblowing", Ascopiave S.p.A. approved an update to the "Procedure for the management of Whistleblowing in the Ascopiave Group", adopted by all the Group's subsidiaries, an integral part of Model 231 (Annex 3 of the Organisation, Management and Control Model).

The Company also continued its activities to promote, raise awareness and understanding of the Code of Ethics among all its stakeholders, especially in the context of commercial and institutional relations.

Please note that Model 231 and the Code of Ethics can be found in the *corporate governance* section of the website www.gruppoascopiave.it.

In addition, it should be noted that during 2023, the activity of periodically updating the organisation, management and control models of all the subsidiaries of the Ascopiave Group that already have their own organisation, management and control model for the prevention of offences for the purposes of Legislative Decree No. 231/2001 continued. The aforementioned drafting and updating activities were completed for some Group companies in 2023, while the remaining ones (including Ascopiave S.p.A.) will be completed in 2024.

Transactions with related and associated parties

The Group has the following transactions with related parties:

- ✓ Administrative services from the parent company Asco Holding S.p.A..

The Group has the following transactions with related parties:

- ✓ Administrative and personnel services from Ascopiave S.p.A. with the parent company Asco Holding S.p.A..

During the year 2023, 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 characterised by maximum transparency and market conditions. For the individual reports, please refer to the explanatory notes of this report.

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

(Thousands of Euro)	31.12.2023				Revenues			Costs		
	Trade receivables	Other receivables	Trade payables	Other payables	Goods	Services	Other	Goods	Services	Other
Asco Holding S.p.A.	63	174	16	0	0	164	0	0	59	0
Total parent company	63	174	16	0	0	164	0	0	59	0
Bim Piave Nuove Energie S.r.l.	128	0	7	0	0	340	0	0	18	0
Total affiliated companies	128	0	7	0	0	340	0	0	18	0
ASM Set S.r.l.	658	0	49	0	0	(1,162)	0	0	0	0
Etra Energia S.r.l.	54	0	0	0	0	(130)	0	0	0	0
Estenergy S.p.A.	14,853	0	18	0	0	(22,403)	0	0	0	0
Total subsidiary companies	15,565	0	67	0	0	(23,695)	0	0	0	0
Total	15,756	174	90	0	0	(23,191)	0	0	78	0

Significant events during the financial year 2023

Shareholders' agreements - updating of voting rights

On 7 January 2023, pursuant to applicable laws and regulations, 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.

The sole purpose of this update was to change the number of voting rights held by certain signatory shareholders as a result of the increase in voting rights, as communicated by Ascopiave on 6 May 2022.

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., on the authorised storage mechanism "eMarket STORAGE" (www.emarketstorage.com) of Teleborsa S.r.l., and in the Corporate Governance section of the website 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 contractual 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 ATEM Parma and Piacenza 2 concessions with about 3,200 PDR;
- 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 Euro 3.6 million in favour of the Ascopiave Group based on the different expected profitability. The transaction highlighted 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 confirmed the strategic directions set out in the plan approved in 2022, outlining a sustainable growth path in the core businesses of gas distribution and renewable energy as well as in new business areas.

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

The economic and financial highlights are:

- EBITDA to 2026: EURO 133 million (+ EURO 56 million compared to the 2022 forecast);
- Net result to 2026: EURO 41 million (+ EURO 10 million compared to the preliminary 2022 result);
- Net investments 2022-2026: EURO 873 million;
- Divestments of minority interests 2022-2026: EURO 497 million;
- Net debt to 2026: EURO 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 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 2026 of EURO 21 million and an increase in investment volume of EURO 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.

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, would be held on 7 March 2023, and that the Analyst Presentation, initially scheduled for 9 March 2023, would 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, would be held on 27 July 2023, and that the Analyst Presentation, initially scheduled for 4 August 2023, would be held on 27 July 2023.

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 section "Investor relator" - "Shareholders' Meetings") and at the authorised storage mechanism "eMarket Storage" (www.emarketstorage.com) of Teleborsa S.r.l..

Hera Group and Ascopiave finalise the acquisition of 92% of Asco TLC

On 14 March 2023, Ascopiave S.p.A. announced that the Hera Group, through its subsidiary Acantho, and the Ascopiave Group finalised the acquisition of 92% of the shares of Asco TLC at the headquarters of Asco Holding in Pieve di Soligo (TV), with 36.8% and 55.2% stakes, respectively.

The closing followed the award, at the end of November 2022, of 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 Treviso-Belluno Chamber of Commerce, and the subsequent signing on 29 December 2022 of the related contractual documentation between the Hera Group and the Ascopiave Group.

The cash-settled acquisition price was EURO 37.2 million.

Asco TLC, a company that has been active since 2001 in the provision of ICT services mainly to corporate customers and public administrations, had 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 broadcasting bridges and 24 xDSL exchanges in unbundling, and provided its services to more than 2,700 customers.

For the two groups, the transaction represented a strategic step in the evolution of the business portfolio in the IT-TLC sectors, in line with their respective industrial plans. Moreover, it was the first step in a broader transaction that led, through the merger of Asco TLC into Acantho, to the creation of a multi-regional operator with significant operational synergies compared to the stand-alone companies and benefits for customers as well.

Shareholders' agreements - three-year tacit renewal

Pursuant to the applicable laws and regulations, Ascopiave S.p.A., on 20 March 2023, informed that an updated version of the key information relating to the shareholders' agreement signed on 16 March 2020 and published by the signatories of the agreements in the national daily newspaper 'Italia Oggi' on 16 March 2023 has been disclosed to the public. This update concerned the tacit renewal of the Covenant for a further three-year period pursuant to Article 6 of the same Covenant, which took place on 16 March 2023.

Shareholders' agreements

On 12 April 2023, pursuant to applicable laws and regulations, Ascopiave S.p.A. disclosed to the public the extract of the shareholders' agreement transmitted to Ascopiave S.p.A. pursuant to Article 122, paragraph 1 of Legislative Decree no. 58 dated 24 February 1998, and published on 8 April 2023 by the subscribers of the agreement in the national daily newspaper 'Italia Oggi'.

It should be noted that this agreement, which was of a transitory nature, lasted until the end of the Ascopiave S.p.A.

shareholders' meeting, which was convened in April 2023 to renew the offices of both the Board of Directors and the Board of Statutory Auditors.

Ordinary Shareholders' Meeting held on 18 April 2023

On 18 April 2023, 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 2022 and resolved to distribute an ordinary dividend in the amount of EURO 0.13 per share, for a total of EURO 28.2 million, an amount calculated on the basis of the shares outstanding as at the end of the financial year 2022. The ordinary dividend was paid on 4 May 2023 with detachment of the coupon, identified with the number 198, on 2 May 2023 (record date 3 May 2023).

The Shareholders' Meeting also approved, with a binding vote, the first section of the report on the remuneration policy and compensation paid, prepared pursuant to Article 123-ter of Legislative Decree No. 58 dated 24 February 1998 (the 'TUF') (i.e., the remuneration policy for the financial year 2023).

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 2022).

The Ordinary Shareholders' Meeting resolved on the appointment of the members of the Board of Directors and the Board of Statutory Auditors of the Company, who will remain in office for three financial years until the approval of the financial statements as at 31 December 2025. The Board of Directors appointed by the Shareholders' Meeting is composed of 7 directors elected on the basis of the candidate lists submitted by the Shareholders.

Given the result of the voting, out of no. 312,032,351 votes represented at the Shareholders' Meeting, list no. 1 presented by Asco Holding S.p.A. obtained no. 254,132,776 votes equal to 81.444% of the voting participants and equal to 64.439% of the total voting rights; list no. 2 presented by ASM Rovigo S.p.A. obtained no. 56,329,419 votes equal to 18.052% of the voting participants and equal to 14.283% of the total voting rights.

Therefore, in accordance with the provisions of Article 15.12 of the Articles of Association, from the list submitted by the majority shareholder Asco Holding S.p.A., owner of 51.157% of the share capital and equal to 60.813% of the voting capital, Luisa Vecchiato, Nicola Ceconato, Federica Monti, Greta Pietrobon, Enrico Quarello, and Giovanni Zoppas were elected as Directors. From the list presented by the shareholder ASM Rovigo S.p.A., which came second in terms of the number of votes obtained, Mr. Cristian Novello, the first candidate on that list, was elected director.

The Shareholders' Meeting also appointed Mr. Nicola Ceconato as Chairman of the Board of Directors.

The Shareholders' Meeting also resolved to set at Euro 380,000 the total annual remuneration due to the Board of Directors to be paid, in compliance with applicable laws and regulations, of Euro 80,000 to the Chairman and Euro 50,000 to each of the other directors, starting from the date of assumption of office and until the end of the term of office, without prejudice to the Board's right to determine a further remuneration for directors holding special offices in accordance with the Articles of Association, as provided for by Article 2389, paragraph 3, of the Italian Civil Code.

Given the outcome of the voting, for the appointment of the Board of Statutory Auditors out of no. 312,032,351 votes represented at the Shareholders' Meeting, list no. 1 presented by Asco Holding S.p.A. obtained no. 254,132,776 votes equal to 81.444% of the voting participants and equal to 64.439% of the total voting rights; list no. 2 presented by ASM Rovigo S.p.A. obtained no. 56,325,392 votes equal to 18.051% of the voting participants and equal to 14.282% of the total voting rights.

Therefore, the Board of Statutory Auditors appointed by the Shareholders' Meeting was elected on the basis of the candidate lists submitted by the Shareholders. Pursuant to Article 22.5 of the Articles of Association, from the list submitted by the majority shareholder Asco Holding S.p.A., owner of 51.157% of the share capital and equal to 60.813% of the voting capital, which obtained the highest number of votes, Dr. Luca Biancolin and Dr. Barbara Moro were elected as standing auditors, and Dr. Matteo Cipriano as alternate auditor.

From the list presented by the shareholder ASM Rovigo S.p.A., owner of 4.399% of the share capital and equal to 5.229% of the voting capital, Mr. Giovanni Salvaggio was elected standing auditor and Chairman of the Board of Statutory Auditors, and Mr. Marco Bosco alternate auditor.

The Shareholders' Meeting also set the remuneration of the Board of Statutory Auditors, pursuant to Article 2402, Italian Civil Code, in the amount of Euro 50,000 gross per annum for the Chairman of the Board of Statutory Auditors and Euro 32,000 gross per annum for each Statutory Auditor.

Finally, the Shareholders' Meeting approved the authorisation for the purchase and disposal of treasury shares, subject

to revocation of the previous authorisation granted by the Shareholders' Meeting held on 28 April 2022, for the portion not executed.

Sustainability Report 2022 approved

On 18 April 2023, Ascopiave S.p.A. announced that the Sustainability Report 2022, approved by the Board of Directors of Ascopiave S.p.A. in its meeting of 13 April 2023, 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 to Environmental, Social and Governance factors and provides an overview of the initiatives promoted by the Ascopiave Group in the area of corporate social responsibility.

Appointment of the Chief Executive Officer and Governance Committees, verification of the independence of directors and auditors

The Board of Directors of Ascopiave S.p.A., which met on 11 May 2023, appointed the Chairman Nicola Cecconato as Chief Executive Officer of the Company; the same Board delegated the Chairman and Chief Executive Officer the relevant powers. Furthermore, on the basis of the information received from the parties concerned as well as the information in its possession, the Board has ascertained, pursuant to the provisions of the Consolidated Finance Act and the Corporate Governance Code, that the directors Federica Monti, Cristian Novello, Luisa Vecchiato and Giovanni Zoppas meet the independence requirements envisaged in Art. 148, paragraph 3, of the Consolidated Finance Act and Article 2 of the Corporate Governance Code, and that therefore the composition of the Board of Directors complies with the provisions of Article 147-ter of the Consolidated Finance Act and Article IA.2.10.6 of the Instructions to the Borsa Italiana Regulation on STAR issuers.

The Board of Statutory Auditors verified the correct application of the assessment criteria and procedures adopted by the Board to assess the independence of its members. On 8 May 2023, the Board of Statutory Auditors ascertained that its members met the independence requirements envisaged in Article 148, paragraph 3, of the Consolidated Finance Act and Article 2 of the Corporate Governance Code, based on the information received from those directly involved. The composition of the Board of Statutory Auditors therefore complies with the provisions of Article 148 of the Consolidated Law on Finance.

The Board of Directors also set up the Control and Risk Committee, identifying as its members: Cristian Novello (Chairman), independent director; Federica Monti, independent director; Luisa Vecchiato, independent director.

Furthermore, the Board of Directors constituted the Remuneration Committee, identifying as its members: Luisa Vecchiato (Chairman), independent director; Cristian Novello, independent director; Greta Pietrobon, non-executive director.

The Board of Directors also set up the Sustainability Committee, identifying as its members: Greta Pietrobon (Chairman), non-executive director; Federica Monti, independent director; Enrico Quarello, non-executive director.

It has been announced that the curricula vitae of each director and auditor, as well as information on the lists from which they came, are available on the Company's website (www.gruppoascopiave.it).

Hera Group and Ascopiave merge Asco TLC into Acantho

On 27 July 2023, the Hera Group and the Ascopiave Group approved the merger of the latter into Acantho at the extraordinary general meetings of the subsidiaries Acantho and Asco TLC.

The merger took effect on 1 October 2023.

Following the transaction, Acantho shareholders hold the following shares: Hera S.p.A. 70.16%, Con.AMI 16.84%, Ascopiave 11.35%, Province of Treviso 1.65%.

ESG loans: 24.5 million euro from BCC Iccrea Group to Ascopiave Group for the construction of a new 21.6 MW wind farm in Calabria

On 27 September 2023, BCC Banca Iccrea finalised a Project Finance transaction worth about EURO 24.5 million for the benefit of Salinella Eolico S.r.l., a company that is now controlled by the Ascopiave Group.

Ascopiave sells 15% of the capital of EstEnergy to the Hera Group

On 10 November 2023, the Hera Group, through its subsidiary Hera Comm, and Ascopiave signed in Bologna the deed of sale by the latter of a 15% stake in the capital of EstEnergy, the commercial joint venture established in 2019 and constituting the largest energy operator in the North East with more than one million customers, for a countervalue of Euro 137.5 million.

This transfer resulted from the partial exercise of the put option held by Ascopiave on its shareholding in the company, as established in the agreements signed between the parties when the partnership was established. A further 8% stake in EstEnergy was sold by Ascopiave to Hera Comm on 1 December 2022.

As a result of the new transaction, the Hera Group's shareholding in EstEnergy increased to 75%, while Ascopiave decreased to 25% of the share capital, with the right of sale on this stake remaining unchanged at the conditions already defined, in addition to maintaining the current governance rights.

The transaction will allow the Ascopiave Group to improve the sustainability of its capital structure, in line with the objectives of its strategic plan, contributing to the financial coverage of medium-term investments in core and diversification activities.

At the same time, the Hera Group has further strengthened its presence in the energy sector, where it is already the third largest national operator with 3.8 million customers, with the aim of continuing to generate concrete benefits for customers and the communities served. This operation, in fact, has made it possible to bring new strategic synergies for the development of value-added services and to foster decarbonisation and energy efficiency, significantly contributing to the achievement of the targets set out in the multi-utility's business plan, also in terms of environmental sustainability.

Annual corporate events calendar 2024

On 13 December 2023, 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., announced the calendar of the main economic and financial events for the year 2024.

The deed of merger by incorporation of Eosforo S.r.l., Sangineto Energie S.r.l., Morina S.r.l. and Asco Energy S.p.A. into Asco Renewables S.p.A. was signed.

On 19 December 2023, the Ascopiave Group announced that the deed of merger by incorporation of the companies Eosforo S.r.l., Sangineto Energie S.r.l., Morina S.r.l. and Asco Energy S.p.A. into the company Asco Renewables S.p.A. was signed.

The merger became effective for civil law purposes, pursuant to Article 2504 bis, paragraph 2, of the Italian Civil Code, as of 11.59 p.m. on 31 December 2023, upon registration of the deed of merger with the competent Company Registry. The accounting and tax effects took effect on 1 January 2023.

It should be noted that, since the share capital of Morina S.r.l., Sangineto Energie S.r.l. and Eosforo S.r.l. was wholly owned by Asco Renewables S.p.A. and Asco Renewables and Asco Energy S.p.A. were companies directly and wholly owned by the same shareholder Ascopiave S.p.A., the simplified merger procedure pursuant to Article 2505 of the Italian Civil Code was applied. The share capital of the merging company remained unchanged and the merger took place through the cancellation of all the shares constituting the capital of the merged companies.

The purchase of a minority stake in Serenissima Gas S.p.A. was finalised

On 27 November 2023, the Ascopiave Group finalised, through its subsidiary Romeo Gas S.p.A., the acquisition of 20.39% of the share capital of Serenissima Gas S.p.A. from the minority shareholder GP Infrastrutture Trasporto S.r.l. (Serenissima Gas owns treasury shares equal to 1.17% of the share capital).

Romeo Gas S.p.A. is now the sole shareholder of Serenissima Gas S.p.A..

The purchase of the minority stake in Salinella Eolico S.r.l. was finalised

On 27 November 2023, the Ascopiave Group completed, through its subsidiary Asco Renewables S.p.A., the acquisition of 40% of the share capital of Salinella Eolico S.r.l. from the minority shareholder Renco S.p.A.. Asco Renewables S.p.A. is now the sole shareholder of Salinella Eolico S.r.l..

Other important facts

Natural gas distribution

The Ascopiave Group manages concessions for the gas distribution service 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 Gas S.p.A., in a total of 304 municipalities, distributed in Veneto, Friuli-Venezia Giulia, Lombardy, Emilia-Romagna and Piedmont.

The natural gas distribution business

Fully consolidated companies

Below is a table summarising the data for the group's gas distribution activities for the year 2023 and a comparison with those for the year 2022:

	Financial Year	
	2023	2022
Volumes of gas distributed (mln/m ³)	1,432	1,456
Length of distribution network in operation (Km)	14,730	14,614
Total distribution network laid / replaced (Km)	100	95
Total active gas meters (no.)	874,376	889,739
Total smart meters G4/G6 (no.)	772,977	741,370
Average time of arrival on site (minutes)	38.16	38.67
Distribution network inspected (%)	86.18%	69.70%

The significant change in the number of active PDRs and volumes distributed is mainly related to the following extraordinary transactions:

- the handover of the natural gas distribution plants managed by Serenissima Gas and included in the Udine 2 Atem, finalised on 1 April 2023, and carried out following the outcome of the awarding of the tender for approximately 4,400 PDR;
- 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;
- 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 ATEM Parma and Piacenza 2 with about 3,300 PDR.

The planned inspection of the network in 2023, 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		
		2021	2022	2023
High and medium pressure network inspected on the total (100% inspection obligation in 3 years)	> 100% in 3 years	72.97%	70.63%	84.68%
Low pressure network inspected on the total (100% inspection obligation in 4 years)	> 100% in 4 years	72.40%	69.25%	86.89%

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	
	2023	2022
Compliance with the maximum time set for the execution of services subject to specific commercial quality standards	99.455%	99.39%
Respect for punctuality in the appointments agreed with the end customer	99.994%	99.92%

During the year, the company's emergency response structure, which operates 24 hours a day every day of the year and can be activated via the dedicated company toll-free numbers, carried out 9,956 interventions, with an average arrival time at the call location of 38.16 minutes, far less than the 60 minutes required by the Authority's standards.

In addition, continuous monitoring of the correct odorization 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 improvements in all administrative, technical, process control and human resources management activities, seeking to optimise the use of resources, internalising activities and increasing the possibility of making investments.

In particular, activities continued to pursue the improvement 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.

The company has also 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 that of 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 over the last few 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 led to the need to determine the Residual Industrial Value (R.I.V.) 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)
- repayment from the (natural) expiry of the concession.

The likelihood of an 'ope 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 upon 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 Residual Industrial Value of natural gas distribution plants located in the municipalities currently served by Ascopiave S.p.A.", 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.

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 5,585,000 for 2013;
- Euro 5,268,000 for 2014;
- Euro 5,258,000 for 2015;
- Euro 5,079 thousand for 2016;
- Euro 5,190 thousand for 2017;
- Euro 5,258,000 for 2018;
- Euro 5,482 thousand for 2019;
- Euro 5,467 thousand for 2020;
- Euro 5,430,000 for 2021;
- Euro 5,023,000 for 2022;
- Euro 5,225,000 for 2023.

for a total of Euro 72,380 thousand.

Renewable energies

Consistent with its strategic plan, the Ascopiave Group has embarked on a path of diversification of its managed activities oriented towards the energy transition by entering the renewable energy sector.

As at 31 December 2023, this segment represents the Group's second largest business in terms of contribution to company income and is active in the production of electricity from renewable sources, such as hydroelectric and wind power.

The portfolio of plants held by the Group has an installed capacity of 62.50 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 52.20 MW operate on the free market.

At the beginning of 2024, an additional wind farm of the subsidiary Salinella Eolico S.r.l., located in Calabria, came into operation, with an installed capacity of 21.6 MW in 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. Pursuant to 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) defining a target of 72% share of renewable energies in the electricity generation mix by 2030, increased from the 55% set in 2019 by the National Integrated Energy and Climate Plan (Piano Nazionale Integrato Energia e Clima - PNIEC).

In 2022, national energy consumption amounted to 306.1 TWh, with renewables accounting for 36.8%, while net electricity production stood at 250.4 TWh, of which 34.5% from renewables.

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

With reference to incentives, 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 to both the construction of new plants and 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, currently in draft, is awaited.

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

Activities managed

In terms of installed power, the Ascopiave Group holds a portfolio of electricity generation from renewable sources equal to 62.5 MW consisting of 27 hydroelectric plants (3 large derivation plants, i.e., with concession power greater than 3 MW, and 24 small derivation plants) for a total power of 48.5 MW and 1 wind plant with a power of 14.0 MW.

At the beginning of 2024, an additional wind farm of the subsidiary Salinella Eolico S.r.l., located in Calabria, came into operation, with an installed capacity of 21.6 MW.



Cogeneration

In 2023, the operation of the cogeneration plants was carried out by the Ascopiave Group's Research and Development Division on behalf of Asco Energy S.p.A.

With reference to the activities on thermal cogeneration plants, the operation of the following three plants was managed during 2023:

- The 'Le Cime' plant in Mirano (VE), where, following the latest extension of the district heating network, the fill rate of connected residential customers increased from 130% to 131%.
The cogeneration unit worked at full capacity, being switched on in the winter period to supply thermal energy for heating use for the connected customers and in the summer period to feed the absorber for the production of cooling energy for the same customers;
- The 'Bella Mirano in Mirano (VE)' plant, where, 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 121% to 123%. The exceeding of the 100% saturation rate is due to the fact that, in addition to the original project, during 2014 two new apartment blocks were connected to the district heating network that were not part of the original project, but connected following a contribution to cover the full costs paid by the builders of the two new apartment blocks.
The cogeneration unit worked at full capacity, being switched on during the winter period to supply thermal energy for heating purposes;
- The "Cà Tron a Dolo (VE)" plant, which has maintained the same filling level as the connected residential customers. It should be emphasised that to date, only the first section (about 50%) of the entire allotment covered by the agreement has been completed.
The cogeneration unit worked at full capacity, being switched on during the winter period to supply heating energy to connected customers.
The fill rate of connected residential customers is 36%.

With regard to activities on thermal plants, the Group managed the operation of 5 plants during 2023.

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 (TEE), with the publication of the Ministerial Decree dated 21 May 2021, the 2020 target was considerably reduced and the quantities of certificates subject to the targets for the four-year period 2021- 2024 were determined.

For all obligated distribution companies of the Group, the minimum quota of the 2022 target was met in the May 2023 session, while the 2021 target was completed in the November 2023 session.

It should be noted that the amount of securities allocated to the Group's distribution companies for the financial year 2023 (May 2023 - June 2024) is 68,675 certificates.

It should also be noted that, compared to the financial years 2022 and 2023, there were 81,755 undelivered securities at the closing date of this annual financial report.

Litigation

DISPUTES ON PLANT VALUE - CIVIL JURISDICTION

As at 31 December 2023, there were no pending litigations.

PLANT VALUE DISPUTES - ARBITRATIONS

As at 31 December 2023, there were no pending litigations.

ADMINISTRATIVE / CIVIL LITIGATION - RELATING TO CONCESSIONS

As at 31 December 2023, they are pending:

MUNICIPALITY OF SOVIZZO

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

With the Sentence of 10 December 2021, the monocratic Judge accepted the Municipality's request and ordered AP Reti Gas S.p.A. to pay Euro 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 (RG 95/2022).

The first hearing was held on 16 May 2022 and the hearing for the statement of conclusions was held on 12 June 2023.

In its ruling of 12 December 2023, the Venice Court of Appeal rejected AP Reti Gas's appeal, upholding the first instance ruling.

The company will pay the due amount, but is considering whether to appeal in cassation.

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 Resolutions nos. 92, 85 and 70 of the Municipal Council of 2020, whereby the three Authorities approved the respective estimates of the residual value of the plants, drawn up by the engineer appointed by the S.A. (Metropolitan City of Venice) using the ministerial LGs criterion, instead of, as obligatory under Article 15, paragraph 5 of Legislative Decree 164/2000 and as previously done, applying the duly and promptly agreed contractual criteria, 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 upon the Ambito S.A.'s request) forwarded a further GC Resolution (No. 3/2022) with which it approved another estimate (again at ministerial LGs) that, albeit marginally, further reduces the repayment value recognised to AP Reti Gas S.p.A.

The company therefore appealed with additional grounds.

Similarly, the Municipality of Fossalta di Portogruaro, on 11 August 2022, 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. Although the difference with the previous value (referred to in the disputed Resolution No. 85/2020) is minimal (less than one thousand euro), the Company had to proceed with an appeal with additional grounds, duly filed and notified within the terms. At present, there are no other procedural acts.

With regard to the dispute with the municipality of Teglio Veneto, the company filed its final statement in December 2023.

MUNICIPALITY OF FOSSALTA DI PORTOGRUARO

A civil suit filed with the Court of Pordenone (R.G. 2515/2022), 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 requests 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 owed nothing to the municipality, entered an appearance to oppose the authority's claim.

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

AP Reti filed its appearance on 17 March 2023.

Negotiations are ongoing between the respective lawyers to reach an amicable settlement of the dispute.

MUNICIPALITIES OF ALBIGNASEGO AND CADONEGHE

Two administrative proceedings, pending before the Veneto Regional Administrative Court (TAR), initiated by AcegasApsAmga (parent company of AP Reti Gas Nord Est), against the Municipalities of Albignasego RG 1007/17 and Cadoneghe RG 447/18, in relation to the ownership of networks in the parcelled area.

With respect to the judgment with the Municipality of Cadoneghe, on 28 February 2023, a notice of impending peremption was received. AP Reti Gas Nord Est communicated its intention to make the aforementioned term run, with the consequent extinction of the judgement. The relative Decree, with the consequent termination of the judgment, was published on 02 October 2023.

On 16 May 2023, a similar notice of imminent peremption was received in respect of the lawsuit pending with the Municipality of Albignasego. AP Reti Gas Nord Est communicated its intention to make the aforesaid term run, with the consequent extinction of the judgement.

The Decrees of the Regional Administrative Court dated 21 September and 22 November 2023 declared the appeals, RG 1007/17 and 447/18, respectively, to be peremptory.

The judgments are therefore concluded.

ADMINISTRATIVE DISPUTES - NOT RELATING TO CONCESSIONS

As at 31 December 2023, they are pending:

ANAC DELIBERATIONS 214 and 215 of 2022

An appeal to the Regional Administrative Court for Lazio - Rome (R.G. 7980/2022), 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 No. 214 and 215 of 2022, by means of which, the Authority, in alleged execution of Sentence No. 2607/2022 of the Lazio Regional Administrative Court, substantially reproduced what was envisaged 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 Press Release by the ANAC President dated 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.

In virtue of Sentence No. 2607/2022, the Lazio Regional Administrative Court upheld AP Reti Gas's appeal and annulled the disputed measure, concluding 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 prepared in the first judgement and not examined by the TAR, not because they were considered unfounded, but because the Court, pursuant to the CPA, considered the ruling of lack of jurisdiction to be absorbent and exhaustive.

At present, there are no further court proceedings.

ARERA DELIBERA ARG/GAS 570/2019 and DELIBERA 117/2021/R/gas (as well as the related access to documents procedure)

An appeal to the Regional Administrative Court for Lombardy - Milan (R.G. 522/2020), brought 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 dated 24 May 2021, an appeal was also filed against ARERA Resolution No. 117/2021/R/gas, concerning the "Determination of the definitive reference tariffs for gas distribution and metering services for the year 2020". In fact, the Companies considered that the measure, being part of the determinations resulting from the tariff regulation envisaged 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 dated 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 started "compliance" proceedings, aimed at enforcing the ruling, then appealed the same (evidently, for the parts not upheld). However, the appeal was abandoned by Italgas on 16 February 2022, for supervening lack of interest.

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. At present, only the judgment of compliance remains.

REGIONE VENETO - EXCLUSION FROM SELECTION FOR PNRR CONTRIBUTION FOR HYDROGEN PRODUCTION

An appeal before the Regional Administrative Court of Veneto (R.G. 612/2023), brought by Green Factory S.r.l. against the Veneto Region and the Ministry of the Environment and Energy Security and against Sapio Produzione Idrogeno Ossigeno S.r.l, for the annulment, subject to suspension of the effectiveness, of Decree No 28 of 29 March 2023 of the Director of the Veneto Region's Research, Innovation and Energy Competitiveness Directorate, and of all subsequent acts, by which the Region excluded Green Factory from the procedure for the allocation of the grant (PNRR) provided for the production of hydrogen in disused industrial areas.

The company, in particular, considers the exclusion from the aforementioned procedure to be unlawful in several respects, since it considers that it meets the requirements.

By Ruling No. 1092 of 13 July 2023, the Veneto Regional Administrative Court rejected the appeal. The Company appealed.

In Judgment No. 11336 published on 29 December 2023, the Council of State rejected the appeal.

The litigation is therefore concluded.

PROVINCE OF BRESCIA AND VALLE TROMPIA MOUNTAIN COMMUNITY

An appeal to the Regional Administrative Court for Lombardy - Brescia, brought by Morina S.r.l. (now merged by incorporation into Asco Renewables S.p.A.), against the Province of Brescia and the Mountain Community of Valle Trompia for a declaration that

- as a result of their non-exercise, the Comunità Montana di Valle Trompia forfeited the hydroelectric concession granted by the Province of Brescia with its own executive determination no. 3099 of 3 August 2010 and the single authorisation pursuant to Article 12 of Legislative Decree 387/2003, granted by the same Province with its own executive determination no. 4501 dated 24 July 2014;
- consequently, the prior consent of the Comunità Montana di Valle Trompia is not necessary for the transfer of the two aforementioned measures to the company Morina S.r.l. alone.

The company also requested the disapplication or cancellation of the measure of the Province of Brescia, prot. no. 159684/2023 of 22 August 2023 (which refers to the joint ownership of the concession).

At present, there are no further court proceedings.

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 September 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 issues of constitutionality and compliance with European law of the primary regulation were raised. Similarly, in some appeals brought by other companies before the Tax Commission, the question of jurisdiction, pending before the Court of Cassation, was raised, as well as the question of constitutionality.

The public hearing for the discussion of the appeal on the merits took place on 4 April 2023. The Regional Administrative Court ordered a postponement to 18 July 2023. At the outcome of the hearing, in light of the above, and therefore pending the decision of the Supreme Court, the TAR ordered the suspension of the trial.

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

A lawsuit before the Regional Administrative Court of Lombardy in Milan (R.G. 1774/22), brought by Asco EG (notified on 08 September 2022), against ARERA Resolution No. 266/2022 and the GSE Communiqué of 07 July 2022, implementing Article 15 bis of Law Decree 4/2022, converted by Law 25/2022, and amended by Law Decree 115/2022, converted with amendments by Law 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 ruling were published on 09 February 2023.

As a precautionary measure, pending the above-mentioned grounds, on 6 December 2022, the Company, together with the other plaintiffs, filed a further appeal on additional grounds with the Regional Administrative Court of Lombardy - Milan, as a result of the supervening force of EU Regulation 2022/1854, for the annulment of all 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 nullity of all application measures issued by ARERA and GSE. 15 bis of DL 4/2022 and for the consequent nullity 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.

Sentence No. 2676/2022 was appealed by ARERA to the Council of State (RG 10025/22), with a request for suspension of the first instance sentence. By order of 17 January 2023, the Council of State granted the precautionary petition and therefore suspended the enforceability of the challenged ruling.

Following the publication of the grounds of the Judgment of First Instance on 21 March 2023, the application to revoke the interim order was discussed. The Council of State, however, confirmed the suspension of the execution of the Judgment and set the public hearing on the merits for 05 December 2023.

With respect to the further proceedings brought before the Lombardy - Milan Regional Administrative Court, by order of 17 July 2023, the court suspended the proceedings pending the preliminary ruling of the Court of Justice of the European Union on the questions formulated by the same Regional Administrative Court in a previous order of 7 July (adopted in the context of a case with a completely similar subject matter).

CIVIL LITIGATION - NOT RELATED TO CONCESSIONS

As at 31 December 2023, they are pending:

CLAIM FOR DAMAGES FOR SUPPLY INTERRUPTION VS AP RETI GAS VICENZA

A lawsuit, pending before the Court of Vicenza (R.G. 339/2020), 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 Lombardia - CPL), 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 hearing for closing arguments took place on 11 May 2023.

In its judgement of 16 October 2023, the Court of Treviso upheld Ariston Cavi's claim, finding that the extent of the alleged damage had been proved. The ruling also upheld AP Reti Gas Vicenza's claim for indemnity and ordered CPL to pay the costs of the litigation. The outcome of the Court, therefore, can be considered positive.

At present, there are no reports of any appeals.

FIN ENERGY S.A. (Capital increase of Asco EG)

A lawsuit before the Court of Enterprises of Venice (R.G. 5768/22), brought by Fin Energy S.A., a minority shareholder of Asco EG, against the same company, by means of an appeal notified on 3 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 Company, considering the claim to be unfounded, entered an appearance within the time limit.

The first two hearings took place on 21 December 2022 and 19 July 2023.

The witness hearing took place on 12 October 2023.

PROVINCE OF VERBANO CUSIO OSSOLA (Appeal sanctions)

A civil action commenced with the notification of an appeal pursuant to Article 22 of Law 689/1981 c/o the Court of Verbania (R.G. 64/2023), by Sangineto Energie S.r.l. (now merged by incorporation into Asco Renewables S.p.A.), against the Provincia del Verbano Cusio Ossola, for the annulment and/or declaration of nullity and/or revocation, subject to suspension, of the injunction issued by the same Provincia on 10 January 2023, prot. no. 299, Rep. no. 1/2023, by which the Ente is claiming from Sangineto Energie (as assignee of Sant'Anna S.r.l.) and from Fusio S.r.l, EVA Renewables Assets

S.p.a. and Ing. S. B., jointly and severally, the payment of the amount of Euro 1,248,000.00, as the sum deriving from the penalty of Euro 1,600.00 (equal to the minimum amount) multiplied by 780 violations (of which 778 reports have been served) allegedly ascertained by the Carabinieri forestry officers (between 23 September 2015 and 5 April 2016), relating to the storage of material resulting from the construction of a diversion tunnel serving the hydroelectric plant in the municipalities of Falmenta, Gurro and Cavaglio Spocchia.

The Company disputes both the inclusion in the perimeter of debtors, the quantum claimed, and the very legitimacy of the procedure adopted to impose the penalty.

The Court of Verbania set the hearing for discussion on 23 May 2023, then postponed to 21 June 2023.

By order of 6 November 2023, the Court suspended the enforceability of the order issued by the Verbano Cusio Ossola Province, prot. no. 299, dated 10 January 2023, Rep. no. 1/2023 against (among others) Sanginetto Energie. It then adjourned the discussion and decision to the hearing on 9 July 2024.

With regard to the same matter, the parent company Ascopiave also activated negotiated remedies to protect against any liabilities that might arise.

NOTICES OF PAYMENT OF STATE FEES FOR LARGE HYDROELECTRIC DERIVATIONS YEAR 2023

An lawsuit before the Tribunale Superiore Delle Acque Pubbliche (R.G. 136/2023), brought by Asco EG S.p.A. on 16 June 2023, against Regione Lombardia, for the annulment of the Lombardy Regional Council's Resolution of 12 April 2023 no. XII/136 "Determinations regarding the updating of the fixed component of the fee due by large hydroelectric derivations for the year 2023 pursuant to Article 20, paragraph 2, of Regional Law no. 5 of 8 April 2020, as amended and supplemented", published in Boll. Uff. Regione Lombardia, S.O. no. 16 of 18 April 2023 and of the consequent acts (e.g. Notice of expiry of the public water user fee 2023).

In a nutshell, the company disputes the manner in which the inflation rate was adjusted and consequently the amount of the fee charged.

The first hearing took place on 11 October 2023.

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 the 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 retrieval 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 Scu.m/year), the commencement of emergency legal actions.

Currently, they are:

- No. 8 files filed (hearings already scheduled and/or already under consideration);
- No. 6 files under enforcement;
- No. 1 file with critical procedural issues (e.g. with appeal and/or complaint rejected);
- No. 12 files under management (for which an appeal may therefore be necessary).

The annual number of cases for which legal action is likely to be required in 2024, for all Group companies (including the latest, Romeo Gas and Serenissima Gas), can now be roughly estimated at between 12 and 25 actions.

EFFICIENT BUILDING S.P.A. (purchase of tax credits)

A lawsuit c/o the Court of Padua, commenced by AP Reti Gas Nord Est, with a writ of summons dated 14 December 2023, for the annulment for fraudulent intent of the credit assignment contract entered into between Ap Reti Gas Nord Est S.r.l. and Efficient Building S.p.A. on 27 April 2023 and for compensation for any consequent damages.

At present, there are no further court documents.

On 27 April 2023, certain Group companies signed a contract with Efficient Building S.p.A. for the purchase of 110% super bonus tax credits for a nominal amount of Euro 10,000 thousand, for a price paid of Euro 8,700 thousand.

In August 2023, following the initiation of a criminal investigation against the assignor (and not concerning the Group companies), the Guardia di Finanza notified the same companies of a preventive seizure order concerning part of the tax credits acquired, for a nominal value of Euro 3,632 thousand, of which Euro 1,691 thousand had already been used by the companies in offsetting with certain tax expiry dates, thus cancelling their effects and exposing them to the possible request for new payment of the taxes subject to offsetting as well as the payment of the relative penalties and interest.

In light of these proceedings and additional information received, the Group companies suspended the use of the residual Super bonus credits purchased, not subject to seizure, and not yet offset against their tax liabilities, in the amount of Euro 636,000, requesting additional information and guarantees from the assignor in respect thereof.

Invoking the contractually agreed guarantees with the assignor, during the year the Group made an out-of-court claim against Efficient Building S.p.A. for compensation/indemnification in relation to the receivables assigned by the latter and affected by the seizure order; in addition, not having received sufficient information from Efficient Building S.p.A. sufficient information to offset the remaining receivables, it also requested compensation/indemnification with respect to the receivables not affected by the seizure but that it was not able to use in offsetting within the legal deadlines, amounting to Euro 636 thousand.

The Group's reasons are based on valid arguments and consequently the Directors consider that the companies concerned are protected both with regard to the receivables subject to attachment and already set off (also in the event that the criminal proceedings against the assignor should conclude with a conviction) and with regard to the receivables not affected by attachment and not used in set-off.

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, in the course of 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, also supported 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 Agenzia delle Entrate of the notices of assessment related to the disputed matters, for which the company filed an appeal before the Provincial Tax Commission of Venice, which was accepted with the ruling dated 21 April 2021, which provided for the annulment of the related disputed acts. On 15 November 2021, the Agenzia delle Entrate appealed against the first instance judge's ruling before the Venice Regional Tax Commission; 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, and on 19 June 2023, the second instance Tax Court of the Veneto Region filed ruling no. 577/2023 in which it rejected the appeal brought by the Agenzia delle Entrate, sentencing it to pay the costs of the litigation and the flat-rate reimbursement of general expenses.

With reference to subsequent 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 the notices of assessment on 23 December 2020, which were subsequently appealed 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 disputed 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. On 04 July 2023, the Tax Court of First Instance of Venice filed judgment no. 315/2023 in which it accepted the appeal, condemning the Inland Revenue to pay the litigation costs and the flat-rate reimbursement of general expenses.

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

Territorial areas

Regulatory developments

Starting in 2011, the regulatory framework of the sector was significantly increased with the issuance of the Decree of 19 January 2011, which identified the Minimum Territorial Areas (ATEMs), followed by the so-called Occupational Protection Decree dated 21 April 2011, implementing Paragraph 6 of Article 28 of Legislative Decree No. 164 of 23 May 2000, and the Decree of 18 December 2011, which identified the municipalities part of each Territorial Area.

Also of fundamental interest is Decree 226 of 12 November 2011 (the so-called Criteria Decree), containing the regulation concerning the tender criteria and the scores resulting from the evaluation of the offer for the entrusting of the gas distribution service.

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

Subsequently, however, the disciplinary context was further modified.

Decree Law No. 145/2013, converted, with amendments, into Law No. 9/2014, reformed the regulations on the determination of the reimbursement value of the plants due to the outgoing operator at the end of the so-called 'Transitional Period'.

Law 9/2014 amended Article 15 of Legislative Decree 164/2000, providing that:

- a. the reimbursement to be paid by the new operator was calculated (first and foremost) in accordance with the provisions of the agreements and contracts and, to the extent that it cannot be deduced from the will of the parties as well as for the aspects not governed by the same agreements or contracts, on the basis of the Guidelines on criteria and operating procedures for the assessment of the reimbursement value referred to in Article 4, paragraph 6, of Decree-Law 69/2013, converted, with amendments, by Law 98/2013;
- b. in any case, private contributions relating to locational assets, valued according to the methodology of the tariff regulation in force, were deducted from the reimbursement value (VR or VIR);
- c. where the VIR is greater than ten per cent of the locality RAB, the granting local authority, prior to the publication of the call for tenders, must transmit to ARERA the relevant detailed evaluations so as to allow the Authority to carry out a congruity check (so-called VIR / RAB variance).

On 6 June 2014, pursuant to the aforementioned regulatory provisions, the Decree of 22 May 2014 was published approving the "Guidelines on Criteria and Application Procedures for the Evaluation of the Reimbursement Value of Natural Gas Distribution Facilities" called to define the criteria to be applied for the evaluation of the reimbursement value of facilities, in the absence of a full negotiated regulation and/or to supplement those aspects not provided for in the agreements or contracts.

The "Guidelines" presented several critical aspects not only in terms of the consequent valuation, but also in terms of the scope of application, which was extremely broad, to the point of deeming ineffective the VR agreements entered into between operators and municipalities after 12 February 2012 (the date on which Ministerial Decree 226/2011 came into force). Moreover, the Guidelines themselves did not implement, and indeed were in conflict with the provisions of Article 5 of Ministerial Decree 226/2011 in force at the time (contrary to the regulatory provision that referred to Article 4, paragraph 6 of Decree Law 69/2013, which, in turn, made explicit reference to Article 5 of Ministerial Decree 226/2011).

In consideration of these profiles of alleged illegitimacy, Ascopiave S.p.A., together with other leading operators, challenged the Ministerial Decree dated 21 May 2014 (and thus the Guidelines) with an appeal to the Regional Administrative Court of Lazio, in which a question of both constitutional and community legitimacy was raised, referring above all to the (substantially retroactive) interpretation of the new rules concerning the deduction of private contributions established by Law 9/2014 and the limit of effectiveness of previous agreements between operators and municipalities.

Subsequently, with Resolution 310/2014/R/gas - 'Provisions on the determination of the reimbursement value of natural gas distribution networks', the Sector Authority regulated the methods for verifying the VIR / RAB deviation.

Law No. 116/2014 (converting, with amendments, Decree-Law No. 91/2014) introduced a further amendment to Article 15 Paragraph 5 of Legislative Decree No. 164/2000, confirming that the redemption value must be calculated, first and

foremost, in accordance with the provisions of the agreements or contracts, (but) provided that the latter were entered into before the date on which Ministerial Decree No. 226/2011 came into force, i.e. before the date of 12 February 2012, thereby "endorsing" the retroactivity of the application of the Guidelines.

On 14 July 2015, Decree 106/2015 amending DM 226/2011 was published. The amendment, in particular, introduced:

1. a partial amendment of the provisions on VR to be applied in the absence of specific agreements between the parties. In substance, it largely takes over what was already provided for in the Guidelines;
2. the increase of the maximum threshold of the amount of annual fees that can be offered in tenders to local authorities, raised from 5%, to the current 10% of the main components (not all of them) of the Tariff Revenue Constraint (VRT);
3. the regulation of some important technical-economic aspects, related to the energy efficiency investments to be included in the offer, concerning the valorisation of the amounts recognisable to local authorities and the (partial) tariff recognition of the coverage of the related costs.

Law 21/2016 converting the so-called 'Decreto Mille Proroghe' (Urgent Provisions Concerning Legislative Deadlines) provided for the final extension of the deadlines for the publication of calls for tenders, also regulating the timing of the substitutive interventions of the Regions, or, as a last resort, of the Mi.SE, and repealing the penalties for delay previously provided for municipalities.

In essence, to date, the above-mentioned deadlines have been largely missed.

During the two-year period 2015-2016, a number of calls for tenders were published to entrust the service with the Territorial Area procedure. Many, however, did not follow the procedure provided for by the regulations, on the subject of prior examination by ARERA of both the VRs, the VIR-RAB deviation, and the overall contents of the call for tenders and its annexes. Moreover, most of the tenders deviated, even significantly, from the tender evaluation criteria.

In essence, the standardisation of the tendering process, as envisaged by the regulations, has encountered serious difficulties in imposing itself.

Law 124/2017 (Annual Law on the Market and Competition) introduced innovations in order to reduce timeframes and simplify the verification process. In particular:

- The granting local authority is given the opportunity to certify (also through an appropriate third party) that the reimbursement value has been determined by applying the provisions of the Guidelines, and this concludes the process if the aggregate VIR-RAB variance of the Territorial Area does not exceed 8 per cent and the VIR-RAB variance of the municipality concerned does not exceed 20 per cent;
- if the value of the net fixed assets of locations is misaligned with respect to the sector averages as defined by the Authority, the value relevant for the calculation of the VIR-RAB deviation is determined by applying the parametric valuation criteria defined by ARERA (now Article 24 of the RTDG);
- it is envisaged that the Authority, by means of its own provisions, shall define simplified procedures for the evaluation of calls for tenders, where these are drawn up in compliance with the model call for tenders, the model specifications and the model service contract, specifying that, in any case, the tender documents may not deviate from the maximum scores provided for in Articles 13, 14 and 15 of Decree No. 226/11 (except within the limits provided for in the same articles with regard to certain sub-criteria).

The Authority implemented the provisions of Law 124/2017 with Resolution 905/2017/R/gas of 27 December 2017.

In the meantime, art. 1, paragraph 453 of Law 232/2016 sanctioned the authentic interpretation of art. 14, paragraph 7 of Legislative Decree 164/2000, in the sense that the outgoing operator remains obliged to pay the concession fee, where provided for in the original concession contract.

With respect to the duration of the so-called "transitional period", for the concessionary relationships prior to the enactment of Legislative Decree 164/2000, considering all the extensions provided for by the measures that followed one another over time, together with the optional extensions attributable by the Municipalities up to the enactment of Legislative Decree 93/2011, two alternative "opere legis" expiry dates were identified, on 31 December 2012 and 31 December 2010, depending, respectively, on whether or not the concession had been awarded through a comparative procedure, even if extremely simplified.

In the absence of the identification of a new area manager, after the expiration of the aforementioned terms, pursuant to the combined provisions of Article 14, paragraph 7 of Legislative Decree No. 164/2000, Article 24, paragraph 4 of Legislative Decree No. 93/2011 and Article 37, paragraph 2 of Law Decree No. 83/2012, the outgoing managers are obliged to continue the ordinary management of the service, without interruption.

To date, the regulatory framework has been further supplemented and amended by Law No. 118/2022, which, in Article 6, on the one hand, provided for the possibility for municipalities to sell, at the time of the tender, the sections they own with VIR valuation, determined in application of the Guidelines, while on the other, it provided for the renewal of Ministerial Decree No. 226/2011. This, however, despite the six-month deadline set by Law 118/2022, has not yet been reformed.

The extreme proliferation of regulations following Ministerial Decree 226/2011, often lacking the necessary systemic procedure and followed by various disputes, has substantially prevented the implementation of the ATEM system hypothesised since the introduction of Article 46-bis of Law Decree 159/2007 (converted, with amendments, into Law 222/2007). Only very few Territorial Areas, in fact, have seen the tender process completed. Among these are Milan 1, Aosta, Udine 2 and Belluno (with respect to the latter, please refer to what is explained below).

Tenders of interest

The Municipality of Belluno, the contracting station of the Belluno Atem, published the call for tenders for the concession of the service (open procedure) in December 2016.

In September 2017, the Group company AP Reti Gas S.p.A. submitted its offer.

The tender acts were challenged by a participating operator. In Judgment No. 886/2017, the Veneto Regional Administrative Court rejected the appeal. The pronouncement was then confirmed by the Council of State, with Sentence of 22 January 2019.

At the end of the bid evaluation, AP Reti Gas S.p.A. was the best bidder for the technical part, but ranked second in the overall score, behind Italgas Reti S.p.A.

AP Reti Gas, believing that there were many profiles of inconsistencies in the tender of the winning bidder, challenged the outcome of the tender, but the appeals (at first instance to the Veneto Regional Administrative Court and on appeal to the Council of State) were not upheld.

The handover of management to Italgas Reti took place on 1 February 2024.

In December 2018, the Municipality of Schio, contracting station of the Atem Vicenza 3 - Valli Astico Leogra e Timonchio, published the call for tenders (restricted procedure).

At the time, in this area, the Group companies AP Reti Gas S.p.A. and AP Reti Gas Vicenza S.p.A. managed the service in 28 municipalities, for a total of over 80,000 users. Subsequently, the management perimeter was implemented following the entry of Romeo Gas S.p.A. into the Group.

AP Reti Gas S.p.A. and AP Reti Gas Vicenza S.p.A., as a precautionary measure aimed at avoiding future risks of forfeiture with respect to the content of the Notice, which was deficient in several essential aspects (e.g. indication of the reimbursement values, tender specifications, etc.), challenged the Notice, with an appeal to the Veneto Regional Administrative Court, notified on 16 January 2019.

In Judgment No. 667/2019 of 3 June 2019, the Regional Administrative Court declared the appeal inadmissible on the basis that the contents of the tender documents would necessarily have to be supplemented by the Contracting Authority in the continuation of the procedure.

The ruling was positive for the applicants, overcoming the objective concern that the tender procedure might crystallise and continue on the basis of incorrect values. For that reason, it was not appealed.

Subsequently, after several extensions, the tender process was and is currently suspended.

Significant events after the end of the financial year 2023

Early termination of Prelios financing

In January 2024, the subsidiary Asco EG extinguished the loan signed with Prelios early. The residual debt recorded as at 31 December 2023, equal to Euro 9,043 thousand, was recorded among medium- and long-term loans for Euro 7,652 thousand and among payables to banks and short-term loans for Euro 1,391 thousand.

Dividend distribution

On 18 April 2023, the Shareholders' Meeting approved the financial statements and resolved to distribute an ordinary dividend of EURO 0.13 per share with an ex-dividend date of 2 May 2023, record date 3 May 2023 and payment on 4 May 2023.

Own shares

Pursuant to Article 40 of Legislative Decree 127, paragraph 2 d), it is acknowledged that as at 31 December 2023, 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 2024 the Group will continue to be engaged 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 2024 the process of the tenders relating to the Territorial Areas of interest to the Ascopiave Group should 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 2024 financial year and therefore will not be able to change the perimeter of the activities currently managed. It should be noted that some concessions held by the company Serenissima Gas have ceased with effect from 1 April 2023, following the awarding of the relative Territorial Area tender (Udine 2) to another operator.

With regard to the economic results, given the substantial definiteness and stability of the regulatory framework, it is expected that, net of income components of an extraordinary nature recorded in 2023 and that may possibly affect the 2024 financial year, the results will grow compared to those of the previous year, mainly due to the increase in tariff revenues induced by the monetary updates of the calculation parameters and the increase in the rate of return on recognised capital (from 5.6% in 2023 to 6.5% in 2024) ordered by ARERA to take into account the upward trend in market rates .

With regard to energy efficiency obligations, the Decree dated 21 May 2021 of the Minister of Ecological Transition determined the national energy saving targets for the years 2021-2024. The estimated targets for 2024 for the Group's distribution companies are higher than the annual obligations for the year 2023.

As regards the production and sale of electricity from renewable sources, it should be noted that as of 1 July 2023, the effects of the decrees issued on the subject of energy price containment ceased to apply. Expected production in 2024 will benefit from the commissioning of the 21.6 MW wind farm, recently completed by the company Salinella Eolico S.r.l. in Calabria.

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 EstEnergy 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 in 2024 may differ from those indicatively projected above due to various factors including: general macroeconomic conditions, the impact of energy and environmental regulations, success in the development and application of new technologies, changes in stakeholder expectations and other changes in business conditions.

Inflationary trends and interest rates

The financial year 2023 was characterised by the factors that also influenced the previous year. In fact, the financial year 2022 was strongly affected by a significant inflationary spiral that had already started in 2021 due to misalignments generated between supply and demand when the pandemic began to fade. The onset of the Russian-Ukrainian conflict, which is still ongoing, significantly influenced the trend in energy commodity prices, reviving the already growing inflationary trend. In fact, the increase in natural gas prices has affected energy commodity prices, the effects of which have rapidly spilled over to the other consumer goods that, for manufacturing or transportation of the same, require energy consumption. In particular, among the most sensitive to commodity trends were foodstuffs, a sector already partly affected by the contraction of Ukrainian production and reduced Russian exports.

Inflation in Italy averaged an increase of 8.1% at the end of the financial year 2022, mainly driven by the trend in the prices of energy goods. Net of these, consumer price growth amounted to 4.1%.

In 2022, the Federal Reserve and the European Central Bank, like other central banks around the world, started a process of raising interest rates in order to curb the run-up in inflation and, at the same time, try to prevent an excessively violent slowdown that would lead to a recession in their respective countries.

The rise in interest rates and the monetary policies implemented by the ECB are having their effects and, in Italy, inflation averaged 5.7 per cent at the end of 2023 by Istat.

Inflationary trends decelerated significantly compared to the previous year, but still showed significant growth rates. The ECB recently confirmed the reference rate of 4.5%, stating that it is still premature to discuss an interest rate cut. Possible downward or upward adjustments will be defined on the basis of the development of macroeconomic data.

In addition, two more crisis scenarios opened up in the course of the 2023 financial year: the Israeli-Palestinian crisis and the Houthis' crisis in Yemen, which, for different reasons, could propagate economic effects that could affect European economies and influence their inflationary trends.

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.

Group objectives and policies and description of risks

The Ascopiave Group is committed to developing an integrated and proactive risk management culture in order to protect shareholder value, support business continuity and promote informed decisions, contributing to the sustainable success of the company.

The Group'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.

The categories of risks to which the group is potentially exposed can be categorised as follows:

- Strategic direction risks: these are the risks related to the Strategic Plan, the investment plan, and M&A transactions;
- Financial Risks: these are the financial risks (liquidity, interest rate, credit rating, derivatives, etc.);
- Operational Risks: these are risks associated with the ownership of assets and the operation of business activities, processes and procedures; and human capital management;
- Legal & Compliance Risks: these are the risks related to the management of legal-regulatory developments, the management of litigation and the organisational and governance framework;
- HSE risks: these are risks related to occupational health and safety management and environmental issues.

STRATEGIC DIRECTION RISKS

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

As at 31 December 2023, the Ascopiave Group held 304 natural gas distribution concessions (306 as at 31 December 2022).

Pursuant to the provisions of the regulations in force applicable to the concessions it holds, 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 in accordance with the deadlines indicated in Annex 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 to the collection of the expected reimbursement value in favour of the outgoing operator in the event of non award, with respect to the municipalities currently managed by the company.

To address this risk, the Group monitors regulatory developments (national, regional, local) and assesses potential impacts on the tendering process and has a dedicated structure to manage ATEM tenders.

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 at the expense of the incoming operator shall be calculated in compliance with the provisions envisaged in the conventions and contracts and, for that which cannot be deduced from the will of the parties as well as for those 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 envisaged in Article 4, paragraph 6, of Decree-Law No. 69 dated 21 June 2013, converted, with amendments, by Law No. 98 of 9 August 2013. In any case, the private contributions relating to locational assets, which are valued according to the methodology of the tariff regulation in force, are deducted from the reimbursement value. Moreover, if the reimbursement value is higher 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 of the private contributions related to the locality assets, the granting local authority transmits the relevant detailed evaluations of the reimbursement value to the Regulatory Authority for Energy, Networks and Environment for verification before 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 subsequent to 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 redemption 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 be 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 entrustment period according to the redemption value, pursuant to Article 5 of Decree No. 226/11, recognised to the outgoing operator at the time of the first entrustment by sector, taking into account the depreciation and divestments recognised for tariff purposes during the entrustment period;
- b) residual value of the new investments made during the entrustment period 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 at the end of the period, as provided for by Article 56 of the Gas Distribution and Metering Services Tariff Regulation (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 paragraph 3.1 of Resolution 573/2013/R/GAS, for the subsequent period.

Transition Risk

Transition risk is related to legal, regulatory and technological changes associated with combating climate change and the transition to a low-emission economy.

As the Ascopiave Group is active in the energy sector, these changes could affect revenues and profitability of the expected investments.

To mitigate the possible impact of risk, the Group invests in technology, such as CRDS (Cavity Ring-Down Spectroscopy) technology for preventive pipeline monitoring and leak detection, and is engaged in activities to transform the network into digital infrastructure to enable the distribution of gases other than methane, such as hydrogen, biomethane and e-gas. Moreover, through its Strategic Plan, it has defined a diversification path outlining sustainable growth in the field of renewable energy.

FINANCIAL 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 the Environment and are envisaged in the Network Codes, which dictate contractual clauses that reduce the risk of default by customers.

The Codes provide, in particular, for the issuance of suitable collateral to partially cover the obligations undertaken if the customer does not have a credit rating issued by leading international bodies.

To cover residual possible risks on receivables, an allowance for doubtful accounts was accrued, which at year-end was equal to about 24.6% (20.8% at 31 December 2022) 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.

The Group has a process for preparing and monitoring the financial plan and for managing, controlling and reporting Financial Risks. Financial planning is carried out on an annual time horizon and is done at least weekly, sometimes with mid-week updates.

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, breakdowns of equipment or control systems, drops in plant performance, and exceptional events such as explosions, fires, or other similar events, give rise to risks of infrastructure malfunctioning up to and including 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.

To cope with these risks, the Group has implemented appropriate technical, organisational and procedural measures, and implemented technological innovation activities such as the use of Picarro technology, currently the most advanced and high-performance technology for leak detection.

The Group has also entered into specific insurance contracts to cover the risks described. Although the insurance lines activated are in line with the best policies, the risk remains that 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 out.

Risks related to cyber security

These are the risks of unavailability/loss of Confidentiality and/or Information Integrity as a result of cyber-attacks that are being conducted against companies with increasing frequency and complexity.

The Group has equipped itself with a set of technical, organisational and procedural measures to protect its information assets and works constantly to ensure the protection of information systems and data, carrying out prevention, detection and intervention against potential cyber-attacks.

Vulnerability Assessments and Penetration Tests are also carried out periodically in order to assess the effectiveness of the systems in place and take the necessary corrective actions to increase the security of the managed systems.

Risks associated with energy efficiency certificates

Article 16.4 of Legislative Decree No. 164/2000 requires natural gas distribution companies to pursue energy saving objectives in end use and the development of renewable sources.

In return for the results achieved, distributors are awarded so-called Energy Efficiency Certificates, the cancellation of which results in a reimbursement by the Cassa per i Servizi Energetici e Ambientali financed from the funds set up through the RE (Energy Savings) 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 securities and the recognised tariff contribution and/or the possible failure to achieve the assigned targets. In order to guard against this risk, the group has a structure dedicated to the management of activities and the monitoring of regulations on the subject.

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 during the cost of the concession term.

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. To mitigate this risk, the group has set up technical and management organisational structures to monitor the progress of investments.

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 development of the criteria for determining reference tariffs.

Future changes in regulations adopted by the European Union or at a national level cannot be excluded, which could have unforeseen repercussions on the regulatory framework and, consequently, on the Group's business and results.

Regulatory developments are constantly monitored to enable a rapid understanding of the effects and the implementation of necessary organisational, technical or process changes to ensure compliance with laws, rules and regulations.

Legal and non-compliance risk

The legal and non-compliance risk consists of non-compliance, 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).

The Group conducts its business in compliance with applicable regulations, compliance with laws, rules and regulations is carefully monitored.

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 has an HSEQ System in compliance with the relevant standards, certified according to international standards for quality, health and safety aspects (45001), with compliance audits carried out by a certification body. Regular compliance audits on the 45001 management system with internal audits and continuous monitoring are also carried out, as well as computerised training courses on HSE and management system topics.

CLIMATE CHANGE RISK MANAGEMENT

Operating in the energy sector, the Ascopiave Group has a synergetic 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, and with the development of new projects and investments underway, 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.

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 preliminary 'disclosure', analysed the 4 pillars recommended by the document: Governance, Strategy, Risk Management, Metrics & Targets.

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.

In 2021, Ascopiave S.p.A. placed the pursuit of the goal of 'sustainable success' at the heart 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, whose 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 is also supported by the Control and Risk Committee in its assessments and decisions concerning the internal control and risk management system.

Strategy

The Group's strategy aims to pursue sustainable success and is oriented towards the goal of stable value creation for shareholders, aware of the potentially significant impacts that climate can have on customers, stakeholders and the business. Moreover, on the production and distribution process front, the constant effort to improve 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 indicated 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 energies and in new areas of activity. 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 possible scenarios arising from climate change.

Part of the planned investments in diversification in the renewable energy sector are intended for energy transition by focusing on 'green' gases, as well as the development of new wind power plants.

Diversification within its corporate perimeter not only makes the Group more profitable and resilient to exogenous events, but also has pervasive effects on the Group's consciousness and responsibility.

Growth in diversified sectors may take place through the development of in-house expertise, participation in competitive procedures, company acquisitions or, finally, through the establishment of partnerships with experienced players.

The phenomenon of climate change is forcing 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 to improve both the quality and reliability of service and to contain costs.

Risk Management

With particular reference to risks and opportunities related to climate change, the Ascopiave Group relies on the support of the Governance Committees Sustainability Committee and Control and Risk Committee, and, starting from October 2022, on the figure of the Risk Manager. In line with the recommendations of the TCFD, risk management involves the following steps: identification and assessment of risks/opportunities, definition of the response, periodic review and continuity/improvement of safeguards.

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' in the previous year's annual financial report, 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 incorporates the concept of assuming responsibility that the 2030 Agenda requires of every reality, not only in terms of what it does on a business level, but also as an activator of change with a view to creating sustainable systems both locally and globally.

In line with the recommendations of the TCFD, a preliminary analysis of the general and specific risks-opportunities of the Group was carried out on the basis of purely qualitative considerations.

The identification of risks, and their attribution, may be difficult due to limited knowledge of climate-related issues and/or a tendency to focus mainly on short-term risks.

An initial macro-distinction between physical and transitional risk was therefore made:

- Physical risk, i.e. the risk arising from progressively changing climatic conditions, is linked to long-term variations (chronic risk) and extreme weather events (acute risk).
These risks expose the Group to damage to or destruction of 'tangible capital' such as industrial buildings, plant and infrastructure, potential disruptions of essential supplies, and 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 particular, there is growing uncertainty about the future role of natural gas with potential impact on revenues and profitability of expected investments.
In the face of this risk, the Group has defined a path of diversification by outlining a sustainable growth path in the field of renewable energies.

Other information

Research and Development

Information systems

The main project realised in 2023 was the realisation, management and subsequent support for the migration to the systems of Ireti Gas SpA, of the application park of the new distribution company named Romeo 2 S.r.l..

The company, operational since 1 February, took over a number of concessions managed by the Ascopiave Group in the North-West and ceased operations on 31 December 2023, when its business branches were transferred to Ireti Gas SpA and ASM Vercelli SPA, both companies of the Iren Group.

During the period, the fine-tuning of the works management process continued for all the Group's Distribution companies, a project that in the last two years has entailed the modification of the processes of budgeting, awarding, work reporting and the creation of 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 user management processes, the Infor EAM software that supports maintenance processes, the Geocall WFM that has also been extended for 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.

The analysis was completed and the development of a system to support the definition of the technical budget for works to be carried out on gas distribution networks was started. The system will also make it possible to manage the entire process of requesting and managing work permits.

The period also saw the completion of the tender for the assignment of the support service for the design and implementation of the transition to Utility Network for the mapping system used for the Gas Distribution and Integrated Water System services. The project, which began at the end of the second half of the year and is being carried out over a time horizon of about 26 months, represents an important evolution of the mapping system and will allow a complete re-engineering of the related processes.

Activities continued on the pilot project of a software capable of simulating the fluid-dynamic behaviour of networks in real time. The project, which is currently operational on a part of the network in on-demand mode, has the objectives of enabling 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 of the 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.

During 2023, the management system, launched in the final months of 2022, was consolidated to support the main processes for managing an integrated water system. This system represents an important element of investment in the digitisation 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, through to invoicing.

As part of investments in digital innovation, the RPA (Robotic Process Automation) technology experimentation project continued, 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 delinquency), A02 (activation of supply following suspension for potential danger) and IGMG (readings on meter change activities) flows, the WKR coefficient acquisition process, and the photo-label acquisition process.

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

Work also continued during the period to enable the necessary adjustments and changes to systems to meet regulatory updates and internal process improvement requirements.

In cooperation with the Group's HR and Risk Manager structures, following the awarding of the tender for the choice of the supplier with whom to carry out the next two-year Security Awareness cycle, the new training cycle for users of the Group's information systems was launched. The project aims to continue to raise the level of attention to cybersecurity risks by information system users and to measure the results achieved through the implementation of targeted phishing campaigns.

On the infrastructure side, all Windows 2012/Windows2012R2 server systems that went out of support by Microsoft in 2023 were upgraded, and all corporate PCs were also upgraded to supported versions of Windows 10.

During 2023, the replacement of the corporate NAS with two new architectures that are better performing, capacious and geographically redundant was completed. Also in 2023, the project to replace the outdated (no longer upgradeable) WiFi infrastructure was started and is being completed.

Two rooms were refurbished with electronic devices (screen + Webcam and microphone) to enable video conferences. The IT contract with the company EstEnergy for the visibility of old data concerning the former sales companies controlled by the Ascopiave Group was terminated at the end of 2023, and the data archives in electronic and paper format (customer contract files) were handed over to EstEnergy.

In addition to the Security Awareness training already described, actions to improve cyber security continued during 2023.

In this case:

- Segregation of data centre networks (vlan) by domains of relevance, so as to 'limit' cyber risks to the specific domain by eliminating the possibility of 'lateral movements';
- Activation of antivirus also on NAS facilities, which are normally not managed by dedicated antivirus systems;
- Activation of an in-house system for the systematic and periodic execution of VA (Vulnerability Assessments) on all data centre networks, in order to detect critical issues on the systems that need to be remedied.

On the corporate software side, the selection of the supplier for the SAP (corporate ERP) HW change project was implemented in 2023 in order to bring it to a version compatible with the new operating systems and to remain in the SAP update compatibility matrix. The project was completed for systems development and testing at the end of 2023, production remains to be done in Q1 2024.

Management improvements were made in the vehicle management and electronic invoicing software (in the latter case, it was necessary to install an updated version compatible with the new operating systems).

In the course of 2023, the company equipped itself with a cloud-based service for document management and digital signatures, which, however, is not yet fully in place due to necessary integrations with the company ERP that are not possible until the HW change is completed.

Human Resources

As at 31 December 2023, the Ascopiave Group had 503 employees, distributed among the various companies as shown below:

Company	31.12.2023	31.12.2022	Variation
Ascopiave S.p.A.	77	83	-6
AP Reti Gas S.p.A.	191	180	11
AP Reti Gas Rovigo S.r.l.	15	15	0
Edigas Esercizio Distribuzione Gas S.p.A.	52	60	-8
AP Reti Gas Vicenza S.p.A.	35	35	0
AP Reti Gas Nord Est S.p.A.	89	94	-5
Cart Acqua S.r.l.	3	3	0
Romeo Gas S.p.A.	7	6	1
Serenissima Gas S.p.A.	23	26	-3
Asco EG S.p.A.	11	11	0
Total Group	503	513	-10

Compared to 31 December 2022, the Ascopiave Group's workforce decreased by 10 employees; the changes are attributable to the following companies:

- ✓ Ascopiave: -6 employees, due to 2 hirings and 8 terminations;
- ✓ AP Reti Gas: +11 employees, due to 18 hirings and 7 terminations;
- ✓ Edigas Esercizio Distribuzione Gas: -8 employees, due to 8 hirings and 16 terminations;
- ✓ AP Reti Gas Nord Est: -5 employees, due to 5 hirings and 10 terminations;
- ✓ Romeo Gas: +1 employee, due to 7 hirings and 6 terminations;
- ✓ Serenissima Gas: -3 employees, due to 3 terminations.

The table shows the breakdown of the workforce by qualification:

Description	31.12.2023	31.12.2022	Variation
Managers	13	14	(1)
Office workers	312	326	(14)
Manual workers	178	173	5
Total Group	503	513	(10)

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 procurement 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 2023 was Euro 1,007 thousand for the Directors, Euro 419 thousand for the Board of Statutory Auditors, and Euro 1,074 thousand for Senior Management, for a total of Euro 2,500 thousand compared to Euro 2,490 thousand the previous year.

Commentary on the financial results for the financial year 2023

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. %
	2023	2022		
Ascopiave Group				
Number of Concessions	304	306	-2	-0.7%
Length of distribution network (Km)	14,730	14,614	116	0.8%
Total active meters (no.)	874,376	889,739	-15,363	-1.7%
Volumes of gas distributed (scm/mln)	1,432.0	1,455.6	-23.6	-1.6%
PRODUCTION OF ENERGY FROM RENEWABLES SOURCES	Financial Year		Var.	Var. %
	2023	2022		
Ascopiave Group				
Number of plants	28	28	0	0.0%
Installed power (MW)	62.5	62.5	0.0	0.0%
Volumes of electricity produced (GWh)	150.8	89.2	61.6	69.0%

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 1,432.0 million cubic metres, down 1.6% compared to the previous year.

As at 31 December 2023, the number of redelivery points (PDR) operated by Group companies is 874,376.

The 28 plants producing electricity from renewable sources, with a total installed capacity of 62.5 MW, produced 150.8 GWh during the year, an increase of 69.0% over the previous year. The volume of GWh produced, despite the improvement compared to the period under comparison, was significantly affected by the weather, in particular by the continuing drought.

Operating Performance - The Group's Economic Results

(Thousands of Euro)	Financial Year			
	2023	% of revenues	2022	% of revenues
Revenues	180,794	100.0%	163,651	100.0%
Total operating costs	86,268	47.7%	85,721	-52.4%
Gross operative margin	94,526	52.3%	77,930	47.6%
Amortization and depreciation	48,232	26.7%	45,975	-28.1%
Provision for risks on credits	305	0.2%	44	0.0%
Operating result	45,990	25.4%	31,911	19.5%
Financial income	6,020	3.3%	4,412	2.7%
Financial charges	13,950	7.7%	6,223	-3.8%
Evaluation of subsidiary companies with the net equity method	3,566	2.0%	7,871	4.8%
Earnings before tax	41,626	23.0%	37,971	23.2%
Taxes for the period	5,005	2.8%	6,999	-4.3%
Result for the period	36,621	20.3%	30,972	18.9%
Net result from transfer/disposal of assets	56	0.0%	1,466	0.9%
Net result for the period	36,677	20.3%	32,438	19.8%
Group's Net Result	36,176	20.0%	32,664	20.0%
Third parties Net Result	501	0.3%	(226)	-0.1%

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 2023, the Group realised revenues of Euro 180,794 thousand, an increase of 10.5% over the previous year. The following table provides a breakdown of revenues.

(Thousands of Euro)	Financial Year	
	2023	2022
Revenues from gas transportation	125,702	115,168
Revenues from electricity sale	208	422
Revenues from connections	937	863
Revenues from heat supply	(0)	7
Revenues from distribution services	3,660	4,761
Revenues from services supplied to Group companies	3,691	14,070
Revenues from ARERA contributions	16,927	12,426
Revenues from hydro-electric plants	18,743	10,904
Other revenues	10,926	5,031
Revenues	180,794	163,651

Tariff revenues on gas distribution activities (which go from Euro 113,561 thousands to Euro 124,084 thousands) show a positive change equal to Euro 10,523 thousands compared to the previous year. The change is mainly explained by the revision of tariff operating costs ordered by ARERA with Resolution 409/2023/R/Gas for Euro 858 thousand, by the higher revenues recognised during the equalisation phase for the year 2022 for Euro 1,447 thousand, by the increase in revenues connected to the growth of tariff invested capital for Euro 4,880 thousand, and by the enlargement of the consolidation

perimeter that determined the inscription of the revenues achieved by the companies acquired on 1 April 2022 for Euro 3,462 thousand.

The differential between tariff revenues and the item 'gas transportation revenues' shown in the table (as at 31 December 2023 equal to 1,619 thousand and as at 31 December 2022 equal to 1,607 thousand) is explained by the revenues recognised due to the chargeback of concession fees related to Article 46-bis. 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 plants** amounted to Euro 19,376 thousand at year-end and showed an increase of Euro 8,388 thousand compared to the previous year. The increase is mainly explained by the higher quantities of energy produced in the reporting year, as well as by the elimination of regulatory measures, applied throughout 2022 and until 30 June 2023, which provided for a price cap on part of the energy sold. The difference between the revenues commented on here and those shown in the table refers to revenues recognised for the accrual of GO Certificates recognised for the production of energy from renewable sources.

Revenues from energy efficiency certificates (which increased from Euro 12,426 thousand to Euro 16,927 thousand) show a positive change of Euro 4,500 thousand compared to the previous year. The change is mainly explained by the increase in energy saving targets expected for the financial year 2023.

The **operating result** for the financial year 2023 amounted to Euro 45,990 thousand, an increase of Euro 14,079 thousand (+44%) compared to the previous year.

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

- positive change related to the enlargement of the scope of consolidation in the amount of Euro 115,000;
- increase in tariff revenues on gas distribution activity for Euro 7,061 thousand;
- increase in revenues from the production of energy from renewable sources for Euro 8,472,000;
- lower margin on energy efficiency bonds in the amount of Euro 254,000;
- negative change in other cost and revenue items of Euro 1,314,000.

The negative change in other cost and revenue items, amounting to Euro 1,314 thousand, was due to:

- lower revenues of Euro 7,302 thousand;
- lower costs for materials, services and miscellaneous charges in the amount of Euro 7,284,000;
- higher personnel costs of Euro 26,000;
- higher depreciation on fixed assets and provisions of Euro 1,270 thousand.

Consolidated net profit for the year 2023 amounted to Euro 36,677 thousand, an increase of Euro 4,239 thousand (+13%) compared to the previous year.

The change in profit is due to the following factors:

- higher operating income, as previously mentioned, in the amount of Euro 14,079 thousand;
- an increase in financial income of Euro 1,608,000;
- an increase in financial expenses of Euro 7,728,000;
- lower result of the companies consolidated with the net equity method for Euro 4,305 thousand; this item is representative of the shareholding held by Ascopiave, equal to 40% until 30 September 2023, then equal to 25%, in the EstEnergy Group, and the shareholding of 18.33% held in Cogeide;
- lower taxes for Euro 1,994 thousand;
- lower net result from assets held for sale in the amount of Euro 1,410,000.

The tax rate, calculated by normalising the pre-tax result of the effects of the consolidation of the company consolidated with the net equity method, the dividends received, the capital loss realised in the rationalisation operation of the gas distribution concessions and the relative tax effects, as well as the capital gain realised from the exercise of the option to sell the shareholding in Estenergy S.p.A., goes from 33.6% in the 2022 financial year to the current 30.2%.

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)	31.12.2023	31.12.2022
A Cash and cash equivalents	52,083	76,917
B Equivalent to cash and cash equivalents	0	0
C Other current financial assets	3,818	6,493
- of which related parties	0	0
D Liquid assets (A) + (B) + (C)	55,900	83,410
E Current financial liabilities (including debt instruments, but excluding the current portion of non-current financial debt)	(61,562)	(98,917)
- of which related parties	0	0
- of which debt instruments current part	0	0
F Current portion of non-current financial debt	(88,350)	(119,280)
- of which related parties	0	0
G Current financial indebtedness (E) + (F)	(149,912)	(218,196)
H Net current financial indebtedness (D) + (G)	(94,011)	(134,786)
I Non-current financial debt (excluding the current portion and debt instruments)	(297,859)	(279,939)
J Debt instruments	0	0
K Trade payables and other non current payables	0	0
L Non-current financial indebtedness (I) + (J) + (K)	(297,859)	(279,939)
M Net financial indebtedness (H) + (L)	(391,870)	(414,726)

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 decreased from Euro 414,726 thousand at 31 December 2022 to Euro 391,870 thousand at 31 December 2023, a decrease of Euro 22,856 thousand.

The net financial position monitored by the Group, which also includes non-current financial receivables, decreased by Euro 22,494 thousand, from Euro 411,857 thousand at 31 December 2022 to Euro 389,363 thousand at 31 December 2023.

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

(Thousands of Euro)	31.12.2023	31.12.2022
ESMA Net financial position	(391,870)	(414,726)
Non current financial assets	2,507	2,868
Net financial position monitored by the Group	(389,363)	(411,857)

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

(Thousands of Euro)	Financial Year	
	2023	2022*
Net Income	36,677	32,440
Capital gains	(13,899)	0
Gains on shareholdings	(4,228)	(13,517)
Other changes in the income statement that do not generate cash flows	0	(597)
Evaluation of subsidiary companies with the net equity method	(3,566)	(7,871)
Depreciations and amortizations	48,536	46,019
(a) Self financing	63,521	56,473
(b) Adjustments to reconcile net profit of changes in financial position generated by operating activities	(61,583)	125,580
(c) Change in financial position generated by operating activities = (a) + (b)	1,938	182,053
(d) Change in financial position generated by investing activities	25,835	(197,017)
(e) Other financial position changes	(5,279)	(49,409)
Net financial position changes = (c) + (d) + (e)	22,494	(64,372)

* Having changed the presentation structure of the financial flows as of 30.09.2023, for comparability purposes, the comparative data have been restated

The cash flow generated by operations (c), in the amount of Euro 1,938 thousand (+), was determined by self-financing in the amount of Euro 63,521 thousand (+) and other negative financial changes in the amount of Euro 61,583 thousand (-), which were related to net working capital management.

Net working capital management, which committed financial resources in the amount of Euro 61,583 thousand (-), was influenced by the change in net operating working capital, which absorbed financial resources in the amount of Euro 49,832 thousand (-), by the positive change in the position with the tax authorities for the accrual of IRES and IRAP taxes in the amount of Euro 855 thousand (+), and by the negative change in the VAT position in the amount of Euro 20,062 thousand (-).

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

(Thousands of Euro)	Financial Year	
	2023	2022*
Inventories	(940)	1,103
Trade receivables and payables	(120,752)	154,165
Operating receivables and payables	71,860	(10,226)
Write-down of fixed assets and losses	3,109	1,367
Severance pay and other funds	764	(1,110)
Current taxes	5,005	6,999
Taxes paid	(1,484)	(12,926)
Tax receivables and payables	(19,145)	(13,791)
Change in net working capital	(61,583)	125,580

* Having changed the presentation structure of the financial flows as of 30.09.2023, for comparability purposes, the comparative data have been restated

Investment activity generated cash for Euro 25,835 thousand (+). Investments in intangible and tangible fixed assets, mainly related to works/developments on natural gas distribution infrastructures and the construction of plants in the renewable energy sector (wind and photovoltaic) led to an outlay of Euro 87,577 thousand (-). The Group acquired participations for a total of Euro 54,418 thousand (-) and sold participations for Euro 137,500 thousand (+). With the completion of the rationalisation of natural gas distribution concessions carried out with the Iren Group, tangible and intangible fixed assets were sold for a total of Euro 20,853 thousand (+). In addition, the redemption value of the plants acquired by the successor operator for the termination of some municipal gas distribution concessions was realised for a total of Euro 9,476 thousand (+).

Other changes in the Net Financial Position, negative and equal to Euro 5,279 thousand (-), are represented exclusively by dividends, i.e., the balance between dividends distributed (Euro -28,503 thousand) and dividends received from affiliated companies (Euro +23,225 thousand).

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

(Thousands of Euro)	Financial Year	
	2023	2022*
Dividends distributed to Ascopiave S.p.A. shareholders'	(28,172)	(35,757)
Dividends distributed to third party shareholders	(331)	0
Dividends collected from investee companies	23,225	25,459
Enlargement of the consolidation perimeter	0	(39,111)
Other changes in financial position	(5,279)	(49,409)

* Having changed the presentation structure of the financial flows as of 30.09.2023, for comparability purposes, the comparative data have been restated

Operating Performance - Investments

During the year, the Group made investments in intangible and tangible fixed assets for Euro 87,577 thousand, an increase of Euro 576 thousand compared to the previous year. The increase is mainly explained by the greater investments made during the year by companies active in gas distribution (+3,574 thousand), against the lower investments made in the renewable energy sector (-1,459 thousand) and in IT (-1,623 thousand).

The investments made in infrastructures for the distribution of natural gas amounted to Euro 61,561 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 28,756 thousand, to the realisation of connections to the same for Euro 17,190 thousand, and to the installation of measuring equipment for Euro 15,615 thousand.

Investments in renewable energy amounted to Euro 23,603,000 and related to the construction of a wind farm and a photovoltaic plant by the company Salinella Eolico and the purchase of land by the company Green Factory.

Other investments realised amounted to Euro 2,413,000. They mainly relate to the purchase of hardware material and software licences for Euro 961 thousand, the purchase of company vehicles for Euro 688 thousand, and improvements and/or extraordinary maintenance on company premises for Euro 582 thousand.

(Thousands of Euro)	Financial Year	
	2023	2022
Connecting a gas users	17,190	15,563
Expansions, reclamations and network upgrades	25,426	26,123
Flowmeters	15,615	12,144
Maintenance	3,330	4,157
Raw material (gas) investments	61,561	57,987
Hydroelectric energy production plants	507	575
Wind farms	12,439	24,481
Solar energy production plants	3,349	6
Other green energy plants	7,307	0
Investments in renewable energies	23,603	25,062
Land and buildings	582	307
Industrial and commercial equipment	179	248
Forniture	3	23
Vehicles	688	784
Hardware e Software	961	2,584
Other assets	0	8
Other investments	2,413	3,953
Investments	87,577	87,001

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

(Thousands of Euro)	31.12.2023		31.12.2022	
	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	35,779	838,445	41,793	838,060
Net equity and results for the year obtained by subsidiary companies net of the book values of the shareholdings	36,275	(14,603)	28,929	(25,594)
Variations				
Goodwill	1,002	36,207	986	35,205
Added value of the shareholdings	(0)	4,140	(4)	4,140
Appreciation of gas distribution network, net of tax effects	(8,622)	38,865	(1,387)	47,487
Effects deriving from the valuation of assets and equity investments made in companies in the renewable sector	(0)	(25,609)	(0)	(0)
Elimination of infra-group dividends	(22,377)	(0)	(26,719)	(0)
Capital gains on the sale of shareholdings	9,950	9,950	1,775	1,775
Effects of the evaluation of companies consolidated with the net equity method	(15,522)	(30,104)	(13,280)	(8,865)
Effects deriving from the adjustment of the revaluation of assets carried out in the subsidiaries companies	224	(3,476)	399	(6,920)
Effects deriving from the redemption of goodwill	(38)	1,561	(38)	1,600
Other effects	8	(1,094)	(16)	(485)
Total variations, net of tax effects	(35,376)	30,441	(38,284)	73,937
Net Shareholders' equity and result for the period as recorded in the consolidated financial statement	36,677	854,282	32,438	886,403
Minority interests and results	501	9,529	(226)	20,123
Operating result and net equity for the period as recorded in the consolidated financial statement	36,176	844,753	32,664	866,280

ANNUAL NON-FINANCIAL DECLARATION

2023

Drafted pursuant to Legislative Decree No. 254/2016

Message from the Chairman

The Ascopiave Group presents a new edition of its Non-Financial Statement, drawn up in accordance with GRI international standards, to transparently describe results and objectives with a view to consolidating its strategic plan that also responds to global sustainability challenges, developing projects, resources and skills to play an active role in building an increasingly green and inclusive tomorrow.

The international scenario continues to be turbulent with the triggering of new conflicts that are worrying because of their unpredictability and consequences and that do not favour world pacification and serious reflection on the future of our planet.

With a watchful eye on market evolutions and trends, our commitment continues to be devoted both to the core business of gas distribution, and to seizing all the opportunities looming on the front of electricity generation from renewable energy sources and implementing new projects and investments in this direction.

The sustainability path undertaken by Ascopiave is inspired by the Sustainable Development Goals (SDGs) connected on the one hand to its business activities and on the other to the impact and effects the Group exerts on the areas in which it operates. In this context, Ascopiave's strategy incorporates the concept of assuming responsibility that the 2030 Agenda requires of every reality, not only in terms of what it does on a business level, but also as an activator of change with a view to creating sustainable systems both locally and globally.

While remaining closely linked to the communities in which it operates, guaranteeing the services for which it was created, the Ascopiave Group, holding firmly to its values, is evolving to be able to respond to the important new business and environmental challenges it is expected to face, being able to count on a capable and competent human capital and an efficient structure that generates value in the social and economic context in which it operates.

We intend to continue to grow responsibly, aware of the function we represent for the region.

*The Chairman
Dr. Nicola Cecconato*

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 2024, 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 2023 (1 January to 31 December).

In 2023, the Group did not deem it necessary to update the materiality determination process because it was considered still relevant and in line with the impacts identified on the environment, economy, people, including human rights. However, an internal assessment was carried out by the heads of corporate functions and employees as data owners involved in the sustainability reporting process, in order to re-approve the materiality results of the previous year. The material issues were approved by the Board of Directors on 22 February 2024. It should be noted that, in compliance with what will be required by the new EU Corporate Sustainability Reporting Directive (CSRD) No. 2022/2464, a directive applicable for the first time with reference to the financial year 2024 for reports published in 2025, the Ascopiave Group will update these results during 2024 through the preparation of a structured "Double Materiality" analysis. The CSRD, in fact, introduced the concept of 'Double Materiality' whereby companies will have to provide information both on the impact of their activities on people and the environment (inside-out approach) and on how sustainability issues affect them in terms of financial materiality (outside-in approach).

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 economic and financial data and information is the same as in the Ascopiave Group's Consolidated Financial Statements as at 31 December 2023.

The perimeter of social and environmental data and information consists of the companies belonging to the Ascopiave Group as at 31 December 2023 consolidated on a line-by-line basis within the Group's Consolidated Financial Statements. We report that the companies Asco Energy S.p.A., Eosforo S.r.l., Sangineto Energie S.r.l., and Morina S.r.l. were merged by incorporation into Asco Renewables S.p.A.. The merger was effective for civil law purposes as of 11.59 p.m. on 31 December 2023. The accounting and tax effects took effect on 1 January 2023.

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 improvement 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 '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 broadening and improving its analysis of the risks generated and incurred related to sustainability issues and their respective monitoring safeguards, as further detailed in the specific section of the Non-Financial Statement.

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 financial year 2022, 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. The aforementioned drafting and updating activities, for some Group companies, were completed during 2023, while the remaining ones (including Ascopiave S.p.A.) will be completed during 2024.

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

The parent company Ascopiave and the natural gas distribution 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., Edigas Esercizio Distribuzione Gas S.p.A. and Serenissima Gas S.p.A. obtained a unitary Corporate "SBU Distribuzione Gruppo Ascopiave" certificate for the ISO 9001, ISO 14001 and ISO 45001 management systems. To complete this process, the extension of this certification to Romeo Gas S.p.A. was also started (with expected completion by October 2024).

The Ascopiave Group is committed to implementing the Policies it has adopted with a view to continuous commitment and improvement towards verifiable objectives, compliance with laws and regulations and protection of the environment and of its people and collaborators. 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 related to the provision of the Service to Customers and Interested Parties are monitored through specific integrated quality management systems, more specifically through the management system according to ISO 9001:2015. The certified companies are the following: Ascopiave S.p.A., Cart Acqua S.r.l., Asco Energy S.p.A. (now Asco Renewables S.p.A) and, through a unitary Corporate certificate "SBU Distribuzione Gruppo Ascopiave" adopted in 2023, the companies of 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., and Serenissima Gas S.p.A.

With particular reference to respect for human rights, considering the operating and regulatory context in which Ascopiave operates, the issue is addressed by the Group in the management of relations with its employees and suppliers, in compliance with the principles and values set out in the Group's Code of Ethics.

Ascopiave's Non-Financial Statement is prepared on an annual basis: this DNF 2023 was approved by the Board of Directors of Ascopiave S.p.A. on 7 March 2024.

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.

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 minority shareholding in the company EstEnergy, is also active in the sale of gas and electricity.

The Group holds direct concessions and assignments for the management of business in 304 municipalities, providing service to about 870,000 users through a network of over 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 100,000 inhabitants through a network of 880 km.

Furthermore, 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 also built and activated a new wind power plant with a capacity of 21.6 MW. A new wind farm in the south, an onshore photovoltaic park with a capacity of 9 MW in Mogliano (TV), and a photovoltaic plant with an adjoining hydrogen plant in Paese (TV) are currently being developed or executed.

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 adoption of a technology, called Picarro Surveyor, which represents 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, guarantee 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 breadth of the areas inspected 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. The Group currently has two vehicles equipped with this technology.

By adopting this system, the company aims to:

- Improving the safety conditions of the distribution service for the greater effectiveness of the inspection system.
- Improve 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 2023, the two vehicles inspected about 10,100 kilometres of network, concentrating mainly in the Veneto region (Provinces of Treviso, Padua, Rovigo, Vicenza, Venice, Bergamo and Milan).

The Ascopiave Group, through progressive company acquisitions, 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 sector of natural gas distribution and electricity production from renewable sources 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 thousand inhabitants through a network of 880 km.

Through an effective and flexible organisation of managerial and technical competencies, 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 improvement 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 improve working conditions, promoting the integration of safety in all company activities and the sense of responsibility of personnel;

- *Continuous improvement*

The Ascopiave Group believes that the continuous improvement 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 improvement process, i.e. the identification of areas for improvement and the definition of measurable parameters and objectives, is also implemented through the application of international certification standards on quality, safety and the environment;

- Respecting and valuing 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 envisaged 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 improvement 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 area in five areas: health and prevention, community and care, culture, history and traditions, sport and the environment (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;
- **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.

The company is audited by a firm belonging to the Register of Auditors, entrusted with the statutory audit service.

The Chairman and Chief Executive Officer, in addition to the legal representation and powers provided for by law and by the Articles of Association, as regards the functioning of the corporate bodies (Shareholders' Meeting and Board of Directors), 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 has also been vested with all powers to carry out acts relating to the management, coordination and control of the activities of corporate functions and services, 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.

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. On 11 May 2023, the new Board of Directors appointed director Giovanni Zoppas as the new Lead Independent Director of Ascopiave S.p.A., who represents a point of reference and coordination of the requests and contributions of non-executive directors and, in particular, of independent directors. Previously, this role was held by Director Greta Pietrobon.

We also note that, as of 1 January 2022, Mr. Nicola Ceconato assumed the role of General Manager of Ascopiave S.p.A.

The Board of Directors of Ascopiave S.p.A. includes:

- **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;
- **Committee of Independent Directors:** which discusses issues of interest with respect to the functioning and activity of the Board of Directors or company management and may be involved in the process of defining company regulations;
- **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;
- **Lead Independent Director:** represents a point of reference and coordination of the requests and contributions of the non-executive directors.

The company is also equipped with:

- **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;
- **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 to prevent offences relevant to that decree;
- **Whistleblowing Committee:** assigned the management of whistleblowing, pursuant to the "Ascopiave Group Whistleblowing Management Procedure".

Board of Directors - members as at 31.12.2023	
Nicola Ceconato	Chairman and Chief Executive Officer
Cristian Novello	Independent director
Greta Pietrobon	Administrator
Enrico Quarello	Administrator
Luisa Vecchiato	Independent Director
Federica Monti	Independent Director
Giovanni Zoppas	Independent Director *
Board of Statutory Auditors - members as at 31.12.2023	
Giovanni Salvaggio	Chairman
Luca Biancolin	Standing Auditor
Barbara Moro	Standing Auditor

* Mr. Giovanni Zoppas was appointed **Lead Independent Director** by the Board of Directors on 11 May 2023.

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

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

Model 231 and Code of Ethics

Most companies in the Ascopiave Group already adopt their 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 the Group's 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 improvement 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 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 respect for and appreciation of individuals, the Code of Ethics explicitly prohibits and reaffirms 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 was also started due to the latest legislative changes, addressed to all Group subsidiaries that already have their own Model 231. The aforementioned drafting and updating activities, for some Group companies, were completed during 2023, while the remaining ones (including Ascopiave S.p.A.) will be completed during 2024.

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 had therefore extended the scope of application of this Procedure beyond the perimeter of Legislative Decree No. 231/2001, considering it 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, as well as, 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.

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.

In 2023, following the enactment of Legislative Decree 24/2023, implementing EU Directive 2019/1937 on "Whistleblowing", all Group companies updated their Whistleblowing Procedures.

Decree 24 repealed the prevailing national discipline (Law 179/2017), defining, in a single regulatory text specific to both public and private sector entities, the regime for the protection of persons who report unlawful conduct. The aforementioned update of the Whistleblowing Procedure has therefore incorporated the changes introduced by the above-mentioned regulations.

The Decree, in particular, dictates a differentiated regulation between 'public sector subjects' and 'private sector subjects'. For the latter, the size of the workforce (above/below 50 employees) is also relevant. Only those in the public sector and those in the private sector above 50 employees are called upon to apply the new regulation in full, while for the others it applies provided that the MOG has been adopted and limited to 231 violations;

The gas distribution companies (as public service concessionaires) are included among the public sector entities, while among the other Group companies, only Ascopiave has more than 50 employees.

As a result, the new Group Reporting Procedure introduced the distinction between Group companies, including Distributions and Ascopiave as 'Company 1' and classifying the other Group companies as 'Company 2'.

For Company 1, the Procedure, in substance, is very similar to the original version, providing:

- a wide reporting perimeter (including all the areas provided for by Legislative Decree 24/2023);
- that management competence is assigned (in the first instance) to the Reporting Committee (subject to transmission to the competent Supervisory Board if the report relates to 231 issues).

Pursuant to Legislative Decree 24/2023, the Procedure has been supplemented with the relevant indications:

- the usability (albeit conditioned by the requirements of Legislative Decree 24/2023) of the so-called 'external channel', managed by ANAC;
- the possibility of availing oneself of 'public disclosure' (provided that the conditions set out in Legislative Decree 24/2023 are met).

It should be noted that, within the framework of the Company 1 rules, reports that relate to the 'Group' are also included, i.e. either relating to two or more companies, or concerning aspects of such importance that they involve the entire Group.

For Company 2, on the other hand, the updated Procedure, pursuant to Legislative Decree 24/2023, differs from the original version, providing:

- a reporting scope limited to 231 issues;
- management competence is assigned exclusively to the competent SB;
- the non-usability of either the external channel or public disclosure.

In the course of 2024, in order to disseminate knowledge of the new Procedure, specific training courses will be activated, addressed to all Group personnel and with compulsory attendance.

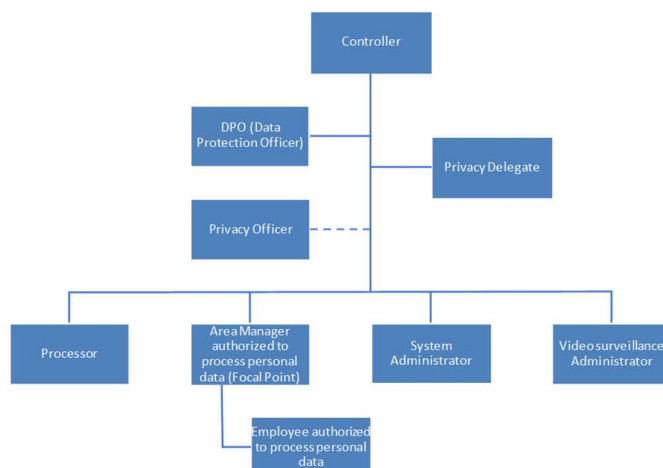
Compliance with privacy regulations

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 smallness of the Personal Data in their ownership, 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.

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), has also appointed a Data Protection Officer (DPO) in accordance with the GDPR. 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.

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, Privacy Delegate and DPO of Ascopiave), which combines the competences inherent to the operational management of the fulfilments and practices connected to the application of the Privacy Regulations, with those more strictly related to the control and verification of management performance. During the previous year, 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 notices referring to the various areas of operations, managing and keeping 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, in general, with the Privacy Function. Procedures are still being implemented to improve the periodic assessment of system administrators.

During 2023, no measures and/or other requests were notified against one or more Group Companies by the Italian Data Protection Authority. Furthermore, there have been no Personal Data Breaches (Data Breach) 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 plan confirmed the four strategic guidelines already indicated in the plan approved the previous year, 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 headquarters that will save 1.3 ketone 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 in line with reference best practices. 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 the 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. In continuity with the previous year, Ascopiave makes use of the figure of Risk Manager 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. The risks that have an impact on sustainability identified by the risk assessment are 41 out of a total of 114 risks.

Aware of the impacts it generates on the environment and society, the Group strives to reduce their negative impacts through the development of an integrated and proactive risk management culture and implements tools and actions aimed at eliminating or, where not possible, mitigating them. For this reason, it constantly monitors the main ESG risks, produced or suffered by its business activities, performing risk assessment activities every six months.

The main risk factors associated with sustainability issues are outlined below:

- **Governance and compliance risks:** possible errors, fraud or possible episodes of corruption that may be committed; risks related to non-compliance with applicable pro tempore regulations in force and future regulations to which the Group is subject; risk of drawing up incomplete and/or ineffective sustainability reports, which may not provide an exhaustive and truthful overview of the Group's activities and the impacts it generates on the environment, society and the economy; potential risks of lack of or incorrect management of emergencies with possible damage to people and infrastructures; risk of non-compliance with quality

standards for gas distribution and measurement services; risk of loss/suspension of certifications held by Group companies for certified management systems following findings of non-compliance by the certifying body.

- **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; 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 of 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:** risks associated with the failure to develop talent and talent retention; risks related to workers' health and safety, related to possible occupational injuries and illnesses involving staff working in offices and at operational sites, and to the failure to adequately supervise and comply with current legislation; potential risks of failure to promote the inclusion and enhancement of diversity in the workforce; risks inherent in the need to provide specific training, including on occupational health and safety, following entry into new business sectors; potential risks related to local employment due to a lack of attention to workers' rights and forms of employment protection.
- **Liability to customers:** risks related to possible suspensions in 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 risks and risks related to climate change risks** of non-compliance with current and future environmental regulations; risks related to the impact of energy and environmental regulations associated with the fight against climate change; potential physical risks, i.e., risks arising from progressively changing climatic conditions, related to long-term variations and extreme weather events that 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 linked to global warming; risk of transition to new energy sources and new distribution network infrastructures; risk of improper waste management that does not comply with applicable regulations.
- **Risks to the territory and the local community:** potential 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; risk of damage resulting from emergencies and/or gas accidents (natural/hazardous/intentional event) caused by company plants involving the population and the community.
- **Risks related to cyber security:** possible 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.
- **Risks related to the sustainability strategy:** potential risk of misalignment between business activities and the Strategic Plan and/or delays in implementing the Strategic Plan, which could lead to a failure to achieve the set targets by the set date.
- **Procurement-related risks:** potential risk of incurring fines and penalties, reputational damage and loss of customers caused by inadequate supply chain control; the risk of dependence on key suppliers may lead to reduced supply chain flexibility with repercussions on activities if, for example, major changes in the market occur.

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 creating long-term value for the benefit of shareholders, taking into account the interests of other stakeholders relevant to the company.

Below are the relevant safeguards in place, also in light of the issues identified by the Group as material.

In particular, the Group has the following risk management tools:

- **Sustainability governance:** The Board of Directors is responsible for overseeing sustainability issues and guiding the Group in the pursuit of sustainable success. The Board is supported by the Sustainability Committee with dedicated ESG competences. The Legal and Corporate Affairs Department is dedicated to supervising the preparation of sustainability reporting in accordance with current regulatory requirements, in cooperation with all relevant company departments. The Risk Manager is dedicated to analysing and reporting on sustainability risks and safeguards.

At the proposal of the Sustainability Committee, on 21 April 2022 the Board of Directors approved the 'Guidelines for the Pursuit of Sustainable Success' in order to contribute to the sustainable success of the Group.

For further details, please refer to the section 'Governance of the Parent Company' in this document.

- **Model 231:** Ascopiave S.p.A. and most of its subsidiaries have adopted an Organisation, Management and Control Model, pursuant to Legislative Decree No. 231 of 8 June 2001, the purpose of which is, among other things, to set up a prevention and control system aimed at reducing the risk of committing offences related to the company's activities. All subsidiaries have adopted the Ascopiave Group's Code of Ethics. Model 231, among other things, includes special parts dedicated to protecting against crimes related to health and safety at work, environmental crimes and computer crimes and unlawful data processing. All Group employees receive adequate training with respect to the Model and its contents. During 2023, the periodic updating of the organisation, management and control models of all the subsidiaries of the Ascopiave Group that already have their own organisation, management and control model for the prevention of offences for the purposes of Legislative Decree No. 231/2001 continued. The aforementioned drafting and updating activities were completed for some Group companies in 2023, while the remaining ones (including Ascopiave S.p.A.) will be completed in 2024.

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, 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 heart 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. Training/updating activities (aimed at all Group employees) were also carried out in 2023, with particular reference to updating the Code of Ethics and the Whistleblowing

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, and the "About Us" sections of the websites of the Group's subsidiaries.

- **Ascopiave Group's Whistleblowing Management Procedure:** as of 2019, the Group has adopted the procedure that regulates the process of receiving, analysing and processing **whistleblowing** reports, through dedicated reporting channels, guaranteeing the confidentiality of the **whistleblower**. The procedure is aimed at guaranteeing the effectiveness of the reporting system, promoting the corporate culture on the subject and ensuring that the appropriate actions are taken, including sanctions, and that all measures are put in place to prevent their recurrence. Following the entry into force of Legislative Decree 24/2023, the Board of Directors of Ascopiave S.p.A., after an initial basic update adopted on 27 July 2023, approved the current version of the Procedure on 9 November 2023. It should be noted that in 2023 no cases of reports to the Supervisory Bodies were recorded in the individual Group companies. For further information on the Ascopiave Group's Whistleblowing 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 Structure, and the section "Corporate Governance" of the website 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 "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 implemented a new training planning and reporting system. Also in 2023, the Group provided training on the Code of Ethics, Whistleblowing Management, Sustainability and Cyber Security to all Group employees; a 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 and Serenissima Gas S.p.A. are UNI ISO 45001:2018 certified, adopting procedures in compliance with Legislative Decree 81/08). It should be noted that as of 2023, the natural gas distribution companies just mentioned will have a unified Corporate "SBU Distribuzione Gruppo Ascopiave" ISO 45001 certificate. 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 improvement 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 Parent Company and the ISO 45001:2018 certified subsidiaries also monitor the accidents of workers of third-party companies that occur on their work sites, through specific requests to the companies or, as in the case of the Distribution companies, through the provisions of the 'Conditions for Contracts' sheet.

- **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 and Serenissima Gas S.p.A. It should be noted that as of 2023, the natural gas distribution companies just mentioned have been provided with a unified Corporate "SBU Distribuzione Gruppo Ascopiave" certificate for the Quality Management System (ISO 9001) and for the Environment Management System (ISO 14001). The Environmental System adopted contemplates a practice of identification, evaluation 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. (now Asco Renewables 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 improvement 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). In order to constantly monitor the evolution of the market context, which may expose the Group to the risk of new unfavourable business conditions, Ascopiave encourages participation in industry working groups and initiatives for the analysis of the network and plants to assess their adequacy and interventions aimed at enabling the transportation of gas other than methane.
- **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.
- **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, the Group uses an internal policy "Policy on donations, contributions to the community and initiatives with a social impact of the Ascopiave Group". This policy ensures the impartial disbursement of contributions for the various initiatives, establishing differentiated thresholds for the parent company and the other companies. Initiatives may relate to health and prevention, community and care, culture, sport, the environment, emergencies and other support activities. If the thresholds were exceeded, the corresponding initiatives would be submitted for evaluation and approval by the Board of Directors. In line with the policy's aim of meeting the needs of the communities in the areas in which the Group operates, initiatives are evaluated and selected each year in order to guarantee and extend support to various projects of a different nature. In

addition, each company is required to draw up a half-yearly report to account to the Parent Company for the sponsorships that have been activated.

- **Cyber security:** Protecting the integrity and confidentiality of data and information is part of the company's digital strategy and has also become increasingly important in the light of the new post-pandemic operations. 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 intervention activities 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 the safeguards already in place, the Cybersecurity training process continued for all Group employees, with the assignment, through a tender, of a two-year Security Awareness cycle with a different cloud platform. Also in the reporting period, all Windows systems, both client and server (Windows 2012 and Windows 10), which were no longer supported, from a security point of view, by Microsoft (at the end of the Microsoft LifeCycle), were upgraded. In addition, a project was started to renew the now obsolete WiFi infrastructure in all the Ascopiave Group's offices. This project, already at an advanced stage, will be completed in early 2024. In addition, the process of segregating the vlans within the data centre networks was continued, so as to 'isolate' the servers in strictly controlled areas and contexts (thus limiting cyber risks related to 'lateral movements'). The antivirus system was also activated on NAS architectures, which are not normally managed with dedicated antivirus systems. During the financial year, an internal system was activated for the systematic and periodic execution of VA (Vulnerability Assessments) on all the data-centre networks, in order to detect critical issues on the systems that need to be remedied. In addition, the management consoles of some of the security systems in use were brought to the cloud, allowing a much higher analysis and correlation of events than the previous on-premise solution. This configuration also makes it possible to compare the security index achieved, provided by the platform, with those of other companies (worldwide level), both geographically and in terms of products.
- **Investments:** one of the risks to which the Group is exposed concerns possible legislative, regulatory and technological changes associated with the fight against climate change and the transition to a low-emission economy. In order to reduce the harmful effect on the environment of fugitive methane gas emissions, the Group has adopted the most innovative technologies for preventive network monitoring and is engaged in major investments for the renovation of dilapidated and obsolete networks. It is also engaged in preparatory activities to enable the distribution of renewable gases other than natural gas.
- **Strategy, Planning and Control:** in order to ensure the proper implementation of the Strategic Plan, both monitoring of the achievement of the Strategic Plan's objectives and constant alignments between the Chairman and CEO and the Company's top management are carried out.
- **Purchasing:** with the aim of guaranteeing sustainable conduct by all parties in its value chain, the Group adopts a supplier qualification process that provides for specific checks established by the Group, also outside the scope of the Public Contracts Code (including the possession of specific certifications in the fields of environment, quality and health and safety). Suppliers are also subject to compliance clauses with the Organisation, Management and Control Model pursuant to Legislative Decree 231/2001 and the Code of Ethics included in contracts with counterparties for their acceptance. For more details on supplier qualification and selection procedures, please refer to the sections 'Qualification of Suppliers' and 'Selection of Suppliers' in this document. The Group carries out periodic assessments of its supply strategy.
- **Quality standards:** in order to ensure compliance with the quality standards of gas distribution and metering services, the Group has adopted appropriate strategic, organisational and procedural measures, including a 'Operation and Maintenance Supervision Procedure' and experienced technical organisational structures in charge of regular monitoring of the standards defined by ARERA; it also constantly carries out research and technological innovation activities in order to improve the safety conditions of the plants and plans scheduled maintenance.

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 sectors of the economy, 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) a limited knowledge of climate-related issues within organisations, which may 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 the last three years in the renewable energy sector, with the company Asco Renewables S.p.A., its subsidiaries and Asco EG S.p.A., the Ascopiave Group, with its 2022-2026 Strategic Plan, 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". Furthermore, in May 2022, Ascopiave's Board of Directors approved the "Guidelines for the pursuit of sustainable success" aligned with the company's strategy and values.

In 2021, the Ascopiave Group also established the Sustainability Committee, which has investigative, propositional and advisory functions in the parent company's assessments and decisions regarding 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 goal of stable value creation for shareholders, taking into account the potentially significant impacts that climate may have on customers,

stakeholders and the business. On the other hand, on the production and distribution process front, the constant effort to improve 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 envisaged in the strategic plans published in previous 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 relate to company acquisitions or concessions for the construction of new generation plants. 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 possible scenarios arising 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 with its 'production' using electricity from photovoltaic systems. Another significant portion of investments will be dedicated to the development of new hydroelectric, wind and photovoltaic systems.

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 that are functional both to improving the quality and reliability of the service and to containing costs. To date, the Group manages 28 hydroelectric and wind power plants in production, with a nominal capacity of 62.5 MW.

Risk Management: With particular reference to risks and opportunities related to climate change, the Ascopiave Group relies on the support of the Governance 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/improvement of controls. For more information on the internal control and risk management system and its players, please refer to Section 9 of the Report on Corporate Governance and Ownership. It should also be noted that during 2023 the Group worked on the definition of an Enterprise Risk Management system based on a structured risk assessment.

Metrics & Targets: As far as the metrics used by the Group are concerned, to date reference can be made to the chapter 'Environmental Sustainability' 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.

Furthermore, the Group, in view of the transposition of the Corporate Sustainability Reporting Directive (CSRD) scheduled for the financial year 2024, is expanding its analyses on climate change risks aimed at adopting the new European reporting standards ESRS dedicated to environmental topics, and in particular ESRS E1 on climate change.

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 attribution, 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 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 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 financial	Risk management strategy / Opportunity realisation strategy (main aspects)
PHYSICAL (Acute)	Increase in frequency and intensity of 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 (Acute)	Heat waves	RISKS Reduced performance of plants and negative impact on their efficiency. Increased plant maintenance.	Increased operating costs. Lower 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.
		OPPORTUNITIES Increased demand for electricity for cooling.	Increased revenues.	Innovative predictive maintenance systems.
PHYSICAL (Chronic)	Increase in Average Temperature	RISKS 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.
		OPPORTUNITIES Increased irradiation resulting in increased production of photovoltaic systems.	Increased revenues.	Improved network management. Regular maintenance.
PHYSICAL (Chronic)	Increase or major reductions in annual rainfall.	RISKS 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.
		OPPORTUNITIES n.a.	n.a.	n.a.
PHYSICAL (Chronic)	Change in intensity, wind direction and frequency.	RISKS Decrease in electricity production due to scarcity of the resource or prevailing direction for wind farms.	Reduced revenues. Increased operating costs.	Technological diversification (sun/water/hydrogen) and/or geographical diversification of the generation portfolio to

		Uncertainty of weather forecasts that could generate inaccurate production schedules.		compensate for the impact of changes in windiness.
		OPPORTUNITIES 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	RISKS 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.
		OPPORTUNITIES 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)	RISKS 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. Improved efficiency in network management.
		OPPORTUNITIES Rising energy prices in the short term as a result of the coal phase-out.	Increased revenues.	Improved efficiency in network management.
TRANSITION (Market)	Increased pressure competitive	RISKS 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.
		OPPORTUNITIES Hold the leadership in market innovation.	Increased revenues.	Develop new partnerships and invest more in R&D.
TRANSITION Reputational	Change reputation	RISKS n.a.	n.a.	n.a.
		OPPORTUNITIES Increase in Group's reputation from a green perspective.	Lower revenues. Increase in market capitalisation.	Great focus on RES and innovative management methods for resources and distribution networks
TRANSITION Technological	Technological innovations	RISKS 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.
		OPPORTUNITIES 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 improvement of processes and systems

Continuous improvement 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 improvement 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 of 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 31.12.2023, 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.

In the financial year 2023, the high standardisation of processes and the harmonisation of Integrated Management Systems enabled the natural gas distribution companies to obtain a unitary corporate certificate 'SBU Distribuzione Gruppo Ascopiave'. Group certification was achieved in July 2023 for the Quality Management System (ISO 9001) and in October 2023 for the Environment Management Systems (ISO 14001) and Safety at Work (ISO 45001). Corporate certification currently applies to AP Reti Gas, AP Reti Gas Nord Est, AP Reti Gas Rovigo, AP Reti Gas Vicenza, Edigas, and Serenissima Gas; for the latter company, Corporate also constitutes the first certification under ISO 14001 and ISO 45001. To complete this process, the extension of this certification to Romeo Gas was also started (expected completion by October 2024).

The table shows the certifications as at 31 December 2023, 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 (Corporate Certificate 'SBU Distribution Ascopiave Group')	27/07/2026
	AP Reti Gas Vicenza S.p.A.		
	Edigas Esercizio Distribuz. Gas S.p.A.		
	AP Reti Gas Nord Est S.r.l.		
	AP Reti Gas Rovigo S.r.l.		
	Serenissima Gas S.p.A.		

Certification type	Group Companies	Scope of application	Deadline
UNI EN ISO 14001:2015	AP Reti Gas S.p.A.	Methane gas distribution (Corporate Certificate 'SBU Distribution Ascopiave Group')	19/10/2026
	AP Reti Gas Vicenza S.p.A.		
	Edigas Esercizio Distribuz. Gas S.p.A.		
	AP Reti Gas Nord Est S.r.l.		
	AP Reti Gas Rovigo S.r.l.		
	Serenissima Gas S.p.A.		
UNI EN ISO 45001:2018	AP Reti Gas S.p.A.	Methane gas distribution (Corporate Certificate 'SBU Distribution Ascopiave Group')	19/10/2026
	AP Reti Gas Vicenza S.p.A.		
	Edigas Esercizio Distribuz. Gas S.p.A.		
	AP Reti Gas Nord Est S.r.l.		
	AP Reti Gas Rovigo S.r.l.		
	Serenissima Gas S.p.A.		
UNI EN ISO 9001:2015	Asco Renewables S.p.A.*	Energy Service Management	07/08/2026
UNI CEI 11352:2014	Asco Renewables S.p.A.	ESCO Provision of energy services	15/10/2026
UNI EN ISO 9001:2015	Cart Acqua S.r.l.	Integrated water service consultancy	13/12/2024

*= Achieved as Asco Energy S.p.A., being transferred to Asco Renewables S.p.A.

In addition, in the year 2023, pursuing the Group's wish to bring all subsidiaries up to standard, the certification process of AscoEG began, with plans to complete ISO 9001 certification by 2024 and ISO 14001 and ISO 45001 certification by 2025.

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 2023, 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	<i>Listening and dialogue procedures</i>
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, company intranet, code of ethics, materiality analysis, releases</i>
Institutions and Communities (e.g. Bodies, Associations, Schools, etc.)	<i>Technical workshops, 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>

The Ascopiave Group, confirming its commitment to transparency and dialogue with its stakeholders, 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, improve 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 Ascopiave Group has long adopted the process of determining its material sustainability issues, considering the aspects that represent the most significant impacts of the company on the economy, environment and people, including impacts on human rights, according to an impact materiality approach, integrating the stakeholder perspective into the broader impact assessment process.

The materiality analysis was structured in order to meet the requirements of the new GRI Standards 2021, delving into the significant impacts underlying the 17 material topics previously identified. The Group, following an internal assessment carried out by the heads of corporate functions and employees as data owners, involved in the process of sustainability reporting, for 2023, did not consider it necessary to update the process of determining material topics

because they were considered to be still current and in line with the impacts identified on the environment, the economy and people, including human rights. The materiality analysis was approved by the Board of Directors on 22 February 2024.

We would like to point out that, in compliance with what will be required by the new EU Corporate Sustainability Reporting Directive (CSRD) No. 2022/2464, a directive applicable for the first time with reference to the financial year 2024 for reports published in 2025, the Ascopiave Group will update these results during 2024 through the preparation of a structured "Double Materiality" analysis. The CSRD, in fact, introduced the concept of 'Double Materiality' whereby companies will have to provide information both on the impact of their activities on people and the environment (inside-out approach) and on how sustainability issues affect them in terms of financial materiality (outside-in approach).

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 topics:** The prioritisation of topics 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 some issues mentioned in the Strategic Plan 2022-2026 were also taken into account for prioritisation purposes.
- **Validation of the materiality analysis** by the heads of the corporate functions involved in the sustainability reporting process.
- **Approval of the materiality analysis** by the Board of Directors of the Ascopiave Group on 22 February 2024.

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:

Macro area	Thematic material	Negative impact	Description	Actual/potential	Positive impact	Description	Actual/potential
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 the regulatory authority	Incidents of non-compliance with the instructions given by the authority	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 energy sources can lead to a reputational return as well as a lower impact of corporate 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			
	Professional 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 well as organise events and initiatives in the social and cultural sphere	Current
	Innovation Research and Development				New products and services	New technologies for process optimisation and service improvement	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 improve 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

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.

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>	2022	2023
Revenues	163.7	180.8
Gross operating margin	77.9	94.5
Operating profit	31.9	46.0
Profit before tax	38.0	41.6
Consolidated net profit	32.4	36.7
Group net profit	32.7	36.2

<i>Total Group</i>	2022	2023
Gas millions of m3 distributed	1,455.6	1,432.0
GWh of renewable electricity produced	91.78	153.4

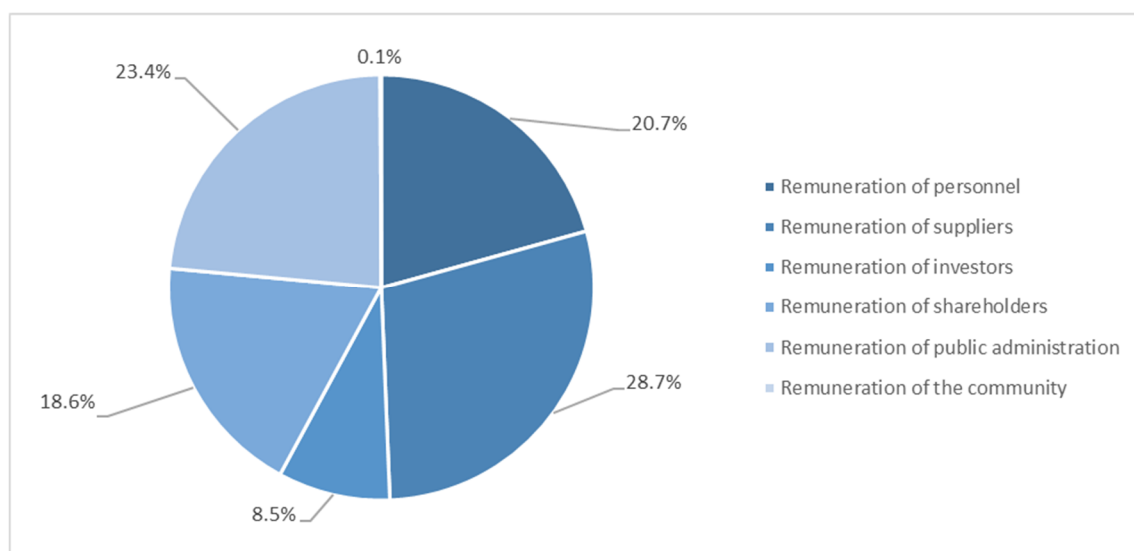
Maintaining profitability in the medium and long term, therefore, guarantees adequate remuneration for shareholders but also contributes to the creation of value for numerous stakeholders: the maintenance of employee employment levels, customer access to energy services, the financing of initiatives 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 2023.

The economic value generated by the Ascopiave Group in 2023 amounts to approximately EURO 218 million and has been redistributed to stakeholders as shown in the tables below:



Directly generated and distributed economic value (in thousands of euros)	2023
(A) Directly generated economic value	218,165
(B) Economic value distributed	163,291
(A-B) Economic value retained	54,874

Statement of Distributed Economic Value (in thousands of euros)	2023
Staff Remuneration	33,802
Remuneration of suppliers	46,788
Remuneration of lenders	13,950
Shareholder remuneration	30,339
Public Administration Remuneration	38,276
Community Remuneration	134
Total economic value distributed	163,291

The European Taxonomy (EU Reg. 2020/852)

Following the 2015 Paris Agreement, United Nations Framework Convention on Climate Change (COP 21), the European Union initiated the ecological transition process towards climate neutrality by setting its own targets for zero net greenhouse gas emissions by 2050; as well as an intermediate target of a 55% reduction of these emissions by 2030 compared to 1990 levels (Agenda 2030 for Sustainable Development). In this context, in March 2018, the European Commission (hereafter, the Commission) launched the 'Action Plan for Sustainable Finance' in order to prepare a regulatory framework aimed at steering private capital financing towards a more environmentally sustainable development model. This action led the Commission to approve Regulation (EU) 2020/852 (hereinafter, the Taxonomy Regulation) in June 2020. Regulation (EU) 2020/852 (hereafter, 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 "environmentally sustainable" and to stimulate 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, (EU) 2022/1214, (EU) 2023/2485 and (EU) 2023/2486 provide that companies subject to the above-mentioned obligations must report a set of information on economic activities that are considered eligible² or ineligible³ to the EU Taxonomy (hereinafter also referred to as "Eligible Assets"/"Eligible Assets" and "Ineligible Assets"/"Ineligible Assets") and on aligned assets⁴ to the EU Taxonomy, i.e. which meet the technical requirements defined in the legislation, do not cause significant harm to any of the environmental objectives, and are carried out in compliance with minimum safeguards.

For this reason, during the previous year, the Group conducted specific analyses to assess the degree of eligibility and alignment of the economic activities described in the reference documentation, considering that only information related to economic activities that are considered to contribute substantially to two of the six environmental objectives defined in Article 9 of the Taxonomy Regulation was available: Climate Change Mitigation and Climate Change Adaptation.

In order to meet the above-mentioned requirements, the list of economic activities included in the reference documentation for the Climate Change Mitigation target was examined and compared with those of the Group during 2022. For this purpose, the technical reference documentation at the date of publication of the document (DNF 2022) was used. On the basis of the matured interpretation of the applicable requirements, the Group assessed, in particular, that its economic activities dedicated to the production of renewable energy could be included among those identified to date by the reference legislation for the two climate change targets mentioned above, and consequently be considered eligible, but not aligned. In 2022, these were: Power generation from photovoltaic solar technology, Power generation from wind energy, Power generation from hydropower.

Subsequently, in the course of 2023, Delegated Regulation 2023/2486, the so-called Environment Delegated Act, was approved by the Commission concerning the remaining four environmental objectives defined in Article 9 of the Taxonomy Regulation. Consequently, as of 1 January 2024, starting with the disclosures for the financial year 2023, non-financial companies will have to report the portion of their turnover, capital expenditure and operating expenditure eligible for the four environmental objectives described within this Act and set out below:

- Sustainable use and protection of water and marine resources;
- Transition to a circular economy;
- Pollution prevention and reduction;
- Protection and restoration of biodiversity and ecosystems.

In accordance with the new obligations provided for by these latest updates, during 2023 it carried out analyses both to extend the assessment of eligibility to the aforementioned 4 environmental objectives and, in line with the previous year, to assess alignment with the Taxonomy with reference to the first two objectives governed by the Delegated Act on Climate. The results showed that the Ascopiave Group's activities were eligible only with reference to the Climate Change Mitigation objective.

During 2023, Ascopiave set up a transversal Working Group (hereinafter referred to as GdL) involving both staff functions and the contact persons of the various Business Units and Group Companies, with the task of reviewing all the activities carried out by the corporate Group in order to define more precisely which economic activities and to what extent they can be considered 'eligible', 'aligned', or 'ineligible' to the taxonomy.

First of all, the working group took the following breakdown into account when carrying out its analysis:

²Economic 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.

³Economic 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.

⁴Economic activity that fulfils the requirements of Article 3 of Regulation (EU) 2020/852, i.e. simultaneously fulfils 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).

- **renewable energy production companies:** Asco Renewables S.p.A., Asco EG S.p.A., Salinella Eolico S.r.l. and Green Energy Factory S.r.l.;
- **network companies:** 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. and Serenissima Gas S.p.A.

In order to determine the eligibility of the economic activities, the Panel carried out, for each of them, an analysis of coherence with the descriptions of the activities reported in the provisions of the aforementioned Delegated Acts and in relation to possible clarifications on the matter. Specifically, it was found that all of the Group's eligible activities are most closely aligned with the definitions in Annex I relating to the Climate Change Mitigation (CCM) objective.

The Group's eligible activities in 2023 for **renewable energy companies** are as follows:

- CCM 4.1. Electricity generation using photovoltaic solar technology;
- CCM 4.3. Power generation from wind energy;
- CCM 4.5. Power generation from hydropower;
- CCM 4.30. High-efficiency cogeneration of heat/cool and electricity from gaseous fossil fuels;
- CCM 4.31 Production of heat/cooling from gaseous fossil fuels in an efficient district heating and cooling system

The Group's eligible activities in 2023 for **network companies** are as follows:

- CCM 4.14. Low-carbon and renewable gas transmission and distribution networks;
- CCM 7.5. Installation, maintenance and repair of instruments and devices for measuring, regulating and controlling the energy performance of buildings.

In a second step, Ascopiave assessed the alignment of the above-mentioned activities, in accordance with Regulation (EU) 2020/852, against the following criteria:

1. **Criteria of Substantial Contribution to Climate Change Mitigation:** These criteria allow for the assessment, for each identified activity, of whether it contributes substantially to the achievement of at least one of the environmental objectives, in this case the Climate Change Mitigation objective.
2. **Do Not Significant Harm (DNSH):** these criteria make it possible to determine whether or not the identified activities may cause significant harm to other environmental objectives. The Group analysed compliance with the DNSH criteria set out in Annex I of the Climate Act through the analysis of specific internal documentation.
3. **Minimum Safeguards:** refers to the procedures that each company must put in place in order for an activity to be considered as aligned with the Taxonomy. The criteria for Minimum Safeguards (MS) set out in Article 18 of Regulation (EU) 2020/852 refer to the practices adopted by an enterprise to ensure compliance with the OECD Guidelines for Multinational Enterprises and the United Nations Guiding Principles on Business and Human Rights, including the principles and rights set out in the eight core conventions identified in the ILO Declaration on Fundamental Principles and Rights at Work and the International Bill of Human Rights.

In the course of 2023, the Group carried out evaluations of its internal documents on the various areas of application of the minimum safeguards:

- human rights;
- interests of the consumer;
- corruption;
- competition and taxation.

With regard to the area related to human rights and fair competition, the Group ensures the implementation of ethical business in compliance with the various applicable regulations, managing relations with its employees and suppliers in compliance with the principles and values referred to in the Group's Code of Ethics and Code of Conduct. The subsidiaries have adhered to the Parent Company's Code of Ethics and undertake to share its values among their employees. In accordance with Legislative Decree 24/2023, Ascopiave has a procedure that regulates the process of receiving, analysing and processing reports, through dedicated reporting channels, guaranteeing the confidentiality of the reporter. Furthermore, Ascopiave is committed to continuous improvement in the areas and

policies it practices with respect to the development of social and personnel-related policies and respect for human rights throughout the supply chain.

In order to oversee the area related to consumer interests and to ensure compliance, the Group adopts appropriate procedural measures, including an 'Operation and Maintenance Oversight Procedure' and a 'Gas Incident and Emergency Management Plan' through which emergencies, risks to public safety and users are managed and service continuity is guaranteed.

Just like the issue of human rights, the issue of corruption is also covered in the Group's Code of Ethics and in the 231/01 Organisational Model adopted by the Parent Company and its subsidiaries and investee companies, as well as in current legislation. In addition, Ascopiave, in order to combat and prevent episodes of corruption considering the context in which it operates, has adopted an internal "Policy on donations, contributions to the community and initiatives with a social impact of the Ascopiave Group".

With regard to taxation, the Group applies a taxation approach that focuses on compliance with applicable laws and regulations and is also 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 also has a 'Financial Risk Management and Control' policy through which it monitors risks associated with financial management.

The Group monitors the aspects relating to the areas of application of the Minimum Safeguard Guarantees, also making use of the figure of the Risk Manager, who performs risk assessment activities every six months, constantly monitoring the development of any new risks and implementing measures to mitigate these risks. For further details, please refer to the section 'Possible risk factors associated with sustainability issues'.

Ascopiave conducted the assessments on the Minimum Safeguards by evaluating both the procedures implemented internally to monitor the aforementioned issues with a view to preventing and mitigating negative impacts, and their actual effectiveness. During 2023, the Group did not record any cases of human rights violations, episodes of corruption and taxation and/or unfair competition.

The outcome of the analyses with respect to the three criteria just mentioned resulted in a reallocation of certain activities, carried out within the corporate group, with respect to the allocations made with reference to previous years; this, both with respect to their eligibility and in terms of alignment to the Taxonomy. The results are reported below:

- a) five activities as eligible and aligned to the Taxonomy and contributing substantially to the Climate Change Mitigation objective:
 - CCM 4.1 Production of electricity using photovoltaic solar technology
 - CCM 4.3 Power generation from wind energy;
 - CCM 4.5 Production of electricity from hydropower
 - CCM 4.14 Low-carbon and renewable gas transmission and distribution networks
 - CCM 7.5 Installation, maintenance and repair of instruments and devices for measuring, regulating and controlling the energy performance of buildings measurement (remote meters).
- b) three eligible activities, not aligned with the Taxonomy, also related to the Climate Change Mitigation objective:
 - CCM 4.30 High-efficiency heat/cool and electricity from gaseous fossil fuels
 - CCM 4.31 Production of heat/cooling from gaseous fossil fuels in an efficient district heating and cooling system
 - CCM 7.5 Installation, maintenance and repair instruments and devices for measuring, regulating and controlling the energy performance of buildings with regard to measurement (traditional meters).

The Ascopiave Group, in compliance with the regulations in force, must report the share of turnover, the share of capital expenditure (CapEx) and the share of operating expenditure (OpEx), explaining their degree of eligibility and/or alignment with the taxonomy. The publication of detailed statements, taken from the templates published in Annex II, relating to the three aforementioned KPIs is also required. In particular, these schedules must report, for each activity and distinctly for each environmental objective, the absolute values and eligible percentages, aligned and non-aligned

with the taxonomy. Finally, the total amount of the amounts related to the activities not eligible for the taxonomy and the overall total of the activities carried out by the Group, consistent with the consolidated financial statements, must be reported.

In light of these considerations, the Group carried out the analysis of turnover, investments and operating expenses referring to the financial year 2023, in order to calculate the KPIs required under the Taxonomy Regulation and further applicable regulatory references, as described below.

SHARE OF ASSETS ELIGIBLE AND ALIGNED UNDER THE EU TAXONOMY IN TERMS OF TURNOVER, CAPEX AND OPEX - 2023

Table 1 Statement of alignment of Ascopiave Group's activities pursuant to Article 29a of Directive 2013/34/EU

	KPI	Total (thousands of Euro)	A. Eligible Activities		B. Ineligible Activities
			A1. Environmentally sustainable activities (aligned with taxonomy)	A2. Non eco-friendly activities (not aligned with the taxonomy)	
2023	Turnover (revenue)	161,888	86.50%	2.60%	10.90%
	Capital expenditure (capex)	87,577	88.90%	0.00%	11.10%
	Operating expenses (opex)	11,719	96.20%	2.80%	1.00%

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 regime pursuant to Art. 117/129 of the Consolidated Income Tax Law (T.U.I.R.) for the three-year period 2022-2024. For the three-year period 2023-2025, other subsidiaries of Ascopiave S.p.A. adhered to the group taxation. 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 2023 of the Ascopiave Group in Italy is almost EURO 38 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 2023 the Ascopiave Group made investments of Euro87.6 million (Euro87.0 million in 2022), mainly in the development, maintenance and modernisation of gas distribution networks and plants, and in the installation of measuring equipment.

Investments made during the year in the renewable energy sector amounted to Euro23.6 million and involved, in particular, plants for the production of electricity from wind and photovoltaic sources. In particular, it should be noted that the wind power plant under construction is currently being tested.

In 2023, the Group also finalised the purchase of a plot of land, located in the province of Treviso, and started the preparatory activities for the construction of a hydrogen production and storage plant partly intended for electric mobility. The land will also host a photovoltaic plant.

<i>Type of investment</i>		
<i>Thousands of euros</i>	2022	2023
Connections	15,563	17,190
Network expansions, upgrades and enhancements	26,123	25,426
Measuring equipment	12,144	15,615
Reduction plants	4,157	3,330
Methane investments	57,987	61,561
Hydroelectric power generation plants	575	507
Wind parks	24,481	12,439
Photovoltaic power generation plants	6	3,349
Other green energy plants	0	7,307
Renewable energy investments	25,062	23,603
Land and buildings	307	582
Equipment	248	179
Furniture	23	3
Vehicles	784	688
Hardware and software	2,584	961
Other investments	8	0
Other investments	3,953	2,413
Total	87,001	87,577

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 Area 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 with 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 envisaged 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	2022	2023
ISO 9001	572	599
ISO 14001	261	285
ISO 45001 (formerly OH SAS 18001)	259	276

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 2023 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 absence of specific certifications is already requested during the selection process. In addition, for works of a significant amount (generally over EURO 1 million), 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 2023, 113 tenders for the purchase of goods, services and works for a total of approximately EURO 58.3 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, 1,816 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 improvement of company performance in terms of stock management costs.

Value distributed to suppliers

In terms of purchase volumes, during 2023 the Ascopiave group collaborated with 1,004 suppliers, for a total of 8,653 purchase orders and approximately EURO 71.9 million invoiced, excluding purchases of gas and electricity.

Number of suppliers and purchase orders	2022	2023
No. suppliers	1,166	1,004
No. of purchase orders	7,910*	8,653

* figure restated for refinement of calculation methodology

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 2023 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 2023, in fact, the Ascopiave Group collaborated with 523 local suppliers, representing 52.09% of the total, for a total invoiced value of approximately Euro 41.7 million.

No. of suppliers by geographical area	2022	2023
North-East	609	523
North-West	448	387
Centre	64	64
South and Islands	39	24
Foreign	6	6
Total	1,166	1,004

Purchases by geographical area in thousands of Euro	2022	2023
North-East	39,296	41,796
North-West	16,912	18,351
Centre	36,283	10,005
South and Islands	1,960	1,719
Foreign	58	19
Total	94,509	71,890

SOCIAL SUSTAINABILITY

Respect for and appreciation of people

Ascopiave is aware that the main factor in the success of any company is its human resources. It 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 the 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 at 31 December 2023, there were 503 employees in the Ascopiave Group.

Total Group	2022		2023	
	Men	Women	Men	Women
Employees	402	111	397	106
Total	513		503	

99.80% 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, 90.06% 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	2022		2023	
	DETER	INDETER	DETER	INDETER
Men	3	399	1	396
Women	1	110	0	106
Total	4	509	1	502

According to the Group's areas of operation, all the above data refer to the Italian perimeter

With regard to the geographical distribution of employees, it emerges that 79.32% work in the Group's offices in Veneto (41.35% in the province of Treviso and 37.97% in the other provinces of Veneto), followed by Lombardy, Friuli-Venezia Giulia, Emilia Romagna and Piedmont.

PROVINCE WORKPLACE	No. of employees 2023
Province of Treviso	208
Province of Padua	86
Province of Vicenza	63
Province of Bergamo	47
Province of Venice	23
Province of Rovigo	19
Province of Udine	16
Province of Piacenza	9
Province of Pordenone	9
Province of Varese	8
Province of Biella	5
Province of Pavia	4
Province of Mantua	3
Province of Milan	2
Province of Brescia	1
Total	503

As regards the presence of women within the companies, about one third of the workforce in the white-collar category is made up of women. In the blue collar category, on the other hand, the absence of women is explained by the specificity of the sector and the activity carried out.

Total Group	Men		Women		TOTAL	
	2022	2023	2022	2023	2022	2023
Managers	13	12	1	1	14	13
Quadri	23	21	7	7	30	28
Employees	191	186	103	98	294	284
Workers	175	178	0	0	175	178
Total	402	397	111	106	513	503

The average age of the present workforce is between 30 and 50 years in 47.71% of cases; employees under 30 years of age represent 4.97% of the workforce, while those over 50 are 47.32%.

Age groups	<30		30-50 inclusive		>50	
	2022	2023	2022	2023	2022	2023
Managers	0	0	4	3	10	10
Quadri	0	0	11	10	19	18
Employees	14	10	157	151	123	123
Workers	12	15	87	76	76	87
Total	26	25	259	240	228	238

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 2023, the turnover rate was 9.94%.

In addition, the Ascopiave Group implemented 40 recruitments in 2023, reaching a recruitment rate of 7.95 per cent. In terms of age groups, recruitment mainly concerned the 30-50 age group.

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%
Total	21	3	24	4.7%

Total Group	Recruitment 2023			
Age groups	M	F	Tot.	% tot.
<30 years	6	0	6	24.00%
30-50 years inclusive	21	6	27	11.25%
>50	6	1	7	2.94%
Total	33	7	40	7.95%

Total Group	Terminations 2022			
Age groups	M	F	Tot.	% tot.
<30 years	4	0	4	14.8%
30-50 years inclusive	12	3	15	5.8%
>50	9	3	12	5.3%
Total	25	6	31	6.0%

Total Group	Terminations 2023			
Age groups	M	F	Tot.	% tot.
<30 years	3	0	3	12.00%
30-50 years inclusive	17	0	17	7.08%
>50	18	12	30	12.61%
Total	38	12	50	9.94%

According to the Group's areas of operation, all the above data refer to the Italian perimeter

Total Group	Men		Women		TOTAL	
	2022	2023	2022	2023	2022	2023
Employees with non-guaranteed hours	0	0	0	0	0	0
Employees with guaranteed hours	402	397	111	106	513	503

Non-employees

Total Group	Men		Women		TOTAL	
	2022	2023	2022	2023	2022	2023
Self-employed workers	0	0	0	0	0	0
Interims	0	0	2	0	2	0
Interns	7	0	0	0	7	0
Other (<i>specify</i>)	0	0	0	0	0	0
Total	7	0	2	0	9	0

Portion of senior management hired locally

The percentage of senior managers (executives) recruited from the local community is 92.3 per cent of the entire group.

	2023
Total number of Group executives	13
Number of managers employed in the Italian region in which they reside	12
% senior manager hired locally	92.31

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 2022	AVERAGE HOURS MEN	AVERAGE HOURS WOMEN	TOTAL AVERAGE HOURS
Managers	4.3	4	4.3
Quadri	13.6	10.9	12.9
Employees	32.9	9.5	24.7
Workers	20.9	0	20.9
Total	25.7	9.6	22.1

TRAINING HOURS 2023	AVERAGE HOURS MEN	AVERAGE HOURS WOMEN	TOTAL AVERAGE HOURS
Managers	11.7	3.5	11.1
Quadri	19.8	17.7	19.3
Employees	22.1	18.6	20.9
Workers	43.9	0	43.9
Total	31.5	18.4	28.7

Particular focus is placed on the continuous training and updating of employees and those specifically dedicated to safety management (supervisors and managers).

In 2023, total training hours (calculated as the sum of all hours used by all workers) amounted to approximately 14,440, with an average of 28.7 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 is 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 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 retaining the loyalty of the 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 at 31 December 2023, 50 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	
	2022	2023	2022	2023
Men	396	392	6	5
Women	64	61	47	45
Total	460	453	53	50

According to the Group's areas of operation, all the above figures refer to the Italian perimeter

In 2023, 18 parental leaves were granted, divided between the male and female population of the Group (about 45% women and 55% 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 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
TO 31 DECEMBER 2023			
N. EMPLOYEES	M	F	T
No. of employees entitled to parental leave	397	106	503
No. parental leave granted	10	8	18
No. of workers who returned to work after taking parental leave	10	8	18

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 2023, about 19% of the staff converted a portion of the 2022 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 2023 performance bonus, increased by 15%, with welfare services (supplementary pension, health services, cultural services, baby sitting, etc.).

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 to continuously improve 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:

Pursuing objectives to increase the economic value of the company, while respecting safety activities in full compliance with rules and regulations, health and safety of workers

Pursue 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;

-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 a few 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.

Only one case of the disease has been recorded in the last two years.

<i>Occupational Diseases</i>	2022	2023
<i>Number of deaths resulting from occupational diseases</i>	0	0
<i>Number of cases of occupational diseases recorded;</i>	0	1

ISO 45001' Certification 'Safety Management 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 improvement, 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.

Therefore, in order to better standardise processes and to verify them more consistently, the companies of the Distribution SBU were unified in a corporate certification process in 2023, which had already been formalised by means of an agreement document between the parties concerned.

That being said, 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., Edigas Esercizio Distribuzione Gas S.p.A and Serenissima Gas S.p.A. are all UNI ISO 45001 certified (with Serenissima Gas S.p.A. acquiring its ISO 45001 certification in October 2023). While the company Romeo Gas S.p.A., acquired in 2022 and subject to changes in its corporate scope during 2023, will start the ISO 45001 certification process in 2024 (expected completion by October of the same year).

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, improve performance, make the work environment safer, comply with and correctly apply the relevant laws and ensure compliance in the event of audits. As at 31 December 2023, the number of employees of the Group was 503, of which 482 (about 96%) were covered by a certified occupational health and safety management system, the remainder, amounting to 21 employees, are part of the companies Cart Acqua S.r.l., ASCO EG S.p.A. and Romeo Gas S.p.A., with the latter expected to obtain ISO safety certification in 2024 (but in any case already aligned 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 improvement.

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 phases of analysis and implementation of improvement measures.

In 2023, there were a total of 7 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. In addition, there was one accident en route.

The Ascopiave Group's commitment to constant improvement remains unwavering and in 2023 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.

<i>Accidents at work*</i>	2022	2023
Total number of deaths due to occupational accidents	0	0
Total number of occupational accidents with serious consequences (excluding deaths) resulting in days of absence of more than 180 days	0	1
Total number of recordable occupational accidents	8	7
Hours worked	789,964	814,781
Multiplier for calculation	1,000,000	1,000,000
Rate of deaths due to occupational accidents	0	0
Rate of serious accidents at work (excluding fatalities)	0	1.23
Recordable work accident rate	10.13	8.59

* 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.

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 improvement 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 companies of the Group have appointed a competent doctor who, during 2023, carried out 272 medical examinations, finding 126 fully fit, 126 with prescriptions, 8 with limitations and 12 with limitations and prescription.

Particular focus is placed on the continuous training and updating of employees and figures specifically dedicated to safety management (supervisors and managers). In 2023 the total hours of training (calculated as the sum of all hours used by all workers) were **3,027**, with an average of about 6 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 improvement in safety conditions also for the personnel of supplier companies working inside its premises and plants, the Ascopiave Group has prepared special procedures that regulate 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 tender, work or supply contracts. The Parent Company and its ISO 45001:2018 certified subsidiaries also monitor the accidents of workers of third-party companies that occurred at their work-sites through specific requests to the companies or, as in the case of the Distribution companies, through the provisions of the "Conditions for Contracts" sheet.

For the year 2023, there was only 1 case of accident at the worksite, a figure that emerges from the 37 companies involved in the work of SBU Distribuzione and the other companies operating in the renewable energy sector. Ascopiave also involves suppliers working at its sites through safety training: courses, updates and meetings are held for employers/managers at the start of work and whenever the specific nature of the work requires it.

<i>Occupational accidents to outside workers working on construction sites*</i>	2022	2023
<i>Total number of deaths due to occupational accidents</i>	0	0
<i>Total number of serious accidents at work (excluding fatalities)</i>	0	0
<i>Total number of recordable occupational accidents</i>	1	1

** 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 leading national operators in the natural gas distribution sector, managing the service in 304 municipalities in northern Italy, through a network of over 14,500 km with approximately 870,000 users.

The Group is also active in the renewable energy and integrated water service sectors and holds minority interests in companies operating in energy marketing and utilities.

In the renewable energy sector, the Group operates 29 hydroelectric and wind power plants in production, with a nominal capacity of 84 MW. Under development or construction is a new wind farm in the south, an onshore photovoltaic park with a capacity of 9 MW in Mogliano (TV), and a photovoltaic plant with an adjoining hydrogen plant in Paese (TV). Ascopiave is a shareholder and technological partner of the company Cogeide S.p.A., an integrated water service operator active in 15 municipalities in Lombardy, with a catchment area of over 100,000 inhabitants and a network of 880 km.

Ascopiave is a partner of the Hera Group in energy marketing, holding a 25% stake in the company EstEnergy S.p.A., a leading operator in the sector with a portfolio of over 1 million contracts with end consumers, mainly in the Veneto, Friuli Venezia-Giulia and Lombardy regions.

The Group also holds minority interests in companies active in energy marketing (Hera Comm S.p.A.) in the utilities sector (Acinque S.p.A.) and in information and communication technology (Acantho S.p.A.). In terms of the size of its customer base and the quantity of gas sold, the Group is currently one of the leading operators 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 plants, which require high professionalism and careful monitoring of the conditions under which the service is carried out, as well as periodic maintenance operations to ensure safe and efficient 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 the weaker sections of society 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

- Quality of a commercial nature (relating mainly to the timeliness of carrying out activities such as the quotation and execution of work at the end customer's 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 during 2022 and 2023 for each of the established quality indicators:

Service quality indicators	2022	2023
Compliance with the maximum time limit set for the performance of services subject to specific commercial quality standards	99.39%	99.45%
Adherence to punctuality in appointments agreed with the customer	99.92%	99.94%

Plant inspection plan

The Group's focus on plant safety and service continuity is demonstrated by its increasing commitment to prevention through inspections of the distribution network as summarised in the following tables:

Gas network inspections and leaks	2022	2023
No. of controls carried out for odourisation	2,671	2,594
% High and medium pressure network inspected out of total	70.63%	86.83%
% Low pressure network inspected out of total	69.25%	88.41%

During 2023, 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 to carry 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	2022	2023
% answers within 120 sec.	97.18%	99.04%
% Calls with intervention within the standard*	98.52%	98.74%
Average time of arrival on site (minutes)	38.67	38.16

* On average 60 minutes, but for some installations the standard stipulates different timescales

Emergency Management Plan

The Ascopiave Group has equipped itself with a "Plan for the management of 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 involving 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 no emergencies or gas accidents occurred in 2023.

TERRITORY AND COMMUNITY

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.

Distribution of Sponsorships and Donations by Scope

2023 was a year full of initiatives of interest to the local community in which the Group was involved and did not fail to make its contribution, always following the philosophy of remaining open to civil society, committing itself to protecting and enhancing the historical, cultural and environmental heritage, keeping alive traditions and moments of sharing, supporting social, educational, sporting and recreational events that allow the local community to be given value and that, in a collaborative relationship with the institutions, support the development of the territory. The inclusion in the UNESCO World Heritage List of part of the landscape where the Group carries out its services, has led to the implementation of new initiatives also in the tourism sphere.

Particular attention was paid to the care and health sector, issues that are particularly felt after years of health emergencies

Donations to local community associations:

2023		
Type of activity	Total disbursed (Euro)	No. of subjects
Health and Prevention	25,500	6
Community and care	36,000	5
Culture, history, traditions	38,000	16
Sport	6,000	3
Environment	2,500	1

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.

Ascopiave Group's main campaigns and initiatives for the local community

There have been several initiatives supported by the Group during 2023 for the community and assistance and to implement policies for inclusion, accessibility and support in favour of people with disabilities, both to guarantee health support and to be at the side of individuals and their families in order to build paths that look to the future with more serenity. Today, the expectations of people with disabilities do not have long-term visions, so it is necessary to implement interventions aimed at improving living conditions throughout the life cycle while respecting the autonomy of individuals, interventions that allow them to take on a social role within their community and to live in conditions of equal opportunity with others. In this context, also with the support of the Group, Ulss 2 della Marca Trevigiana has drawn up, in collaboration with the University of Padua, the Conference of Mayors and the Picos Social Cooperative, the "Life Project guidelines" in line with the paradigm shift resulting from the UN Convention on the Rights of Persons with Disabilities of 2006 (implemented by Law 18 of 2009), as well as Law 112/2016 and the recent Law 227/2021. The Project represents a lever that acts on the social justice front: it speaks of persons with disabilities, considering them from the age of development and accompanying them also in the III age because the Life Project was conceived for the whole of life. A working group was set up consisting of experts in scientific, technical, legal and administrative matters and representatives of the institutions and the Third Sector.

At the end of work that lasted about a year, the team produced an elaboration that, starting from an anthropological and ethical framework, offers people with disabilities, their families and caregivers, professionals and political institutions, indications on what the Life Project is, what the evaluative Territorial Areas that characterise it may be, the connections with other specific project devices - such as, for example, the school IEP or the Personalised Project drawn up in the socio-educational-health services - the different types of resources that converge in the project budget, as well as detailing the administrative procedure, and therefore the project-evaluation process, that must characterise it. In addition, the issue of the health budget and the cost-sharing of public bodies was detailed. A section was devoted to the role of the Foundations on the Dopo di Noi. In 2024 the operational proposals put forward will be experimented (the National Plan for Social Interventions and Services 21-23 emphasises the importance of experimentation, as a preparatory element to an action of systematisation and structural integration of innovation in the overall system of territorial social services) to then move on to a more extensive dissemination.

Piave River

The Piave River was the focus of a number of historical and cultural initiatives that took place in 2023. Two in particular focused on the nature and life of the people who lived on the banks of the Piave. One recalled the River Sacred to the Fatherland (as a sign placed at the beginning of the carriageway bridge in Ponte di Piave read) through a book entitled 'The Nameless Soldier. Storia del Milite Ignoto' (The Unknown Soldier. The Story of the Unknown Soldier), which was distributed to the primary schools of Ponte di Piave and which ideally honoured those who were on the front line fighting, risking their lives for the good of the community and for those values linked to the territory on which the Piave River lies.

The second aimed to recall and pass on Venetian history to the new generations with an exhibition that illustrated the ancient trade of the Piave River Raftsmen, a historical activity that allowed the transport of timber and other goods

from the Belluno area to Venice by rafts, using the waterway. The exhibition, titled 'Zattieri - Storia degli zattieri del fiume Piave' (Raftsmen - History of the Raftsmen of the Piave River), was represented with a photographic and exhibition narrative that explained the complexity of carrying out this tiring and dangerous work, the role and functions of the Zattieri, the Menadàs, and the Anghieri, from cutting timber, to working in the sawmills, to working the hazelnut 'sache' to tie the various logs together, to the making and use of the Risine, the Cidolo and the Stua. To make it easier for the children who visited the exhibition to learn, the tour was guided by an audio narrator's voice with a grandfather explaining to his grandson the sequence of the various operations, why they were carried out, the function of the dams, chutes and what was connected to them.

Cultural scope

There are several initiatives implemented in 2023 in favour of culture, among which it is worth mentioning the 'Lago Film Fest', an international festival of short films, now in its 19th edition, which over time has managed to consolidate itself by broadening the range of cultural proposals and attracting large audiences from all over the region and even neighbouring regions; and 'Fregona Borghi e Natura', an annual festival that originates in Fregona, on the slopes of the Treviso Pre-Alps and the Cansiglio Forest, where culture, art and thought come together with nature and the history of a town that is part of the Veneto region's heritage; 'Fregona Borghi e Natura' was born and is articulated on the basis of the peculiarities of the area: the villages and nature. Each year the festival starts from a precise theme - its many meanings for mankind - and declines it in a series of appointments using a multiplicity of languages. Music, performances, encounters, excursions for a festival spread throughout the historical and natural space characteristic of the area: streets, villages, woods, villas, giving life to a unique dialogue between human ingenuity and the natural world.

ENVIRONMENTAL SUSTAINABILITY

Core Values and Environmental Policy

The set of values, corporate ethical principles and rules of conduct envisaged 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 objective 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 indirect economic benefits of choices that limit the impact on the environment of the activities and services rendered, have been decisive elements in the decision to adopt an Environmental Management System, first and foremost for methane gas distribution activities, now extended to six companies with the Environment and Safety certification of Serenissima Gas S.p.A. in October 2023. The certification process of the company Romeo Gas S.p.A., which already adopts the same practices and procedures as AP Reti Gas S.p.A., is still in progress.

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.

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 held by the Pasubio Group (acquired in April 2017). These are now held by the renamed company AP Reti Gas Vicenza S.p.A.

Edigas Esercizio Distribuzione Gas S.p.A.

In 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.

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.

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 certification was issued in December 2021.

Serenissima Gas S.p.A.

The experience of the other natural gas distribution companies also motivated the newly acquired Serenissima Gas to obtain the Environmental Management System and Occupational Health and Safety Management System certifications, obtained in October 2023, which complement the already acquired ISO 9001 certification.

Corporate SBU Certification Distribution

The high standardisation of processes and the harmonisation of Integrated Management Systems allowed the natural gas distribution companies to obtain a unitary Corporate "SBU Distribuzione Gruppo Ascopiave" certificate. Group certification was achieved in July 2023 for the Quality Management System and in October 2023 for the Environment and Occupational Safety Management Systems and applies to the companies of the SBU Distribuzione mentioned above. To complete this process, the extension of this certification to Romeo Gas S.p.A. has been started (expected completion by October 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 345 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.

FUEL CONSUMPTION	2022	2023
Petrol (in thousand litres)	30	36
Diesel fuel (in thousand litres)	392	394
Methane (in thousand kg)	9	10

With regard to the group's vehicle fleet in 2023, the proportion of EURO 6 vehicles was increased to 45%, new hybrid vehicles were introduced and 8 charging stations connected to the photovoltaic system were 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	273	79%	45%	33%	1%
Petrol	21	6%	4%	2%	
Bifuel	31	9%	7%	2%	
Electric	20	6%	6%		
Total	345	100%	62%	37%	1%

Energy management and emissions

During 2021, work on a new section of the photovoltaic plant was completed. The plant went into final operation during the previous year. The new 180kW/p section supplemented the electricity needed to power the new heat pump to replace an obsolete gas-fired thermal generator 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	2022	2023
Natural gas (m3)	2,036,939	1,870,573
Car fuel - Diesel (lt)	391,832	394,488
Car fuel - Petrol (lt)	29,782	35,849
Car fuel - Natural gas (kg)	9,197	9,895
Purchased electricity (kWh)	4,364,591	3,091,893
Electricity from photovoltaic system (kWh)	442,464	390,683

Total Group	2022	2023
Natural gas (GJ)	71,865	66,325
Automotive Fuel - Diesel (GJ)	14,070	14,165
Automotive Fuel - Petrol (GJ)	963	1,160
Car Fuel - Methane (GJ)	478	515
Electricity purchased (GJ)	15,713	11,131
Electricity from photovoltaic system (GJ)	1,593	1,406
TOTAL ENERGY CONSUMPTION (GJ)	104,682	94,702

Hydro and wind power generation

In early 2022, the group integrated 27 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. During 2023, thanks to the reorganisation and streamlining of the plants' management and maintenance processes, hydroelectric and wind power production increased significantly, approximately 67%.

Hydro and wind power generation	2022 GJ	2023 GJ
Electricity generated by hydropower	294,719	497,018
Wind-powered electricity	35,686	55,395
Total production	330,405	552,412

Electricity from photovoltaics

In 2023, the amount of self-generated electricity was 1,406 GJ, down from 2022 due to plant failures caused by bad weather.

	2022 GJ	2023 GJ
Self-produced quantity	1,593	1,406
% car consumed	82%	81%

District heating/Cogenerators

In 2023, the total methane consumption for the Dolo/Mirano (VE) plants was 357,000 Sm³, with a total electrical production of 1,244,000 kWh and a total thermal production of 1,652,000 kWh. Compared to the previous year, there was an increase in gas consumption, with a consequent increase in thermal and electrical production. These increases are substantially linked to an increase in consumption related to the users connected to the plants, while maintaining an overall efficiency ratio between gas consumed and energy produced $\geq 80\%$.

Methane consumption [thousand Sm ³].	2022	2023
Cogenerators CA' TRON - Dolo (VE)	43	52
BELLA MIRANO Cogenerators - Mirano (VE)	41	45
LE CIME cogenerators - Mirano (VE)	242	260
Electricity produced [thousand kWh].	2022	2023
Cogenerators CA' TRON - Dolo (VE)	138	169
BELLA MIRANO Cogenerators - Mirano (VE)	132	145
LE CIME cogenerators - Mirano (VE)	829	930
Thermal energy produced [thousand kWh]	2022	2023
Cogenerators CA' TRON - Dolo (VE)	232	288
BELLA MIRANO Cogenerators - Mirano (VE)	225	242
LE CIME cogenerators - Mirano (VE)	1,032	1,122

Methane consumption [GJ]	2022	2023
Cogenerators CA' TRON - Dolo (VE)	1,517	1,844
BELLA MIRANO Cogenerators - Mirano (VE)	1,447	1,596
LE CIME cogenerators - Mirano (VE)	8,538	9,219
Total methane consumption	11,502	12,658
Electricity produced [GJ]	2022	2023
Cogenerators CA' TRON - Dolo (VE)	497	608
BELLA MIRANO Cogenerators - Mirano (VE)	475	522
LE CIME cogenerators - Mirano (VE)	2,984	3,348
Total electricity production	3,956	4,478
Thermal energy produced [GJ]	2022	2023
Cogenerators CA' TRON - Dolo (VE)	835	1,037
BELLA MIRANO Cogenerators - Mirano (VE)	810	871
LE CIME cogenerators - Mirano (VE)	3,715	4,039
Total heat production	5,360	5,947
Production efficiency [(kWhe+ kWht) / kWh combined] %	2022	2023
Cogenerators CA' TRON - Dolo (VE)	88	88
BELLA MIRANO Cogenerators - Mirano (VE)	89	87
LE CIME cogenerators - Mirano (VE)	79	80

The efficiency of cogenerators combined with district heating saved 40 TOE (tonnes of oil equivalent).

Energy efficiency initiatives

In line with its commitment to reducing its environmental impact, in June 2011 the Group activated a 199 kW photovoltaic system, integrated into the roof of the warehouse/archives building for the exclusive use of the head office, and implemented it in 2022 with a new 180 kW section. In 2024, the third section with a further 153 kW will also be activated. 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.

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. In addition to this, the Research and Development Division dealt with the drafting of the Energy Diagnosis, as required by Legislative Decree 102/2014, identifying efficiency targets for the four-year period 2024/2028. Also in 2023, some group companies implemented actions to make their gas distribution networks more efficient by reducing the amount of gas burned in the pre-heating processes of the methane decompression and metering cycle.

Even in 2023, 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)

GROUP COMPANIES	DESCRIPTION INITIATIVE IMPLEMENTED IN 2023	QUANTIFIED ADVANTAGE TEP and/or CO2 equivalent emissions	QUANTIFIED ADVANTAGE energy consumption in joules or multiples
Ascopiave S.p.A.	Upgrading Retirement home	60 TEP/144 ton CO2 equivalent	2,545 GJ
Ascopiave S.p.A.	Replacement of heat pump office	8 TEP/11 tonnes CO2 equivalent	159 GJ
Asco Renewables S.p.A.	Cogeneration	40 TEP/96 tonnes CO2 equivalent	1,697 GJ

During 2023, Ascopiave continued to develop efficiency projects through its subsidiary Asco Energy S.P.A. (now Asco Renewables S.p.A.), proposing itself to third parties as a promoter of initiatives aimed at energy efficiency. Specifically,

with a public company that manages the integrated water and sewerage service, a proposal to improve the efficiency of the local water network was studied, submitted and approved by the GSE. In 2023, Asco Energy (now Asco Renewables S.p.A.) carried out TEE transactions amounting to 37,673 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 renewal audits in 2023 on behalf of Asco Energy S.p.A. (now Asco Renewables S.p.A.), of the UNI UN ISO 9001:2015 and UNI CEI 11352 certification for ESCO companies.

In 2023, in staff with the group's other structures, the integration procedures were activated, the hydroelectric plants and a wind farm in operation, previously acquired in 2022. During 2023, the group, through its subsidiary Salinella Eolico s.r.l., financed and constructed a new 21.6 MW wind power plant. The plant entered into provisional operation on 28/12/2023, the plant will have an expected output of approximately 34,000,000 kWh/year.

Cogeneration / District Heating

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 improvement 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 2023 are three:

- 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, a further 51 customers belonging to a new housing complex built near the plant were connected to the plant, allowing its overall efficiency to be improved from 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 2023, the degree of occupancy remained unchanged. The efficient management of the plant, in accordance with the provisions of Ministerial Decree 05.09.2011, has allowed it to obtain 21 TEE (energy efficiency certificates) equal to 21 TOE saved (tonnes of oil equivalent);
- 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 2023, the efficient management of the plant, in accordance with the provisions of Ministerial Decree 05.09.2011, allowed it to obtain 19 TEEs (energy efficiency certificates) equal to 19 TOEs (tonnes of oil equivalent) saved.

PLANT NAME OPERATED IN 2023	DESCRIPTION	QUANTITY OF ENERGY PRODUCED (kWh)	WHITE CERTIFICATES OBTAINED
CA' TRON - Dolo (VE)	Cogeneration combined with district heating	456,608	19
BELLA MIRANO - Mirano (VE)	Cogeneration combined with district heating	386,874	21
LE CIME - Mirano (VE)	Trigeneration combined with district heating	2,052,160	-

Emissions

The following table shows the main CO₂ emissions generated in 2022 and 2023 by the Ascopiave Group: Thanks to the efficiency measures implemented by all group companies, direct CO₂ emissions were significantly reduced in 2023.

Total Group	2022	2023
Direct and Indirect Emissions		
Scope 1	Ton CO2 EQ	Ton CO2 EQ
Natural Gas	4,039	3,749
Diesel	1,038	1,045
Petrol	71	85
Methane	25	27
Total Scope 1	5,174	4,906
Scope 2 - Location Based		
Purchased electricity	1,113	790
Scope 2 - Market Based		
Purchased electricity	1,993	1,413

Sources used for the calculation of values referring to 2023:

- The 2023 electricity and gas consumption data were extracted from the billing system of the energy supply companies. The indicators and reference sources listed below referring to 2023 have been published by the relevant bodies only in part;
- Data taken from the publication of 15/12/2023 by the MISE "Monitoring of greenhouse gas emissions for the period (2020-2022) for stationary plants" <https://www.ets.minambiente.it/News#427-pubblicazione-parametri-standard-nazionali-anno-2023>;
- 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
- Year 2023: Italy's national 'residual mix' emission factor of 457.15 gCO₂/kWh (Source: European Residual Mixes 2022 Version1.0, 2021-06-01);
- For the emission factors of national electricity production and consumption (g CO₂/kWh), the ISPRA report 386/2023 of 05/05/2023 "Efficiency and decarbonisation indicators in Italy and in the biggest European Countries. Edition 2023".

Water withdrawals

As of the end of 2020, Ascopiave also chose to be present in the water sector.

The company Carta Acqua Srl, a 100% subsidiary of Ascopiave S.p.A., is a company providing technical services (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, as well as continuously modernising internal plant engineering, with low water consumption systems.

In 2022, the water demand was met by drawing a larger percentage from groundwater, and a smaller percentage from aqueducts. The total water withdrawal amounted to 63,380 cubic metres.

In 2023, the water demand was met by withdrawing most from groundwater and the remainder from aqueducts. The total water withdrawal amounted to 49,822 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 a significant reduction in water consumption, due to optimisation of consumption.

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)	2022		2023	
	All areas	from water-stressed areas*	All areas	from water-stressed areas*
Surface waters	0	0	0	0
Groundwater	45.269	0	41.481	0
Seawater	0	0	0	0
Produced water	0	0	0	0
Third-party water resources (aqueduct)	18.111	0	8.341	0
Total water withdrawal (megalitres)	63.380	0	49.822	0

*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 MUD5 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 'SISTR 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.

⁵Defined 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.

Conventions for Disposal of Spent Toner Cartridges

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

The waste is collected and sent to recovery or disposal operations in accordance with the temporary storage deadline 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 2023 no special waste was delivered to the Destino plants with their own authorised vehicles.

In the two-year period 2022/2023, 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 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%
Total	240,059	0	107	240,166	
%	99.96%	0%	0.04%	100%	
Group Total 2023					
kg	Recovery	Recycling	Disposal	Total	%
Non-hazardous	329,202	0	63	329,265	98.0%
Dangerous	6,452	0	156	6,608	2.0%
Total	335,654	0	219	335,873	
%	99.93%	-	0.07%	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	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%
CER/EER code	Type of Special Waste	2023 kg	2023 %
160213* - 160214	Discarded electrical/electronic equipment	95,046	28.2%
150101 - 200101	Paperboard / paper and cardboard packaging	14,931	4.4%
170402	Aluminium	62,790	18.7%
170405	Iron and steel	115,011	34.2%
190901	Solid waste from primary filtration and screening processes	13,580	4.0%

Hazardous special waste, deriving from the use of products and from the maintenance and/or decommissioning of equipment, is present in Ascopiave (CER 160213*) and in the seven distribution companies (mainly CER 150111* - CER 150202* - CER 160601*, together with some types of waste produced occasionally in 2023) and represents, as a percentage, 2.0% of the Group's total.

The table summarises the special hazardous waste produced in 2022/2023:

CER Code	Type of Special Waste (kg)	2022	2023
150111*	Mix packaging containing hazardous substances	617	605
160213*	WEEE equipment with hazardous components	0	370
150202*	Absorbents, filter materials, contaminated rags	1,220	1,050
160601*	Lead-acid batteries	1,165	1,176
160104*	End-of-life vehicles	0	3,180
150110*	Packaging containing residues of or contaminated by hazardous substances	10	0
161001*	Aqueous liquid wastes containing hazardous substances	25	0
160114*	Antifreeze liquids containing hazardous substances	0	29
170204*	Glass, plastic and wood containing or contaminated by hazardous substances	0	182
160307*	Metallic mercury	0	0.43
200121*	Fluorescent tubes and other mercury-containing waste	0	15

The Group confirms the trend of the year 2022, with an increase in the quantity of Waste subject to "Recovery" in the year 2023: 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 some 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 2023, waste from some Warehouses of the companies AP Reti Gas S.p.A. and Edigas Distribuzione Gas S.p.A. was involved in this type of destiny, for a percentage of 11% of the total produced of the four types listed below:

- CER/EER 120113 (welding waste);
- CER/EER 120121 (spent tool bodies and grinding materials, other than those mentioned in 12 01 20);
- CER/EER 150111* (chemical canister mix);
- CER/EER 150202* (removed from maintenance).

In addition, EWC/EER code 160114* (antifreeze liquids containing hazardous substances), which was produced once during the reporting year, was also sent for disposal.

Special waste from construction activities

The company Serenissima Gas S.p.A. has an internal maintenance team that carries out limited interventions on the gas networks. In 2023, however, no waste produced by excavations or similar activities was recorded, since the aforementioned team did not operate in this area:

CER/EER code	Type of Special Waste	Destiny refusal	2022 kg	2023 kg
170504	Soil and rocks, other than those mentioned in 17 05 03	Recovery	320,660	0
		Disposal	361,740*	0
TOTAL			682,400	0

* 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 activities 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 product information.

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.

Interventions at the Rovigo site

1. PHOTOVOLTAIC SYSTEM

A new photovoltaic system has been installed on the roof of the Rovigo headquarters in Viale del Lavoro No. 24. The system has a capacity of 59.59 KW.

With the construction of the plant, the intention was to achieve significant energy savings for the facility served, through the use of the renewable energy source represented by the sun. The use of this technology stems from the need to combine:

- compatibility with architectural and environmental protection requirements;
- no noise pollution;
- fossil fuel savings;
- emission-free electricity production.

To date, electricity production is almost entirely from thermoelectric plants using fuels that are essentially of fossil origin. Therefore, considering the estimated energy production of the first year, 62 586.85 kWh, and the annual efficiency loss, 0.90 %, the following considerations apply for the plant's life time of 20 years.

Fuel savings

A useful indicator for defining fuel savings from the use of renewable energy sources is the conversion factor of electricity to primary energy [TOE/MWh].

This coefficient identifies the TOE (Tonne Oil Equivalent) required to produce 1 MWh of energy, i.e. the TOE saved by adopting photovoltaic technologies for electricity production.

Fuel savings in	TEP
Electricity to primary energy conversion factor [TOE/MWh].	0.187
TOE saved in one year	11.70
TOE saved in 20 years	215.10

Data source: EEN Resolution 3/08, Art. 2

Avoided emissions into the atmosphere

In addition, the photovoltaic system enables the reduction of atmospheric emissions of pollutants and substances that contribute to the greenhouse effect.

Avoided emissions to the atmosphere of	CO2	SO2	NOX	Powders
Specific emissions to the atmosphere [g/kWh].	474.0	0.373	0.427	0.014
Emissions avoided in one year [kg].	29 666.17	23.34	26.72	0.88
Emissions avoided over 20 years [kg].	545 231.74	429.05	491.17	16.10

Data source: ENEL Environmental Report 2013

2. REPLACEMENT OF THERMAL SYSTEMS

At the Rovigo site, the methane gas-fuelled heat generator was replaced with an electric heat pump system, so that the new generator could be used for both winter and summer air conditioning, feeding the system as much as possible with the photovoltaic system. In this way, methane gas consumption was eliminated, even allowing the methane gas utility to be switched off.

3. ELECTRIC VEHICLE CHARGING STATIONS

Two wall boards for charging electric vehicles were installed at the Rovigo site, each delivering 7 KW of current.

Interventions at the Pieve di Soligo site

1. RELAMPING OFFICES

The relamping activities of 'Building B' of the Pieve di Soligo headquarters began. In detail, 87 fluorescent lamps with a power of 64W were replaced with the same number of LED lamps with a power of 33W.

2. NEW PHOTOVOLTAIC PLANT SECTION

Work is currently nearing completion on the extension of the photovoltaic park serving the Pieve di Soligo site. The new plant section consists of 282 modules of 545 W, for a total of 153.69 KWp. With this new section, the total installed power at the Pieve di Soligo headquarters rises to 532 KWp.

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 2023

Financial year 2023	Year 2023				Substantial contribution criteria						Criteria for DNSH (Do no significant harm)								
	Activity code	Turnover (income)	Proportion of turnover (income)	Climate change mitigation	Climate change adaptation	Sustainable use and protection of water and marine resources	Transition to a circular economy	Pollution prevention and control	Protection and restoration of biodiversity and ecosystems	Climate change mitigation	Climate change adaptation	Sustainable use and protection of water and marine resources	Transition to a circular economy	Pollution prevention and control	Protection and restoration of biodiversity and ecosystems	Minimum Safeguards	Proportion of Taxonomy-aligned (A.1) eligible (A.2) year 2023	Enabling activity	Transitional activity
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
		ME	%																
Taxonomy eligible activities	A																		
Environmentally sustainable activities (Taxonomy-aligned)	A1																		
Electricity generation using solar photovoltaic technology	CCM 4.1	0.08	0.0%	Yes	No	No	No	No	No	No	Yes	No	Yes	No	Yes	Yes	0.1%	-	-
Electricity generation from wind power	CCM 4.3	1.96	1.2%	Yes	No	No	No	No	No	No	Yes	No	Yes	No	Yes	Yes	6.0%	-	-
Electricity generation from hydropower	CCM 4.5	14.93	9.2%	Yes	No	No	No	No	No	No	Yes	Yes	No	No	Yes	Yes	0.7%	-	-
Transmission and distribution networks for renewable and low-carbon gases	CCM 4.14	103.43	63.9%	Yes	No	No	No	No	No	No	Yes	Yes	No	Yes	Yes	Yes	0.0%	-	-
Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	CCM 7.5	19.55	12.1%	Yes	No	No	No	No	No	No	Yes	No	No	No	Yes	0.0%	E	-	
Turnover (income) of environmentally sustainable activities (Taxonomy - aligned)	TOTAL A1	139.95	86.5%	86.5%	0%	0%	0%	0%	0%								6.8%		
Of which enabling				0.0%	0%	0%	0%	0%	0%								0.0%	E	
Of which transitional																	0.0%		T
Taxonomy eligible but not environmentally sustainable activities (not Taxonomy - aligned)	A2																		
Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	CCM 7.5	3.45	2.1%														0.0%		
High-efficiency co-generation of heat/cool and power from fossil gaseous fuels	CCM 4.30	0.80	0.5%														0.0%		
Production of heat/cool from fossil gaseous fuels in an efficient district heating and cooling system	CCM 4.31	0.01	0.0%														0.0%		
Turnover (income) of Taxonomy eligible but not environmentally sustainable activities	TOTAL A2	4.26	2.6%														0.0%		
Turnover (income) of Environmentally sustainable activities (Taxonomy-aligned) + Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)	A1+A2	144.21	89.1%																
Taxonomy non-eligible activities	B																		
Turnover (income) of Taxonomy non-eligible activities	TOTAL B	17.68	10.9%																
Total turnover (income)	A1+A2+B	161.89	100.0%																

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 2023

Esercizio finanziario 2023	Anno 2023				Criteri per il contributo sostanziale						Criteri DNSH (Non arrecare danno significativo)								
	Codice attività	CapEx	Quota di CapEx	Mitigazione dei cambiamenti climatici	Adattamento ai cambiamenti climatici	Uso sostenibile e protez. acque e risorse marine	Transizione verso un'economia circolare	Prevenzione e riduzione dell'inquinamento	Protezione e ripristino biodiversità ed ecosistemi	Mitigazione dei cambiamenti climatici	Adattamento ai cambiamenti climatici	Uso sostenibile e protez. acque e risorse marine	Transizione verso un'economia circolare	Prevenzione e riduzione dell'inquinamento	Protezione e ripristino biodiversità ed ecosistemi	Garanzie minime di salvaguardia	Quota allineata (A.1) o ammissibile (A.2) alla tassonomia anno 2023	Attività abilitante	Attività di transizione
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
		ME	%																
Attività ammissibili alla tassonomia	A																		
Attività ammissibili allineate	A1																		
Produzione di energia elettrica mediante tecnologia solare fotovoltaica	CCM 4.1	3.35	3.8%	SI	No	No	No	No	No	No	SI	No	SI	No	SI	SI	0.0%	-	-
Produzione di energia elettrica a partire dall'energia eolica	CCM 4.3	12.44	14.2%	SI	No	No	No	No	No	No	SI	SI	SI	No	SI	SI	28.1%	-	-
Produzione di energia elettrica a partire dall'energia idroelettrica	CCM 4.5	0.51	0.6%	SI	No	No	No	No	No	No	SI	SI	SI	No	SI	SI	0.7%	-	-
Reti di trasmissione e distribuzione di gas rinnovabili e a basse emissioni di carbonio	CCM 4.14	45.95	52.5%	SI	No	No	No	No	No	No	SI	SI	No	SI	SI	SI	0.0%	-	-
Installazione, manutenzione e riparazione di strumenti e dispositivi per la misurazione, la regolazione e il controllo delle prestazioni energetiche degli edifici	CCM 7.5	15.62	17.8%	SI	No	No	No	No	No	No	SI	No	No	No	SI	SI	0.0%	A	-
Spese in conto capitale delle attività ecosostenibili (allineate alla tassonomia)	TOTALE A1	77.86	88.9%	88.9%	0%	0%	0%	0%	0%								28.8%		
Di cui abilitanti				0.0%	0%	0%	0%	0%	0%								0.0%	A	
Di cui di transizione																	0.0%		T
Attività ammissibili alla tassonomia ma non ecosostenibili (non allineate alla tassonomia)	A2																		
Cogenerazione ad alto rendimento di calore/freddo ed energia elettrica a partire da combustibili gassosi fossili	CCM 4.30	0.00	0.0%														0.0%		
Produzione di calore/freddo a partire da combustibili gassosi fossili in un sistema di teleriscaldamento e teleraffrescamento efficienti	CCM 4.31	0.00	0.0%														0.0%		
Spese in conto capitale delle attività ammissibili ma non allineate	TOTALE A2	0.00	0.0%														0.0%		
Spese in conto capitale delle attività ammissibili allineate + Ammissibili non allineate	A1+A2	77.86	88.9%																
Attività non ammissibili alla tassonomia	B																		
Spese in conto capitale delle attività non ammissibili alla tassonomia	TOTALE B	9.72	11.1%																
Totale spese in conto capitale	A1+A2+B	87.58	100.0%																

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 2023

Financial year 2023	Year 2023		Substantial contribution criteria								Criteria for DNSH (Do no significant harm)								Minimum Safeguards	Proportion of Taxonomy aligned (A.1) or eligible (A.2) OpEx, year 2022	Enabling activity	Transitional activity
	Activity code	OpEx	Proportion of OpEx	Climate change mitigation	Climate change adaptation	Sustainable use and protection of water and marine resources	Transition to a circular economy	Pollution prevention and control	Protection and restoration of biodiversity	Climate change mitigation	Climate change adaptation	Sustainable use and protection of water and marine resources	Transition to a circular economy	Pollution prevention and control	Protection and restoration of biodiversity							
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20			
		M€	%	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	%	E	T			
Taxonomy eligible activities	A																					
Environmentally sustainable activities (Taxonomy-aligned)	A1																					
Electricity generation using solar photovoltaic technology	CCM 4.1	0.01	0.1%	Yes	No	No	No	No	No	No	Yes	No	Yes	No	Yes	Yes	0.0%	-	-			
Electricity generation from wind power	CCM 4.3	0.08	0.7%	Yes	No	No	No	No	No	No	Yes	No	Yes	No	Yes	Yes	0.9%	-	-			
Electricity generation from hydropower	CCM 4.5	1.63	13.9%	Yes	No	No	No	No	No	No	Yes	Yes	No	No	Yes	Yes	0.0%	-	-			
Transmission and distribution networks for renewable and low-carbon gases	CCM 4.14	8.61	73.5%	Yes	No	No	No	No	No	No	Yes	Yes	No	Yes	Yes	Yes	0.0%	-	-			
Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	CCM 7.5	0.95	8.1%	Yes	No	No	No	No	No	No	Yes	No	No	No	No	Yes	0.0%	E	-			
OpEx of environmentally sustainable activities (Taxonomy-aligned)	TOTAL A1	11.28	96.2%	96.2%	0%	0%	0%	0%	0%	0%							0.9%					
Of which enabling				0.0%	0%	0%	0%	0%	0%								0.0%	E	T			
Of which transitional																	0.0%		T			
Taxonomy eligible but not environmentally sustainable activities (not Taxonomy - aligned)	A2																					
Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	CCM 7.5	0.17	1.4%														0.0%					
High-efficiency co-generation of heat/cool and power from fossil gaseous fuels	CCM 4.30	0.13	1.1%														0.0%					
Production of heat/cool from fossil gaseous fuels in an efficient district heating and cooling system	CCM 4.31	0.02	0.2%														0.0%					
OpEx of Taxonomy-eligible but not environmentally sustainable activities	TOTAL A2	0.32	2.8%														0.0%					
OpEx of environmentally sustainable activities (Taxonomy-aligned) + OpEx of Taxonomy-eligible but not environmentally sustainable activities	A1+A2	11.60	99.0%																			
Taxonomy non-eligible activities	B																					
OpEx of Taxonomy non-eligible activities	TOTAL B	0.12	1.0%																			
Total OpEx	A1+A2+B	11.72	100.0%																			

Table linking provisions 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 documents 2023
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>

<p>Fight against corruption</p>	<p>Art 3.2 (f) Information concerning the fight against active and passive corruption</p>	<p><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></p>
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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 Governance 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 01/01/2023 to 31/12/2023
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 71-72	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 68-70				
	2-3 Reporting Period, Frequency and Point of Contact	Page 68-70				
	2-4 Review of Information	Page 68-70				
	2-5 External Assurance	Page 68-70				
	2-6 Activities, Value Chain and Other Business Relationships	Page 71-72				
	2-7 Employees	Page 111-114				
	2-8 Non-employees	Page 111-114				
	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 was established with dedicated ESG competencies (RCG: Sec. 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 2024), including the material topics of the organisation (which took place on 22 February 2024). 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. Pages 94-95; 77-79 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.			
2-22 Sustainable Development Strategy Statement	Page 67			
2-23 Policy Commitment	Not applicable. DNF: Model 231 and Code of Ethics. Page 77-79			
2-24 Integration of policy commitments	DNF: Model 231 and Code of Ethics. Page 77-79			
2-25 Processes to Remedy Negative Impacts	DNF: Analysis of issues relevant to the Ascopiave Group and its stakeholders on sustainability issues; Page 94-99 Model 231 and Code of Ethics. Page 77-79			
2-26 Mechanisms for requesting clarification and raising concerns	DNF: Stakeholder Listening and Materiality Analysis; Page 94-99			
2-27 Compliance with Laws and Regulations	There were no cases of non-compliance.			

	2-28 Membership of associations	Page 94-95				
	2-29 Approach to stakeholder engagement	Page 94-95				
	2-30 Collective Agreements	100% of the organisation is covered by collective bargaining agreements.				
Material Themes						
GRI 3: Material Themes 2021	3-1 Process for Determining Material Subjects	Page 96	<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				
HEALTH AND SAFETY OF WORKERS						
GRI 3: Material Themes 2021	3-3 Managing Material Themes	Page 117-120				
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	Page 117				
	403-2 Hazard identification, risk assessment and accident investigation	Page 117				
	403-3 Occupational health services	Page 118				
	403-4 Worker participation and consultation and communication on occupational health and safety	Page 118				
	403-5 Occupational health and safety training for workers	Page 119				
	403-6 Workers' Health Promotion	Page 118-119				
	403-7 Prevention and mitigation of occupational health and safety impacts within business relationships	Page 117-120				
	403-9 Accidents at work	Page 118-120 With reference to third-party companies is provided disclosure only to the number of				

		accidents occurred during work activity at construction sites of the Group Ascopiave.				
	403-10 Occupational Diseases	Page 119				
EMISSIONS INTO THE ATMOSPHERE						
GRI 3: Material Themes 2021	3-3 Managing Material Themes	Page 132				
GRI 305: Emissions 2016	305-1 Direct greenhouse gas emissions (Scope 1)	Page 132				
	305-2 Indirect greenhouse gas emissions (Scope 2)	Page 132				
CORPORATE GOVERNANCE AND RISK MANAGEMENT						
GRI 3: Material Themes 2021	3-3 Management of Material Themes	Page 82-88				
GRI 205: Anti-corruption 2016	205-1 Transactions assessed with respect to corruption risks	100% of the areas are have been verified through application of the Model 231				
ENERGY CONSUMPTION AND MANAGEMENT						
GRI 3: Material Themes 2021	3-3 Management of Material Themes	Page 128-131				
GRI 302: Energy 2016	302-1 Internal energy consumption within the organisation	Page 129-130				
	302-4 Reducing energy consumption	Page 131				
RESPONSIBLE SUPPLY CHAIN MANAGEMENT						
GRI 3: Material Themes 2021	3-3 Managing Material Themes	Page 107-110				
GRI 204: Procurement Practices 2016	204-1 Portion of expenditure from local suppliers	Page 109				
GRI 414: Evaluation of suppliers on the basis of social issues	414-1 New Suppliers Screened Using Social Criteria	Page 108-109 The indicator refers to				

		only to suppliers classifiable as performers.				
GRI 308: New suppliers screened using environmental criteria	308-1 New suppliers screened using environmental criteria	Page 108-109 The indicator refers to only to suppliers classifiable as performers.				
PROMOTION OF DIVERSITY AND EQUAL OPPORTUNITIES						
GRI 3: Material Themes 2021	3-3 Managing Material Themes	Page 115-116				
GRI 405: Diversity and Equal Opportunities 2016	405-1 Diversity of governing bodies and employees	Page 116				
ETHICS AND INTEGRITY						
GRI 3: Material Themes 2021	3-3 Managing Material Themes	Page 77-79				
GRI 206: Anti-competitive practices 2016	206-1 Legal actions related to unfair competition, antitrust, monopoly practices and their outcomes	During the period of reporting not to be reported no legal action of this nature.				
GRI 406: Non-discrimination 2016	406-1 Cases of discrimination and action taken	During the period of reporting, the Group has not recorded episodes related to discrimination practices.				
SAFETY, TIMELINESS AND RELIABILITY OF SERVICES						
GRI 3: Material Themes 2021	3-3 Managing Material Themes	Page 120-122				
GRI 416: Consumer Health and Safety 2016	416-2 Cases of non-compliance with health and safety impacts of products and services	No cases of non-compliance.				
PROFESSIONAL GROWTH PATHS						
GRI 3: Material Themes 2021	3-3 Managing Material Themes	Page 114-115				
GRI 404: Training and education 2016	404-1 Average hours of training per year and per employee	Page 115				

CONTRIBUTION TO THE DEVELOPMENT OF THE TERRITORY						
GRI 3: Material Themes 2021	3-3 Managing Material Themes	Page 115; Page 123-125				
GRI 202: Market presence 2016	202-2 Percentage of senior management hired locally	Page 114				
SUSTAINABLE VALUE CREATION OVER TIME						
GRI 3: Material Themes 2021	3-3 Managing Material Themes	Page 100-107				
GRI 201: Economic Performance 2016	201-1 Economic value directly generated and distributed	Page 100-101				
GRI 207: Taxes 2019	207-1 Approach to Taxation	Page 105-106				
	207-2 Fiscal Governance, Control and Risk Management	Page 105-106				
	207-3 Stakeholder Engagement and Addressing Tax Concerns	Page 105-106				
	207-4 Country-by-Country Reporting	For information, please refer to the Annual Financial Report, it should be noted that the Group only operates in Italy.				
EMPLOYMENT						
GRI 3: Material Themes 2021	3-3 Managing Material Themes	Page 111-114				
GRI 401: Employment 2016	401-1 New Hires and Staff Turnover	Page 113				
PROTECTION OF HUMAN RIGHTS						
GRI 3: Material Themes 2021	3-3 Managing Material Themes	Page 111				
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 were audited through the application of Model 231.				
CORPORATE WELFARE						
GRI 3: Material Themes 2021	3-3 Managing Material Themes	Page 116-117				

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 differences in company benefits for part-time and fixed-term employees.				
	401-3 Parental Leave	Page 116				
NON-MANDATORY ISSUES REQUIRED BY L.D. 254/16						
WATER AND WASTE WATER						
GRI 3: Material Themes 2021	3-3 Managing Material Themes	Page 133				
GRI 303: Water and wastewater 2018	303-1 Interaction with water as a shared resource	Page 133				
	303-2 Management of Impacts Related to Water Discharge	Page 133				
	303-3 Water withdrawal	Page 133				
WASTE						
GRI 3: Material Themes 2021	3-3 Managing Material Themes	Page 134-137				
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	Page 134-135; Page 137				
	306-2 Waste by type and method of disposal	Page 135-136				
	306-3 Waste generated	Page 135-137				
MATERIAL TOPICS NOT RELATED TO SPECIFIC STANDARD GRI DISCLOSURES						
INNOVATION, RESEARCH AND DEVELOPMENT						
GRI 3: Material Themes 2021	3-3 Managing Material Themes	Page 130-132				
RELATIONS WITH THE REGULATORY AUTHORITY						
GRI 3: Material Themes 2021	3-3 Managing Material Themes	Page 107				
EMERGENCY MANAGEMENT						
GRI 3: Material Themes 2021	3-3 Managing Material Themes	Page 122				

Ascopiave Group

Consolidated Financial Statements

to 31 December 2023

Consolidated Statement of Financial Position

(Thousands of Euro)	31.12.2023	31.12.2022
ASSETS		
Non-current assets		
Goodwill	(1) 61,727	61,346
Other intangible assets	(2) 704,627	698,397
Tangible assets	(3) 156,475	138,432
Shareholdings in controlled companies	(4) 211,074	358,029
Shareholdings in other companies	(4) 97,257	78,257
Other non-current assets	(5) 3,478	4,625
Non current financial assets	(6) 2,507	2,868
Advance tax receivables	(7) 39,301	39,252
Non-current assets	1,276,446	1,381,206
Current assets		
Inventories	(8) 8,276	7,336
Trade receivables	(9) 33,382	20,104
Other current assets	(10) 80,831	133,880
Current financial assets	(11) 1,743	820
Tax receivables	(12) 4,017	4,100
Cash and cash equivalents	(13) 52,083	76,917
Current assets from derivative financial instruments	(14) 4,821	6,661
Current assets	185,153	249,818
Non-current assets disposal of assets	(39) 385	16,592
ASSETS	1,461,984	1,647,616
Net equity and liabilities		
Total Net equity		
Share capital	234,412	234,412
Own shares	(55,423)	(55,423)
Reserves	665,764	687,291
Net equity of the Group	(15) 844,753	866,280
Net equity of Others	(15) 9,529	20,123
Total Net equity	(15) 854,282	886,403
Non-current liabilities		
Provisions for risks and charges	(16) 2,020	996
Severance indemnity	(17) 4,751	5,011
Outstanding medium- and long-term bonds	(18) 86,347	94,033
Medium- and long-term bank loans	(19) 204,064	178,538
Other non-current liabilities	(20) 39,360	37,458
Non-current financial liabilities	(21) 7,448	7,368
Deferred tax payables	(22) 17,618	19,608
Non-current liabilities	361,608	343,012
Current liabilities		
Outstanding short-term bonds	(23) 7,708	0
Payables due to banks and financing institutions	(24) 140,642	183,285
Trade payables	(25) 73,026	180,195
Tax payables	(26) 795	1,336
Other current liabilities	(27) 22,114	17,507
Current financial liabilities	(28) 1,562	34,911
Current liabilities from derivative financial instruments	(29) 0	164
Current liabilities	245,847	417,398
Liabilities held for sale	(39) 247	803
Liabilities	607,702	761,213
Net equity and liabilities	1,461,984	1,647,616

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.

Consolidated Comprehensive Income Statement

(Thousands of Euro)	Financial Year		
	2023	2022	
Revenues	(30)	180,794	163,651
Total operating income and costs		86,572	85,765
Purchase costs for other raw materials	(31)	2,265	2,876
Costs for services	(32)	50,474	50,968
Costs for personnel	(33)	20,914	20,550
Other management costs	(34)	29,884	21,690
Other income	(35)	16,965	10,319
Amortization and depreciation	(36)	48,232	45,975
Operating result		45,990	31,911
Financial income	(37)	6,020	4,412
Financial charges	(37)	13,950	6,223
Evaluation of subsidiary companies with the net equity method	(37)	3,566	7,871
Earnings before tax		41,626	37,971
Taxes for the period	(38)	(5,005)	(6,999)
Result for the period		36,621	30,972
Net result from transfer / disposal assets	(39)	56	1,466
Net result for the period		36,677	32,438
Group's Net Result		36,176	32,664
Third parties Net Result		501	(226)
Consolidated statement of comprehensive income			
1. Components that can be reclassified to the income statement			
- Fair value of derivatives, changes in the period net of tax		(3,180)	6,134
- Fair value of derivatives relating to associated companies, changes in the period net of tax		(11,135)	(3,176)
2. Components that can not be reclassified to the income statement			
- Actuarial (losses)/gains from remeasurement on defined-benefit obligations net of tax		(75)	310
- Fair value valuation of investment in other companies		(3,300)	(669)
Total comprehensive income		18,987	35,037
Group's overall net result		18,472	35,104
Third parties' overall net result		515	(67)
Base income per share		0.167	0.151
Diluted net income per share		0.167	0.151

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 1st January 2023	234,412	46,882	(55,424)	(162)	454,997	152,910	32,664	866,280	20,123	886,403
Result for the period							36,176	36,176	501	36,677
Fair value of derivatives					(3,192)			(3,192)	12	(3,180)
Fair value of investments in other companies					(3,300)			(3,300)		(3,300)
Fair Value of derivatives relating to associated companies					(11,135)			(11,135)		(11,135)
Severance indemnity IAS 19 discounting of the financial year				(77)				(77)	2	(75)
Total result of overall income statement				(77)	(17,627)	(0)	36,176	18,472	515	18,987
Allocation of 2022 result						32,664	(32,664)	(0)		(0)
Dividends distributed to Ascopiave S.p.A. shareholders						(28,172)		(28,172)		(28,172)
Dividends distributed to third party shareholders								(0)	(331)	(331)
Other movements					1,838			1,838	(15)	1,823
Change in equity investments in subsidiaries companies					(13,665)			(13,665)	(10,763)	(24,428)
Balance as of 31st December 2023	234,412	46,882	(55,424)	(239)	425,543	157,402	36,176	844,753	9,529	854,282

	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 1st 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
Total result of overall income statement				281	2,159	(0)	32,664	35,104	(67)	35,037
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 31st December 2022	234,412	46,882	(55,424)	(162)	454,998	152,910	32,664	866,280	20,123	886,403

Consolidated Cash Flow Statement

(Thousands of Euro)	Financial Year	
	2023	2022
Net income of the Group	18,472	35,104
Cash flows generated (used) by operating activities		
Adjustments to reconcile net income to net cash		
Third-parties operating result	515	(67)
Fair value of derivatives relating to associated companies, changes in the period net of tax	(15)	11,136
Fair value valuation of shareholdings in other companies	(15;4)	3,300
Changes in HA reserves for MTM derivatives	(15)	3,180
Changes in reserves on severance indemnity	(15)	75
Amortization	(36)	48,232
Bad debt provisions		305
Depreciation of fixed assets	(34)	3,109
Variations in severance indemnity	(17)	(260)
Current assets / liabilities on financial instruments	(14;29)	(1,505)
Net variation of other funds	(16)	1,022
Evaluation of subsidiaries with the net equity method	(37)	(3,566)
capital losses / capital gains on disposals of fixed assets	(34;35)	(2,144)
capital losses / capital gains on shareholding sales	(34;35)	(11,754)
Income from shareholdings		(4,228)
Other changes in the income statement that do not generate cash flows	(28)	0
Interests paid		(10,825)
Taxes paid		(1,484)
Interest expense for the period	(37)	13,950
Taxes for the period	(38)	5,005
Total adjustments	54,063	10,453
Variations in assets and liabilities		
Inventories	(8)	(940)
Accounts payable	(9)	(13,583)
Other current assets	(10)	53,049
Trade payables	(25)	(107,169)
Other current liabilities	(27)	(1,059)
Other non-current assets	(5)	1,146
Other non-current liabilities	(20)	2,149
Total adjustments and variations	(66,407)	52,963
Cash flows generated (used) by operating activities	6,128	98,520
Cash flows generated (used) by investments		
Investments in intangible assets	(2)	(61,792)
Realization of intangible assets	(2)	9,412
Investments in tangible assets	(3)	(25,785)
Realization of tangible fixed assets	(3)	64
Acquisitions in shareholdings and advances	(4)	(54,418)
Disposal in shareholdings and advances	(4)	158,354
Dividends collected from subsidiaries companies	(4)	23,225
Cash flows generated/(used) by investments	49,060	(83,285)
Cash flows generated (used) by financial activities		
Net changes in short-term bank borrowings	(22)	(7,618)
Ignitions outstanding medium- and long-term bonds	(18;23)	0
Net variation in current financial assets and liabilities	(11;28)	(34,423)
Purchase of own shares	(15)	0
Ignitions loans and mortgages	(19)	784,522
Redemptions loans and mortgages	(19)	(794,000)
Dividends distributed to Ascopiave S.p.A. shareholders'	(15)	(28,172)
Dividends distributed to third party shareholders	(15)	(331)
Cash flows generated (used) by financial activities	(80,022)	19,143
Variations in cash	(24,834)	34,378
Cash and cash equivalents at the beginning of the period	76,917	42,539
Cash and cash equivalents at the end of the period	52,083	76,917

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

Company 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 at 31 December 2023, the Company's share capital of Euro 234,411,575 was held for the majority by Asco Holding S.p.A., the remainder being distributed among other private shareholders.

Ascopiave S.p.A. has been listed since December 2006 on the Regulated Market of the Milan Stock Exchange (MTA)- 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 2023 was authorised by resolution of the Board of Directors on 7 March 2024.

Ascopiave Group Operations

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.

The Group currently holds concessions and direct entrustments for the management of gas distribution in 304 municipalities (306 municipalities as at 31 December 2022), operating a distribution network that extends over 14,730 kilometres (14,614 kilometres as at 31 December 2022) and providing service to a catchment area of over one million inhabitants.

The Ascopiave Group holds a 25% stake in the share capital of EstEnergy S.p.A., a company that sells natural gas and electric energy, and an 18.33% stake in the share capital of Cogeide S.p.A., a company that operates in the water services sector in the Lombardy region.

The Group is active in the renewable energy sector, particularly in the hydroelectric, wind and photovoltaic sectors, operating 28 plants for the production of electricity from renewable sources with a total installed capacity of 62.5 MW. At the beginning of 2024, an additional wind farm of the subsidiary Salinella Eolico S.r.l., located in Calabria, came into operation, with an installed capacity of 21.6 MW.

General preparation criteria and expression of compliance with IFRS

The Ascopiave Group's economic and 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 at 31 December 2023, have been endorsed by the European Union in accordance with the procedure envisaged in Regulation (EC) No. 1606/2002 by the European Parliament and the European Council of 19 July 2002.

The consolidated 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.

In preparing this Annual Financial Report, the same accounting principles were applied as in the preparation of the Consolidated Financial Statements as at 31 December 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 appropriately 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 at 31 December 2023 was approved by the Company's Board of Directors on 7 March 2024.

Balance Sheets

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 formats 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 2023

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 2023 have been adopted by the Company.

IFRS 17 - Insurance Contracts (IFRS 4 - Insurance Contracts)

In May 2017, the International Accounting Standards Board (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 also issued amendments to IFRS 17 aimed at facilitating its implementation process and simplifying the way companies report their financial performance. Moreover, in June 2020, the IASB had issued amendments extending the expiration date of the temporary exemption from applying IFRS 9 to annual periods beginning on or after 1 January 2023, aligning it with the introduction of IFRS 17.

IFRS 17 - Insurance Contracts: Initial Application and IFRS 9 - Comparative Disclosures

In December 2021, the IASB issued amendments that provide a transition option relating to comparative information about financial assets presented upon initial application of IFRS 17. The amendment is intended to help entities avoid temporary accounting mismatches between financial assets and liabilities arising from insurance contracts, and thus improve the usefulness of comparative information.

IAS 1 - Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting Policies

In February 2021, the IASB issued amendments that require disclosures of accounting standards that are relevant to them rather than those that are significant, and provide guidance on how to apply the concept of materiality to the disclosure of accounting standards.

IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates

In February 2021, the IASB issued amendments to clarify how companies should distinguish changes in accounting policies from changes in accounting estimates.

IAS 12 - Income Taxes: Deferred Taxes on Assets and Liabilities Arising from a Single Transaction

In May 2021, the IASB issued amendments 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.

IAS 12 - Income Taxes: International Tax Reform - Second Pillar Model Rules

In May 2023, the IASB issued amendments to clarify the application of IAS 12 in relation to tax laws enacted or substantially enacted to implement the rules of the Organisation for Economic Co-operation and Development (OECD)/G20 Inclusive Framework on Base Erosion and Profit Shifting (BEPS) second-pillar income tax model. These amendments introduce: (i) a temporary mandatory exception to the accounting for deferred taxes arising from the

jurisdictional implementation of Pillar 2 model rules, which was effective immediately after the issuance of the amendment, and (ii) disclosure requirements for affected entities to help users of financial statements better understand an entity's exposure to Pillar 2 income taxes arising from that legislation, particularly prior to the effective date of the Pillar 2 model rules, which apply to annual reporting periods beginning on or after 1 January 2023, but not for interim periods ending on or before 31 December 2023.

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 early adopted as at 31 December 2023

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:

IAS 1 - Presentation of Financial Statements: Classification of Liabilities as Current and Non-Current

In January 2020, the IASB issued amendments to clarify the classification of payables and other liabilities as current or non-current. In particular, the amendments issued focus on 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.

IAS 1 - Presentation of Financial Statements: Non-current Liabilities with Covenants

In October 2022, the IASB issued amendments that 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.

IFRS 16 - Leases: Liabilities in Sale and leaseback transactions

In September 2022, the IASB issued amendments to 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. The amendments enter into force on 1 January 2024.

IAS 7 - Cash Flow Statements and IFRS 7 - Financial Instruments: Disclosures: Supplier Finance Arrangements

In May 2023, the IASB issued amendments introducing new requirements to improve the disclosure of information about Supplier Finance Arrangements, intended to assist users in understanding the effects of Supplier Finance Arrangements on liabilities, cash flows and exposure to liquidity risk. The amendments become effective on or after 1 January 2024.

IAS 21 - The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability

In August 2023, the IASB issued amendments to clarify how an entity should apply a consistent approach in assessing the possibility of foreign currency conversions, determining the exchange rate to be used and the disclosures to be made. The amendments become effective on or after 1 January 2025.

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 adopted, in advance, accounting standards and amendments with an effective date in subsequent financial years.

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

Below are the acquisition transactions completed by the Ascopiave Group during the year 2023. Since these transactions did not entail a change in control, they did not give rise to PPP assessments.

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 contractual conditions precedent.

In particular, the operation provided for:

- vi) 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;
- vii) 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;
- viii) 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;
- ix) 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 ATEM Parma and Piacenza 2 with about 3,200 PDR;
- x) the waiver of the right to acquire from the AZA 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 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 Euro 3.6 million in favour of the Ascopiave Group based on the different expected profitability. The transaction highlights the desire of the two companies to rationalise their gas distribution concessions by pursuing their strategic plan based on the territorial continuity of the assets.

Ascopiave and the Hera Group finalise the acquisition of 92% of Asco TLC

On 14 March 2023, Ascopiave S.p.A. and the Hera Group, through its subsidiary Acantho, finalised the acquisition of 92% of the shares of Asco TLC, with 55.2% and 36.8% respectively.

The closing follows the award, at the end of November 2022, of 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 Treviso-Belluno Chamber of Commerce, and the subsequent signing on 29 December 2022 of the related contractual documentation between the Hera Group and the Ascopiave Group.

The cash-settled acquisition price is Euro 37.2 million, of which Ascopiave paid Euro 22.3 million.

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.

With effect from 1 October 2023, the merger by incorporation of Asco TLC S.p.A. into Acantho S.p.A. is effective. Following the transaction, Ascopiave holds 11.35% of the share capital of Acantho S.p.A..

Change of shareholding in Morina S.r.l.

On 14 April 2023, the Shareholders' Meeting of the subsidiary Morina S.r.l. resolved to cover the losses accrued during the financial year 2022 and the first quarter of 2023.

The coverage of the losses required the use of the company's entire net worth as well as the payment by the shareholders of the remainder.

The shareholders' meeting also resolved to reconstitute the share capital by subscription of the shareholders in proportion to their shareholding.

The majority shareholder Asco Renewables S.p.A., a company of the Ascopiave Group, also offered to underwrite the shares of shareholders who were not interested.

On 17 May, after the term established by the Shareholders' Meeting had expired and there were no subscriptions by the other entitled Shareholders, Asco Renewables S.p.A. took over the subscription of the remaining shares, becoming the sole Shareholder of Morina S.r.l..

Change in equity investment in Serenissima Gas S.p.A.

On 27 November 2023, the Ascopiave Group finalised, through its subsidiary Romeo Gas S.p.A., the acquisition of 20.39% of the share capital of Serenissima Gas S.p.A. from the minority shareholder GP Infrastrutture Trasporto S.r.l. (Serenissima Gas owns treasury shares equal to 1.17% of the share capital).

Romeo Gas S.p.A. is now the sole shareholder of Serenissima Gas S.p.A..

Change of shareholding in Salinella Eolico S.r.l.

Also on 27 November 2023, the Ascopiave Group, through its subsidiary Asco Renewables S.p.A., completed the acquisition of 40% of the share capital of Salinella Eolico S.r.l. from the minority shareholder Renco S.p.A..

Asco Renewables S.p.A. is now the sole shareholder of Salinella Eolico S.r.l..

On 19 December 2023, the deed of merger by incorporation of the companies Eosforo S.r.l., Sangineto Energie S.r.l., Morina S.r.l. and Asco Energy S.p.A. into Asco Renewables S.p.A. was signed.

The merger became effective for civil law purposes, pursuant to Article 2504-bis, paragraph 2, of the Italian Civil Code, as of 11.59 p.m. on 31 December 2023, while the accounting and tax effects took effect as of 1 January 2023.

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 net assets of the investee companies are 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 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 2023 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
Parent company					
Ascopiave S.p.A.	Pieve di Soligo (TV)	234,411,575			
100% consolidated companies					
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%
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.	Pieve di Soligo (TV)	50,000	100.00%	100.00%	0.00%
Romeo Gas S.p.A.	Pieve di Soligo (TV)	27,664,637	100.00%	100.00%	0.00%
Serenissima Gas S.p.A.	(3) Pieve di Soligo (TV)	9,250,000	100.00%	0.00%	100.00%
Asco EG S.p.A.	Pieve di Soligo (TV)	54,001,422	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	100.00%	0.00%	100.00%
Green Factory S.r.l.	(1) Pieve di Soligo (TV)	10,000	90.00%	0.00%	90.00%
Affiliated Companies					
Estenergy S.p.A.	Trieste (TS)	299,925,761	25.00%	25.00%	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.

Changes in controlling interests in investees:

On 31 January 2023, Ascopiave and Iren finalised the transaction to rationalise certain assets within the natural gas distribution service; the transaction provided for:

- 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;
- 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;
- the purchase by the Ascopiave Group of the minority share, equal to 20.63%, held by Gas Plus S.p.A. in Serenissima Gas S.p.A.;
- the purchase by the Ascopiave Group of the minority stake, equal to 40%, held by Renco S.p.A. in Salinella Eolico S.r.l.;

On 19 December 2023, the deed of merger by incorporation of the companies Eosforo S.r.l., Sangineto Energie S.r.l., Morina S.r.l. and Asco Energy S.p.A. into Asco Renewables S.p.A. was signed.

Summaries of companies consolidated on a line-by-line basis

Description	Revenues from sales and service supply	Net result	Net equity	Net financial position (liquid assets)	Reference accounting principles
Parent company					
Ascopiave S.p.A.	54,046	35,779	838,445	221,523	IFRS
100% consolidated companies					
AP Reti Gas S.p.A.	73,868	12,811	311,613	24,359	IFRS
AP Reti Gas Nord Est S.r.l.	33,296	6,446	136,279	21,510	IFRS
AP Reti Gas Vicenza S.p.A.	15,836	(963)	14,658	34,631	Ita Gaap
AP Reti Gas Rovigo S.r.l.	6,570	1,483	20,458	12,885	Ita Gaap
Edigas Esercizio Distribuzione Gas S.p.A.	20,354	7,374	67,810	9,439	Ita Gaap
Romeo Gas S.p.A.	12,745	1,271	65,695	14,607	Ita Gaap
Serenissima Gas S.p.A.	6,955	4,941	18,798	4,723	IFRS
Cart Acqua S.r.l.	622	91	3,919	(263)	Ita Gaap
Asco Renewables S.p.A.	13,135	(101)	862	18,526	Ita Gaap
Green Factory S.r.l.	0	(123)	58	7,001	Ita Gaap
Salinella Eolico S.r.l.	0	(194)	4,030	25,310	Ita Gaap
Asco EG S.p.A.	17,585	3,240	60,101	(16,375)	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) represents 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 Segments'.

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, 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 acquired.

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.

Property, plant and equipment 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 if 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 are no expected future economic benefits 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 lease 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 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 connection with: 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 recognised 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 profit and loss account reflects the Group's share of the associate's result 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, demand deposits, 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. 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 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 2023, 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 allocations 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 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, 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 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.

The fair value valuation of these contracts is performed using pricing models and based on observable market data as at 31 December 2023.

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 at 31 December 2023, the Group held one type of financial instruments on interest rates, traceable to the level 2 hierarchy, and a second type traceable to the level 3 hierarchy on the fair value valuation of equity investments in other companies Acinque 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.

Depending on the type of the Group's main operations, revenues are recognised on the basis of the specific criteria set out 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 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 relating 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 subsidiaries of Ascopiave S.p.A. (AP Reti Gas S.p.A., AP Reti Gas Rovigo S.r.l., AP Reti Gas Vicenza S.p.A. and Edigas Distribuzione Gas 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, AP Reti Gas Nord Est S.r.l. has exercised the option for the three-year period 2021-2023 while Asco EG S.p.A., Asco Renewables S.p.A., Cart Acqua S.r.l., Green Factory S.r.l., Romeo Gas S.p.A. Salinella Eolico S.r.l. and Serenissima Gas S.p.A. exercised the option for the three-year period 2023 - 2025.

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 for 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 management 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 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;
- 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 2023, the carrying amount of goodwill was Euro 61,727 thousand (2022: Euro 61,346 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.

The 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 even during the year in the presence of events that indicate that the carrying value is not recoverable. In particular, goodwill is tested for impairment at least annually and during the course of 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 Certificates 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 charges 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 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 have been made for specific insolvency situations, as well as for expected credit losses estimated on the basis of past experience with receivables of similar credit risk.

NOTES TO THE ITEMS IN THE CONSOLIDATED BALANCE SHEET

Non-current assets

1. Start-up

Goodwill, which amounted to Euro 61,727,000 as at 31 December 2023, increased by Euro 381,000 compared to 31 December 2022.

The residual amount refers in part to the surplus value resulting from the contribution of the gas distribution networks made 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 related to natural gas distribution. These include the goodwill recognised following the merger of Unigas Distribuzione S.r.l. into Ascopiave S.p.A, for Euro 9,368 thousand, following the acquisition of the entire share capital of the newly established company AP Reti Gas Nord Est S.r.l. for Euro 14,149 thousand, with the acquisition of Romeo Gas S.r.l. and Serenissima Gas S.p.A. for a total of Euro 4,854 thousand, and for the acquisition of Eusebio Energia S.r.l. (now Asco EG S.p.A.) for Euro 7,220.

The enlargement of the consolidation perimeter, which took place with the acquisition of a company branch operating in the natural gas distribution sector from Retragas S.p.A., led to an increase in goodwill recorded for Euro 381,000.

For the purposes of determining the recoverable amount, goodwill is allocated to the Cash Generating Units consisting of the natural gas distribution business (Gas Distribution CGU) and the renewable electricity generation business (Renewable Energy CGU).

The following table shows the balance of goodwill recorded at the end of the financial years considered:

(Thousands of Euro)	31 th December 2022	Increase	31 th December 2023
Distribution of natural gas	54,125	381	54,506
Sales of natural gas	7,220	0	7,220
Total goodwill	61,346	381	61,727

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 Efficiency 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 Renewable Energy CGU includes the management of all of the Group's power generation plants belonging to different legal entities, which is carried out with a unitary and Group-wide business logic, as is the case for the gas distribution business.

The cash flows used for the calculation of the recoverable amount reflect the economic-financial projections formulated by management with respect to the assets currently held by the Group and assuming their continued management. The economic-financial projections used refer, with the exceptions highlighted below, to the period 2024-2027 and were examined and approved by the parent company's Board of Directors on 22 February 2024.

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 areas according to predefined time limits.

The tender procedures for the assignment of the Territorial Areas in which the vast majority of the concessions currently held by the Group are included have not yet reached the stage of publication of the call for tenders. Considering the uncertainty on the timing of the possible start of future Territorial Area concessions, the valuation methodology adopted to determine the value in use of the gas distribution CGU assumes that the Group, in the four-year period 2024-2027,

will maintain the management of the current portfolio of municipal concessions. This management is based on the following main assumptions:

- ✓ projected transportation revenue for the year 2024 estimated by applying the tariff rules already fully defined by the industry authority;
- ✓ projected transportation revenue for the three-year period 2025-2027 estimated through an update of the 2024 Revenue Constraint based on the rules in force and considering a constant rate of return on invested capital equal to 6.5% (as envisaged in Appendix A of Resolution Arera 556/2023 for the two-year period 2024-2025) and annual inflation rate for the period (and the GFCF deflator) equal to 2.15%.

Therefore, it was assumed that in the years 2024-2027 the CGU would generate the expected cash flows under the assumption of continuity of operations, while, in view of the uncertainty surrounding the renewal of concessions, from 2027 onwards it was decided to estimate the terminal value of the CGU by assuming two alternative scenarios:

- Scenario 1: assumes that the Group will obtain in 2027 the renewal of all concessions and franchises outstanding at 31 December 2023;
- Scenario 2: envisages that the Group in 2027 will terminate the operation of the gas distribution service, realising the redemption value of the plants pursuant to Article 15, 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 taking into account the possible economic conditions of concession renewal.

The growth factor (g) used to calculate the terminal value was assumed to be 2.00% (1.85% as at 31 December 2022), in line with the long-term inflationary growth forecast for Italy by 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 at 31 December 2022), 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 2023;
- e) a cost of debt consistent with the corporate yield curve of comparable BBB-rated companies;
- f) an *additional risk premium for the* calculation of the cost of equity (Ke) of 1.2% (1.21% as at 31 December 2022) due to the different size scale compared to comparables.

Based on these elements, the post-tax weighted average cost of capital is 5.9% (5.61% as at 31 December 2022). This rate was used to discount cash flows over the explicit Plan period 2024-2027.

The cost of capital used to determine the perpetuity value and the *terminal value* discount coefficient is 6.4% (6.02% as at 31 December 2022) and was calculated based on the above parameters and including an *additional risk premium* for the calculation of the cost of equity (Ke) of 2.2% (2.21% as at 31 December 2022) 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.

Sensitivity analyses performed by management showed that, all other factors being equal, a 1.6% increase in WACC shows no impairment in the liquidation scenario and 0.3% in the continuity scenario.

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 their presumed technical-economic useful life.

The weighted average cost of capital (WACC) of the renewable energy 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 at 31 December 2022), 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 2023;
- e) a cost of debt consistent with the corporate yield curve of comparable BBB-rated companies;
- f) an *additional risk premium* for the calculation of the cost of equity (Ke) of 1.2% (1.21% as at 31 December 2021) due to the different size scale compared to comparables.

Based on these elements, the post-tax weighted average cost of capital is 7.2% (6.85% as at 31 December 2022). This rate was used to discount the cash flows for the entire period of operation.

The value in use of the CGU exceeds its carrying amount.

Estimating the recoverable amount of cash-generating units requires management's discretion and use of estimates. Various factors, including changes in the regulatory environment, could 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 provided for by accounting standard IAS 36, and the object 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 efficiency 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 2024-2027. The terminal value was determined as an estimate of a perpetuity starting from the results forecast for 2027.

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 Efficiency CGU and the Water Service CGU weighted by the weight of the net invested capital of these 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.

Sensitivity analyses carried out by management showed that, all other factors being equal, a 0.4% increase in WACC does not show any impairment.

2. Other intangible fixed assets

The following table shows the development of the historical cost and accumulated amortisation of other intangible assets at the end of the financial years considered:

	31.12.2023			31.12.2022		
	Historic cost	Accumulated depreciation	Net value	Historic cost	Accumulated depreciation	Net value
(Thousands of Euro)						
Industrial patent and intellectual property rights	12,994	(7,339)	5,655	12,136	(6,454)	5,682
Concessions, licences, trademarks and similar rights	19,075	(16,382)	2,693	19,075	(15,701)	3,374
Other intangible assets	12,213	(5,137)	7,076	12,175	(4,905)	7,270
Tangible assets under IFRIC 12 concession	1,292,708	(643,199)	649,509	1,251,319	(615,411)	635,907
Tangible assets in progress under IFRIC 12 concession	39,498	0	39,498	45,934	0	45,934
Intangible assets in progress and advances payments	196	0	196	229	0	229
Other intangible assets	1,377,109	(672,482)	704,627	1,340,867	(642,470)	698,397

The following table shows the changes in intangible assets in the year under review and in the previous year:

	31.12.2022							31.12.2023
	Net value	Change for the period	Enlargement of the consolidation perimeter	IFRS 5 reclassification	Decrease	Amortizations during the period	Depreciations of accumulated depreciation	Net value
(Thousands of Euro)								
Industrial patent and intellectual property rights	5,682	860	0	0	(3)	884	0	5,655
Concessions, licences, trademarks and similar rights	3,374	(0)	0	0	0	681	0	2,693
Other intangible assets	7,270	35	0	0	0	230	0	7,076
Tangible assets under IFRIC 12 concession	635,907	67,321	763	(1,457)	(17,810)	36,893	1,677	649,509
Tangible assets in progress under IFRIC 12 concession	45,934	(6,392)	0	0	(44)	0	0	39,498
Intangible assets in progress and advances payments	229	(33)	0	0	0	0	0	196
Other intangible assets	698,397	61,792	763	(1,457)	(17,857)	38,689	1,677	704,627

	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
(Thousands of Euro)									
Industrial patent and intellectual property rights	3,370	2,782	7	0	(3)	0	474	0	5,682
Concessions, licences, trademarks and similar rights	3,296	938	12	0	(17)	0	856	0	3,374
Other intangible assets	5,537	141	1,834	0	0	0	242	0	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	0	0	0	229
Other intangible assets	598,007	62,111	114,888	2,669	(22,178)	(16,107)	36,758	(1,103)	698,397

At year-end, intangible assets amounted to Euro 704,627,000, an increase of Euro 6,230,000 compared to 31 December 2022.

It should be noted that the purchase of a company branch operating in the natural gas distribution sector was finalised in July 2023, which led to the posting of intangible assets for Euro 763 thousand.

We also report that on 1 April the handover of the natural gas distribution plants included in Atem Udine 2 was finalised and the related fixed assets were consequently disposed of, involving fixed assets under IFRIC 12 concessions and fixed assets in progress under IFRIC 12 concessions, for a total of Euro 6,225,000.

Finally, we note that as a result of the agreement signed with Giudicarie Gas S.p.A. on 21 December 2023, and effective as of 1 January 2024, the natural gas distribution concessions located in the Trentino-Alto Adige region were reclassified under 'assets held for sale' in compliance with the dictates of IFRS 5. The transfer led to a decrease in other intangible assets equal to Euro 1,457 thousand.

Industrial Patent and Intellectual Property Rights

During the year, the item 'Industrial Patent Rights and Intellectual Property Rights' recorded investments of Euro 860,000 and amortisation charges of Euro 884,000. Capital expenditure mainly related to the purchase of software licences.

Concessions, licences, trademarks and similar rights

The item mainly includes the costs recognised to the conceding bodies (municipalities) and/or 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.

During the year under review, this item did not record investments but amortisation charges of Euro 681 thousand. As a result of the implementation of Legislative Decree No. 164/00 (Letta Decree), the concessions obtained are amortised over a useful life of 12 years in accordance with the duration of the concession envisaged in the decree.

Other intangible fixed assets

Other intangible assets recorded investments of Euro 35,000 and amortisation charges of Euro 230,000.

Plant and machinery under concession

This item includes costs incurred for the construction of the natural gas distribution plants and network, connections to it, and 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 13,602 thousand. The enlargement of the consolidation perimeter, which took place with the acquisition of a company branch operating in the natural gas distribution sector from Retragas S.p.A., determined an increase in the item for Euro 763 thousand.

We also report that the decreases reported, equal to Euro 17,810,000, refer to fixed assets disposed of for Euro 6,225,000, related to the completion, on 1 April 2023, of the delivery of the natural gas distribution plants included in Atem Udine 2, to the alienation of the consolidation differential allocated to the plants covered by the rationalisation agreement of natural gas distribution concessions signed with Iren S.p.A. for Euro 7,090 thousand, as well as to ordinary extraordinary maintenance activities carried out on distribution plants for Euro 4,495 thousand.

We also point out that as a result of the agreement signed with Giudicarie Gas S.p.A. on 21 December 2023, intangible assets amounting to Euro 1,457,000 were reclassified under 'assets held for sale'.

Net of the change described above, the item showed an increase mainly explained by investments made and the reclassification of investments made in previous years but which became operative during the year of reference. Capital expenditure, including reclassifications of assets under construction, amounted to Euro 67,321 thousand. The increase was partially offset by depreciation for the year.

The infrastructures located in municipalities where the concession for natural gas distribution has not been 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

This item includes the costs incurred for the construction of the natural gas plants and distribution network partially carried out on a time and materials basis and not completed at the end of the financial year.

This item recorded a net decrease of Euro 6,392,000 during the year.

The decrease is mainly explained by the reclassification of investments made in previous years but entering into operation in 2023.

Intangible fixed assets in progress

The item includes costs incurred for the purchase of management software not completed at year-end and related to the core business of natural gas distribution.

The decrease is mainly explained by the reclassification of investments made in previous years but entering into operation in 2023.

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)	31.12.2023				31.12.2022			
	Historic cost	Accumulated depreciation	Provision for impairment	Net value	Historic cost	Accumulated depreciation	Provision for impairment	Net value
Lands and buildings	58,136	(21,200)	(265)	36,671	51,292	(20,061)	(265)	30,966
Plant and machinery	161,926	(99,933)	(1,132)	60,862	161,419	(93,917)	(1,132)	66,371
Industrial and commercial equipment	5,428	(4,545)	0	883	5,250	(4,411)	0	838
Other tangible assets	24,589	(21,280)	0	3,308	23,715	(20,396)	0	3,319
Tangible assets in progress and advance payments	41,719	0	(55)	41,665	24,674	0	(55)	24,620
Rights of use	16,488	(3,403)	0	13,085	14,616	(2,297)	0	12,319
Other tangible assets	308,286	(150,360)	(1,451)	156,475	280,965	(141,082)	(1,451)	138,432

The following table shows the changes in tangible assets in the year under review and in the previous year:

(Thousands of Euro)	31.12.2022				31.12.2023	
	Net value	Change for the period	Decrease	Delivery of Atem Udine 2 systems	Amortizations during the period	Net value
Lands and buildings	30,966	7,017	0	(64)	1,247	36,671
Plant and machinery	66,371	512	0	0	6,021	60,862
Industrial and commercial equipment	838	178	0	0	133	883
Other tangible assets	3,319	875	0	0	886	3,308
Tangible assets in progress and advance payments	24,620	16,992	(53)	0	0	41,665
Rights of use	12,319	2,023	0	0	1,256	13,085
Other tangible assets	138,432	27,597	(53)	(64)	9,543	156,475

(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	0	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	0	838
Other tangible assets	2,646	1,009	246	(22)	(31)	529	0	3,319
Tangible assets in progress and advance payments	297	24,323	0	0	0	0	0	24,620
Rights of use	12,051	1,441	0	0	0	1,174	0	12,319
Other tangible assets	58,012	27,280	63,549	(62)	(61)	9,217	(69)	138,432

Tangible fixed assets increased from Euro 138,432 thousand at 31 December 2022 to Euro 156,475 thousand at 31 December 2023, an increase of Euro 18,042 thousand.

The increase is mainly related to investments made for the construction of plants for the production of electricity from renewable sources that had not been completed at the date of publication of this annual financial report.

Land and buildings

The item mainly includes owned buildings related to the company headquarters, peripheral offices and warehouses, as well as land and buildings where renewable energy production plants are located.

During the year, the item recorded investments amounting to Euro 7,017,000 and depreciation charges amounting to Euro 1,247,000.

The investments made are mainly explained by the costs incurred for the purchase of land.

Plant and machinery

This item mainly includes the book values of power generation plants from renewable sources operated by the Group, in particular hydroelectric and wind power.

At the end of the reporting year, capital expenditures of Euro 512,000 were recognised, mainly related to extraordinary maintenance activities performed on plants.

Depreciation for the year amounted to Euro 6,021,000.

Industrial and commercial equipment

The item 'Industrial and commercial equipment' recorded investments of Euro 178 thousand.

The item includes the costs incurred for the purchase of instruments necessary for the maintenance service of distribution plants and measurement activities. The amortisation quotas for the financial year are equal to Euro 133 thousand.

Other Assets

Capital expenditure during the year amounted to Euro 875,000 and was mainly explained by costs incurred for the purchase of company vehicles and hardware. Depreciation for the year amounted to Euro 886,000.

Tangible fixed assets under construction and advances

The item essentially includes costs incurred for the construction of plants for the production of energy from renewable sources as well as, to a lesser extent, extraordinary maintenance work on company premises and/or peripheral warehouses, which had not been completed at the end of the financial year.

During the year, the item recorded a change of Euro 16,992 thousand, mainly related to the construction of a wind farm and the construction of a photovoltaic park.

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 property, plant and equipment, such as the lease of buildings and the rental of motor vehicles and trucks.

During the year, this item recorded an increase of Euro 2,023 thousand and amortisation charges of Euro 1,256 thousand. The increase recorded is mainly explained by the adjustment of the value of the right of use in place on a hydroelectric plant following the significant increase in interest rates to which it is indexed.

4. Participations

The following table shows the changes in participations at the end of each financial year considered:

(Thousands of Euro)	31 th December 2022	Increase	Decrease	fair value measurement	Measurement with the equity method	31 th December 2023
Shareholdings in associated companies	358,029	0	(150,521)	0	3,556	211,074
Shareholdings in other companies	78,257	22,301	(1)	(3,300)	0	97,257
Shareholdings	436,286	22,301	(150,523)	(3,300)	3,556	308,331

During the year, participations recorded a decrease of Euro 127,955,000 from Euro 436,286 thousand in the previous year to Euro 308,331,000 in the year under review. The net change is mainly explained by the decrease of Euro 146,955,000 in shareholdings in affiliated companies, which was partially offset by the increase in shareholdings in other companies.

The table below shows the details of the participations recorded at the end of the financial years considered:

(Thousands of Euro)	31 th December 2023	31 th December 2022
Shareholdings in Estenergy S.p.A.	202,838	349,534
Shareholdings in Cogeide S.p.A.	8,236	8,496
Shareholdings in associated companies	211,074	358,029
Shareholdings in Hera Comm S.p.A.	53,331	53,331
Shareholdings in Acinque S.p.A.	21,623	24,923
Shareholdings in Acantho S.p.A.	22,301	0
Shareholdings in Banca di Credito Cooperativo delle Prealpi	1	1
Shareholdings in Banca Alto Vicentino	0	1
Shareholdings in BCC Busto Garolfo e Buguggiate	1	1
Shareholdings in A2A SECURITY	1	1
Shareholdings in other companies	97,257	78,257
Shareholdings	308,331	436,286

Investments in subsidiaries and associates

At the end of financial year 2023, equity investments in associated companies amounted to Euro 211,074,000. The amount relates to the 25% equity investment held in EstEnergy S.p.A. and the 18.33% equity investment held in Cogeide S.p.A..

The investment in Estenergy, equal to Euro 202,838,000 as at 31 December 2023, recorded a decrease of Euro 146,955,000. The change recorded during the year is mainly explained by the partial exercise of the put option on the investment in EstEnergy for Euro 120,264 thousand. The decrease is also explained by the collection of dividends for Euro 18,997 thousand, by movements on reserves in *hedge accounting* for Euro 11,169 thousand, partially offset by the evaluation with the net equity method for Euro 3,734 thousand.

In fact, in relation to the partial exercise of the put option, we report that on 10 November the parent company Ascopiave and the Hera Group signed an agreement for the sale to the latter of a 15% share of the capital of Estenergy S.p.A.. For further information, please refer to the section "Significant events during the year" of this annual financial report.

It should be noted that the settlement sums were paid in November 2023.

As a result of the partial transfer of shares, Ascopiave S.p.A. now holds 25% of the share capital of Estenergy S.p.A., while the Hera Group holds 75%.

Estenergy S.p.A. is active in the marketing of natural gas and electricity commodities.

The shareholding in Cogeide, equal to Euro 8,236 thousand, recorded a decrease of Euro 260 thousand explained by the valuation with the net equity method of the negative results accrued during the year 2023 for Euro 352 thousand net of the dividend for Euro 92 thousand.

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 inclusive of consolidation entries and expressed in millions of Euro)	Financial year 2023 pro-rata	Financial year 2023	Financial year 2022 pro-rata	Financial year 2022
Non-current assets	162.8	651.2	254.5	636.3
Current assets	78.2	312.7	306.6	766.5
Net equity of the Group	159.6	638.5	280.4	701.0
Net equity of Others	0.3	1.1	0.3	0.8
Non-current liabilities	17.3	69.4	198.3	495.8
Current liabilities	63.7	254.8	82.0	205.1
Revenues	400.6	1,123.3	795.5	1,657.4
Costs	377.1	1,053.9	767.1	1,598.2
Gross operative margin	23.5	69.4	28.4	59.2
Amortization and depreciation	15.7	44.7	17.3	36.0
Operating result	7.8	24.6	11.2	23.2
Group's Net Result	3.2	11.6	8.0	16.7
Third parties Net Result	0.1	0.3	0.1	0.2
NFP	(42.2)	(168.6)	128.7	321.8

Please note that in the above table, the results of operations as at 31 December 2023 are shown considering a 40% pro-rata share up to 30 September and 25% for the last quarter.

The balance sheet figures as at 31 December 2023 are shown at 25% due to the transfer of units as a result of the exercise of the option described above.

Holdings in other companies

At the end of the financial year 2023, participations in other companies amounted to Euro 97,257,000 and showed an increase of Euro 19,000,000 compared to the previous year.

The item includes equity investments consisting for Euro 53,331 thousand of 3% of the share capital of Hera Comm, the value of which was subject to a reduction of Euro 669 thousand in 2022, for Euro 21,623 thousand of 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 2020 and of Euro 3,300 thousand in 2023, and for Euro 22,301 thousand of 11.35% of the share capital of Acantho S.p.A..

With reference to the latter, it should be noted that the Hera Group and the Ascopiave Group approved on 27 July 2023, at the Extraordinary Shareholders' Meetings of the subsidiaries Acantho and Asco TLC, the merger by incorporation of the latter into Acantho. The merger, which took effect retroactively for accounting and tax purposes as of 1 January 2023, took effect as of 1 October 2023 and, following the transaction, Acantho's shareholders hold the following shares: Hera S.p.A. 70.16%, Con.AMI 16.84%, Ascopiave 11.35%, Province of Treviso 1.65%.

The item also includes residual equity investments amounting to Euro 3 thousand relating to shares in Banca Prealpi SanBiagio Credito Cooperativo - Soc. Coop. for Euro 1 thousand, in BCC Busto Garolfo e Buguggiate for Euro 1 thousand and in A2A SECURITY for Euro 1 thousand.

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. At year-end, these options were not valued in the financial statements because their fair value was lower than the current recoverable value of the equity investments.

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 th December 2023	31 th December 2022
Security deposits	1,060	2,457
Other receivables	2,419	2,169
Other non-current assets	3,478	4,625

At the end of the financial year 2023, non-current assets showed an overall decrease of Euro 1,147,000 compared to the previous year.

The decrease is mainly explained by the decrease in security deposits in the amount of Euro 1,397 thousand.

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 th December 2023	31 th December 2022
Other receivables of a financial nature over 12 months	2,507	2,868
Non-current financial assets	2,507	2,868

Non-current financial assets decreased from Euro 2,868,000 in the year 2022 to Euro 2,507,000 in the year under review, a decrease of Euro 361,000.

The item includes financial receivables recognised in respect of local entities and deriving from settlement agreements signed in previous years with them for the valorisation of natural gas distribution infrastructures.

The value recorded under non-current financial assets represents the amounts due after 12 months from the closing date of this annual financial report and due to the duration of the agreed instalment plan.

The post has been discounted.

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 th December 2023	31 th December 2022
Advance tax receivables	39,301	39,252
Advance tax receivables	39,301	39,252

Deferred tax assets increased by Euro 49,000 from Euro 39,252,000 in 2022 to Euro 39,301,000 in the year under review. In calculating taxes, reference was made to the current IRES rate and, where applicable, the current IRAP rate, in relation to the tax period encompassing the date of 31 December 2023 and the time when any temporary differences are estimated to be reversed.

In July 2023, the purchase of a company branch operating in the natural gas distribution sector was finalised, which led to the posting of deferred tax assets equal to Euro 65,000.

Description	31 th December 2023			31 th December 2022		
	Temporary differences	Tax rate	Total effect	Temporary differences	Tax rate	Total effect
Allocation of bad debt provisions	574	24.0%	138	1,423	24.0%	341
Previous years tax losses	13,714	24.0%	3,291	2,583	24.0%	620
Allocation of inventory write-down	39	28.2%	11	39	28.2%	11
Amortizations IRES 24% + IRAP 4.2%	2,995	28.2%	845	4,325	28.2%	1,220
Risks fund	923	24.0%	221	923	24.0%	221
Exceeding amortizations over 2013	5,433	28.2%	1,532	6,464	28.2%	1,823
Other IRES 24% + IRAP 4.2%	5,863	28.2%	1,653	7,316	28.2%	2,063
LTI - Phatom stock option - risks fund	1,437	24.0%	345	715	24.0%	172
Risks fund	174	27.9%	49	174	27.9%	49
Other IRES 24%	1,450	24.0%	348	16,537	24.0%	3,969
IRES 24% exceeding amortizations	128,616	24.0%	30,868	119,777	24.0%	28,746
Other - IRES 24% + 3.9%	0	27.9%	0	6	27.9%	2
Other - gas distribution IRES 24% + IRAP 4.2%	0	28.2%	0	55	28.2%	16
Total advance taxes	161,217		39,301	160,337		39,252

Current Assets

8. Inventories

The following table shows the breakdown of this item for each year considered:

(Thousands of Euro)	31 th December 2023			31 th December 2022		
	Gross value	Bad debt provision	Net value	Gross value	Bad debt provision	Net value
Fuels and warehouse materials	8,315	(39)	8,276	7,371	(39)	7,332
Values of newly acquired companies	0	0	0	4	0	4
Fuels and warehouse materials	8,315	(39)	8,276	7,375	(39)	7,336

At the end of the year 2023, inventories amounted to Euro 8,276,000, an increase of Euro 940,000 compared to 31 December 2022.

The increase is mainly explained by the increase in stocks of gas distribution materials.

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.

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 th December 2023	31 th December 2022
Receivables from customers	13,506	11,500
Receivables for invoices to be issued	20,472	11,000
Bad debt provisions	(597)	(2,396)
Trade receivables	33,382	20,104

Trade receivables increased from Euro 20,104,000 in the year 2022 to Euro 33,382,000 in the year under review, an increase of Euro 13,278,000.

The increase in trade receivables is mainly explained by the presence, in 2022, of credit notes issued to customers. In fact, as at 31 December 2022, negative balances recognised against customers due to credit notes issued to them were reclassified as trade payables. The significant amount of the credit notes was mainly explained by the effects of the successive Aid Law Decrees, which provided for the application of discounts to mitigate bill increases. The regulation included the discount applied among the tariff components and, consequently, it was regularised with them both with regard to sales companies operating in the territory in which the Group's distribution company network is located, and with regard to CSEA.

The discount sanctioned and applied, being higher than the transportation tariff, had led to the issuance of credit notes to the sales companies, particularly in the last quarter of the year, a period when consumption by end customers intensifies.

The effects of the decree and subsequent extensions lapsed at the end of the first quarter of the financial year 2023 and the credit notes were settled with the counterparties during the following quarters.

It should also be noted that at the end of the financial year 2023, trade receivables were assigned by the Group's distribution companies to factoring companies on a non-recourse basis. The total amount of the assignments was Euro 11,214 thousand.

Trade receivables are shown net of invoice advances and are all due within the next 12 months.

The reserve for bad debts, equal to Euro 597,000, represents the risks of the Group's distribution companies, the change is due to the utilisation of the reserve for Euro 2,104,000, mainly due for Euro 1,354,000 to the elimination of obsolete receivables already subject to write-down in the years prior to the acquisition of Asco EG and to new provisions for Euro 305,000.

Changes in the provision for bad debts are shown in the following table:

(Thousands of Euro)	31 th December 2023	31 th December 2022
Initial bad debt provision	2,396	698
Provisions	305	44
Change in the scope of consolidation	0	1,661
Use	(2,104)	(6)
Final bad debt provision	597	2,396

The table below 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 th December 2023	31 th December 2022
Gross trade receivable invoices issued	13,506	11,500
- allowance for doubtful accounts	(597)	(2,396)
Net trade receivables for invoices issued	12,909	9,104
Aging of trade receivables for invoices issued		
- to expire	12,128	9,591
- expired within 6 months	785	700
- overdue by 6 to 12 months	16	465
- expired more than 12 months	577	745

10. Other current assets

The following table shows the breakdown of this item at the end of each financial year considered:

(Thousands of Euro)	31th December 2023	31th December 2022
Tax consolidation receivables	433	289
Annual pre-paid expenses	856	1,185
Advance payments to suppliers	1,822	562
Annual accrued income	36	19
Receivables due from CSEA	39,908	113,586
VAT Receivables	34,918	15,315
UTF and Provincial/Regional Additional Tax receivables	40	40
Other receivables	2,818	2,884
Other current assets	80,831	133,880

Other current assets decreased by Euro 53,049,000 from Euro 133,880,000 in 2022 to Euro 80,831,000 in the year under review.

The decrease is mainly explained by lower receivables from the Cassa Servizi Energetici ed Ambientali (Energy and Environmental Services Fund) for Euro 73,678 thousand, partially offset by higher VAT receivables for Euro 19,603 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, as well as by the increase in advances to suppliers for Euro 1,260 thousand.

At the end of the reference financial year, the receivables from the Cassa Servizi Energetici e Ambientali (CSEA) amounted to Euro 39,908 thousand and mainly consisted of receivables related to the achievement of energy saving objectives and for security contributions for Euro 26,593 thousand, equalisation balances for Euro 8,883 thousand, and receivables recorded due to tariff components applied to the natural gas distribution service for Euro 4,432 thousand. The former are counted by valuing the quantity of energy efficiency certificates delivered, net of the advance payments received in respect thereof, as well as the quantity of certificates accrued up to 31 December 2023 but not yet delivered by that date.

It should be noted that the unit contribution used for the economic quantification of the fulfilment 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 being accrued as at 31 December 2023 equal to Euro 250 (Euro 250 as at 31 December 2022).

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 th December 2023	31 th December 2022
Other financial current assets	1,743	820
Current financial assets	1,743	820

Current financial assets increased by Euro 923,000 from Euro 820,000 as at 31 December 2022 to Euro 1,743,000 for the year under review.

The change is mainly explained by the recognition of receivables from Efficient Building S.p.A. in the amount of Euro 636,000 in relation to the claim initiated against the latter in connection with tax credits assigned by the latter. For further information please refer to the litigation section of this annual financial report.

The increase is also explained by the finalisation of the acquisition from Retragas S.p.A. of a branch of business operating in the natural gas distribution sector, which led to the posting of current financial assets, in relation to the amount of the contractually envisaged settlement of the transaction itself, equal to Euro 131,000.

It should also 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 Euro 400 thousand, the receivable from the municipality of Creazzo for Euro 138 thousand and the receivable recognised from the municipality of Costabissara for Euro 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 th December 2023	31 th December 2022
Receivables related to IRAP	449	1,021
Receivables related to IRES	1,376	2,745
Other tax receivables	2,192	333
Tax receivables	4,017	4,100

Tax receivables decreased from Euro 4,100 thousand in the year 2022 to Euro 4,017 thousand in the year of reference, posting a decrease of Euro 83 thousand. The item mainly includes the residual credit of IRAP and IRES advances.

It should be noted that the change in other tax receivables is mainly explained by the recognition of tax receivables related to the super bonus amounting to Euro 1,941 thousand. For further information, please refer to the litigations section of this annual financial report.

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 th December 2023	31 th December 2022
Bank and post office deposits	52,067	76,900
Cash and cash equivalents on hand	16	17
Cash and cash equivalents	52,083	76,917

Cash and cash equivalents decreased from Euro 76,917,000 in 2022 to Euro 52,083,000 in the year under review, a decrease of Euro 24,834,000.

Cash and cash equivalents mainly refer to bank account balances and company cash.

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 th December 2023	31 th December 2022
Cash and cash equivalents	52,083	76,917
Current financial assets	3,818	6,493
Outstanding short-term bonds	(7,708)	
Current financial liabilities	(1,562)	(34,911)
Payables due to banks and financing institutions	(140,642)	(183,285)
Net short-term financial position	(94,011)	(134,786)
Non current financial assets	2,507	2,868
Medium- and long-term bank loans	(204,064)	(178,538)
Outstanding medium- and long-term bonds	(86,347)	(94,033)
Non-current financial liabilities	(7,448)	(7,368)
Net medium and long-term financial position	(295,352)	(277,071)
Net financial position	(389,363)	(411,857)

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 in the section "Comments on the economic and financial results for the year 2023" and in the section "Medium- and long-term financing" of this financial report as at 31 December 2023.

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 th December 2023	31 th December 2022
Assets on commodity derivatives	2,747	988
Assets on interest rates derivatives	2,074	5,673
Current assets from derivative financial instruments	4,821	6,661

Current assets on derivative financial instruments relate for Euro 2,747 thousand to hedging contracts on the price of electricity produced by the hydroelectric and wind power plants of Asco EG and Salinella Eolico, and for Euro 2,074 thousand to interest rate hedging contracts.

It should be noted that the wind farm built by Salinella Eolico was started up in the first few months of the current year.

It should also be noted that the receivables shown include the fair value of derivative contracts in place as well as the portion accrued at year-end but not yet settled at year-end in the amount of Euro 308,000.

Concerning assets and liabilities related to derivative activities, please refer to the section "Risk and Uncertainty Factors" of this Annual Report, where the effects related to them are highlighted.

Derivative assets are represented by the fair value of the following derivatives outstanding at 31 December 2023, the financial manifestation of which will be broken down according to the duration of the underlying:

#	Counterpart	Type of instrument	Underlying Commodity	Trade date	Effective date	Expiry date	Position	Contractual notion	MtM (€/000)
1	Mediobanca	Interest Rate Swap	Euribor 3M	23-Dec-21	23-Dec-21	23-Dec-26	Vanilla: Fixed - Float	13,333,334 €	655
2	Mediobanca	Interest Rate Swap	Euribor 3M	02-Dec-20	02-Dec-20	02-Dec-25	Vanilla: Fixed - Float	13,333,333 €	570
3	BNL	Interest Rate Swap	Euribor 6M	09-Aug-19	09-Feb-20	09-Feb-25	Vanilla: Fixed - Float	9,000,000 €	345
4	Credit Agricole	Interest Rate Swap	Euribor 6M	31-Mar-22	31-Mar-22	31-Mar-27	Vanilla: Fixed - Float	7,000,000 €	281
5	Intesa Sanpaolo	Interest Rate Swap	Euribor 1M	06-Mar-15	06-Mar-15	27-Dec-29	Vanilla: Fixed - Float	2,476,353 €	132
6	Credit Agricole	Interest Rate Swap	Euribor 6M	27-Sep-19	01-Oct-19	27-Sep-24	Vanilla: Fixed - Float	3,000,000 €	92
7	Intesa Sanpaolo	Commodity Swap	Power IT Baseload	13-Oct-23	01-Jan-24	31-Dec-24	Sell/Short	17,568 Mwh	801
8	Intesa Sanpaolo	Commodity Swap	Power IT Baseload	14-Jun-23	01-Jan-24	31-Dec-24	Sell/Short	8,784 Mwh	405
9	Intesa Sanpaolo	Commodity Swap	Power IT Baseload	22-May-22	01-Jan-24	31-Mar-24	Sell/Short	4,366 Mwh	221
10	Intesa Sanpaolo	Commodity Swap	Power IT Baseload	22-May-22	01-Apr-24	30-Jun-24	Sell/Short	6,552 Mwh	187
11	Intesa Sanpaolo	Commodity Swap	Power IT Baseload	05-Aug-22	01-Oct-23	31-Dec-23	Sell/Short	0 Mwh	175
12	Intesa Sanpaolo	Commodity Swap	Power IT Baseload	14-Jun-23	01-Jan-24	31-Mar-24	Sell/Short	2,183 Mwh	130
13	Intesa Sanpaolo	Commodity Swap	Power IT Baseload	13-Oct-23	01-Oct-24	31-Dec-24	Sell/Short	2,209 Mwh	96
14	Intesa Sanpaolo	Commodity Swap	Power IT Baseload	13-Oct-23	01-Apr-24	30-Jun-24	Sell/Short	2,184 Mwh	92
15	Intesa Sanpaolo	Commodity Swap	Power IT Baseload	22-May-22	01-Oct-24	31-Dec-24	Sell/Short	2,209 Mwh	69
16	Intesa Sanpaolo	Commodity Swap	Power IT Baseload	22-May-22	01-Oct-24	31-Dec-24	Sell/Short	2,209 Mwh	67
17	Intesa Sanpaolo	Commodity Swap	Power IT Baseload	20-Apr-22	01-Jan-23	31-Dec-23	Sell/Short	0 Mwh	66
18	Intesa Sanpaolo	Commodity Swap	Power IT Baseload	14-Jun-23	01-Oct-23	31-Dec-23	Sell/Short	0 Mwh	65
19	Intesa Sanpaolo	Commodity Swap	Power IT Baseload	22-May-22	01-Jul-24	30-Sep-24	Sell/Short	2,208 Mwh	64
Total									4,513

It is specified that financial instruments measured at fair value belong to valuation hierarchy level 2.

Consolidated shareholders' equity

15. Shareholders' Equity

As at 31 December 2023, Ascopiave S.p.A.'s share capital 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 th December 2023	31 th December 2022
Share capital	234,412	234,412
Legal reserve	46,882	46,882
Own shares	(55,423)	(55,423)
Reserves and profit carried forward	582,705	607,745
Group's Net Result	36,176	32,664
Net equity of the Group	844,753	866,280
Net equity of Others	9,529	20,123
Total Net equity	854,282	886,403

Consolidated shareholders' equity as at 31 December 2023 was Euro 854,282,000, a decrease of Euro 32,121,000 compared to the year 2022.

Changes in consolidated shareholders' equity during the year, excluding the result achieved, are mainly explained by the distribution of dividends for Euro 28,172 thousand. During the year, extraordinary transactions were also finalised for the acquisition of minority interests in Romeo Gas S.p.A., for Euro 16,176 thousand, Salinella Eolico for Euro 7,100 thousand, and Serenissima for Euro 7,503 thousand. It should also be noted that the partial exercise of the put option on 15% of Estenergy S.p.A.'s capital resulted in a reduction of the Group's shareholders' equity in the amount of Euro 3,645 thousand.

It should be noted that at year-end, the recoverable values of the cash-generating units were estimated using the Discounted Cash Flow (DCF) method for the purpose of the impairment test. The results of the test carried out showed a current value of the shareholding in Acinque S.p.A. that was lower than the value at which the shareholding was recorded, determining a consequent reduction in value of Euro 3,300 thousand. By virtue of the choice made by the Group for this Business Model, this difference, deriving from the fair value at the date of purchase and the fair value at the end of the financial year, was recognised in OCI.

As at 31 December 2023, 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 2023 represents the current value of derivative financial instruments subscribed by Ascopiave S.p.A. and the companies active in the hydroelectric and wind power sectors, to hedge possible fluctuations in interest rates correlated to the loans subscribed and in electricity prices. The same, as at 31 December 2023, shows a positive balance of Euro 3,029 thousand net of the tax effect.

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.

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 th December 2023	31 th December 2022
Provisions for pension for gas sector employees	1,463	974
Other reserves for risks and charges	556	22
Provisions for risks and charges	2,020	996

Provisions for risks and charges increased from Euro 996 thousand in the previous year to Euro 2,020 thousand in the year under review, recording an increase of Euro 1,024 thousand. The change is mainly explained by the recognition of the portion accrued during the year, equal to Euro 550 thousand, of the long-term incentive plans for the three-year period 2021-2023, the period defined by the plans for the accrual of the bonus.

The provision for pensions and similar obligations also includes commitments to employees and directors relating to long-term incentive plans for the cash portion.

The following table shows the changes during the year:

(Thousands of Euro)	
Reserves for risks and charges as of 1 st January 2023	996
Provisions for risks and charges	489
Other variations	535
Provisions for risks and charges as of 31th December 2023	2,020

The following table shows the breakdown of risk provisions by type:

(Thousands of Euro)	31 th December 2023	31 th December 2022
Provisions for retirement fund and similar obligations	1,463	877
Expansion of the consolidation perimeter	(0)	119
Other reserves	556	(0)
Provisions for risks and charges as of 31th December 2023	2,020	996

17. Severance pay

Employee severance indemnities decreased from Euro 5,011 thousand at 1 January 2023 to Euro 4,751 thousand at 31 December 2023, a decrease of Euro 260 thousand.

The table below summarises the changes in the fund during the year under review:

(Thousands of Euro)	
Severance indemnity as of 1 st January 2023	5,011
Retirement allowance	(2,010)
Payments for current services and work	1,516
Actuarial loss/(profits) of the period (*)	235
Severance indemnity as of 31th December 2023	4,751

*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 severance pay 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 severance pay is determined by reference to market yields for high-quality fixed-income securities 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 under the plan for 2023 is 3.17% (3.77% as at 31 December 2022).

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: 2.50%
- 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 153,000 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)	31th December 2023	31th December 2022
Pricoa bond loan	86,347	94,033
Outstanding medium- and long-term bonds	86,347	94,033

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., as at 31 December 2023, has in place a first placement of ordinary non-convertible and unsecured bonds for Euro 25 million, with a maturity of 10 years and an average duration of 8 years, and a second for Euro 70 million, with a maturity of 10 years and an average duration of 6 years.

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. The decrease is entirely explained by the reclassification of the portion maturing within 12 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 th December 2023	31 th December 2022
Loans from Banca Prealpi SanBiagio	4,576	5,412
Loans from European Investment Bank	1,250	2,500
Loans from Prelios	7,652	9,043
Loans from INTESA SAN PAOLO S.P.A.	63,609	10,000
Loans from BPER	16,150	22,384
Loans from BANCO BPM	15,051	21,009
Loans from BNL	16,750	25,250
Loans from Cassa Centrale Banca	21,951	25,525
Loans from CREDIT AGRICOLE FRIULADRIA	5,013	10,025
Loans from MEDIOBANCA	15,556	26,667
Loans from ICCREA	36,507	20,722
Medium- and long-term bank loans	204,064	178,538
Current portion of medium and long-term bank loans	80,642	119,280
Medium and long-term bank loans	284,705	297,818

Medium- and long-term loans, represented at 31 December 2023 mainly by the Parent Company's payables to: Intesa Sanpaolo for Euro 90,000 thousand, Mediobanca for Euro 26,667 thousand, Cassa Centrale Banca for Euro 26,487 thousand, BNL for Euro 25,250 thousand, BPER for Euro 22,384 thousand, Banco BPM for Euro 21,000 thousand, Iccrea Banca for Euro 22,263 thousand, Credit Agricole Friuladria for Euro 10,000 thousand, BCC Prealpi-Sanbiagio for Euro 5.481 thousand, the debt of the subsidiary Salinella Eolico to Iccrea Banca for Euro 24,522 thousand and the debt of the subsidiary Asco EG to Prelios for Euro 9,043 thousand, go from Euro 297,818 thousand as at 31 December 2022 to Euro 284,705 thousand, with a decrease of Euro 13,113 thousand, explained by the raising of the new loan by Salinella Eolico and the payment of the instalments.

In particular, details of the nominal outstanding debt of the individual contracts are given below:

- The loan with Intesa Sanpaolo, disbursed in December 2023 for a total of Euro 80,000 thousand, equal to the residual debt as at 31 December 2023, sees the recognition of Euro 16,000 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 BPER, disbursed in September 2022 for a total of Euro 30,000 thousand, shows a residual debt as at 31 December 2023 of Euro 22,384 thousand, with the recognition of Euro 6,234 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 Cassa Centrale Banca, disbursed in March 2022 for a total of Euro 30,000 thousand, presents a residual debt as at 31 December 2023 equal to Euro 26,487 thousand, with the recognition of Euro 4,482 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 Banco BPM, disbursed in May 2022 for a total of Euro 30,000 thousand, has a residual debt at 31 December 2023 of Euro 21,000 thousand, with Euro 6,000 thousand recognised 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 Iccrea Banca, disbursed in June 2022 for a total of Euro 30,000 thousand, shows a residual debt as at 31 December 2023 of Euro 22,263 thousand, with Euro 7,848 thousand recognised under bank borrowings and short-term loans;

- the loan with Intesa Sanpaolo, disbursed in November 2019 for a total of Euro 50,000 thousand, presents a residual debt as at 31 December 2023 equal to Euro 10,000 thousand, fully 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 Mediobanca, disbursed in December 2020 for a total of Euro 30,000 thousand, presents a residual debt as at 31 December 2023 of Euro 13,333 thousand, with the recognition of Euro 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 Euro 20,000 thousand, presents a residual debt as at 31 December 2023 of Euro 13,333 thousand, with the recognition of Euro 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 in the amount of Euro 30,000 thousand, has a residual debt as at 31 December 2023 in the amount of Euro 16,250 thousand, with the recognition of Euro 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 Euro 30,000 thousand, presents a residual debt as at 31 December 2023 of Euro 9,000 thousand, with the recognition of Euro 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 equal to Euro 30,000 thousand, presents a residual debt as at 31 December 2023 equal to Euro 3,000 thousand, entirely recognised among bank borrowings 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 Crédit Agricole Friuladria, disbursed in March 2022 for a total of Euro 10,000 thousand, has a residual debt as at 31 December 2023 of Euro 7,000 thousand, with the recognition of Euro 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 Investments Bank, disbursed in two tranches during 2013 for a total of Euro 45,000 thousand, presents a residual debt as at 31 December 2023 equal to Euro 2,500 thousand, with the recognition of Euro 1,250 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 BCC Prealpi SanBiagio/Cassa Centrale Banca, disbursed at the beginning of 2018 for an amount of Euro 10,000 thousand, presents a residual debt as at 31 December 2023 equal to Euro 5,481 thousand, with the recognition of Euro 906 thousand among payables to banks and short-term loans;
- the loan with Prelios underwritten by the subsidiary Asco EG presents a residual debt as at 31 December 2023 equal to Euro 9,043,000 , with the entry of Euro 1,391,000 among payables to banks and short-term loans;
- the loan with Iccrea Banca, granted under the project finance formula to the subsidiary Salinella Eolico in July 2023 for an amount of Euro 24,522 thousand, equal to the residual debt as at 31 December 2023, provides for the recognition of Euro 2,121 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 the European Investments Bank, 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..

As security for the fulfilment of obligations under the loan agreement signed with Iccrea Banca by the subsidiary Salinella Eolico, the bank was granted a pledge on 100% of the subsidiary's shares, as well as on the project's current accounts.

The table below shows the maturities of medium- and long-term loans:

(Thousands of Euro)	31th December 2023
Financial Year 2024	80,642
Financial Year 2025	61,462
Financial Year 2026	51,082
Financial Year 2027	34,687
Beyond 31 st December 2027	56,832
Medium- and long-term bank loans	284,705

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 th December 2023	31 th December 2022
Security deposits	1,908	1,596
Multi-annual passive prepayments	36,108	34,470
Other payables	1,344	1,392
Other non-current liabilities	39,360	37,458

Other non-current liabilities increased from Euro 37,458,000 in the previous year to Euro 39,360,000 in the year under review, an increase of Euro 1,902,000.

Multi-year deferred income recorded at the end of the reference financial year recorded an increase equal to Euro 1,638 thousands. They are recognised against revenues for contributions received from public or private entities for the construction of connections to the gas network or distribution network and are linked to the useful life of the distribution plants. The suspension of the 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 gas distribution sector.

Security deposits posted as at 31 December 2023 recorded an increase equal to Euro 312,000 and refer to deposits received from natural gas sales companies operating 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 th December 2023	31 th December 2022
Debts for rights of use beyond 12 months	7,448	7,368
Non-current financial liabilities	7,448	7,368

Other non-current financial liabilities went from Euro 7,368 thousand in the previous year to Euro 7,448 thousand in the year under review, showing an increase of Euro 80 thousand, mainly due to the payment of instalments on operating leases and the adjustment of the value of the right of use in place on a hydroelectric plant due to the significant increase in the interest rates to which it is indexed.

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 th December 2023	31 th December 2022
Deferred tax payables	17,618	19,608
Deferred tax payables	17,618	19,608

Deferred tax liabilities decreased from Euro 19,608 thousand in the previous year to Euro 17,618 thousand in the year under review, a decrease of Euro 1,990 thousand.

The change is mainly related to the handover of the natural gas distribution plants included in the Udine 2 Atem, carried out following the results of the awarding of the tender for the area, which led to the release of deferred tax liabilities recognised in relation to the consolidation differential determined at the time of aggregation.

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 2023 and the time when any temporary differences are estimated to be reversed.

Description	31 th December 2023			31 th December 2022		
	Temporary differences	Tax rate	Total effect	Temporary differences	Tax rate	Total effect
Exceeding amortizations	2,433	24.0%	584	1,933	24.0%	464
Severance indemnity	190	24.0%	46	19	24.0%	4
Exceeding amortizations	55,879	28.2%	15,758	67,654	28.2%	19,078
Goodwill deductibility for tax purposes	147	28.2%	41	119	28.2%	33
Derivatives liabilities	4,219	28.2%	1,190	0	28.2%	0
Other	0	24.0%	0	114	24.0%	27
Total deferred tax payables			17,618			19,608

Current liabilities

23. Outstanding short-term bonds

The following table shows the breakdown of this item at the end of each financial year considered:

(Thousands of Euro)	31 th December 2023	31 th December 2022
Pricoa bond loan	7,708	0
Outstanding short-term bonds	7,708	0

Short-term bonds outstanding represent the portion of the Pricoa Capital Group bond issue maturing within 12 months, for more details please refer to the section 'Long-term Bonds Outstanding' of this annual financial report.

24. 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 th December 2023	31 th December 2022
Payables due to banks	60,000	64,005
Current portion of medium-long-term loans	80,642	119,280
Payables due to banks and financing institutions	140,642	183,285

Bank payables decreased from Euro 183,285 thousand in the previous year to Euro 140,642 thousand in the year under review, a decrease of Euro 42,643 thousand.

This item is the result of the sum of accounts payable balances to credit institutions and the short-term portion of loans.

The table below shows the breakdown of the Group's utilised and available credit lines and the relative rates applied as at 31 December 2023:

Bank	Type of line of credit	Credit line at 31.12.2023	Rate at 31.12.2023	Use of credit line at 31.12.2023
Banca Alto Vicentino	Cash loan	1,527	n.d.	1,527
Banca Europea per gli Investimenti	Long-term mortgage	2,500	4.65%	2,500
Banca Nazionale del Lavoro	Endorsement loan	15,000	n.d.	-
Banca Nazionale del Lavoro	Long-term mortgage	9,000	4.93%	9,000
Banca Nazionale del Lavoro	Long-term mortgage	16,250	1.92%	16,250
Banca Popolare dell'Emilia Romagna	Endorsement loan	5,000	n.d.	-
Banca Popolare dell'Emilia Romagna	Long-term mortgage	22,383	5.17%	22,383
Banca Popolare dell'Emilia Romagna	Cash loan	107	n.d.	107
Cassa Centrale Banca/Prealpi	Long-term mortgage	5,481	1.83%	5,412
Banca Sella	Endorsement loan	5,000	n.d.	-
Banco BPM	Endorsement loan	8,000	n.d.	-
Banco BPM	Cash loan	3,000	n.d.	1,393
Banco BPM	Long-term mortgage	21,000	4.85%	21,000
Cassa Centrale Banca	Long-term mortgage	26,487	1.85%	26,487
Cassa centrale BCC Italiano	Long-term mortgage	23,555	1.55%	23,555
Cassa centrale BCC Italiano	Long-term mortgage	7,000	1.50%	7,000
Cassa Depositi e Prestiti	Cash loan	9,943	n.d.	9,943
Crédit Agricole Friuladria	Endorsement loan	10,000	4.16%	10,000
Crédit Agricole Friuladria	Long-term mortgage	7,000	4.83%	7,000
Crédit Agricole Friuladria	Long-term mortgage	3,000	5.19%	3,000
Credito Emiliano	Endorsement loan	30,000	4.68%	30,000
ICCREA	Long-term mortgage	22,263	5.47%	22,263
ICCREA	Long-term mortgage	24,522	4.15%	24,522
Intesa SanPaolo	Endorsement loan	50	n.d.	-
Intesa SanPaolo	Cash loan	3,909	n.d.	3,909
Intesa SanPaolo	Endorsement loan	40,000	5.14%	20,000
Intesa SanPaolo	Long-term mortgage	10,000	0.41%	10,000
Intesa SanPaolo	Long-term mortgage	80,000	5.13%	80,000
Prelios	Long-term mortgage	9,043	5.95%	9,043
Mediobanca	Long-term mortgage	13,333	4.96%	13,333
Mediobanca	Long-term mortgage	13,333	4.84%	13,333
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.	-
Unicredit	Cash loan	27,000	n.d.	12,450
Unicredit	Short-term loans/guarantees	48,700	n.d.	-
Unicredit	Cash loan	29,210	n.d.	11,822
Total		665,596		512,232

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

25. Trade payables

The following table shows the breakdown of this item at the end of each financial year considered:

(Thousands of Euro)	31 th December 2023	31 th December 2022
Payables to suppliers	27,904	24,912
Payables to suppliers for invoices not yet received	45,122	32,997
Accounts payable by credit notes	0	71,685
Accounts payable for credit notes to be issued	0	50,601
Trade payables	73,026	180,195

Trade payables recorded a decrease of Euro 107,169,000 mainly due to the absence of payables for credit notes issued and to be issued to customers.

The amount of credit notes issued during the 2022 financial year 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, was regularised with them both with respect to sales companies operating in the territory in which the Group's distribution company network is located, and with respect to CSEA. The discount sanctioned and applied, being higher than the transportation tariff, resulted in the issuance of credit notes to the sales companies, particularly in the last quarter of FY2022 and in the first quarter of FY2023, a period in which consumption by end customers intensified.

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 associated with the purchase of energy efficiency certificates, necessary to achieve the energy saving targets to which the Group's distribution companies are subject, are accounted for by valuing the quantity of certificates accrued up to the closing date of this financial year.

The unit cost for securities not purchased at the end of the financial year 2023 is equal to the fair value of the prices recorded in the reference market, calculated as at 31 December 2023 as Euro 252.508 (Euro 258.61 as at 31 December 2022).

26. Tax debts

The following table shows the breakdown of this item at the end of each financial year considered:

(Thousands of Euro)	31 th December 2023	31 th December 2022
IRAP payables	780	89
IRES payables	0	1,127
Other tax payables	15	119
Tax payables	795	1,336

Taxes payable decreased by Euro 541,000 from Euro 1,336,000 in the previous year to Euro 795,000 in the year under review.

Taxes payable include liabilities accrued on results for the year to the tax authorities.

27. Other current liabilities

The following table shows the breakdown of this item at the end of each financial year considered:

(Thousands of Euro)	31 th December 2023	31 th December 2022
Advance payments from customers	1,588	1,065
Amounts due to parent companies for tax consolidation	0	505
Amounts due to social security institutions	1,698	1,931
Amounts due to employees	4,892	4,355
VAT payables	44	503
Payables to revenue office for withholding tax	1,120	1,253
Annual passive prepayments	1,094	1,000
Annual passive accruals	5,049	2,173
Payables due to CSEA	4,918	2,989
Other payables	1,711	1,732
Other current liabilities	22,114	17,507

Other current liabilities increased from Euro 17,507,000 in 2022 to Euro 22,114,000 in the year under review, an increase of Euro 4,607,000.

The change is mainly explained by higher payables to the Cassa per i Servizi Energetici e Ambientali (CSEA) for Euro 1,929 thousand in relation to tariff components related to natural gas transportation, as well as by the increase recorded in annual accrued expenses for Euro 2,876 thousand.

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 2023.

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 2023 and not paid at the same date.

Payables to personnel

The item includes payables for untaken holiday days, monthly payments and bonuses accrued as at 31 December 2023 and not paid as of the same date, as well as the relative contribution quota. The item increased by Euro 537 thousand from Euro 4,355 thousand in 2022 to Euro 4,892 thousand in the year of reference.

VAT debts

VAT payables amounted to Euro 44,000, a decrease of Euro 459,000 compared to the previous year, mainly related to the dynamics of VAT settlements.

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 sector. The item also includes the portion of accrued interest expense.

Other debts

At the end of the reporting year, this item showed a balance of Euro 1,711,000, a decrease of Euro 21,000 compared to the previous year.

28. Current financial liabilities

The following table shows the breakdown of this item at the end of each financial year considered:

(Thousands of Euro)	31 th December 2023	31 th December 2022
Financial payables within 12 months	(0)	29,744
Payables to shareholders financial account	(0)	4,280
Payables to leasing companies within 12 months	1,562	887
Current financial liabilities	1,562	34,911

Current financial liabilities decreased by Euro 33,349 thousand from Euro 34,911 thousand in 2022 to Euro 1,562 thousand in the year under review. The change is explained for Euro 29,059,000 by the closure of debt positions generated with Banca Ifis in relation to factoring transactions carried out in December 2022. These operations concerned receivables claimed from CSEA by the Group's distribution companies for methane gas transmission tariff components; considering that CSEA then liquidated its debt by the end of the financial year, the amount paid by Banca Ifis was posted among financial payables, without any benefit in terms of net financial position.

The payables to shareholders' accounts payable as at 31 December 2022 in the amount of Euro 4,280,000 were also paid. Financial payables related to the application of international accounting standard IFRS 16 increased by Euro 675 thousand during the year, mainly due to the adjustment of the value of the existing right of use on a hydroelectric plant due to the significant increase in interest rates to which it is indexed, partially offset by the payment of instalments on operating leases.

These represent financial payables due within twelve months for operating leases entered into for the rental of company premises and vehicles.

29. 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 th December 2023	31 th December 2022
Liabilities on electric energy derivatives	(0)	164
Current liabilities from derivative financial instruments	(0)	164

Current liabilities on derivative financial instruments, which amounted to Euro 164,000 as at 31 December 2022, related to hedging contracts concerning the price of electricity produced by Asco EG's hydroelectric plants. As at 31 December 2023, this item was not recognised.

Concerning assets and liabilities related to derivative activities, please refer to the section "Risk and Uncertainty Factors" of this Annual Report, where the effects related to them are highlighted.

NOTES TO THE MAIN ITEMS OF THE CONSOLIDATED INCOME STATEMENT

Revenues

30. Revenues

The following table shows the details of the items making up the item, by category of assets, at the end of the financial years considered:

(Thousands of Euro)	Financial Year	
	2023	2022
Revenues from gas transportation	125,702	115,168
Revenues from the sale of electricity	208	422
Revenues from connections	937	863
Revenues from heat supply	(0)	7
Revenues from distribution services	3,660	4,761
Revenues from services supplied to Group companies	3,691	14,070
Revenues from ARERA contributions	16,927	12,426
Revenues from hydroelectric-wind power plant	18,743	10,904
Other revenues	10,926	5,031
Revenues	180,794	163,651

At the end of the financial year 2023, Ascopiave Group's revenues amounted to Euro 180,794 thousand, showing an increase of Euro 17,143 thousand compared to the previous year.

It should be noted that substantially all of the Ascopiave Group's revenues are realised in Italy.

The enlargement of the scope of consolidation that took place with the acquisitions finalised on 1 April 2022 resulted in the recognition of revenue of Euro 4,485,000 in the first quarter of 2023.

With the same scope of consolidation, the Group's revenues amounted to Euro 176,309 thousand, an increase of Euro 12,658 thousand compared to the year under comparison.

The increase is mainly explained by higher revenues for gas transport for Euro 7,050 thousand, by the increase in revenues for ARERA contributions for the achievement of energy saving objectives for Euro 4,521 thousand, by the increase in revenues from the sale of energy produced from renewable sources for Euro 7,839 thousand, and by the increase in other revenues for Euro 5,810 thousand. The increases described were partially offset by the decrease in revenues for services rendered to Group companies for Euro 10,752 thousand.

At the end of the financial year, the item "Revenues from gas transport" is equal to Euro 125,702 thousands, showing an increase of Euro 10,534 thousands compared to the previous financial year. The enlargement of the consolidation perimeter determined, in the first quarter of 2023, the posting of revenues from the companies Romeo Gas S.p.A. and Serenissima Gas S.p.A. for Euro 3,484 thousands. With equal consolidation perimeter, consequently, the Group generated revenues for Euro 122,218 thousands, showing an increase equal to Euro 7,050 thousands as compared to the previous financial year.

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 total revenues generated by the Group for *distribution services* amounted to Euro 3,660 thousand.

With equal consolidation perimeter, the item recorded revenues for Euro 3,165 thousand, showing a decrease of Euro 1,596 thousand compared to the financial year under comparison. On the other hand, the enlargement of the consolidation perimeter determined the posting of revenues from the companies Romeo Gas S.p.A. and Serenissima Gas S.p.A., amounting to Euro 495,000.

With equal consolidation perimeter, *revenues from services rendered to other companies* showed a decrease of Euro 10,752 thousand compared to the previous year, amounting to Euro 3,318 thousand. The enlargement of the

consolidation perimeter led to the recording of revenues in the amount of Euro 373 thousand, resulting in an overall decrease of Euro 10,379 thousand. The change is mainly explained by the early withdrawal made in FY2022 by the associated companies, subject to the partnership made in FY2019 with the Hera Group, from some service contracts. The withdrawal resulted in the recognition of revenues amounting to Euro 6,544 thousand. The residual decrease is mainly explained by the termination as of financial year 2023 of the services rendered pursuant to the contracts subject to withdrawal.

At the end of the reporting period, *revenues for contributions granted by the Regulatory Authority for Energy, Networks and Environment (ARERA)* amounted to Euro 16,927 thousand, showing an increase of Euro 4,500 thousand compared to the previous year. 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. The contributions are recognised for the achievement of the targets set by the Authority itself in terms of energy savings and published by means of a resolution that defines the specific primary energy saving obligations for obligated distributors. Contributions recorded as at 31 December 2023 are counted by valuing the quantities of energy efficiency certificates accrued with respect to the 2023 target (regulatory period June 2023 - May 2024). 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 at 31 December 2023 equal to Euro 250 (Euro 250 as at 31 December 2022).

During the year, revenues from the sale of electrical energy produced from renewable sources, in particular hydroelectric and wind power sources, amounted to Euro 18,743,000, an increase of Euro 7,839,000 compared to the previous year. The increase is mainly explained by the higher rainfall recorded, with particular reference to the second quarter of the year. Revenues from sales of electricity produced from renewable sources were significantly impacted by the effects of the Sostegni-ter decree (DL 4/2022) issued by the government during the first quarter of the financial year 2022. The decree provided for a substantial cap on the sale prices of electricity produced, also incorporating producers of energy from renewable sources. The decree, effective from 1 February 2022, remained in force until 30 June 2023. According to the provisions of the aforementioned decree, the revenue adjustment was quantified and applied to plants that the Gestore Servizi Energetici (GSE) indicated as being included in the scope determined by the decree.

Other revenues increased by Euro 5,895,000, from Euro 5,031,000 in 2022, to Euro 10,926,000 in the year under review. It should be noted that the enlargement of the consolidation perimeter led to the posting of other revenues in the amount of Euro 85,000 and, with the same consolidation perimeter, an increase in the item equal to Euro 5,810,000. The change is mainly explained by the higher premiums recognised by the Regulatory Authority for Energy Networks and Environment (ARERA) for the activities carried out in the field of safety of natural gas distribution plants. The revenues recognised represent the best internal estimate of the incentive accrued for the activities carried out during the 2020 and 2021 financial years.

Costs

31. 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	
	2023	2022
Purchase of other raw material	2,265	2,876
Purchase costs for other raw materials	2,265	2,876

At the end of the financial year the costs sustained for the purchase of other raw materials amounted to Euro 2,265 thousand, showing a decrease compared to the previous financial year of Euro 611 thousand. The enlargement of the consolidation perimeter determined, during the first three months of 2023, the inscription of the costs sustained by the companies Romeo Gas S.p.A. and Serenissima Gas S.p.A. for Euro 614 thousands. The item mainly includes costs for the purchase of materials used for the maintenance of infrastructures for the distribution of natural gas, the purchase of odorizing agent, as well as the purchase of natural gas for the operation of cogeneration and heat supply plants managed by the Group.

32. 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	
	2023	2022
Costs for counting meters reading	2,551	904
Maintenance and repairs	3,813	4,055
Consulting services	3,340	6,155
Commercial services and advertisement	162	140
Sundry suppliers	3,292	4,051
Directors' and Statutory Auditors' fees	1,427	1,442
Insurances	1,269	1,095
Personnel costs	693	790
Other managing expenses	2,123	2,746
Costs for use of third-party assets	31,805	29,590
Costs for services	50,474	50,968

At the end of the year, costs for services amounted to Euro 50,474,000, showing a decrease of Euro 494,000 compared to the previous year. With equal consolidation perimeter, the costs incurred amounted to Euro 48,488 thousand, showing a decrease of Euro 2,480 thousand compared to the previous year.

For the same item, in the first three months of the year, the enlarged scope of consolidation resulted in the recognition of costs incurred by the companies acquired on 1 April 2022 in the amount of Euro 1,986,000.

With equal consolidation perimeter, *meter reading costs* amounted to Euro 2,495 thousand, showing an increase of Euro 1,591 thousand compared to the previous year (Euro 904 thousand as at 31 December 2022). The increase is mainly explained by the effects of ARERA Resolution No. 269/2022/R/GAS dated 21 June 2022, which came into force in April 2023, which provides for the revision of the regulation of the metering service, envisaging indemnities in favour of end customers in the event of non-compliance with the method of collecting readings. These indemnities are partially covered by the equalisation calculation. It should be noted that the enlargement of the consolidation perimeter led to the entry of costs in the amount of Euro 56 thousand.

With the same consolidation perimeter, the item *maintenance and repairs* decreased from Euro 4,055,000 in the year 2022, to Euro 3,700,000 in the year of reference, showing an increase of Euro 355,000. The enlargement of the perimeter determined the entry of costs for Euro 113 thousand. The item mainly includes costs incurred for software fees and ordinary maintenance of plants, including wind farms and hydroelectric plants.

At the end of the reporting year, with the same consolidation perimeter, costs incurred for consulting services amounted to Euro 2,979,000, showing a decrease of Euro 3,175,000 compared to the previous year. The change recorded is partly explained by the costs incurred in connection with the extraordinary transactions carried out in the previous year. We note that the enlargement of the consolidation perimeter led to the posting of costs for *consultancy services amounting* to Euro 361 thousand.

With equal consolidation perimeter, the costs sustained during the financial year attributable to the item *utilities* amount to Euro 3,086 thousand, showing a decrease of Euro 964 thousand compared to the previous financial year. The change recorded is mainly explained by the trend of natural gas and electricity tariffs, which in the previous year reached their maximum values and then decreased starting from January 2023. It should be noted that the enlargement of the consolidation perimeter led to the posting of costs for utilities equal to Euro 206 thousand.

Costs for the use of third-party assets incurred during the year, with equal consolidation perimeter, amounted to Euro 30,713 thousand, showing an increase of Euro 1,123 thousand compared to the previous year. The enlargement of the consolidation perimeter determined the recognition of costs incurred during the first quarter of 2023 by the companies acquired on 1 April 2022 for Euro 1,092 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 in the territories of the same entities.

33. Personnel costs

The following table provides a breakdown of personnel costs for the financial years considered:

(Thousands of Euro)	Financial Year	
	2023	2022
Wages and salaries	22,929	21,961
Social security contributions	6,977	7,048
Severance indemnity	1,516	1,874
Other costs	7	49
Capitalized personnel costs	(10,515)	(10,383)
Personnel costs	20,914	20,550

Personnel costs are expressed net of costs capitalised by the natural gas distribution companies against increases in intangible fixed assets for works carried out on a time and materials basis. These are directly attributed to the construction of infrastructures suitable for natural gas distribution and entered in the balance sheet assets.

The enlargement of the scope of consolidation resulted, during the first quarter of the year, in the recognition of costs incurred by the companies acquired on 1 April 2022 in the amount of Euro 408,000.

With the same scope of consolidation, personnel costs increased from Euro 30,933,000 in the year of comparison to Euro 31,021,000 in the year of reference, an increase of Euro 88,000.

As at 31 December 2023, costs accrued during the year for long-term incentive plans in the amount of Euro 589,000 and short-term incentive plans in the amount of Euro 634,000 were recognised.

It should also be noted that in compliance with IFRS 2, the cost of long-term incentive plans was partially offset in equity reserves. Specifically, Euro 39 thousand for the portion to be paid in shares and Euro 550 thousand among the retirement reserves for the portion to be paid in cash. The amounts recognised in relation to long-term incentive plans refer to the third year of the three-year period 2021-2023, the period defined by the plans for the vesting of the bonus. With equal consolidation perimeter, capitalised personnel costs recorded an increase of Euro 62,000, going from Euro 10,383,000 in the year under comparison to Euro 10,445,000 in the year under reference. Capitalised personnel costs of the companies subject to the enlargement of the consolidation perimeter amounted to Euro 70,000.

Personnel costs increased by a total of Euro 364,000.

The table below shows the average number of Group employees by category for the periods under comparison:

The enlargement of the consolidation perimeter led to an increase in the Group's workforce of 8 employees. We point out 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. proportionate to the first quarter 2023 only.

Description	31.12.2023	Enlargement of the perimeter	With the same perimeter	31.12.2022
Managers (average)	14	0	14	13
Office workers (average)	319	4	315	315
Manual workers (average)	176	4	172	161
No. of staff employed (average)	508	8	501	490

34. Other operating costs

The following table provides a breakdown of other operating costs for the years considered:

(Thousands of Euro)	Financial Year	
	2023	2022
Provision for risks on credits	305	44
Other provisions	0	45
Membership and ARERA fees	739	784
Capital losses	5,358	1,813
Extraordinary losses	1,047	1,811
Other taxes	1,974	2,045
Other costs	959	1,238
Costs of contracts	2,411	1,574
Energy efficiency certificates	17,091	12,337
Other management costs	29,884	21,690

Other operating expenses increased from Euro 21,690,000 in the year 2022 to Euro 29,884,000 in the year under review, showing an increase of Euro 8,194,000. The change is mainly explained by increases recorded by capital losses and costs incurred for the purchase of energy efficiency bonds.

The costs incurred for the purchase of energy efficiency certificates are equal to Euro 17,091 thousand and show an increase of Euro 4,754 thousand compared to the previous financial year. The increase is mainly explained by the progressive raising of efficiency and energy saving objectives to which the Group's natural gas distribution companies are obliged to comply. The costs recorded at the end of the financial year for the purchase of energy efficiency bonds are calculated by valuing the quantity of bonds accrued with respect to the 2023 target (regulatory period June 2023 - May 2024). 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 on the reference market, calculated as at 31 December 2023 as Euro 252.50 (Euro 258.61 as at 31 December 2022).

The other management costs also recorded increases related to the greater capital losses generated by the replacement of partitions of the infrastructures used for the distribution of natural gas, in particular meters, which overall determined an increase equal to Euro 910 thousand. The item also includes the capital loss generated by the transfer, by the Ascopiave Group to the Iren Group, of the entire share capital of Romeo 2 S.r.l., a company newly established by the Ascopiave Group, in which the company branches relating 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, were previously transferred.

The enlargement of the scope of consolidation resulted in the recognition of other operating costs incurred by the companies acquired on 1 April 2022 in the amount of Euro 124,000.

35. Other income

The following table provides a breakdown of other operating income for the years considered:

(Thousands of Euro)	Financial Year	
	2023	2022
Other income	16,965	10,319
Other income	16,965	10,319

Other operating income increased by Euro 6,646,000 from Euro 10,319,000 at 31 December 2022, to Euro 16,965,000 in the year under review. The increase recorded is mainly explained by the capital gains recognised in the periods under comparison.

During the year 2022, the capital gain, equal to Euro 9,483 thousand, accrued in relation to the partial exercise of the put option on the equity investment in EstEnergy was recognised. In fact, on 1 December 2022, the parent company Ascopiave and the Hera Group signed the agreement for the sale to the latter of an 8% share of the capital of Estenergy S.p.A.. Ascopiave S.p.A. also partially exercised the put option and on 10 November 2023 signed the agreement for the sale of a further 15% share of the capital, generating a capital gain of Euro 13,558 thousand. The exercise of the put option in the two financial years resulted in a change in the item equal to Euro 4,075 thousand.

Capital gains recognised in the previous year also included the capital gain realised, in the amount of Euro 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 is final.

Lastly, we would like to point out that the capital gains recognised in the year of reference also include the capital gain, equal to Euro 3,154,000, generated by the transfer of the gas distribution plants of Atem Udine 2 to the new concessionaire following the awarding of the tender.

36. Depreciation and Amortisation

The following table shows the details of depreciation for the periods considered:

(Thousands of Euro)	Financial Year	
	2023	2022
Intangible fixed assets	38,689	36,758
Tangible fixed assets	8,287	8,043
Amortization of rights of use	1,256	1,174
Amortization and depreciation	48,232	45,975

With the same consolidation perimeter, amortisation and depreciation recorded an increase of Euro 1,009 thousand compared to the previous year, going from Euro 45,975 thousand in the year under comparison to Euro 46,984 thousand as at 31 December 2023. The enlargement of the consolidation perimeter resulted in the recognition of amortisation and depreciation charges accrued in the first quarter of the year in the companies acquired on 1 April, equal to Euro 1,248 thousand.

Financial income and expenses

37. Financial Income and Expenses

The following table provides a breakdown of financial income and expenses for the years considered:

(Thousands of Euro)	Financial Year	
	2023	2022
Interest income on bank and post office accounts	266	15
Other interest income	1,526	66
Distribution of dividends from controlled companies	4,228	4,306
Other financial income	0	25
Financial income	6,020	4,412
Interest expense on banks	5,211	1,131
Interest expense on loans	5,901	3,999
Other financial expenses	2,839	1,093
Financial charges	13,950	6,223
Evaluation of subsidiary companies with net equity method	3,566	7,871
Evaluation of subsidiary companies with the net equity method	3,566	7,871
Total net financial expenses	(4,364)	6,061

The item financial income and expenses shows a negative balance of Euro 4,364 thousand that, compared to the positive balance of Euro 6,061 thousand of the previous year, shows a decrease of Euro 10,425 thousand. The enlargement of the consolidation perimeter determined insignificant changes and the variation is mainly explained by the higher financial expenses accrued during the year and the decrease in the results achieved by the companies consolidated with the net equity method.

Financial income, net of dividends paid by investee companies, increased by Euro 1,711 thousand compared to the previous year. The increase is mainly explained by the recognition of the discount applied at the time of the acquisition of tax credits from the 110% super bonus, which led to the recognition of financial income for a total of Euro 1,300 thousand.

Dividends from investee companies, which amounted to Euro 4,228,000 at year-end, showed a decrease of Euro 78,000 compared to the previous year.

At year-end, financial expenses showed an increase of Euro 7,728 thousand compared to the previous year. The increase is mainly explained by higher interest expenses accrued on short- and medium-/long-term loans, at variable rates, due to the increase in interest rates from the last months of 2022, as well as by the increase in debt.

The result of the companies consolidated with the net equity method shows a decrease of Euro 4,305 thousand compared to the previous year and includes the consolidated profits accrued by the affiliate Estenergy S.p.A. (pro-quota 40% until 30 September 2023 and 25% for the last quarter of 2023), a company held at 25% by the Ascopiave Group, as well as Cogeide S.p.A. held at 18.33% by the Ascopiave Group.

Taxes

38. 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	
	2023	2022
IRES current taxes	6,333	8,261
IRAP current taxes	2,485	1,425
(Advance)/Deferred taxes	(3,300)	(3,080)
Substitute tax	75	73
Taxes previous years	(588)	320
Taxes for the period	5,005	6,999

Taxes accrued, with equal consolidation perimeter, go from Euro 6,999 thousand in the previous year to Euro 5,038 thousand in the year under review, showing a decrease of Euro 1,961 thousand. We note that the decrease is partly explained by the recognition, at the end of the previous year, of the extraordinary contribution on energy extra-profits, sanctioned by Decree Law 21 dated 21 March 2022, that the company Asco EG S.p.A. had to pay to the Treasury. The total amount of the contribution was Euro 1,515 thousand.

The following table shows the incidence of income taxes on the pre-tax result for the years considered:

(Thousands of Euro)	Financial Year	
	2023	2022
Earnings before tax	41,626	37,972
Taxes for the period	5,005	6,999
Percentage of income before taxes	12.0%	18.4%

The tax rate recorded at 31 December 2023 was 12.0%, while at the end of the previous year it was 18.4%. The tax rate, calculated by normalising the pre-tax result of the effects of the consolidation of the company consolidated with the net equity method, the dividends received, the capital loss realised in the rationalisation transaction of gas distribution concessions and the relative tax effects, as well as, the capital gain realised from the exercise of the put option on the equity investment in Estenergy S.p.A., goes from 33.6% as at 31 December 2022 to 30.2% as at 31 December 2023.

Net result from assets held for sale

39. Net result from assets held for sale

The following table details the net result of assets held for sale in the financial years considered:

(Thousands of Euro)	Financial Year	
	2023	2022
Result of assets held for sale	56	1,466
Net income from discontinued operations/discontinued operations	56	1,466

The net result of assets held for sale as at 31 December 2023 was Euro 56,000.

The item includes the economic result achieved in January by the branches subject to the rationalisation transaction of the natural gas distribution concessions finalised with the Iren Group on 31 January 2023, as well as the result accrued during the first quarter of the year by the natural gas distribution concessions that were subject to delivery on 1 April 2023 following the awarding of the tender related to the Udine 2 Atem.

For a better view of the economic and financial performance of the companies reclassified in accordance with IFRS 5, please refer to the section 'Economic and financial performance of companies held for sale'.

Non-recurring components

Pursuant to CONSOB Communication No. 15519/2005, we report that at the end of the year 2023, the item "other operating income" includes non-recurring income for Euro 13,558 thousand, related to the exercise of the put option on the shareholding in Estenergy S.p.A., which Ascopiave exercised to the extent of 15%.

A further 8% share of Estenergy was sold by Ascopiave to Hera Comm on 1 December 2022, generating a capital gain of Euro 9,483 thousand.

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 2023.

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 data represent the result accrued during the month of January on the branches of Romeo Gas S.p.A. and Edigas Distribuzione Gas S.p.A., which were subject to sale as a result of the finalisation of the rationalisation agreement of the natural gas distribution concessions between Ascopiave and Iren on 31 January 2023.

They also represent the result accrued during the first quarter of the year from the natural gas distribution concessions that were subject to delivery on 1 April 2023 following the awarding of the tender related to the Udine 2 Atem.

(Thousands of Euro)	31.12.2023
Revenues	577
Total operating income and costs	381
Purchase costs for other raw materials	70
Costs for services	148
Costs for personnel	68
Other management costs	94
Other income	0
Amortization and depreciation	97
Operating result	99
Financial income	0
Financial charges	4
Share of profit/(loss) companies accounted for	0
Earnings before tax	95
Taxes for the period	39
Result for the period	56

The table below shows the balance sheet balances as at 31 December 2023 of the assets reclassified in accordance with IFRS 5 as held for sale. These figures represent the assets and liabilities of a gas distribution branch located in the province of Trento that will be subject to sale on 1 January 2024.

(Thousands of Euro)	31.12.2023
Assets	
Non-current assets	
Other intangible assets	1,457
Advance tax receivables	191
Non-current assets	1,648
Current assets	0
Assets	1,648
Liabilities	
Non-current liabilities	
Other non-current liabilities	212
Non-current liabilities	212
Current liabilities	
Other current liabilities	36
Current liabilities	36
Liabilities	247
Liabilities and net equity	247

The net balance of assets and liabilities held for sale summarised in the table above shows a balance of Euro 1,401 thousand. The figures shown in the financial statements have been reduced by the amount, equal to Euro 400 thousand, already collected in December in relation to the transaction. It should also be noted that in order to adjust the amount of assets and liabilities held for sale to their fair value, a further decrease of Euro 863 thousand was made.

Commitments and risks

Guarantees given

As at 31 December 2023, the Group has provided the following guarantees:

Guarantees held by companies within the scope of consolidation:

(Thousands of Euro)	31 th December 2023	31 th December 2022
On credit lines	6,307	6,307
On execution of works (letter of comfort)	10,983	6,710
On distribution concession (letter of comfort)	6,509	6,206
On purchase/sale of shares (letter of comfort)	0	4,832
On lease agreements	0	13
On concessions for water derivations for hydroelectric use	460	912
On the sale of energy produced from renewable sources	120	120
On occupation of public spaces and areas	106	106
On renewable energy production plants	8,175	6,168
Total	32,659	31,374

Load guarantees issued by Ascopiave S.p.A. in favour of associated companies:

(Thousands of Euro)	31 th December 2023	31 th December 2022
Patronage to cover the obligations deriving from the related relationships	10,798	28,375
On UTF offices and regions for taxes on gas (letter of comfort)	1,850	1,850
Total	12,648	30,225

Ascopiave received an active guarantee from Hera S.p.A., equal to Euro 962 thousand, in relation to the sureties issued by the affiliate Blue Meta S.p.A. (now merged into EstEnergy 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 Group's operating activities are mainly financed by resorting to 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 relative to interest rate risk. The Group also manages its liquidity needs through medium/long-term loans with fixed and variable rates, as well as through the issue of bonds with fixed rates.

The medium/long-term loans managed by the Group, regulated at both variable and fixed rates, had a residual debt at 31 December 2023 of Euro 284,705 thousand and maturities between 1 January 2024 and 30 June 2040.

The medium/long-term bank loans at variable interest rates are repayable between 2024 and 2030, and as at 31 December 2023 had a total residual debt of Euro 226,561 thousand (Euro 183,007 thousand as at 31 December 2022), of which Euro 45,692 thousand was hedged through the subscription of financial derivatives, for which the interest rate risk was therefore sterilised.

It should be noted that as at 31 December 2023, the derivative instruments hedging the risk of interest rate fluctuations, relative to the loans underwritten with BNL, Credit Agricole - Friuladria and Mediobanca and to the leasing of the subsidiary Asco Renewables with Intesa Sanpaolo, detailed in paragraphs no. 14 "Current assets on derivative financial instruments" and no. 29 "Current liabilities on derivative financial instruments", showed an overall positive mark-to-market of Euro 2,075 thousand and were effective.

The loans signed with BNL, Cassa Centrale Banca and Intesa Sanpaolo, and the loan signed by subsidiary Salinella Eolico with Iccrea Banca, with a residual debt at year-end of Euro 58,145 thousand, as well as the bond loan with a residual debt at 31 December 2023 of Euro 95,000 thousand, are not exposed to interest rate risk, as they provide for the application of a fixed rate.

The loans represented are subject to financial covenants.

For further details, please refer to section no. 19 "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 2023	II qtr 2023	III qtr 2023	IV qtr 2023	
Net Financial Position 2023	(421,040)	(465,890)	(513,205)	(456,048)	
Borrowing rates of interest	0.926%	1.295%	0.935%	1.566%	
Lending rates of interest	1.91%	2.56%	2.80%	2.84%	
Borrowing rate of interest plus 200 basis points	2.93%	3.29%	2.94%	3.57%	
Lending rates of interest plus 200 basis points	3.91%	4.56%	4.80%	4.84%	
Borrowing rate of interest reduced of 50 basis points	0.43%	0.79%	0.44%	1.07%	
Lending rates of interest reduced of 50 basis points	1.41%	2.06%	2.30%	2.34%	
Net Financial Position recalculated with the increase of 200 basis points	(423,116)	(468,213)	(515,792)	(458,346)	
Net Financial Position recalculated with decrease of 50 basis points	(420,521)	(465,309)	(512,558)	(455,473)	Total
Effect on pre-tax result of the increase of 200 basis points	(2,076)	(2,323)	(2,587)	(2,299)	(9,286)
Effect on pre-tax result of the decrease of 50 basis points	519	581	647	575	2,321

The sensitivity analysis, obtained by simulating a change in the interest rates applied to the Group's average Net Financial Position for each quarter equal to 50 basis points in decrease and equal to 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 9,286 thousand and an improvement of Euro 2,321 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. For further information, please refer to section '9. Trade Receivables'.

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 2023 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 S.p.A	Comune di Asolo	Interventions on gas derivations	164
AP RETI GAS S.p.A	Comune di Breda Di Piave	Interventions on gas derivations	2,810
AP RETI GAS S.p.A	Comune di Cartigliano	Interventions on gas derivations	1,701
AP RETI GAS S.p.A	Comune di Casier	Interventions on gas derivations	47
AP RETI GAS S.p.A	Comune di Casteggio	Gas distribution network	102,494
AP RETI GAS S.p.A	Comune di Castelfranco Veneto	Interventions on gas derivations	1,595
AP RETI GAS S.p.A	Comune di Castelfranco Veneto	Gas distribution network	4,100
AP RETI GAS S.p.A	Comune di Castello Di Godego	Interventions on gas derivations	3,196
AP RETI GAS S.p.A	Comune di Colceresa	Interventions on gas derivations	112
AP RETI GAS S.p.A	Comune di Conegliano	Interventions on gas derivations	5,107
AP RETI GAS S.p.A	Comune di Conegliano	Gas distribution network	1,386
AP RETI GAS S.p.A	Comune di Follina	Gas distribution network	6,644
AP RETI GAS S.p.A	Comune di Giavera Del Montello	Interventions on gas derivations	2,812
AP RETI GAS S.p.A	Comune di Isola Vicentina	Interventions on gas derivations	1,637
AP RETI GAS S.p.A	Comune di Isola Vicentina	Gas distribution network	7,001
AP RETI GAS S.p.A	Comune di Mareno Di Piave	Interventions on gas derivations	1,834
AP RETI GAS S.p.A	Comune di Nervesa Della Battaglia	Interventions on gas derivations	1,210
AP RETI GAS S.p.A	Comune di Ormelle	Interventions on gas derivations	331
AP RETI GAS S.p.A	Comune di Paese	Interventions on gas derivations	5,429
AP RETI GAS S.p.A	Comune di Portogruaro	Interventions on gas derivations	3,435
AP RETI GAS S.p.A	Comune di Riese Pio X	Interventions on gas derivations	2,111
AP RETI GAS S.p.A	Comune di Roncade	Interventions on gas derivations	82
AP RETI GAS S.p.A	Comune di S. Zenone Degli Ezzelini	Gas distribution network	7,145
AP RETI GAS S.p.A	Comune di Salgareda	Interventions on gas derivations	2,074
AP RETI GAS S.p.A	Comune di San Biagio Di Callalta	Interventions on gas derivations	3,312
AP RETI GAS S.p.A	Comune di San Fior	Interventions on gas derivations	2,151
AP RETI GAS S.p.A	Comune di Sarcedo	Interventions on gas derivations	2,795
AP RETI GAS S.p.A	Comune di Sovizzo	Gas distribution network	6,405
AP RETI GAS S.p.A	Comune di Susegana	Interventions on gas derivations	1,921
AP RETI GAS S.p.A	Comune di Tarzo	Interventions on gas derivations	1,812
AP RETI GAS S.p.A	Comune di Teglio Veneto	Interventions on gas derivations	175
AP RETI GAS S.p.A	Comune di Tezze Sul Brenta	Interventions on gas derivations	1,613
AP RETI GAS S.p.A	Comune di Veduggio	Interventions on gas derivations	82
AP RETI GAS NORD EST S.r.L	Comune di Aquileia	Interventions on gas derivations	1,812
AP RETI GAS NORD EST S.r.L	Comune di Padova	Interventions on gas derivations	2,671
AP RETI GAS NORD EST S.r.L	Comune di Rivignano Teor	Interventions on gas derivations	2,477
AP RETI GAS NORD EST S.r.L	Provincia di Padova	Interventions on gas derivations	5,313
AP RETI GAS ROVIGO S.r.L	Comune di Rovigo	Interventions on gas derivations	2,386
AP RETI GAS VICENZA S.p.A	Comune di Zane'	Interventions on gas derivations	1,372
EDIGAS ESERCIZIO DISTRIBUZIONE GAS S.p.A	Amministrazione Comunale Treviglio	Interventions on gas derivations	654
EDIGAS ESERCIZIO DISTRIBUZIONE GAS S.p.A	Comune di Castellucchio	Interventions on gas derivations	334
EDIGAS ESERCIZIO DISTRIBUZIONE GAS S.p.A	Comune di Suisio	Interventions on gas derivations	1,483
ROMEO GAS S.p.A.	Comune di Calendasco	Interventions on gas derivations	1,065
ROMEO GAS S.p.A.	Comune di Lodrino	Interventions on gas derivations	102
ROMEO GAS S.p.A.	Comune di Toscolano Maderno	Interventions on gas derivations	2,974
SERENISSIMA GAS S.p.A.	Comune di Bordano	Interventions on gas derivations	549
SERENISSIMA GAS S.p.A.	Comune di Marcon	Interventions on gas derivations	5,317

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 th December 2023	31 th December 2022
Short-term net financial position	94,011	134,786
Medium / long-term net financial position	295,352	277,071
Net Financial Position	389,363	411,857
Share capital	234,412	234,412
Own shares	(55,423)	(55,423)
Reserves	639,117	674,750
Undistributed net profit	36,176	32,664
Total Net equity	854,282	886,403
Total sources of funding	1,243,645	1,298,260
Net financial position / Net equity ratio	0.46	0.46

The NFP/equity ratio measured as at 31 December 2023 was 0.46, substantially in line with that measured as at 31 December 2022.

The trend of this indicator is connected to the combined effect of the change in Net Financial Position, which improved by Euro 22,494 thousand during the year, and in Shareholders' Equity, which decreased by Euro 32,121 thousand, changes due to investments made, the sale of shares in Estenergy S.p.A., the result accrued during the year, and partly to the normal flow connected 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 2023 and 31 December 2022 is as follows:

(Thousands of Euro)					31 th December 2023	
	A	B	C	D	Total	Fair value
Other non-current assets			2,350		2,350	2,350
Non-current financial assets			2,507		2,507	2,507
Trade receivables and Other current assets			111,534		111,534	111,534
Current financial assets			1,743		1,743	1,743
Cash and cash equivalents			52,083		52,083	52,083
Current assets from derivative financial instruments		4,821			4,821	4,821
Outstanding medium- and long-term bonds				86,347	86,347	86,347
Medium- and long-term bank loans				204,064	204,064	204,064
Other non-current liabilities				3,252	3,252	3,252
Non-current financial liabilities				7,448	7,448	7,448
Outstanding short-term bonds				7,708	7,708	7,708
Payables due to banks and financing institutions				140,642	140,642	140,642
Trade payables and Other current liabilities				92,458	92,458	92,458
Current financial liabilities				1,562	1,562	1,562
Current liabilities from derivative financial instruments		0			0	0

(Thousands of Euro)					31 th 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

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

Sector information

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 reporting. Specifically, the 'other' segment includes 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 2023 and the financial year 2022.

12M 2023 (Thousands of Euro)	Gas Distribution	Renewables energies	Other	31.12.2023 values from new acquisitions	Elision	Total
Net revenues to third-party customers	151,765	20,919	3,780	4,330		180,794
Intra-group revenues among the segment	7,528	9,801	7,187	155	(24,671)	0
Segment revenue	159,294	30,720	10,967	4,485	(24,671)	180,794
Operating result before amortization	74,226	11,213	7,421	1,362		94,222
Amortization	39,071	6,359	1,554	1,248		48,232
Operating result	35,155	4,854	5,867	115		45,990
Result before taxes	33,153	3,749	4,653	71		41,626
Assets	781,212	110,143	356,517	0	214,112	1,461,984
Liabilities	(118,800)	(30,857)	(243,933)	0	(214,112)	(607,702)

12M 2022 (Thousands of Euro)	Gas Distribution	Renewables energies	Other	31.12.2022 values from new acquisitions	Elision	Total
Net revenues to third-party customers	126,134	0	12,789	24,729		163,651
Intra-group revenues among the segment	5,629	0	18,006	205	(23,840)	0
Segment revenue	131,763	0	30,795	24,934	(23,840)	163,651
Operating result before amortization	59,682	0	9,277	8,927		77,886
Amortization	34,002	0	2,102	9,871		45,975
Operating result	25,681	0	7,175	(944)		31,911
Result before taxes	25,297	0	14,537	(1,861)		37,972
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)

Audit Firm Fees

Pursuant to Article 149-duodecies of the Consob Issuers' Regulations, we hereby disclose the fees for the financial year 2023 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.	169
	PricewaterhouseCoopers S.p.A.	Controlled companies	248
Statutory audit of separate accounts	PricewaterhouseCoopers S.p.A.	Ascopiave S.p.A.	16
	PricewaterhouseCoopers S.p.A.	Controlled companies	64
Other services	PricewaterhouseCoopers S.p.A.	Ascopiave S.p.A.	27
	PricewaterhouseCoopers S.p.A.	Controlled companies	0
Total			524

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 th December 2023	31 th December 2022
Net profit attributable to parent company shareholders	36,176	32,664
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)	0.167	0.151

Transactions with related parties

Details of transactions with related parties in the year under review are summarised in the following table:

(Thousands of Euro)	31.12.2023				Revenues			Costs		
	Trade receivables	Other receivables	Trade payables	Other payables	Goods	Services	Other	Goods	Services	Other
Asco Holding S.p.A.	63	174	16	0	0	164	0	0	59	0
Total parent company	63	174	16	0	0	164	0	0	59	0
Bim Piave Nuove Energie S.r.l.	128	0	7	0	0	340	0	0	18	0
Total affiliated companies	128	0	7	0	0	340	0	0	18	0
ASM Set S.r.l.	658	0	49	0	0	(1,162)	0	0	0	0
Etra Energia S.r.l.	54	0	0	0	0	(130)	0	0	0	0
Estenergy S.p.A.	14,853	0	18	0	0	(22,403)	0	0	0	0
Total subsidiary companies	15,565	0	67	0	0	(23,695)	0	0	0	0
Total	15,756	174	90	0	0	(23,191)	0	0	78	0

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.

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 affiliated companies:

- towards Estenergy S.p.A.:
 - o Trade receivables refer to the natural gas transportation service on the distribution network registered by AP Reti Gas Nord Est S.r.l. and to facility services provided by Ascopiave S.p.A.;
 - o Trade payables are related to the supply of natural gas and electrical energy incurred by Ascopiave S.p.A., AP Reti Gas Nord Est S.r.l., AP Reti Gas S.p.A. and Edigas S.p.A.;
 - o Costs for goods relate to the purchase of gas and electricity incurred by Ascopiave S.p.A., AP Reti Gas Nord Est S.r.l., AP Reti Gas S.p.A. and Edigas 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 facility services provided by Ascopiave S.p.A..
- towards Etra Energia S.r.l.:
 - o Trade receivables refer to the natural gas transportation service on the distribution network registered by AP Reti Gas S.p.A.;
 - o 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..
- towards ASM Set S.r.l.:
 - o Costs for goods relate to the purchase of gas with AP Reti Gas Rovigo S.r.l.;
 - o Revenues for services refer to revenues from gas transportation and distribution services with AP Reti Gas Rovigo S.r.l..

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 dated 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

(Thousands of Euro)	31.12.2023	of which related parties						31.12.2022	of which related parties									
		A	B	C	D	Total	%		A	B	C	D	Total	%				
ASSETS																		
Non-current assets																		
Goodwill	61,727							61,346										
Other intangible assets	704,627							698,397										
Tangible assets	156,475							138,432										
Shareholdings in controlled company	211,074			211,074		211,074	100.0%	358,029		358,029			358,029	100.0%				
Shareholdings in other company	97,257							78,257										
Other non-current assets	3,478							4,625										
Non current financial assets	2,507							2,868										
Advance tax receivables	39,301							39,252										
Non-current assets	1,276,446			211,074		211,074	16.5%	1,381,206		358,029			358,029	25.9%				
Current assets																		
Inventories	8,276							7,336										
Trade receivables	33,382	63	128	15,565		15,756	47.2%	20,104	80	214	8,250		8,544	42.5%				
Other current assets	80,831	174				174	0.2%	133,880	174				174	0.1%				
Current financial assets	1,743							820										
Tax receivables	4,017							4,100										
Cash and cash equivalents	52,083							76,917										
Current assets from derivative financial instruments	4,821							6,661										
Current assets	185,153	237	128	15,565		15,930	8.6%	249,818	254	214	8,250		8,717	3.5%				
Non-current assets held for sale	385							16,592										
Assets	1,461,984	237	128	226,639		227,004	15.5%	1,647,616	254	214	366,279		366,746	22.3%				
NET EQUITY AND LIABILITIES																		
Total Net equity																		
Share capital	234,412							234,412										
Own shares	(55,423)							(55,423)										
Reserves and result for the period	665,764							687,291										
Net equity of the Group	844,753							866,280										
Net equity of Others	9,529							20,123										
Total Net equity	854,282							886,403										
Non-current liabilities																		
Provisions for risks and charges	2,020							996										
Severance indemnity	4,751							5,011										
Outstanding medium- and long-term bonds	86,347							94,033										
Medium- and long-term bank loans	204,064							178,538										
Other non-current liabilities	39,360							37,458										
Non-current financial liabilities	7,448							7,368										
Deferred tax payables	17,618							19,608										
Non-current liabilities	361,608							343,012										
Current liabilities																		
Outstanding short-term bonds	7,708							0										
Payables due to banks and financing institutions	140,642							183,285										
Trade payables	73,026	16	7	67		90	0.1%	180,195	25	66	60,968		61,059	33.9%				
Tax payables	795							1,336										
Other current liabilities	22,114							17,507										
Current financial liabilities	1,562							34,911										
Current liabilities from derivative financial instruments	0							164										
Current liabilities	245,847	16	7	67		90	0.0%	417,398	25	66	60,968		61,059	14.6%				
Non-current liabilities held for sale	247							803										
Liabilities	607,702	16	7	67		90	0.0%	761,213	25	66	60,968		61,059	8.0%				
Net equity and liabilities	1,461,984	16	7	67		90	0.0%	1,647,616	25	66	60,968		61,059	3.7%				

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 2023	of which related parties						FY 2022	of which related parties					
		A	B	C	D	Total	%		A	B	C	D	Total	%
Revenues	180,794	164	340	(23,695)		(23,191)	-12.8%	163,651	152	390	(27,540)		(26,999)	-16.5%
- of which non-recurring								6,544			6,544		6,544	100.0%
Total operating income and costs	86,572	59	18	78	1,078	1,233	1.4%	85,765	64	765	48	1,253	2,130	2.5%
Purchase costs for other raw materials	2,265							2,876						
Costs for services	50,474	59	18	78	532	687	1.4%	50,968	64	765	48	205	1,082	2.1%
Costs for personnel	20,914				546	546	2.6%	20,550				1,048	1,048	5.1%
Other management costs	29,884							21,690						
Other income	16,965							10,319						
- of which non-recurring	13,558			13,558		13,558	100.0%	9,915			9,915		9,915	100.0%
Amortization and depreciation	48,232							45,975						
Operating result	45,990	105	322	(23,773)	(1,078)	(24,424)	-53.1%	31,911	88	(375)	(27,589)	(1,253)	(29,129)	-91.3%
Financial income	6,020							4,412						
Financial charges	13,950							6,223						
Evaluation of subsidiary companies with the net equity method	3,566			3,566		3,566	100.0%	7,871			(7,871)		(7,871)	100.0%
Earnings before tax	41,626	105	322	(20,207)	(1,078)	(20,858)	-50.1%	37,971	88	(375)	(19,718)	(1,253)	(21,258)	-56.0%
Taxes for the period	(5,005)							(6,999)						
Result for the period	36,621							30,972	88	(375)	(19,718)	(1,253)	(21,258)	-68.6%
Net result of assets held for sale	56							1,466						
Net result for the period	36,677							32,438	88	(375)	(19,718)	(1,253)	(21,258)	-65.5%
Group's Net Result	36,176							32,664						
Third parties Net Result	501							(226)						
Consolidated statement of comprehensive income														
1. Components that can be reclassified to the income statement														
- Fair value of derivatives, changes in the period net of tax	(3,180)							6,134						
- Fair value of derivatives relating to associated companies, changes in the period net of tax	(11,135)							(3,176)						
2. Components that can not be reclassified to the income statement														
- Actuarial (losses)/gains from remeasurement on defined-benefit obligations net of tax	(75)							310						
- Fair value valuation of investment in other companies	(3,300)							(669)						
Total comprehensive income	18,987							35,037						
Group's overall net result	18,472							35,104						
Third parties' overall net result	515							(67)						
Base income per share	0.167							0.151						
Diluted net income per share	0.167							0.151						

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				
	2023	A	B	C	D	Totale	2022	A	B	C	D	Totale
Net income of the Group	18,472						35,104					
Cash flows generated (used) by operating activities												
Adjustments to reconcile net income to net cash												
Third-parties operating result	515					0	(67)					0
Fair value of derivatives relating to associated companies, changes in the period net of tax	11,136					0	3,176					0
Fair value valuation of shareholdings in other companies	3,300					0	669					0
Changes in HA reserves for MTM derivatives	3,180					0	(6,134)					0
Variations in severance indemnity reserves	75					0	(310)					0
Amortization	48,232					0	45,975					0
Bad debt provisions	305					0	44					0
Depreciation of fixed assets	3,109					0	1,367					0
Variations in severance indemnity	(260)					0	(412)					0
Current assets / liabilities on financial instruments	(1,505)					0	(6,568)					0
Net variation of other funds	1,022					0	(698)					0
Evaluation of subsidiaries with the net equity method	(3,566)			(3,566)		(3,566)	(7,871)		(7,871)			(7,871)
Capital losses / (capital gains) on disposals of fixed assets	(2,144)					0	0					0
Capital losses / (capital gains) on the sale of shareholdings	(11,754)					0	(9,210)					0
Income from shareholdings	(4,228)					0	(4,307)					0
Other changes in the income statement that do not generate cash flows	0					0	(597)					0
Interests paid	(10,825)					0	(5,353)					0
Taxes paid	(1,484)					0	(12,926)					0
Interest expense for the period	13,950					0	6,676					0
Taxes for the period	5,005					0	6,999					0
Total adjustments	54,063					0	10,453					0
Variations in assets and liabilities												
Inventories	(940)					0	1,103					0
Accounts payable	(13,583)	17	86	(7,315)		(7,212)	10,215	(39)	(93)	9,867		9,735
Other current assets	53,049					0	(92,874)	11				11
Trade payables	(107,169)	41	(59)	61,035		61,017	143,950	15	6	59,858		59,879
Other current liabilities	(1,059)					0	(15,599)					0
Other non-current assets	1,146					0	2,539					0
Other non-current liabilities	2,149					0	3,630					0
Total adjustments and variations	(66,407)	58	27	53,720	0	53,805	52,963	(13)	(87)	69,725	0	69,625
Cash flows generated (used) by operating activities	6,128	58	27	50,154	0	53,805	98,520	(13)	(87)	61,854	0	61,754
Cash flows generated (used) by investments												
Investments in intangible assets	(91,792)					0	(61,719)					0
Realisable value of intangible assets	9,412					0	0					0
Investments in tangible assets	(25,785)					0	(25,181)					0
Realisable value of tangible assets	64					0	0					0
Acquisitions in shareholdings and advances	(54,418)					0	(21,843)					0
Disposal in shareholdings and advances	158,354					0	0					0
Dividends collected from subsidiaries companies	23,225					0	25,459					0
Cash flows generated/(used) by investments	49,060	0	0	0	0	0	(83,285)	0	0	0	0	0
Cash flows generated (used) by financial activities												
Net changes in short-term bank borrowings	(7,618)					0	(126,289)					0
Ignitions medium- and long-term bonds	0					0	69,851					0
Net variation in current financial assets and liabilities	(34,423)					0	22,458					0
Ignitions loans and mortgages	784,522					0	612,000					0
Redemptions loans and mortgages	(794,000)					0	(523,120)					0
Dividends distributed to Ascopiave S.p.A. shareholders'	(28,172)					0	(35,757)					0
Dividends distributed to third party shareholders	(331)					0	0					0
Cash flows generated (used) by financial activities	(80,022)	0	0	0	0	0	19,143	0	0	0	0	0
Variations in cash	(24,834)	0	0	0	0	0	34,378	0	0	0	0	0
Cash and cash equivalents at the beginning of the period	76,917	0	0	0	0	0	42,539	0	0	0	0	0
Cash and cash equivalents at the end of the period	52,083	0	0	0	0	0	76,917	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

Consolidated net financial debt

(Thousands of Euro)	FY	of which related parties						FY	of which related parties					
	2023	A	B	C	D	Total	%	2022	A	B	C	D	Total	%
A Cash and cash equivalents	52,083					0		76,917					0	
B Equivalent to cash and cash equivalents	0					0		0					0	
C Other current financial assets	3,818					0		6,492					0	
- of which related parties	0					0		0					0	
D Liquid assets (A) + (B) + (C)	55,900	0	0	0	0	0		83,409	0	0	0	0	0	
E Current financial liabilities (including debt instruments, but excluding the current portion of non-current financial debt)	(61,562)					0		(98,916)					0	
- of which related parties	0					0		0					0	
- of which debt instruments current part	0					0		0					0	
F Current portion of non-current financial debt	(88,350)					0		(119,280)					0	
- of which related parties	0					0		0					0	
G Current financial indebtedness (E) + (F)	(149,912)	0	0	0	0	0		(218,195)	0	0	0	0	0	
H Net current financial indebtedness (D) + (G)	(94,011)	0	0	0	0	0		(134,786)	0	0	0	0	0	
I Non-current financial debt (excluding the current portion and debt instruments)	(297,859)					0		(279,939)					0	
J Debt instruments	0					0		0					0	
K Trade payables and other non-current payables	0					0		0					0	
L Non-current financial indebtedness (I) + (J) + (K)	(297,859)	0	0	0	0	0		(279,939)	0	0	0	0	0	
M Net financial indebtedness (H) + (L)	(391,870)	0	0	0	0	0		(414,726)	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:

- Bim Piave Nuove energie S.r.l.

Group C - Associated and jointly controlled companies:

- Estenergy S.p.A. (Group), associate

Group D - other related parties:

- Board of Directors
- Auditors
- Strategic managers

Significant events after the end of the financial year 2023

Early termination of Prelios financing

In January 2024, the subsidiary Asco EG extinguished the loan signed with Prelios early. The residual debt recorded as at 31 December 2023, equal to Euro 9,043 thousand, was recorded among medium- and long-term loans for Euro 7,652 thousand and among payables to banks and short-term loans for Euro 1,391 thousand.

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 in which 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 sources by increasing its presence in this sector as well, in line with what is represented in the 2022-2026 strategic plan approved in early 2023.

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 2024

The Chairman of the Board of Directors
Nicola Ceconato



Ascopiave S.p.A.

ANNUAL FINANCIAL REPORT

as at 31 December 2023

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Foreword

In accordance with what is envisaged 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 envisaged by Article 2428 of the Italian Civil Code, with reference to Ascopiave S.p.A. financial statements.

Activities carried out by the Company

The company only carries out one type of activity, namely the management of participations and the provision of related services.

ASCOPIAVE S.p.A.

Statement of Financial Position

(Euro)	31.12.2023	31.12.2022
ASSETS		
Non-current assets		
Other intangible assets	(1) 3,640	6,685
Tangible assets	(2) 23,067,558	24,216,473
Shareholdings in controlled companies	(3) 936,710,291	1,054,002,001
Shareholdings in other companies	(3) 97,255,128	78,254,328
Other non-current assets	(4) 19,150	513,638
Non current financial assets	(5) 2,149,323	2,510,252
Advance tax receivables	(6) 1,169,519	1,080,793
Non-current assets	1,060,374,609	1,160,584,170
Current assets		
Trade receivables	(7) 5,208,295	13,727,613
Other current assets	(8) 8,593,456	6,252,146
Current financial assets	(9) 162,732,067	87,456,379
Tax receivables	(10) 2,606,258	2,323,381
Cash and cash equivalents	(11) 43,032,705	70,880,619
Current assets from derivative financial instruments	(12) 4,689,110	6,586,046
Current assets	226,861,891	187,226,183
ASSETS	1,287,236,500	1,347,810,352
NET EQUITY AND LIABILITIES		
Total Net equity		
Share capital	234,411,575	234,411,575
Own shares	(55,423,270)	(55,423,270)
Reserves and result for the period	659,456,530	659,072,109
Total Net equity	(13) 838,444,834	838,060,414
Non-current liabilities		
Provisions for risks and charges	(14) 871,337	474,621
Severance indemnity	(15) 214,675	211,770
Outstanding medium- and long-term bonds	(16) 86,346,777	94,032,829
Medium- and long-term bank loans	(17) 174,329,255	169,494,811
Other non-current liabilities	(18) 10,690	10,690
Non-current financial liabilities	(19) 71,438	43,094
Deferred tax payables	(20) 471,049	5,588
Non-current liabilities	262,315,222	264,273,403
Current liabilities		
Payables due to banks and financing institutions	(21) 137,165,022	181,888,200
Outstanding short-term bonds	(23) 7,708,060	
Trade payables	(22) 3,265,878	3,148,570
Other current liabilities	(23) 9,831,477	7,422,684
Current financial liabilities	(24) 25,759,209	51,864,991
Current liabilities from derivative financial instruments	(25) 2,746,799	1,152,090
Current liabilities	186,476,444	245,476,535
Liabilities	448,791,666	509,749,938
Net equity and liabilities	1,287,236,500	1,347,810,352

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		
	2023	2022	
Revenues	(26)	54,045,858	70,898,960
Other revenues		9,717,318	19,112,652
Distribution of dividends from controlled companies		44,328,540	51,786,308
Total operating income and costs		12,242,635	24,059,410
Costs for services	(27)	7,648,790	11,106,833
Costs for personnel	(28)	7,455,702	7,837,875
Other management costs	(29)	754,423	12,966,452
Other income	(30)	3,616,280	7,851,750
Amortization and depreciation	(31)	1,540,179	1,516,235
Operating result		40,263,044	45,323,315
Financial income	(32)	4,415,530	652,828
Financial charges	(32)	13,424,307	5,441,793
Write-down of shareholdings in controlled companies	(32)		306,278
Earnings before tax		31,254,267	40,228,072
Taxes for the period	(33)	4,524,403	1,565,155
Net result for the period		35,778,670	41,793,226
Statement of comprehensive income			
1. Components that can be reclassified to the income statement			
Fair value of derivatives, changes in the period net of tax		(3,964,016)	4,934,465
2. Components that can not be reclassified to the income statement			
Actuarial (losses)/gains from remeasurement on defined-benefit obligation net of tax		2,614	19,705
Fair value valuation of investment in other companies		(3,300,000)	(669,000)
Total comprehensive income		28,517,268	46,078,395

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 in the section 'Financial Statements presented in accordance with Consob Resolution 15519/2006' of this Annual Financial 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 1st January 2023	234,411,575	46,882,315	(55,423,270)	570,413,854	(17,016)	41,793,226	838,060,414
Result for the period						35,778,670	35,778,670
Other operations				(3,964,016)			(3,964,016)
Severance indemnity IAS 19 discounting of the financial year					2,614		2,614
Fair value valuation of investment in other companies				(3,300,000)			(3,300,000)
Total result of overall income statement				(7,264,016)	2,614	357,786,670	28,517,268
Allocation of 2022 result				41,793,226		(41,793,226)	(0)
Dividends distributed to Ascopiave S.p.A. shareholders				(28,172,300)			(28,172,300)
Long-term incentive plans				39,452			39,452
Balance as of 31th december 2023	234,411,575	46,882,315	(55,423,270)	576,809,946	(14,402)	35,778,670	838,444,834

	Share capital	Legal reserve	Own shares	Other reserves	Reserves IAS 19 actuarial differences	Net result for the period	Total net equity
Balance as of 1st 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)
Total result of overall income statement				4,265,465	19,705	41,793,226	46,078,395
Allocation of 2021 result				53,252,433		(53,252,433)	(0)
Dividends distributed to Ascopiave S.p.A. shareholders				(35,757,150)			(35,757,150)
Long-term incentive plans				73,565			76,565
Balance as of 31th december 2022	234,411,575	46,882,315	(55,423,270)	570,413,584	(17,016)	41,793,226	838,060,414

Cash flow statement

(Euro)	Financial Year	
	2023	2022
Total comprehensive income	28,517,268	46,078,395
Cash flows generated (used) by operating activities		
Adjustments to reconcile net income to net cash		
Changes in HA reserves for MTM derivatives	(13) 3,964,016	(4,934,465)
Changes in reserves on severance indemnity	(13) (2,614)	(19,705)
Fair value shareholdings in other companies	(13) 3,300,000	669,000
Amortization	(32) 1,540,179	1,516,235
Write-down of financial receivables	(30) 0	12,285,277
Variations in severance indemnity	(15) 5,519	(29,984)
Current assets / liabilities on financial instruments	(12;15) (472,371)	(343,753)
Net variation of other funds	(14) 436,168	154,502
Write-downs / (capital gains) on equity investments	(30) (3,608,694)	(7,402,108)
Interests paid	(10,882,915)	(5,888,879)
Interest expense for the period	(33) 13,424,307	5,900,393
Taxes paid	(452,570)	(8,259,112)
Taxes for the period	(34) (4,524,403)	(1,565,155)
Total adjustments	2,726,620	(7,917,803)
Variations in assets and liabilities		
Accounts payable	(7) 8,519,318	(10,325,374)
Other current assets	(8) (2,341,310)	110,312
Trade payables	(22) 117,308	588,773
Other current liabilities	(23) 4,880,709	11,304,744
Other non-current assets	(4) 494,488	(5,157)
Total variations in assets and liabilities	11,670,513	1,673,299
Cash flows generated (used) by operating activities	42,914,401	39,833,891
Cash flows generated (used) by investments		
Investments in tangible assets	(2) (388,219)	(384,738)
Disposal/(acquisitions) in shareholdings and avances	(3) 99,023,431	(43,650,194)
Cash flows generated/(used) by investments	98,635,213	(44,034,932)
Cash flows generated (used) by financial activities		
Net changes in debts due to other financiers	(24) 50,351	(67,331)
Net changes in short-term bank borrowings	(21) 94,133,274	(98,615,746)
Net variation in current and non-current financial assets and liabilities	(5;9;19;24) (74,886,415)	(39,552,162)
Net variation in current financial assets and liabilities vs subsidiary companies	(9;24) (26,522,437)	44,733,159
Ignitions outstanding medium/long-term bonds	(16) 0	69,851,462
Ignitions loans and mortgages	(17) 660,000,000	612,000,000
Redemptions loans and mortgages	(17) (794,000,000)	(517,000,000)
Dividends distributed to Ascopiave S.p.A. shareholders'	(13) (28,172,300)	(35,757,150)
Cash flows generated (used) by financial activities	(169,397,527)	35,592,233
Variations in cash	(27,847,913)	31,391,192
Cash and cash equivalents at the beginning of the period	70,880,619	39,489,427
Cash and cash equivalents at the end of the period	43,032,705	70,880,619

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 2023

Drafting criteria and expression of conformity with IFRS

The Financial Statements of Ascopiave S.p.A. as at 31 December 2023 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 at the financial statements date, 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 at 31 December 2022, except as described in the following paragraph Newly issued and endorsed accounting standards and interpretations effective from 1 January 2023. For comparative purposes, the schedules present a comparison with the balance sheet figures of the financial statements as at 31 December 2022.

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 2023 were approved by the Board of Directors of the Company on 7 March 2024.

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.

Newly issued and endorsed accounting standards and interpretations effective 1 January 2023

The newly issued accounting standards and interpretations that came into force on 1 January 2023 are summarised below:

IFRS 17 - Insurance Contracts (IFRS 4 - Insurance Contracts)

In May 2017, the International Accounting Standards Board (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 also issued amendments to IFRS 17 aimed at facilitating its implementation process and simplifying the way companies report their financial performance. Moreover, in June 2020, the IASB had issued amendments extending the expiration date of the temporary exemption from applying IFRS 9 to annual periods beginning on or after 1 January 2023, aligning it with the introduction of IFRS 17.

IAS 1 - Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting Policies

In February 2021, the International Accounting Standards Board (IASB) issued amendments to IAS 1 - Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting Policies. These amendments require companies to disclose information about accounting policies that are relevant to them rather than those that are material and provide guidance on how to apply the concept of materiality to accounting policy disclosures.

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, which clarifies how companies should distinguish between changes in accounting policies and changes in accounting estimates.

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 the deferred tax on such transactions.

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 and IFRS 9 - Comparative Disclosures, which provides a transition option relating to comparative disclosures about financial assets presented on initial application of IFRS 17. The amendment is intended to help entities avoid temporary accounting mismatches between financial assets and liabilities arising from insurance contracts, and thus improve the usefulness of comparative information.

IAS 12 - Income Taxes: International Tax Reform - Second Pillar Model Rules

In May 2023, the IASB issued amendments to IAS 12 - Income Taxes: International Tax Reform - Second Pillar Model Rules, to clarify the application of IAS 12 - Income Taxes to income taxes arising from tax laws enacted or substantially enacted to implement the Organisation for Economic Co-operation and Development (OECD)/G20 Inclusive Framework on Base Erosion and Profit Shifting (BEPS) second pillar model rules. These amendments introduce: (i) a temporary mandatory exception to the accounting for deferred taxes arising from the jurisdictional implementation of Pillar 2 model rules, which was effective immediately after the issuance of the amendment, and (ii) disclosure requirements for affected entities to help users of financial statements better understand an entity's exposure to Pillar 2 income taxes arising from that legislation, particularly prior to the effective date of the Pillar 2 model rules, which apply to annual reporting periods beginning on or after 1 January 2023, but not for interim periods ending on or before 31 December 2023.

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.

Accounting standards not yet applicable

The following new standards, amendments and interpretations are effective on or after 1 January 2024. The Company does not expect any impact from the adoption of these 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 the classification of payables and other liabilities as current or non-current. In particular, the amendments issued focus on 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.

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.

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 gain or loss that relates to the right of use it retains. The amendments enter into force on 1 January 2024.

IAS 7 - Cash Flow Statements and IFRS 7 - Financial Instruments: Disclosures: Supplier Finance Arrangements

In May 2023, the IASB issued amendments to IAS 7 - Statement of Cash Flows and IFRS 7 - Financial Instruments: Disclosures: Supplier Finance Arrangements, which introduce new requirements to improve the disclosure of information about Supplier Finance Arrangements and are intended to assist users in understanding the effects of Supplier Finance Arrangements on liabilities, cash flows and exposure to liquidity risk. The amendments become effective on or after 1 January 2024.

IAS 21 - The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability

In August 2023, the IASB issued amendments to IAS 21 - The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability, to clarify how an entity should apply a consistent approach in assessing whether foreign currency conversions are possible, determining the exchange rate to be used and the disclosures to be made. The amendments take effect on or after 1 January 2025.

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, 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.

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	8.3% - 8.5%
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 if 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 are no expected future economic benefits 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 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, 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).

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 reveal situations in which the value recorded in the financial statements may differ from the value of the total shareholders' 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 were 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 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 estimated realisable value through the recognition of 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, deposits payable on demand, 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.

The fair value valuation of these contracts is performed using pricing models and based on observable market data as at 31 December 2023.

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 are not observable in the market, or using only internal estimates.

As at 31 December 2023, the Company held one type of financial instruments on interest rates and commodities, traceable to the level 2 hierarchy, and a second type traceable to the level 3 hierarchy on the fair value valuation of investments in other companies Acinque 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. 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 at 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 the 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 2023, 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 allocations in the period as the benefits will vest at the end of the period. Said remuneration plans are accounted in line with the requirements of IFRS 2.

For more details on remuneration disbursed 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:

- 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 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.

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.

In relation to the corporate income tax (IRES), AP Reti Gas Nord Est S.r.l. has exercised the option for the national tax consolidation scheme pursuant to articles 117/129 of the Consolidated Income Tax Act (T.U.I.R.) for the three-year period 2021 - 2023, AP Reti Gas S.p.A, AP Reti Gas Rovigo S.r.l., AP Reti Gas Vicenza S.p.A., Edigas Esercizio Distribuzione Gas S.p.A. for the three-year period 2022 - 2024, Asco EG S.p.A., Asco Renewables S.p.A., Cart Acqua S.r.l. Green Factory S.r.l., Romeo Gas S.p.A., Salinella Eolico S.r.l. and Serenissima Gas S.p.A. for the three-year period 2023 - 2025. 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.

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 charges 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:

	31.12.2023			31.12.2022		
	Historic cost	Accumulated depreciation	Net value	Historic cost	Accumulated depreciation	Net value
<i>(Thousands of Euro)</i>						
Industrial patent and intellectual property rights	3,279	(3,276)	4	3,279	(3,273)	7
Concessions, licences, trademarks and similar rights	52	(52)	0	52	(52)	0
Other intangible assets	12	(12)	0	12	(12)	0
Other intangible assets	3,343	(3,339)	4	3,343	(3,336)	7

The following table shows the changes in other intangible assets in the years considered:

	31.12.2022					31.12.2023
	Net value	Change for the period	Decrease	Amortizations during the period	Depreciations	Net value
<i>(Thousands of Euro)</i>						
Industrial patent and intellectual property rights	7	0	0	3	0	4
Concessions, licences, trademarks and similar rights	0	0	0	0	0	0
Other intangible assets	0	0	0	0	0	0
Other intangible assets	7	0	0	3	0	4

	31.12.2021					31.12.2022
	Net value	Change for the period	IFRS 5 reclassification	Amortizations during the period	Depreciations of accumulated depreciation	Net value
<i>(Thousands of Euro)</i>						
Industrial patent and intellectual property rights	10	0	0	3	0	7
Concessions, licences, trademarks and similar rights	0	0	0	0	0	0
Other intangible assets	0	0	0	0	0	0
Other intangible assets	10	0	0	4	0	7

Industrial Patent and Intellectual Property Rights

During the year, the item 'industrial patents and intellectual property rights' did not change except for amortisation charges of Euro 3,000.

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)	31.12.2023			31.12.2022		
	Historic cost	Accumulated depreciation	Net value	Historic cost	Accumulated depreciation	Net value
Lands and buildings	37,961	(17,320)	20,641	37,933	(16,264)	21,668
Plant and machinery	2,671	(1,630)	1,041	2,636	(1,493)	1,143
Industrial and commercial equipment	179	(172)	7	179	(171)	8
Other tangible assets	10,985	(9,932)	1,053	10,915	(9,668)	1,247
Tangible assets in progress and advance payments	138	0	138	0	0	0
Rights of use	539	(352)	187	478	(328)	150
Other tangible assets	52,473	(29,405)	23,068	52,140	(27,924)	24,216

The following table shows the changes in tangible fixed assets that occurred during the financial years considered:

(Thousands of Euro)	31.12.2022					31.12.2023
	Net value	Change for the period	Decrease	Amortizations during the period	Depreciations	Net value
Lands and buildings	21,668	28	0	1,056	0	20,641
Plant and machinery	1,143	36	0	137	0	1,041
Industrial and commercial equipment	8	(0)	0	1	0	7
Other tangible assets	1,247	70	0	264	0	1,053
Tangible assets in progress and advance payments	0	138	0	0	0	138
Rights of use	150	116	56	79	56	187
Other tangible assets	24,216	388	56	1,537	56	23,068

(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	0	1,060	0	21,668
Plant and machinery	1,242	21	0	121	0	1,143
Industrial and commercial equipment	8	2	0	1	0	8
Other tangible assets	1,125	360	0	238	0	1,247
Rights of use	243	0	0	93	0	150
Other tangible assets	25,344	385	0	1,513	0	24,216

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 28 thousand and the depreciation charge for the year amounted to Euro 1,056 thousand.

Plant and machinery

Plant and machinery went from Euro 1,143 thousand in the previous year to Euro 1,041 thousand in the year under review, recording capital expenditure of Euro 36 thousand. Depreciation recorded during the year amounted to Euro 137 thousand.

Industrial and commercial equipment

The item 'Industrial and commercial equipment' did not record any investments during the year. Depreciation for the year amounted to Euro 1 thousand.

Other Assets

The item 'Other assets' recorded investments during the year of Euro 70,000, mainly explained by costs incurred for the purchase of hardware and telephony, and the depreciation charge for the year amounted to Euro 264,000.

Tangible fixed assets under construction and advances

This item mainly includes costs incurred for extraordinary maintenance work on company premises and/or peripheral warehouses. During the year, the item recorded investments for Euro 138 thousand.

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 vehicle rental. During the year, this item recorded investments in the amount of Euro 116,000 and depreciation in the amount of Euro 79,000.

3. Participations

The following table summarises the shareholdings held by Ascopiave S.p.A. as at 31 December 2023:

Name	Location	Paid-up capital	Total net equity	Result for the year	%	Book value
Controlled companies						
AP Reti Gas S.p.A.	Pieve di Soligo (TV)	1,000,000	311,612,836	12,810,577	100%	298,740,636
AP Reti Gas Nord Est S.r.l.	Padova (PD)	15,000,000	136,278,895	64,460	100%	1,693,585
AP Reti Gas Rovigo S.r.l.	Rovigo (RO)	7,000,000	20,458,012	1,482,802	100%	14,964,474
AP Reti Gas Vicenza S.p.A.	Pieve di Soligo (TV)	10,000,000	14,657,798	(963,055)	100%	16,300,000
Edigas Esercizio Distribuzione Gas S.p.A.	Pieve di Soligo (TV)	3,000,000	67,810,280	7,373,789	100%	66,090,648
Romeo Gas S.p.A.	Pieve di Soligo (TV)	27,664,637	65,695,428	1,270,569	100%	82,478,345
Asco Renewables S.p.A.	Pieve di Soligo (TV)	100,000	862,238	(101,198)	100%	1,033,046
Cart Acqua S.r.l.	Pieve di Soligo (TV)	50,000	3,918,648	90,965	100%	8,000,000
Asco EG S.p.A.	Pieve di Soligo (TV)	54,001,422	60,951,295	3,240,136	84.17%	56,592,177
Total controlled companies						713,557,857
Name	Location	Paid-up capital	Total net equity	Result for the year	%	Book value
Joint companies						
Estenergy S.p.A.	Trieste (TS)	299,925,761	519,751,036	14,401,272	25%	223,152,434
Total joint companies						223,152,434
Name	Location	Paid-up capital	Total net equity	Result for the year	%	Book value
Other companies						
Banca Prealpi SanBiagio Credito Cooperativo - Soc. Coop.	Tarzo (TV)	9,942,008				528
Hera Comm S.p.A.	Imola (BO)	53,595,899			3%	53,331,000
Acantho S.p.A.	Imola (BO)	27,094,468			11.35%	22,300,800
Acinque S.p.A.	Monza (MB)	197,343,805			5%	21,622,800
Total other companies						97,255,128

At the end of the financial year, participations in subsidiary and associated companies totalled Euro 936,710,000, a decrease of Euro 117,291,000 compared to the previous year. The item includes shareholdings in subsidiaries for Euro 713,558,000 and associates for Euro 223,152,000.

Equity investments in subsidiaries recorded an increase over the previous year of Euro 16,600 thousand. The increases are related to the purchase of the minority share of Romeo Gas S.p.A. and the increase in Asco Renewables S.p.A..

On 19 December 2023, the deed of merger by incorporation of the companies Eosforo S.r.l., Sangineto Energie S.r.l., Morina S.r.l. and Asco Energy S.p.A. into Asco Renewables S.p.A. was signed. Consequently, the equity investments recorded at the end of the previous year in these companies were reclassified as an increase in the value of the investment in Asco Renewables S.p.A..

The merger became effective for civil law purposes, pursuant to Article 2504 bis, paragraph 2, of the Italian Civil Code, as at 11.59 p.m. on 31 December 2023, after registration of the merger deed at the competent Company Registry. The accounting and tax effects took effect on 1 January 2023.

Equity investments in associated companies represent the equity investment held in EstEnergy S.p.A.. We report that during the year Ascopiave S.p.A. partially exercised its put option and on 10 November 2023 an agreement was signed with the Hera Group for the sale to the latter of a 15% share of Estenergy S.p.A. capital. The sale led to a decrease in the item for Euro 133,891 thousand and the realisation of a capital gain of Euro 3,609 thousand.

It should be noted that the settlement sums were disbursed in November 2023.

As a result of the partial transfer of shares, Ascopiave S.p.A. now holds 25% of the share capital of Estenergy S.p.A., while the Hera Group holds 75%.

Estenergy S.p.A. is active in the marketing of natural gas and electricity commodities.

Equity investments in other companies amounted to Euro 97,255,000.

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, 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 5,106 thousand, (of which Euro 3,300 thousand at year-end 2023) and the residual holdings, amounting to Euro 1 thousand, relating to the shares in Banca Prealpi SanBiagio Credito Cooperativo - Soc. Coop.

On 14 March 2023, Ascopiave S.p.A. and the Hera Group, through their subsidiary Acantho S.p.A., finalised the acquisition of 92% of the shares of Asco TLC S.p.A., with 36.8% and 55.2% stakes, respectively.

The closing followed the adjudication at the end of November 2022 of the public tender procedure called by Asco Holding S.p.A. for the sale of 92% of the shares of Asco TLC S.p.A., held by Asco Holding S.p.A. itself and by the C.C.I.A.A. of Treviso-Belluno, and the subsequent signing on 29 December 2022 of the related contractual documentation between the Hera Group and the Ascopiave Group.

On 27 July 2023, the Hera Group and Ascopiave S.p.A. approved the merger by incorporation of the latter into Acantho S.p.A. at the extraordinary general meetings of the subsidiaries Acantho S.p.A. and Asco TLC S.p.A.. The merger took effect on 1 October 2023.

Following the transaction, the shareholders of Acantho S.p.A. hold the following shares: Hera S.p.A. 70.16%, Con.AMI 16.84%, Ascopiave 11.35%, Province of Treviso 1.65%.

Following these transactions, Ascopiave S.p.A. posted the shareholding in Acantho S.p.A. at a value of Euro 22,301 thousand.

We report 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.. At year-end, these options were not valued in the financial statements because their fair value was lower than the current recoverable value of the equity investments.

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 2023 and approved by the Boards of Directors of the investee companies.

Comparison of the carrying value of investments in subsidiaries and associates with the Company's share of the value of those investments reveals situations in which the carrying value exceeds the total equity of the investee as at 31 December 2023.

Ascopiave S.p.A. is a holding company that carries out strategic management and coordination activities for the Ascopiave Group. In accordance 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 related to the central activities of Ascopiave S.p.A. that were not allocated to the cash generating unit (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 S.p.A., 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 Efficiency 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 S.p.A., the cash flows used incorporate the forecasts formulated by management for the company for the period 2024-2027. The terminal value was determined as an estimate of a perpetuity starting from the results forecast for 2027.

In conclusion, the recoverable value thus determined is higher than the book values and therefore the conditions for impairment of the investments do not exist.

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)	31.12.2023	31.12.2022
Security deposits	19	514
Other non-current assets	19	514

Other non-current assets decreased from Euro 514,000 in the financial year 2022, to Euro 19,000 in the financial year 2023, a decrease of Euro 495,000. The item includes guarantee deposits disbursed to third counterparties. The change recorded at year-end is mainly explained by the return of a security deposit disbursed to the municipality of Schio.

5. Non-current Financial Assets

Non-current financial assets amounted to Euro 2,149,000, as shown in the table below:

(Thousands of Euro)	31.12.2023	31.12.2022
Other receivables of a financial nature over 12 months	2,149	2,510
Non-current financial assets	2,149	2,510

The item includes financial receivables recognised against local entities 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 increased from Euro 1,081 thousand to Euro 1,170 thousand, an increase of Euro 89 thousand, as shown in the following table, which shows the balances in the two years under comparison:

(Thousands of Euro)	31.12.2023	31.12.2022
Advance tax receivables	1,170	1,081
Advance tax receivables	1,170	1,081

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 determining 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% was applied.

The total value of temporary differences and the related amounts on which deferred tax assets have been recognised are shown below:

Description	31.12.2023			31.12.2022		
	Temporary differences	Tax rate	Total effect	Temporary differences	Tax rate	Total effect
Depreciation in excess of IRES	3,773	24.0%	906	3,897	24.0%	935
Personnel incentive	929	24.0%	223	590	24.0%	142
Directors fees	169	24.0%	41	16	24.0%	4
Allocation of bad debt provisions	1	24.0%	0	1	24.0%	0
Total advance taxes			1,170			1,081

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)	31.12.2023	31.12.2022
Receivables from customers	1,996	6,829
Receivables for invoices to be issued	3,213	6,900
Bad debt provisions	(0)	(1)
Trade receivables	5,208	13,728

Trade receivables are shown net of advances received and are mainly related to the invoicing of administrative, financial, legal and IT services held with companies belonging to the Ascopiave Group.

Trade receivables decreased from Euro 13,728 thousand in the previous year to Euro 5,208 thousand in the year under review, posting a decrease of Euro 8,520 thousand. The change is mainly explained by the posting, in the previous year, of the receivable claimed from 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. The contractual penalties had led to the posting of receivables, as at 31 December 2023, equal to Euro 6,544 thousand.

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)	31.12.2023	31.12.2022
Gross trade receivable invoices issued	1,996	6,829
- allowance for doubtful accounts	(0)	(1)
Net trade receivables for invoices issued	1,996	6,828
Aging of trade receivables for invoices issued		
- to expire	1,669	6,455
- expired within 6 months	327	328
- overdue by 6 to 12 months	78	46
- expired more than 12 months	0	1
- expired more than 5 years	0	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)	31.12.2023	31.12.2022
Tax consolidation receivables	2,438	151
Annual pre-paid expenses	220	606
Advance payments to suppliers	196	191
UTF and Provincial/Regional Additional Tax receivables	40	40
Other receivables	5,052	5,263
Other current assets	8,593	6,252

Other current assets increased by Euro 2,341 thousand, from Euro 6,252 thousand in 2022 to Euro 8,593 thousand in 2023. The increase is mainly explained by higher receivables related to the tax consolidation for Euro 2,287 thousand, by the VAT receivable for Euro 644, partially offset by lower prepaid expenses for Euro 386 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, which 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)	31.12.2023	31.12.2022
Financial receivables from subsidiaries and associates	161,755	86,646
Other financial current assets	977	810
Current financial assets	162,732	87,456

Current financial assets amounted to Euro 162,732 thousand, recording an increase of Euro 75,276 thousand 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 subsidiaries so that they can meet their financial requirements.

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)	31.12.2023	31.12.2022
AP Reti Gas Rovigo S.r.l. centralized treasury account	12,920	7,342
Edigas Esercizio Distribuzione Gas S.p.A. centralized treasury account	9,703	17,851
Ap reti Gas S.p.A. centralized treasury account	22,591	
AP Reti Gas Vicenza S.p.A. centralized treasury account	34,664	19,909
AP Reti Gas Nord Est S.r.l. centralized treasury account	21,516	
Asco Renewables S.p.A. centralized treasury account	23,992	6,615
Eosforo S.r.l. centralized treasury account		3,255
Morina S.r.l. centralized treasury account		2,769
Sanginetto Energie S.r.l. centralized treasury account		1,744
Salinella Eolico S.r.l. centralized treasury account	9,638	9,206
Romeo Gas S.p.A. centralized treasury account	14,806	7,993
Serenissima Gas S.p.A. centralized treasury account	4,921	8,616
Green Factory S.r.l. centralized treasury account	7,005	807
Asco Energy S.p.A. centralized treasury account		539
Financial receivables from subsidiaries	161,755	86,646

The change in receivables from subsidiaries shows an increase in loans granted at year-end of Euro 75,109,000.

At the end of the previous year, a bad debt provision of Euro 12,285 thousand was recognised in connection with the receivable due from the related company Asco Renewables S.p.A.. During the year 2023, the Company waived the receivable disbursed to the subsidiary in order to settle the losses incurred by the same at the end of the year 2022. Consequently, the provision for bad debts of a financial nature was reclassified as a reduction of the investment.

10. Tax Credits

The table below shows the composition of tax receivables at the end of each year considered:

(Thousands of Euro)	31.12.2023	31.12.2022
Receivables related to IRAP	283	283
Receivables related to IRES	623	1,984
Other tax receivables	1,700	56
Tax receivables	2,606	2,323

Tax receivables amounted to Euro 2,606,000 and increased by Euro 283,000 compared to FY 2022. The item mainly includes the residual receivable, after deducting taxes pertaining to the year 2023, of IRAP and IRES advances. It should be noted that the change in other tax receivables is mainly explained by the recognition of tax receivables related to the super bonus amounting to Euro 1,650 thousand. For further information, please refer to the litigations section of this annual financial report.

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)	31.12.2023	31.12.2022
Bank and post office deposits	43,029	70,876
Cash and cash equivalents on hand	4	5
Cash and cash equivalents	43,033	70,881

This item includes current accounts opened at banks and cash at bank. Cash and cash equivalents at the end of the year amounted to Euro 43,033,000, a decrease of Euro 27,848,000 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)	31.12.2023	31.12.2022
Current assets on electricity derivatives	2,747	1,152
Current assets on interest rates derivatives	1,942	5,434
Current assets from derivative financial instruments	4,689	6,586

The item at year-end amounted to Euro 4,689,000, a decrease of Euro 1,897,000 compared to the year 2022. Current assets on derivative financial instruments mainly refer to interest rate hedging contracts entered into by Ascopiave S.p.A.. In addition, there are current assets on derivative financial instruments related to hedging contracts on the price of electricity produced by the hydroelectric and wind power plants of Asco EG S.p.A. and Salinella Eolico S.r.l..

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 the loans taken out by the Company are represented by the fair value of the following derivatives outstanding at 31 December 2023, the financial manifestation of which will be broken down according to the underlying duration:

#	Counterpart	Type of instrument	Underlying Commodity	Trade date	Effective date	Expiry date	Position	Contractual notion	MtM (€/000)
1	Mediobanca	Interest Rate Swap	Euribor 3M	23-Dec-21	23-Dec-21	23-Dec-26	Vanilla: Fixed - Float	13,333,334 €	655
2	Mediobanca	Interest Rate Swap	Euribor 3M	02-Dec-20	02-Dec-20	02-Dec-25	Vanilla: Fixed - Float	13,333,333 €	570
3	BNL	Interest Rate Swap	Euribor 6M	09-Aug-19	09-Feb-20	09-Feb-25	Vanilla: Fixed - Float	9,000,000 €	345
4	Credit Agricole	Interest Rate Swap	Euribor 6M	31-Mar-22	31-Mar-22	31-Mar-27	Vanilla: Fixed - Float	7,000,000 €	281
5	Credit Agricole	Interest Rate Swap	Euribor 6M	27-Sep-19	01-Oct-19	27-Sep-24	Vanilla: Fixed - Float	3,000,000 €	92
6	Intesa Sanpaolo	Commodity Swap	Power IT Baseload	13-Oct-23	01-Jan-24	31-Dec-24	Sell/Short	17,568 Mwh	801
7	Intesa Sanpaolo	Commodity Swap	Power IT Baseload	14-Jun-23	01-Jan-24	31-Dec-24	Sell/Short	8,784 Mwh	405
8	Intesa Sanpaolo	Commodity Swap	Power IT Baseload	22-May-22	01-Jan-24	31-Mar-24	Sell/Short	4,366 Mwh	221
9	Intesa Sanpaolo	Commodity Swap	Power IT Baseload	22-May-22	01-Apr-24	30-Jun-24	Sell/Short	6,552 Mwh	187
10	Intesa Sanpaolo	Commodity Swap	Power IT Baseload	05-Aug-22	01-Oct-23	31-Dec-23	Sell/Short	0 Mwh	175
11	Intesa Sanpaolo	Commodity Swap	Power IT Baseload	14-Jun-23	01-Jan-24	31-Mar-24	Sell/Short	2,183 Mwh	130
12	Intesa Sanpaolo	Commodity Swap	Power IT Baseload	13-Oct-23	01-Oct-24	31-Dec-24	Sell/Short	2,209 Mwh	96
13	Intesa Sanpaolo	Commodity Swap	Power IT Baseload	13-Oct-23	01-Apr-24	30-Jun-24	Sell/Short	2,184 Mwh	92
14	Intesa Sanpaolo	Commodity Swap	Power IT Baseload	22-May-22	01-Oct-24	31-Dec-24	Sell/Short	2,209 Mwh	69
15	Intesa Sanpaolo	Commodity Swap	Power IT Baseload	22-May-22	01-Oct-24	31-Dec-24	Sell/Short	2,209 Mwh	67
16	Intesa Sanpaolo	Commodity Swap	Power IT Baseload	20-Apr-22	01-Jan-23	31-Dec-23	Sell/Short	0 Mwh	66
17	Intesa Sanpaolo	Commodity Swap	Power IT Baseload	14-Jun-23	01-Oct-23	31-Dec-23	Sell/Short	0 Mwh	65
18	Intesa Sanpaolo	Commodity Swap	Power IT Baseload	22-May-22	01-Jul-24	30-Sep-24	Sell/Short	2,208 Mwh	64
Total									4,381

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)	31.12.2023	31.12.2022
Share capital and reserves	802,666	796,267
Net Result for the period	35,779	41,793
Total Net equity	838,445	838,060

The breakdown of shareholders' equity is shown below:

(Thousands of Euro)	31.12.2023	31.12.2022
Share capital	234,412	234,412
Legal reserve	46,882	46,882
Own shares	(55,423)	(55,423)
Reserves	576,810	570,414
Reserve for severance pay discount ias 19	(14)	(17)
Net Result for the period	35,779	41,793
Total Net equity	838,445	838,060

Equity as at 31 December 2023 amounted to Euro 838,445 thousand, an increase of Euro 385 thousand compared to 31 December 2022.

The changes 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 18 April 2023. In fact, the Shareholders' Meeting resolved to distribute an ordinary dividend of Euro 0.13 per share. The ordinary dividend was paid on 4 May 2023, with ex-dividend date 2 May 2023 and *record date* 3 May 2023.

Pursuant to Article 40, Legislative Decree 127, paragraph 2d), it is acknowledged that as at 31 December 2023, the Company held 17,701,578 treasury shares for a value of Euro 55,423 thousand (Euro 55,423 thousand as at 31 December 2022), 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 against possible fluctuations in interest rates. The same, as at 31 December 2023, shows a positive balance of Euro 1,183 thousand. It should be noted that as at the closing date of this annual financial report, effects released to the income statement have matured for Euro 3,517 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 2023 are shown in the tables below:

Shares in circulation as of 31st December 2022 and 31st December 2023

(Number of shares)	31.12.2023	31.12.2022
Number of shares from shareholders' capital	234,412	234,412
Number of shares in portfolio	(17,702)	(17,702)
Total number of shares in circulation	216,710	216,710

Value of the shares in circulation (Thousands of Euro)

	31.12.2023	31.12.2022
Ordinary shares	234,412	234,412
Own shares in portfolio	(55,423)	(55,423)
Total value of shares in circulation	178,988	178,988

Gains (losses) recognised directly in equity

As at 31 December 2023, losses of Euro 5,790,000 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 14 thousand related to the Employee Severance Indemnity and Euro 5,776 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 distribution 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	-	-		
CAPITAL RESERVES					
Share premium fund	171,613	A, B, C	171,613		
Own shares	(55,423,270)	-	-		
EARNINGS RESERVES					
Legal reserve	46,882,315	B	-		
Other reserve	608,141,508	A, B, C	608,141,508		
Profit/(loss) carried forward	(31,517,576)	A, B, C	(31,517,576)		
Total	802,666,164		576,795,544		
Portion non available					
Residual value of available portion			576,795,544		

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 envisaged 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)	31.12.2023	31.12.2022
Provisions for pension for gas sector employees	871	475
Provisions for risks and charges	871	475

The increase in the provision for risks and charges amounting to Euro 396,000 is mainly explained by the recognition of 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 st January 2023	212
Retirement allowance	(320)
Payments for current services and work	319
Actuarial loss/(profits) of the period	4
Severance indemnity as of 31th December 2023	215

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 2023 is 3.17% (3.77% at 31 December 2022).

The main other assumptions of the model are:

- mortality rate: IPS55 survival table
- Incapacity rates: INPS tables year 2000
- staff turnover rate: 3.00%
- discount rate: 3.17%
- annual probability rate of advance payment of severance pay: 2.00%
- rate of salary increase: 1.50 per cent
- inflation rate: 2.50%

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 for labour services is recorded under personnel expenses, while the *interest cost* is recorded under financial income and expenses in the amount of Euro 7,000.

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)	31.12.2023	31.12.2022
Outstanding medium- and long-term bonds	86,347	94,033
Outstanding medium- and long-term bonds	86,347	94,033

As part of the private placement "Shelf" programme with Pricoa Capital Group, a company of the US group Prudential Financial Inc., Ascopiave S.p.A., as at 31 December 2023, has in place a first placement of ordinary non-convertible and unsecured bonds for Euro 25 million, with a maturity of 10 years and an average duration of 8 years, and a second for Euro 70 million, with a maturity of 10 years and an average duration of 6 years.

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)	31.12.2023	31.12.2022
Loans from Banca Prealpi SanBiagio	4,576	5,412
Loans from European Investment Bank	1,250	2,500
Loans from INTESA SAN PAOLO S.P.A.	63,609	10,000
Loans from BPER	16,150	22,384
Loans from BANCO BPM	15,051	21,009
Loans from BNL	16,750	25,250
Loans from Cassa Centrale Banca-Credito Coop.	21,951	25,525
Loans from CREDIT AGRICOLE FRIULADRIA	5,013	10,025
Loans from MEDIOBANCA	15,556	26,667
Loans from ICCREA	14,425	20,722
Medium-and long-term bank loans	174,329	169,495
Current portion of medium and long-term bank loans	77,165	117,888
Medium and long-term bank loans	251,494	287,383

Medium and long-term loans, represented at 31 December 2023 by payables to: Intesa Sanpaolo for Euro 90,000 thousand, Mediobanca for Euro 26,667 thousand, Cassa Centrale Banca for Euro 26,487 thousand, BNL for Euro 25,250 thousand, BPER for Euro 22,384 thousand, Banco BPM for Euro 21,000 thousand, Iccrea Banca for Euro 22.263 thousand, of Credit Agricole Friuladria for Euro 10,000 thousand, of BCC Prealpi-Sanbiagio for Euro 5,481 thousand, go from Euro 287,383 thousand as at 31 December 2022 to Euro 251,494 thousand, with a decrease of Euro 35,889 thousand, explained by the payment of instalments.

In particular, details of the nominal outstanding debt of the individual contracts are given below:

- The loan with Intesa Sanpaolo, disbursed in December 2023 for a total of Euro 80,000 thousand, equal to the residual debt as at 31 December 2023, sees the recognition of Euro 16,000 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, disbursed in September 2022 for a total of Euro 30,000 thousand, shows a residual debt as at 31 December 2023 of Euro 22,384 thousand, with the recognition of Euro 6,234 thousand among payables to banks and short-term loans; the contract envisages 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 Cassa Centrale Banca, disbursed in March 2022 for a total of Euro 30,000 thousand, presents a residual debt as at 31 December 2023 equal to Euro 26,487 thousand, with the recognition of Euro 4,482 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 Banco BPM, disbursed in May 2022 for a total of Euro 30,000 thousand, has a residual debt at 31 December 2023 of Euro 21,000 thousand, with Euro 6,000 thousand recognised 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 Iccrea Banca, disbursed in June 2022 for a total of Euro 30,000 thousand, shows a residual debt of Euro 22,263 thousand as at 31 December 2023, with Euro 7,848 thousand recognised under bank borrowings and short-term loans;
- the loan with Intesa Sanpaolo, disbursed in November 2019 for a total of Euro 50,000 thousand, presents a residual debt equal to Euro 10,000 thousand as at 31 December 2023, entirely recognised 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 Mediobanca, disbursed in December 2020 for a total of Euro 30,000 thousand, presents a residual debt of Euro 13,333 thousand as at 31 December 2023, with the recognition of Euro 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 Euro 20,000 thousand, presents a residual debt of Euro 13,333 thousand as at 31 December 2023, with the recognition of Euro 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 Euro 30,000 thousand, has a residual debt as at 31 December 2023 of Euro 16,250 thousand, with the recognition of Euro 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 Euro 30,000 thousand, presents a residual debt as at 31 December 2023 of Euro 9,000 thousand, with the recognition of Euro 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 equal to Euro 30,000 thousand, presents a residual debt as at 31 December 2023 equal to Euro 3,000 thousand, entirely recognised among bank borrowings 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 Crédit Agricole Friuladria, disbursed in March 2022 for a total of Euro 10,000 thousand, has a residual debt as at 31 December 2023 of Euro 7,000 thousand, with the recognition of Euro 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 at 31 December 2023 equal to Euro 2,500 thousand, with the recognition of Euro 1,250 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 BCC Prealpi SanBiagio/Cassa Centrale Banca, disbursed at the beginning of 2018 for an amount of Euro 10,000 thousand, presents a residual debt as at 31 December 2023 equal to Euro 5,481 thousand, with the recognition of Euro 906 thousand among payables to banks 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 the European Investment Bank, 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)	31.12.2023
Financial Year 2024	77,165
Financial Year 2025	58,959
Financial Year 2026	48,357
Financial Year 2027	32,017
Beyond 31 st December 2027	34,996
Medium- and long-term bank loans	251,494

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)	31.12.2023	31.12.2022
Security deposits	11	11
Other non-current liabilities	11	11

Other non-current liabilities, amounting to Euro 11,000, did not change during the year under review.

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)	31.12.2023	31.12.2022
Debts for rights of use beyond 12 months	71	43
Non-current financial liabilities	71	43

Non-current financial liabilities increased by Euro 28 thousand from Euro 43 thousand in 2022 to Euro 71 thousand in the year under review. 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 this item at the end of the financial years considered:

(Thousands of Euro)	31.12.2023	31.12.2022
Deferred tax payables	471	6
Deferred tax payables	471	6

Deferred taxes amounted to Euro 471,000, an increase of Euro 465,000 compared to the previous year. The Company has fully accounted for deferred taxes related to temporary differences between fiscally relevant values and balance sheet values. In calculating deferred taxes, reference was made to the IRES (corporate income tax) rate and, where

applicable, to the IRAP rate in force at the time the temporary differences are expected to be reversed. In particular, the IRES rate of 24% and the IRAP rate of 4.2% were applied.

The total value of temporary differences and the related amounts on which deferred tax liabilities have been recognised are shown below:

Description	31.12.2023			31.12.2022		
	Temporary differences	Tax rate	Total effect	Temporary differences	Tax rate	Total effect
Derivatives	1,648	28.2%	465	0	28.2%	0
Other	27	24.0%	6	23	24.0%	6
Total deferred tax payables			471			6

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)	31.12.2023	31.12.2022
Payables due to banks	60,000	64,005
Current portion of medium-long-term loans	77,165	117,888
Payables due to banks and financing institutions	137,165	181,888

At year-end 2023, short-term bank debt consisted of short-term bank loans and current account balances opened with credit institutions in the amount of Euro 60,000 thousand and the short-term portion of loans in the amount of Euro 77,165 thousand. The overall decrease of Euro 44,723,000 is mainly explained by the lower utilisation of available credit lines.

The following table highlights the utilised and available credit lines of Ascopiave S.p.A. and the related rates applied as at 31 December 2023:

Bank	Type of line of credit	Credit line at 31.12.2023	Rate at 31.12.2023	Use of credit line at 31.12.2023
European Investment Bank	Long-term mortgage	2,500	4.65%	2,500
Banca Nazionale del Lavoro	Cash loan	15,000	n.d.	-
Banca Nazionale del Lavoro	Long-term mortgage	9,000	4.93%	9,000
Banca Nazionale del Lavoro	Long-term mortgage	16,250	1.92%	16,250
Banca Popolare dell'Emilia Romagna	Cash loan	5,000	n.d.	-
Banca Popolare dell'Emilia Romagna	Long-term mortgage	22,383	5.17%	22,383
Banca Popolare dell'Emilia Romagna	Endorsement loan	107	n.d.	107
Cassa Centrale Banca/Prealpi	Long-term mortgage	5,481	1.83%	5,412
Banca Sella	Cash loan	5,000	n.d.	-
Banco BPM	Cash loan	8,000	n.d.	-
Banco BPM	Endorsement loan	3,000	n.d.	1,393
Banco BPM	Long-term mortgage	21,000	4.85%	21,000
Cassa Centrale Banca	Long-term mortgage	26,487	1.85%	26,487
Cassa Depositi e Prestiti	Endorsement loan	9,943	n.d.	9,943
Crédit Agricole Friuladria	Cash loan	10,000	4.16%	10,000
Crédit Agricole Friuladria	Long-term mortgage	7,000	4.83%	7,000
Crédit Agricole Friuladria	Long-term mortgage	3,000	5.19%	3,000
Credito Emiliano	Cash loan	30,000	4.68%	30,000
ICCREA	Long-term mortgage	22,263	5.47%	22,263
Intesa SanPaolo	Cash loan	40,000	5.14%	20,000
Intesa SanPaolo	Long-term mortgage	10,000	0.41%	10,000
Intesa SanPaolo	Long-term mortgage	80,000	5.13%	80,000
Mediobanca	Long-term mortgage	13,333	4.96%	13,333
Mediobanca	Long-term mortgage	13,333	4.84%	13,333
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	48,700	n.d.	-
Unicredit	Endorsement loan	29,210	n.d.	11,822
Total		550,990		430,226

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

22. Outstanding short-term bonds

The following table shows the breakdown of short-term bonds outstanding at the end of each financial year considered:

(Thousands of Euro)	31.12.2023	31.12.2022
Outstanding short-term bonds	7,708	0
Outstanding short-term bonds	7,708	0

Short-term bonds outstanding represent the portion of the Pricoa Capital Group bond issue maturing within 12 months, for more details please refer to the section 'Long-term Bonds Outstanding' of this annual financial report.

23. Trade Payables

The following table shows the composition of trade payables at the end of each financial year considered:

(Thousands of Euro)	31.12.2023	31.12.2022
Payables to suppliers	1,491	1,475
Payables to suppliers for invoices not yet received	1,775	1,674
Trade payables	3,266	3,149

Trade payables went from Euro 3,149 thousand in the previous year to Euro 3,266 thousand in the year under review, showing an increase of Euro 117 thousand. The increase is mainly explained by higher balances entered for payables for invoices to be received at year-end for Euro 16 thousand and by higher invoices received for Euro 101 thousand. It should also be noted that trade payables are payable within the next financial year.

24. Other Current Liabilities

The following table shows the breakdown of 'Other current liabilities' at the end of each financial year considered:

(Thousands of Euro)	31.12.2023	31.12.2022
Amounts due for tax consolidation	2,788	2,104
Amounts due to social security institutions	348	393
Amounts due to employees	1,537	1,505
VAT payables		500
Payables to revenue office for withholding tax	279	358
Annual passive accruals	4,411	2,118
Other payables	468	445
Other current liabilities	9,831	7,423

At the end of the year under review, other current liabilities amounted to Euro 9,831,000, an increase of Euro 2,408,000 compared to the year 2022.

The increase is mainly explained by higher payables for tax consolidation, which increased by Euro 684 thousand, higher annual accruals of Euro 2,293 thousand, higher other payables of Euro 23 thousand, and higher payables to personnel of Euro 32 thousand, partially offset by lower VAT payables of Euro 500 thousand and lower payables to the tax authorities of Euro 79 thousand.

Amounts due to social security institutions' refer to payables for contribution charges accrued for November and December and paid in the first months of the year 2024; while 'Amounts due to employees' include payables for untaken holiday days, monthly payments and bonuses accrued as at 31 December 2023 and not yet paid at that date.

25. Current Financial Liabilities

The table below shows the breakdown of 'Current financial liabilities' at the end of the financial years considered:

(Thousands of Euro)	31.12.2023	31.12.2022
Shareholders dividends		7
Financial payable within 12 months	25,672	51,779
Financial payables related to IFRS 16 within 12 months	88	78
Current financial liabilities	25,759	51,865

Current financial liabilities amounted to Euro 25,759,000, a decrease of Euro 26,106,000 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.

These are represented by financial payables to Cart Acqua S.r.l. for Euro 259 thousand and Asco EG S.p.A. for Euro 25,413 thousand.

Financial payables related to the application of IFRS 16 recorded a change of Euro 10 thousand 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.

The composition of the debit balances of current accounts with subsidiaries in the two financial years is detailed below:

(Thousands of Euro)	31.12.2023	31.12.2022
Cart Acqua S.r.l. centralized treasury account	259	385
Asco EG S.p.A. centralized treasury account	25,413	15,221
Ap reti Gas S.p.A. centralized treasury account		34,169
AP Reti Gas Nord Est S.r.l. centralized treasury account		1,320
Financial payables to subsidiary companies	25,672	51,095

26. 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)	31.12.2023	31.12.2022
Liabilities on electric energy derivatives	2,747	1,152
Current liabilities from derivative financial instruments	2,747	1,152

Current liabilities on derivative financial instruments are related to hedging contracts on the price of electricity produced by the hydroelectric and wind power plants of Asco EG S.p.A. and Salinella Eolico S.r.l.. With regard to the assets and liabilities related to derivative assets, please refer to the section "Risk Factors and Uncertainty" of this Annual Report, where the related effects are highlighted. It should also be noted that the liabilities represented herein mirror the financial assets on derivative financial instruments of the same nature recognised as assets.

The liabilities on derivatives underwritten by Ascopiave S.p.A. are represented by the fair value of the following derivatives outstanding as at 31 December 2023, whose financial manifestation will be broken down according to the underlying maturity:

#	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	13-Oct-23	01-Jan-24	31-Dec-24	Sell/Short	17,568 Mwh	801
2	Intesa Sanpaolo	Commodity Swap	Power IT Baseload	14-Jun-23	01-Jan-24	31-Dec-24	Sell/Short	8,784 Mwh	405
3	Intesa Sanpaolo	Commodity Swap	Power IT Baseload	22-May-22	01-Jan-24	31-Mar-24	Sell/Short	4,366 Mwh	221
4	Intesa Sanpaolo	Commodity Swap	Power IT Baseload	22-May-22	01-Apr-24	30-Jun-24	Sell/Short	6,552 Mwh	187
5	Intesa Sanpaolo	Commodity Swap	Power IT Baseload	05-Aug-22	01-Oct-23	31-Dec-23	Sell/Short	0 Mwh	175
6	Intesa Sanpaolo	Commodity Swap	Power IT Baseload	14-Jun-23	01-Jan-24	31-Mar-24	Sell/Short	2,183 Mwh	130
7	Intesa Sanpaolo	Commodity Swap	Power IT Baseload	13-Oct-23	01-Oct-24	31-Dec-24	Sell/Short	2,209 Mwh	96
8	Intesa Sanpaolo	Commodity Swap	Power IT Baseload	13-Oct-23	01-Apr-24	30-Jun-24	Sell/Short	2,184 Mwh	92
9	Intesa Sanpaolo	Commodity Swap	Power IT Baseload	22-May-22	01-Oct-24	31-Dec-24	Sell/Short	2,209 Mwh	69
10	Intesa Sanpaolo	Commodity Swap	Power IT Baseload	22-May-22	01-Oct-24	31-Dec-24	Sell/Short	2,209 Mwh	67
11	Intesa Sanpaolo	Commodity Swap	Power IT Baseload	20-Apr-22	01-Jan-23	31-Dec-23	Sell/Short	0 Mwh	66
12	Intesa Sanpaolo	Commodity Swap	Power IT Baseload	14-Jun-23	01-Oct-23	31-Dec-23	Sell/Short	0 Mwh	65
13	Intesa Sanpaolo	Commodity Swap	Power IT Baseload	22-May-22	01-Jul-24	30-Sep-24	Sell/Short	2,208 Mwh	64
Total									2,439

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 envisaged 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)	31.12.2023	31.12.2022
A Cash and cash equivalents	43,033	70,881
B Equivalent to cash and cash equivalents	0	0
C Other current financial assets	164,674	92,890
- of which related parties	161,755	86,646
D Liquid assets (A) + (B) + (C)	207,707	163,771
E Current financial liabilities (including debt instruments, but excluding the current portion of non-current financial debt)	(85,759)	(115,865)
- of which related parties	(25,672)	(51,095)
- of which debt instruments current part	0	0
F Current portion of non-current financial debt	(84,873)	(117,888)
- of which related parties	0	0
G Current financial indebtedness (E) + (F)	(170,632)	(233,753)
H Net current financial indebtedness (D) + (G)	37,075	(69,982)
I Non-current financial debt (excluding the current portion and debt instruments)	(260,747)	(263,571)
J Debt instruments	0	0
K Trade payables and other non current payables	0	0
L Non-current financial indebtedness (I) + (J) + (K)	(260,747)	(263,571)
M Net financial indebtedness (H) + (L)	(223,673)	(333,553)

The net financial position of Ascopiave S.p.A. shows a decrease of Euro 109,880 thousand compared to the previous year, reaching Euro 223,673 thousand.

It should be noted that short-term bank loans are not subject to *covenants* or *negative pledges*, whereas medium-/long-term loans are subject to *covenants* - to be verified on the basis of the results of the consolidated financial statements - described in the section 'Medium- and long-term loans' 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)	31.12.2023	31.12.2022
ESMA Net financial position	(223,673)	(286,937)
Non current financial assets	2,149	2,864
Net financial position monitored by the Group	(221,523)	(284,073)

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	
	2023	2022
Revenues from services supplied to Group companies	8,267	18,427
Other revenues	1,451	686
Distribution of dividends from controlled companies	44,329	51,786
Revenues	54,046	70,899

At year-end, revenues amounted to Euro 54,046,000, a decrease of Euro 16,853,000 compared to the previous year.

Revenues from general services rendered to Group companies show a decrease of Euro 10,160 thousand, going from Euro 18,427 thousand in the previous year to Euro 8,267 thousand in the year under review. The change is mainly explained by lower revenues recognised for services rendered to affiliated companies due to the early withdrawal exercised during the previous year by Estenergy S.p.A. and Hera Comm S.p.A.. The withdrawal resulted in the interruption of the provision of services as at 1 January 2023 and the consequent change in revenues for the same amount (Euro 4,505 thousand) as well as the recognition, at the end of the previous year, of the contractually envisaged and commensurate penalty equal to Euro 6,544 thousand.

Revenues from the distribution of dividends from participated companies recorded a decrease of Euro 7,457,000, going from Euro 51,786,000 in the previous year to Euro 44,329,000 in the year under review. The change is mainly explained by lower dividends received from the participated companies.

Other revenues increased from Euro 686,000 in the year 2022 to Euro 1,451,000 in the year under review, recording an increase of Euro 765,000.

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	
	2023	2022
Mailing and telegraph costs	4	79
Maintenance and repairs	1,510	1,727
Consulting services	2,693	5,694
Commercial services and advertisement	149	135
Sundry suppliers	355	414
Directors' and Statutory Auditors' fees	532	643
Insurances	718	674
Personnel costs	418	564
Other managing expenses	651	556
Costs for use of third-party assets	619	621
Costs for services	7,649	11,107

At year-end, costs for services amounted to Euro 7,649,000, showing a decrease of Euro 3,458,000 compared to the previous year. The decrease is mainly explained by the decrease in costs for consultancy services, personnel costs, maintenance and repair costs, postal and telegraphic expenses, partially offset by the increase in insurance costs and other operating expenses.

The item Maintenance and Repairs went from Euro 1,727,000 in the year 2022, to Euro 1,510,000 in the year under review, showing a decrease of Euro 217,000. The item mainly includes costs incurred for software fees.

Costs incurred during the year for consulting services amounted to Euro 2,693,000, a decrease of Euro 3,001,000 compared to the previous year. The change recorded is partly explained by the costs incurred in connection with the extraordinary transactions carried out in the previous year.

Costs incurred during the financial year attributable to the item utilities amount to Euro 355 thousand, showing a decrease of Euro 59 thousand compared to the previous financial year. The change recorded is mainly explained by the trend of natural gas and electricity tariffs, which reached their maximum values during the previous financial year and then decreased starting from January 2023.

Personnel expenses include employee travel and mission costs, canteen costs, and training and education costs, and show a decrease of Euro 146,000 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 2,000.

28. Personnel costs

The following table provides a breakdown of personnel costs for the financial years considered:

(Thousands of Euro)	Financial Year	
	2023	2022
Wages and salaries	5,669	5,862
Social security contributions	1,467	1,610
Severance indemnity	319	357
Other costs		9
Personnel costs	7,456	7,838

Personnel costs are recognised net of capitalised costs for increases in intangible assets for works partially performed on a time and materials basis directly attributed to the construction and extraordinary maintenance of company premises.

Personnel costs decreased from Euro 7,838,000 in the previous year to Euro 7,456,000 in 2023, a decrease of Euro 382,000. It should be noted that as at 31 December 2023, costs accrued during the year for long-term incentive plans in the amount of Euro 437 thousand and short-term incentive plans in the amount of Euro 446 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 39 thousand for the portion to be paid in shares and against pension funds in the amount of Euro 398 thousand for the portion to be paid in cash. The amounts recognised in relation to long-term incentive plans refer to the last 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 2023 and at the end of the financial year 2022:

Description	31.12.2023	31.12.2022	Variation
Managers	10	10	-1
Office workers	70	74	-4
Manual workers	1	1	0
No. of pesonal employed	81	85	-5

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	
	2023	2022
Other provisions	0	12,285
Membership and ARERA fees	261	247
Extraordinary losses	230	92
Other taxes	146	143
Other costs	117	200
Costs of contracts	1	0
Other management costs	754	12,966

Other operating costs recorded a decrease of Euro 12,212 thousand compared to the previous year, going from Euro 12,966 thousand to Euro 754 thousand. The decrease is mainly explained by the provision made in the previous year, for Euro 12,285 thousand, related 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	
	2023	2022
Other income	3,616	7,852
Other income	3,616	7,852

At year-end the item was equal to Euro 3,616,000, showing a decrease of Euro 4,236,000 compared to the previous year. The decrease is mainly explained by the lower capital gain realised in FY2023 in relation to the partial exercise of the put option on the shareholding in EstEnergy S.p.A.. During 2022, in fact, Ascopiave S.p.A. and the Hera Group signed the agreement for the transfer to the latter of an 8% share of Estenergy S.p.A. capital and the transaction led to the recognition of a capital gain equal to Euro 7,708 thousand, while the partial exercise of the option carried out during 2023, and concerning 15% of the Company's capital, led to the recognition of a capital gain equal to Euro 3,609.

31. Depreciation and Amortisation

The following table shows the details of depreciation for the financial years considered:

(Thousands of Euro)	Financial Year	
	2023	2022
Intangible fixed assets	3	4
Tangible fixed assets	1,458	1,420
Amortization of rights of use	79	93
Amortization and depreciation	1,540	1,516

Depreciation and amortisation recognised at the end of the year amounted to Euro 1,540 thousand, an increase of Euro 24 thousand 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 Euro 79,000 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	
	2023	2022
Interest income on bank and post office accounts	249	14
Other interest income	4,166	638
Financial income	4,416	653
Interest expense on banks	5,510	1,009
Interest expense on loans	5,342	3,502
Other financial expenses	2,572	930
Financial charges	13,424	5,442
Write-down of shareholdings in controlled companies		306
Total net financial expenses	9,009	4,789

Financial income and expenses show a negative balance of Euro 9,009,000, up Euro 4,220,000 from the previous year. The change is mainly explained by the increase in financial expenses accrued on credit lines and interest accrued on mortgages and bonds that the Company underwrote in the previous year and in the year under review.

The increase is mainly explained by higher interest expenses accrued on short-term, and medium-/long-term, variable-rate loans as a result of the increase in interest rates from late 2022, in addition to the increase in debt.

It should be noted that financial expenses in the amount of Euro 4,000 were recognised following the application of IFRS 16.

Write-downs of investments in subsidiaries

The write-down of the investment made in the year 2022 for Euro 306 thousand related to Asco Renewables S.p.A..

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	
	2023	2022
IRES current taxes	4,442	1,979
(Advance)/Deferred taxes	89	(107)
Taxes previous years	(7)	(306)
Taxes for the period	4,524	1,565

Taxes for the year went from Euro 1,565,000 in the previous year to Euro 4,524,000 in the year under review, an increase of Euro 2,959,000.

The following table shows the incidence of taxes on income:

(Thousands of Euro)	Financial Year	
	2023	2022
Earnings before tax	31,254	40,228
Taxes for the period	4,524	1,565
Impact on earnings before tax	14.5%	3.9%

The effective tax rate increased from 3.9 per cent in the financial year 2022 to 14.5 per cent in the reporting year, an increase of 10.6 per cent.

(Thousands of Euro)	Financial Year			
	2023		2022	
Applicable ordinary rate	24.0%		24%	
Earnings before tax	31,254		40,228	
Theoretical tax burden	7,501	24.0%	9,655	24.0%
Dividend taxation	(10,107)	-32.3%	(11,807)	-29.4%
Devaluations	-	0.0%	3,022	7.5%
Non-taxable capital gains	(823)	-2.6%	(1,758)	-4.4%
ACE	(1,143)	-3.7%	(1,168)	-2.9%
Other permanent differences	41	0.1%	185	0.5%
Taxes from previous years	7	0.0%	306	0.8%
Total effective tax burden	(4,524) -14.5%		(1,565) -3.9%	
Actual rate	-14.5%		-3.9%	

OTHER COMMENTARY NOTES

Non-recurring components

Pursuant to CONSOB Communication No. 15519/2005, we report that in 2022, the item "Other Operating Income" includes non-recurring income for Euro 7,708 thousand, due to 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%.

We report that in 2023, the item "Other operating income" includes non-recurring income for Euro 3,609 thousand, related to the exercise of the put option on the shareholding in Estenergy S.p.A. that Ascopiave S.p.A. exercised to the extent of 15%.

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	31.12.2023				Costs			Revenues		
	Trade receivables	Other receivables	Trade payables	Other payables	Goods	Services	Other	Goods	Services	Other
<i>Parent company</i>										
Asco Holding S.p.A.	63	151	16			59			164	
Total parent company	63	151	16	0	0	59	0	0	164	0
<i>Affiliated companies</i>										
Bim Piave Nuove Energie S.r.l.	119		3			7			335	
Total affiliated companies	119	0	3	0	0	7	0	0	335	0
<i>Controlled companies</i>										
AP Reti Gas Nord Est S.r.l.	459	24,378	136			390			795	3,314
AP Reti Gas S.p.A.	1,482	27,270	544			548			3,361	5,224
Cart Acqua S.r.l.	23			271				13	50	5
Edigas Esercizio Distribuzione Gas S.r.l.	389	16,005	224	16		180			668	1,507
Asco EG S.p.A.	184	2,770	60	27,815				190	296	59
Green Factory S.r.l.	92	7,006		39				38	46	133
AP Reti Gas Vicenza S.p.A.	410	34,787	28	436		80	313		445	699
AP Reti Gas Rovigo S.r.l.	180	13,513		5					249	833
Asco Renewables S.p.A.	303	23,992	196	272		109	272		318	543
Romeo Gas S.p.A.	210	15,215		67					292	541
Salinella Eolico S.r.l.	431	9,638		61				61	85	438
Serenissima Gas S.p.A.	132	6,623							274	1,802
Total controlled companies	4,296	181,197	1,189	28,982	0	1,307	888	0	6,881	15,099
<i>Associated companies</i>										
Estenergy S.p.A.	114								637	8
Etra Energia S.r.l.	2								9	2
ASM Set S.r.l.	9								11	9
Total associated companies	126	0	0	0	0	0	0	0	656	19
Total	4,603	181,348	1,209	28,982	0	1,374	888	0	8,036	15,118

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 filing, and 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 group tax consolidation agreement with subsidiaries.

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)	31.12.2023	of which related parties						31.12.2022	of which related parties							
		A	B	C	D	Total	%		A	B	C	D	Total	%		
ASSETS																
Non-current assets																
Other intangible assets	4							7								
Tangible assets	23,068							24,216								
Shareholdings in controlled and affiliated companies	936,710		713,558	223,152		936,710	100.0%	1,054,002	696,958	357,044			1,054,002	100.0%		
Shareholdings in other company	97,255				97,255	97,255	100.0%	78,254			78,254		78,254	100.0%		
Other non-current assets	19							514								
Non current financial assets	2,149							2,510								
Advance tax receivables	1,170							1,081								
Non-current assets	1,060,375		713,558	223,152	97,255	1,033,965	97.5%	1,160,584	696,958	357,044	78,254	1,132,256	97.6%			
Current assets																
Trade receivables	5,208	63	4,295	126	119	4,602	88.4%	13,728	80	4,048	5,251	213	9,664	70.4%		
Other current assets	8,593	151	15,690			15,841	184.3%	6,252	151	4,986			5,138	82.2%		
Current financial assets	162,732		161,755			161,755	99.4%	87,456	86,646				86,646	99.1%		
Tax receivables	2,606		1,005			1,005	38.6%	2,323								
Cash and cash equivalents	43,033							70,881								
Current assets from derivative financial instruments	4,689		2,747			2,747	58.6%	6,586	164				164	2.5%		
Current assets	226,862	214	184,487	126	119	184,946	81.5%	187,226	231	95,845	5,251	213	101,612	54.3%		
Assets	1,287,236	214	898,045	223,278	97,374	1,218,911	94.7%	1,347,810	231	792,803	362,295	78,467	1,233,868	91.5%		
NET EQUITY AND LIABILITIES																
Total Net equity																
Share capital	234,412							234,412								
Own shares	(55,423)							(55,423)								
Reserves and result for the period	659,457							659,072								
Total Net equity	838,445							838,060								
Non-current liabilities																
Provisions for risks and charges	871							475								
Severance indemnity	215							212								
Outstanding medium- and long-term bonds	86,347							94,033								
Medium- and long-term bank loans	174,329							169,495								
Other non-current liabilities	11							11	3				3	26.2%		
Non-current financial liabilities	71							43								
Deferred tax payables	471							6								
Non-current liabilities	262,315							264,273	3				3	0.0%		
Current liabilities																
Payables due to banks and financing institutions	137,165							181,888								
Outstanding short-term bonds	7,708							0								
Trade payables	3,266	16	1,189		3	1,209	37.0%	3,149	37	583	104	62	786	25.0%		
Other current liabilities	9,831		3,310			3,310	33.7%	7,423	2,109				2,109	28.4%		
Current financial liabilities	25,759		25,672			25,672	99.7%	51,865	51,095				51,095	98.5%		
Current liabilities from derivative financial instruments	2,747		2,747			2,747	100.0%	1,152	988				988	85.7%		
Current liabilities	186,476	16	32,917		3	32,937	17.7%	245,477	37	54,775	104	62	54,978	22.4%		
Liabilities	448,792	16	32,917		3	32,937	7.3%	509,750	37	54,777	104	62	54,981	10.8%		
Net equity and liabilities	1,287,236	16	32,917		3	32,937	2.6%	1,347,810	37	54,777	104	62	54,981	4.0%		

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 Renewables S.p.A.
- 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:

- Acantho S.p.A.
- Bim Piave Nuove Energie S.r.l.
- Hera Comm S.p.A.
- Acinque S.p.A.
- Board of Directors
- Mayors
- Strategic managers

Profit and Loss Account

(Thousands of Euro)	FY	of which related parties						FY	of which related parties					
	2023	A	B	C	D	Total	%	2022	A	B	C	D	Total	%
Revenues	54,046	164	27,985	19,653	4,563	52,365	96.9%	70,899	152	32,861	25,731	5,044	63,787	90.0%
- of which non-recurring								6,544			6,544		6,544	100.0%
Total operating income and costs	12,243	59	1,307		1,554	2,920	23.9%	24,059	64	986	48	1,805	2,903	12.1%
Costs for services	7,649	59	1,307		480	1,847	24.1%	11,107	64	898	48	553	1,563	14.1%
Costs for personnel	7,456				1,074	1,074	14.4%	7,838				1,253	1,253	16.0%
Other management costs	754							12,966		88			88	0.7%
Other income	3,616							7,852						
- of which non-recurring	3,609			3,609		3,609	100.0%	7,708			7,708		7,708	100.0%
Amortization and depreciation	1,540							1,516						
Operating result	40,263	105	26,678	19,653	3,009	49,444	122.8%	45,323	88	31,875	25,682	3,239	60,883	134.3%
Financial income	4,416		3,291			3,291	74.5%	653		574			574	88.0%
Financial charges	13,424		191			191	1.4%	5,442		18			18	0.3%
Write-down of shareholdings in controlled companies	0							306						
Earnings before tax	31,254	105	29,778	19,653	3,009	52,544	168.1%	40,228	88	32,431	25,682	3,239	61,439	152.7%
Taxes for the period	4,524		10,805			10,805		1,565		8,399			8,399	
Net result for the period	35,779	105	40,583	19,653	3,009	63,349		41,793	88	40,830	25,682	3,239	69,839	

Related party column header legend:

A Parent companies and shareholders

B Subsidiaries

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- 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 Renewables S.p.A.
- 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.
- Etra Energia S.r.l.
- Estenergy S.p.A.

Group D - other related parties:

- Acantho S.p.A.
- Bim Piave Nuove Energie S.r.l.
- Acinque S.p.A.
- Hera Comm S.p.A.
- Board of Directors
- Auditors
- Strategic managers

Net financial debt

(Thousands of Euro)	FY	of which related parties						FY	of which related parties					
	2023	A	B	C	D	Total	%	2022	A	B	C	D	Total	%
A Cash and cash equivalents	43,033					0		70,881					0	
B Equivalent to cash and cash equivalents	0					0		0					0	
C Other current financial assets	164,674		161,755			161,755	98%	92,890	86,646				86,646	93%
- of which related parties	161,755		161,755			161,755	100%	86,646	86,646				86,646	100%
D Liquid assets (A) + (B) + (C)	207,707	0	161,755	0	0	161,755	78%	163,771	0	86,646	0	0	86,646	53%
E Current financial liabilities (including debt instruments, but excluding the current portion of non-current financial debt)	(93,467)		(25,672)			(25,672)	27%	(115,865)	(51,095)				(51,095)	44%
- of which related parties	(25,672)		(25,672)			(25,672)	100%	(51,095)	(51,095)				(51,095)	100%
- of which debt instruments current part	0					0		0					0	
F Current portion of non-current financial debt	(77,165)							(117,888)					0	
- of which related parties	0					0		0					0	
G Current financial indebtedness (E) + (F)	(170,632)	0	(25,672)	0	0	(25,672)	15%	(233,753)	0	(51,095)	0	0	(51,095)	22%
H Net current financial indebtedness (D) + (G)	37,075	0	136,084	0	0	136,084	367%	(69,982)	0	35,551	0	0	35,551	-51%
I Non-current financial debt (excluding the current portion and debt instruments)	(260,747)							(263,571)					0	
J Debt instruments	0							0					0	
K Trade payables and other non-current payables	0							0					0	
L Non-current financial indebtedness (I) + (J) + (K)	(260,747)	0	0	0	0	0		(263,571)	0	0	0	0	0	
M Net financial indebtedness (H) + (L)	(223,673)	0	136,084	0	0	136,084	-61%	(333,553)	0	35,551	0	0	35,551	-11%

Related party column header legend:

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- AP Reti Gas Nord Est S.r.l.
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- Romeo Gas S.p.A.
- Serenissima Gas S.p.A.
- Asco Renewables S.p.A.
- 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:

- Acantho S.p.A.
- Hera Comm S.p.A.
- Bim Piave Nuove Energie S.r.l.
- Acinque S.p.A.
- Board of Directors
- Auditors
- Strategic managers

Statement of Cash Flows

(Thousands of Euro)	FY	of which related parties					FY	of which related parties				
	2023	A	B	C	D	Totale	2022	A	B	C	D	Totale
Total comprehensive income	28,517						46,078					
Cash flows generated (used) by operating activities												
Adjustments to reconcile net income to net cash												
Changes in HA reserves for MTM derivatives	3,964					0	(4,934)					0
Changes in reserves on severance indemnity	(3)					0	(20)					0
Fair value shareholdings in other companies	3,300					0	669					0
Amortization	1,540					0	1,516					0
Write-down of financial receivables						0	12,285					0
Variations in severance indemnity	6					0	(30)					0
Current assets / liabilities on financial instruments	(472)					0	(344)					0
Net variation of other funds	436					0	155					0
Write-downs / (capital gains) on equity investments	(3,609)					0	(7,402)					0
Interests paid	(10,883)					0	(5,889)					0
Interest expense for the period	13,424					0	5,900					0
Taxes paid	(453)					0	(8,259)					0
Taxes for the period	(4,524)					0	(1,565)					0
Total adjustments	2,727					0	(7,918)					0
Variations in assets and liabilities												
Accounts payable	8,519	(17)	247	(5,125)	(94)	(4,989)	(10,325)	39	(2,335)	(4,057)	(91)	(6,444)
Other current assets	(2,341)	0	10,704	0	0	10,704	110	(34)	(306)	0	0	(339)
Trade payables	117	21	(606)	104	59	(423)	589	(26)	16	356	(62)	284
Other current liabilities	4,881	0	(1,201)	0	0	(1,201)	11,305	0	(1,639)	0	0	(1,639)
Other non-current assets	494					0	(5)					0
Other non-current liabilities	0	0	3	0	0	3	0	0	(3)	0	0	(3)
Total variations in assets and liabilities	11,671	4	9,146	(5,021)	(35)	4,093	1,673	(21)	(4,266)	(3,701)	(153)	(8,142)
Cash flows generated (used) by operating activities	42,914	4	9,146	(5,021)	(35)	4,093	39,834	(21)	(4,266)	(3,701)	(153)	(8,142)
Cash flows generated (used) by investments												
Investments in tangible assets	(388)					0	(385)					0
Disposal/(acquisitions) in shareholdings and avances	99,023	0	16,600	(133,891)	19,001	(98,291)	(43,650)	0	122,894	(71,409)	(669)	50,816
Cash flows generated/(used) by investments	(44,035)	0	16,600	(133,891)	19,001	(98,291)	(44,035)	0	122,894	(71,409)	(669)	50,816
Cash flows generated (used) by financial activities												
Net changes in debts due to other financiers	50					0	(67)					0
Net changes in short-term bank borrowings	94,133					0	(98,616)					0
Net variation in current and non-current financial assets and liabilities	(74,886)					0	(39,552)					0
Net variation in current financial assets and liabilities vs subsidiary companies	(26,522)	0	100,532	0	0	100,532	44,733	0	(4,852)	0	0	(4,852)
Ignitions outstanding medium/long-term bonds						0	69,851					0
Ignitions loans and mortgages	660,000					0	612,000					0
Redemptions loans and mortgages	(794,000)					0	(517,000)					0
Dividends distributed to Ascopiave S.p.A. shareholders'	(28,172)					0	(35,757)					0
Cash flows generated (used) by financial activities	(169,398)	0	100,532	0	0	100,532	35,592	0	(4,852)	0	0	(4,852)
Variations in cash	(27,848)					0	31,391					0
Cash and cash equivalents at the beginning of the period	70,881					0	39,489					0
Cash and cash equivalents at the end of the period	43,033					0	70,881					0

Related party column header legend:

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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:

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- Romeo Gas S.p.A.
- Serenissima Gas S.p.A.
- Asco Renewables S.p.A.
- Salinella Eolico S.r.l.
- Green Factory S.r.l.
- Cart Acqua S.r.l.
- Asco EG S.p.A.

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- Estenergy S.p.A.
- Etra Energia S.r.l.

Group D - other related parties:

- Acantho S.p.A.
- Hera Comm S.p.A.
- Bim Piave Nuove Energie S.r.l.
- Acinque S.p.A.
- Board of Directors
- Auditors
- Strategic managers

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 2023 and 31 December 2022 is as follows:

(Thousands of Euro)					31.12.2023	Fair value
	A	B	C	D	Total	
Shareholdings in other companies		97,255			97,255	97,255
Other non-current assets			19		19	19
Non-current financial assets			2,149		2,149	2,149
Trade receivables and Other current assets			13,384		13,384	13,384
Current financial assets			162,732		162,732	162,732
Cash and cash equivalents			43,033		43,033	43,033
Current assets from derivative financial instruments		4,689			4,689	4,689
Outstanding medium- and long-term bonds				86,347	86,347	86,347
Medium- and long-term bank loans				174,329	174,329	174,329
Other non-current liabilities				11	11	11
Non-current financial liabilities				71	71	71
Payables due to banks and financing institutions				137,165	137,165	137,165
Outstanding short-term bonds				7,708	7,708	7,708
Trade payables and Other current liabilities				8,686	8,686	8,686
Current financial liabilities				25,759	25,759	25,759
Current liabilities from derivative financial instruments		2,747			2,747	2,747

(Thousands of Euro)					31.12.2022	Fair value
	A	B	C	D	Totale	
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

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, 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.	169
Statutory audit of separate accounts	PricewaterhouseCoopers S.p.A.	Ascopiave S.p.A.	16
Other services	PricewaterhouseCoopers S.p.A.	Ascopiave S.p.A.	27
Total			212

Commitments and risks

Guarantees given

The company has provided the following contingent guarantees as at 31 December 2022:

(Thousands of Euro)	31.12.2023	31.12.2022
On credit lines	6,307	6,307
Patronage to cover the obligations deriving from the related relationships	10,798	28,375
On execution of works (letter of comfort)	3,849	3,734
On UTF offices and regions for taxes on gas (letter of comfort)	1,850	1,850
On distribution concession (letter of comfort)	2,731	1,548
On purchase of company shares (letter of comfort)	0	3,717
On renewable energy production plants	6,048	5,570
Total	31,583	51,101

Ascopiave S.p.A. received an active guarantee from Hera S.p.A., equal to Euro 962 thousands, in relation to the sureties issued by the affiliate Estenergy S.p.A. to the technical finance offices and regions for consumption taxes on natural gas. We would like to point out that among the guarantees given by Asco TLC S.p.A. there are Euro 100 thousand of guarantees issued by Ascopiave S.p.A..

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 related 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 at 31 December 2023 equal to Euro 251,494 thousand and expiring between 1 January 2024 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 at 31 December 2023 had a total outstanding debt of Euro 193,350 thousand (Euro 209,072 thousand as at 31 December 2021), represented by

- loan with Intesa Sanpaolo, disbursed in December 2023, with a residual debt of Euro 80,000 thousand at 31 December 2023;
- loan with BPER, disbursed in September 2022, with residual debt as at 31 December 2023 amounting to Euro 22,384 thousand;
- Loan with Banco BPM, disbursed in May 2022, with a residual debt of Euro 21,000 thousand at 31 December 2023;
- loan with Iccrea Banca, disbursed in June 2022, with residual debt as at 31 December 2023 amounting to Euro 22,263 thousand;
- loan with Mediobanca, disbursed in December 2020, with residual debt as at 31 December 2023 amounting to Euro 13,333 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 at 31 December 2023 amounting to Euro 13,333 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 at 31 December 2023 equal to Euro 9,000 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 at 31 December 2023 equal to Euro 7,000 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 October 2019, with residual debt as at 31 December 2023 equal to Euro 3,000 thousand, hedged through the underwriting of a financial derivative, for which, therefore, the interest rate risk is sterilised;
- loan with the European Investment Bank, disbursed in August 2013, with residual debt as at 31 December 2023 of Euro 2,500,000.

It should be noted that, as at 31 December 2023, the derivative instruments hedging the risk of changes in interest rates, related to the loans underwritten with BNL, Crédit Agricole - Friuladria and Mediobanca, detailed in the paragraph "Current liabilities on derivative financial instruments" and whose mark-to-market amounted to Euro 1,942 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 at 31 December 2023 of Euro 26,487 thousand;
- BNL loan signed in August 2017, with a residual debt as at 31 December 2022 of Euro 16,250 thousand,
- Intesa Sanpaolo loan signed in November 2019, with a residual debt as at 31 December 2023 of Euro 10,000 thousand;
- Cassa Centrale Banca loan signed at the beginning of 2018, with an outstanding debt as at 31 December 2023 of Euro 5,481,000;
- bond loan issued in March 2022, with residual debt as at 31 December 2023 of Euro 70,000 thousand;

- bond loan issued in October 2021, with residual debt at 31 December 2023 of Euro 25,000 thousand.

The loans and the bond loan represented are subject to financial covenants calculated on the consolidated figures of the Ascopiave Group, which were respected as at 31 December 2023.

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 2023	II qtr 2023	III qtr 2023	IV qtr 2023	
Average Net Financial Position	(344,791)	(370,392)	(370,882)	(296,664)	
Borrowing rates of interest	1.10%	2.24%	2.64%	2.81%	
Lending rates of interest	1.97%	2.54%	2.88%	2.96%	
Borrowing rate of interest plus 200 basis points	3.10%	4.24%	4.64%	4.81%	
Lending rates of interest plus 200 basis points	3.97%	4.54%	4.88%	4.96%	
Borrowing rate of interest reduced of 50 basis points	0.60%	1.74%	2.14%	2.31%	
Lending rates of interest reduced of 50 basis points	1.47%	2.04%	2.38%	2.46%	
NFP recalculated with the increase of 200 basis points	(346,491)	(372,238)	(372,751)	(298,159)	
NFP recalculated with decrease of 50 basis points	(344,366)	(369,930)	(370,414)	(296,290)	Total
Effect on pre-tax result of the increase of 200 basis points	(1,700)	(1,847)	(1,870)	(1,496)	(6,912)
Effect on pre-tax result of the decrease of 50 basis points	425	462	467	374	1,728

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 Euro 6,912 thousand (2022: Euro 7,042 thousand) and an improvement of Euro 1,728 thousand (2022: Euro 1,760 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 2023, of medium- and long-term financial liabilities is shown in Note 17.

Liquidity requirements are monitored by the treasury function of Ascopiave S.p.A. with a view to guaranteeing an effective retrieval of financial resources or an adequate investment of any liquid assets.

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)	31.12.2023	31.12.2022
Short-term net financial position	41,564	164,015
Medium / long-term net financial position	172,251	167,028
Net Financial Position	213,815	331,043
Share capital	234,412	234,412
Own shares	(55,423)	(55,423)
Reserves	623,678	617,279
Undistributed net profit	35,779	41,793
Total Net equity	838,445	838,060
Total sources of funding	1,052,260	1,169,103
Net financial position / Net equity ratio	0.26	0.40

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 2023

No significant events occurred after the close of the financial year 2023.

Litigation

DISPUTES ON PLANT VALUE - CIVIL JURISDICTION

As at 31 December 2023, they are pending:

EFFICIENT BUILDING S.P.A. (purchase of tax credits)

On 27 April 2023, the Company signed a contract with Efficient Building S.p.A. for the purchase of 110% super bonus tax credits for a nominal amount of Euro 5,000 thousand, for a price paid of Euro 4,350 thousand.

In August 2023, following the initiation of a criminal investigation against the assignor (and not concerning the Company), the Guardia di Finanza notified the company of a preventive seizure order concerning part of the tax credits acquired, for a nominal value of Euro 1,946 thousand, of which Euro 296 thousand had already been used to offset certain tax expiries, thus cancelling their effects and exposing it to the possible request for new payment of the taxes subject to offsetting as well as the payment of the related penalties and interest.

Invoking the contractually agreed guarantees with the assignor, during the year the Group filed an out-of-court claim against Efficient Building S.p.A. for compensation/indemnification in relation to the receivables assigned by the latter and affected by the attachment order (which is still outstanding).

The Company's reasons are based on sound arguments and consequently the Directors consider that the Company is protected with respect to both the claims already set off and the claims not set off (even in the event that the criminal proceedings against the assignor should result in a conviction).

ADMINISTRATIVE DISPUTES - NOT RELATING TO CONCESSIONS

As at 31 December 2023, they are pending:

ARERA DELIBERA ARG/GAS 570/2019 and DELIBERA 117/2021/R/gas

An appeal to the Regional Administrative Court for Lombardy - Milan, promoted against ARERA by Ascopiave S.p.A. 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 May 2021), an appeal was also lodged against ARERA Resolution No. 117/2021/R/gas published on 23 March 2021, setting forth 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 consequent to the tariff regulation set forth in Resolution No. 570/2019, may be further detrimental to the Group's distribution companies.

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 S.p.A.) 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, in the course of 2015, the Constitutional Court declared the constitutional illegitimacy of the aforementioned tax and following this ruling, the companies requested the reimbursement of the tax unduly paid, filing the various appeals on the basis of a retroactive interpretation of the aforementioned ruling, also supported 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 Agenzia delle Entrate of the notices of assessment related to the contested matters, for which the company filed an appeal before the Provincial Tax Commission of Venice, which was accepted with the ruling of 21 April 2021, which provided 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 Venice Regional Tax Commission; 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, and on 19 June 2023, the second instance Tax Court of the Veneto Region filed ruling no. 577/2023 in which it rejected the appeal brought by the Agenzia delle Entrate, sentencing it to pay the costs of the litigation and the flat-rate reimbursement of general expenses.

With reference to subsequent 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 the notices of assessment on 23 December 2020, which were subsequently appealed 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 related 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. On 4 July 2023, the Tax Court of First Instance of Venice filed judgment no. 315/2023 in which it accepted the appeal, condemning the Inland Revenue to pay the litigation costs and the flat-rate reimbursement of general expenses.

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

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 Euro 0.14 per share, for a total of Euro 30.3 million, an amount calculated on the basis of the shares in circulation at the closing date of the 2023 financial year.

Ascopiave S.p.A. announces that, if approved at the first call of the shareholders' meeting, the dividend will be payable on 8 May 2024 with ex-dividend date on 6 May 2024 (record date 7 May 2024).

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 2024

The Chairman of the Board of Directors
Dr Nicola Cecconato

DECLARATION

regarding the Consolidated Financial Statements for the accounting period 2023, pursuant to Article 81-ter, Consob Regulation N. 11971 dated 14th 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 24th 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 1st January 2023 –31st December 2023

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 – 7th March 2024

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

regarding the Financial Statements for the accounting period 2023, pursuant to Article 81-ter, Consob Regulation N. 11971 dated 14th 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 24th 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 Financial Statements for the period 1st January 2023 –31st December 2023

2) We also declare that:

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- (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.

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 – 7th 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
Report year of reference: 2023
Report date of approval: 7 March 2024

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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 accounting period year to which the Report refers.

Group: Ascopiave Group.

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 dated 16 April 2014 and its Implementing Regulations.

Regulation of the Board of Directors, Lead Independent Director and Governance Committees: 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 dated 12 March 2010 (as subsequently amended) concerning related party transactions.

Report: the report on corporate governance and 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 compensation 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, Consolidated Text on Finance or TUF: Legislative Decree No. 58 dated 24 February 1998, as amended.

Where not otherwise specified, the CG Code of the following roles are defined by reference: **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.**

1. ISSUER PROFILE

The Ascopiave Group is one of the leading national operators in the natural gas distribution sector, managing the service in 304 municipalities in northern Italy, through a network of over 14,500 km with approximately 870,000 users.

The Group is also active in the renewable energy and integrated water service sectors and holds minority interests in companies operating in energy marketing and utilities.

In the renewable energy sector, the Group operates 29 hydroelectric and wind power plants in production, with a nominal capacity of 84.1 MW.

Ascopiave is a shareholder and technological partner of the company Cogeide S.p.A., an integrated water service operator active in 15 municipalities in Lombardy, with a catchment area of over 100,000 inhabitants and a network of 880 km.

Ascopiave is a partner of the Hera Group in energy marketing, with a 25% stake in the company EstEnergy S.p.A., a leading operator in the sector with a portfolio of over 1 million contracts with end consumers, mainly in the Veneto, Friuli Venezia-Giulia and Lombardy regions.

The Group also holds minority interests in companies in energy marketing (Hera Comm S.p.A.), utilities (Acinque S.p.A.) and in information and communication technology (Acantho S.p.A.).

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 envisaged 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 goal 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 envisaged 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 "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.

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.

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 Ascopiave Group's Code of Ethics, adopted in its first version on 14 May 2013, including, among other matters, 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 ranked, giving priority to the issue of sustainability and respect for and enhancement of personnel. The full description of Ascopiave's mission is envisaged in the 'Code of Ethics of the Ascopiave Group' published on the Company's website (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 Governance Committees", which is aligned with the Corporate Governance Code with reference to the provisions on sustainability and established the Sustainability Committee, an Governance 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 "Corporate Governance" section).

On 22 December 2021, the Board of Directors of Ascopiave S.p.A. approved the 'Policy for managing dialogue with shareholders and other stakeholders', a document published in its entirety on the Company's website (www.gruppoascopiave.it section 'Corporate Governance' 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". In addition, 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. In 2021, the company also signed a green loan with Mediobanca S.p.A. for a total amount of Euro 20 million. Finally, during the year, BCC Banca Iccrea finalised ESG financing, in particular a project finance transaction worth about Euro 24.5 million for the benefit of Salinella Eolico S.r.l., a company controlled by the Ascopiave Group and in which the Renco Group holds a minority stake.

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 this Report where the following are illustrated: (i) how the goal 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 published on the Company's website (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 2023, Ascopiave S.p.A. was not an SME pursuant to the definition identified by Article 1, paragraph 1, letter w-quater.1), of the Consolidated Law on Finance and regulated by the implementing provisions envisaged 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 Governance 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 this Report, 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).

2. INFORMATION ON OWNERSHIP ASSETS (pursuant to Art. 123 bis, paragraph 1, TUF) as at 31/12/ 2023

a) Share capital structure

Amount of subscribed and paid-up share capital: EUR 234,411,575.00.

Categories of shares making up the share capital and voting rights as at 31/12/2023:

SHARE CAPITAL STRUCTURE				
	No. of shares	No. of voting rights	Listed (indicate markets) / unlisted	Rights and obligations
Ordinary shares (the mechanism of increased voting rights is envisaged)	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 gives the right to two votes. The shareholders' rights and obligations are those envisaged 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	–	–	–	–

It should be noted that the Extraordinary Shareholders' Meeting of Ascopiave S.p.A. held on 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 dated 18 April 2019).

It should be noted that during the Year, the increased voting rights of the Company's ordinary shares did not become effective, pursuant to Article 127-quinquies of the Consolidated Law on Finance and Article 6 of Ascopiave S.p.A. bylaws. Therefore, as of 31 December 2023, the total number of ordinary shares of Ascopiave S.p.A. with increased voting rights was 159,965,485 shares, unchanged since the end of 2022.

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

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, in previous years, with reference to the vesting of increased voting rights in certain shareholders, the Company had 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, "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, except for 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 this Report, 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 to 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 share capital

As of the date of approval of this report, i.e. 7 March 2024, 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:

Declarant	Direct shareholder	Share of ordinary capital	Share % of voting capital
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%	5.229%
Anita S.r.l.	Anita S.r.l.	3.050%	3.626%
Hera S.p.A.	Hera S.p.A.	4.900%	4.636%

It should be noted that during the financial year and up to the date of this Report, Ascopiave S.p.A. has not received any compulsory communications concerning significant shareholdings pursuant to Article 120 of the Consolidated Law on Finance, regarding the voting capital of Ascopiave S.p.A.

It should be noted that, at the end of the Financial Year and until the date of approval of this Report, i.e. on 7 March 2024, 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. held on 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 dated 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 date of registration in a Special List established by the Company at its registered office.

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, Section "Corporate Governance" - "Increased Voting Rights". 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 Extraordinary Shareholders' Meeting of Ascopiave S.p.A. of 29 May 2020, in extraordinary session, introduced with Art. 6-bis of the Articles of Association a clause limiting the right to vote applied to shareholders who 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 can 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 (i) to "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 the network service in general, and (ii) to 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 addressed not to the generality of shareholders, but to 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).

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 this Report.

g) Shareholder Agreements

As of the end of the Financial Year, and updated as of the date of approval of this Report, there was a shareholders' agreement ("Agreement"), originally communicated to Ascopiave on 18 March 2020 (signed on 16 March 2020), subsequently updated four 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 the shareholders of Ascopiave S.p.A. It should be noted that the sole purpose of the updating of the Covenant was to change 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 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 envisaged by law, the Signatory shareholders had informed that not all of the shares owned by the parties to the Agreement were contributed to the Shareholders' Agreement.

It should also be noted that this Agreement was further amended by the same signatory 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 signatory shareholders, as well as following the contribution to the agreement of additional Ascopiave S.p.A. by some signatory 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. During the Exercise, the Agreement was also updated by the signatory 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, equal to 7.510% of Ascopiave S.p.A.'s total voting rights. It should be noted that this update exclusively concerns the change in the number of voting rights held by certain peaceful shareholders as a result of the intervening increase in voting rights, as last communicated by Ascopiave on 6 May 2022.

Lastly, during the course of the Financial Year, it should be noted that on 16 March 2023, the aforesaid covenant was tacitly renewed by the covenant-holders for a further three-year period pursuant to Article 6 of the covenant, and this update was communicated to the Company on 17 March 2023.

The aforementioned Covenant can be traced back to a voting syndicate with which the adherents intended to regulate the exercise of their 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 intent 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).

We are also informed that on 7 April 2023, a new Shareholders' Agreement was signed between a number of shareholders, concerning the commitment to consult and agree on the expression at the Shareholders' Meeting of a vote in favour of a list of candidates for the election of the members of the Board of Directors of Ascopiave S.p.A. and to a list of candidates for the election of standing and alternate auditors as members of the Board of Statutory Auditors of Ascopiave S.p.A. It should be noted that this pact was of a transitory nature and will last until the Shareholders' Meeting of Ascopiave S.p.A. held on 18 April 2023, which has been called to renew the offices of the corporate bodies.

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 envisaged in Article 104-bis, paragraphs 2 and 3, of the Consolidated Law on Finance.

i) Proxies to increase the share capital and authorisations to purchase treasury shares

During the year, the Board of Directors of Ascopiave S.p.A. was not granted any powers by the Shareholders' Meeting to increase the share capital.

The Ordinary Shareholders' Meeting held on 18 April 2023 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, after revoking the previous authorisation granted by the Shareholders' Meeting of 28 April 2022, which was scheduled to expire on 28 October 2023.

In particular, the Shareholders' Meeting authorised the Company (i) to purchase, on one or more occasions, a maximum number, on a revolving basis (meaning the maximum number of treasury shares that the Company may hold in its portfolio from time to time), 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 held by the Company and those that may be held from time to time by the subsidiaries, for a period of 18 months from the date of the resolution; and (ii) the performance of 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, to provide the Company with a valid instrument to carry out, among other matters, in compliance with the provisions in force, investment transactions consistent with the Company's strategic guidelines, also by means of exchange, swap, assignment or other act of disposition of treasury shares, for the acquisition of participations or share packages or for other capital transactions involving the assignment or disposition of treasury shares (such as, for 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) to intervene, also through authorised independent intermediaries, and in compliance with applicable regulations, to favour the regular trend of trading and prices, in the face of distorting phenomena linked to excessive volatility and/or poor trading liquidity; (ii) to offer shareholders an additional tool to monetise their investment; (iii) to purchase 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 on the market, on one or more occasions, on a rotating basis, in accordance with the operating procedures envisaged in the Rules of the Markets Organised and Managed by Borsa Italiana S.p.A., which do not allow the direct matching of buy orders with predetermined sell orders, in compliance with the provisions of Article 132 of the Consolidated Law on Finance and Article 144-bis of the Issuers' Regulations or, in any case, in accordance with other procedures permitted by the law, including regulations, in force at the time. Disposal transactions may be carried out, on one or more occasions, in any manner deemed appropriate in relation to the purposes that will be pursued. The unit price for the purchase of ordinary Ascopiave shares, established from time to time for each individual transaction, may not be more than 10% higher or lower than the reference price recorded by Ascopiave shares in the stock exchange session prior to each individual purchase transaction.

With regard to the consideration for the disposal of the treasury shares purchased, established on a case-by-case basis for each individual transaction, 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 of the shares is undertaken, 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 2023 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 2024, the date of approval of this Report.

No subsidiary of Ascopiave holds shares in it.

(l) 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 from its parent company Asco Holding S.p.A.

It should be noted that:

- The information envisaged 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 envisaged 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

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- by way of supplementary provisions") is illustrated in the section of the Report dedicated to the Board of Directors (see Section 4.2);
- The information envisaged 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 envisaged 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 this Report.

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, with the sole exception of 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.

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 Governance 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 this Report.

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 business activity in 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.

During the year, on 9 February 2023, the Board of Directors approved the 'Strategic Plan 2022-2026', integrating 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.

It should also be noted that the 'Rules of the Board of Directors, Lead independent director and Governance Committees', approved by the Board on 11 November 2021, stipulates that the Board of Directors is responsible for defining the Company's strategic guidelines on sustainability and the analysis of issues relevant to the generation of long-term value, with the support of the Sustainability Committee.

In this regard, we inform you that on 9 February 2023, the Board of Directors approved the "Strategic Plan 2022-2026" in line with the principles envisaged in the "Guidelines for the Pursuit of Sustainable Success" approved by the Board of Directors of Ascopiave S.p.A. on 21 April 2022, upon the proposal of the Sustainability Committee.

With reference to Recommendation 1 (b) of the CG Code, the Board periodically monitors the implementation of the business plan and the evaluation of the general performance of the 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 the 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 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 business 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 indicated guidelines and the deviations from 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 year, as part of the approval process of the '2022-2026 Strategic Plan', the Board of Directors approved this plan on 9 February 2023, defining 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. In particular, the Board of Directors also continued to integrate the environmental, social and economic sustainability of the Company's business in the definition of its strategies, confirming the strategic guidelines indicated in 2022. In this regard, it should be noted that the approval process of the '2020-2024 Strategic Plan' and the '2021-2025 Strategic Plan' had also been implemented in compliance with Recommendation 1, letter c) of the CG Code.

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;
- (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 this Report 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 6 March 2023, with reference to the financial year 2022, and on 29 February 2024, with reference to the financial year 2023, the Board assessed the adequacy of the Issuer's organisational, administrative and accounting structure, with particular reference to the internal control and risk management system 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 this Report.

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 the 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 have a lasting effect on 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;

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- 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;
 - 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 over EUR 100,000;
 - amendments to the articles of association, as well as the establishment and closure of secondary offices;
 - with reference to the gas distribution sector, with regard 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 this Report for further information.

Lastly, please refer to the specific relevant Sections of this Report, 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 the Management of 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 this Report 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 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 such 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. It should be noted that this new gender balance distribution criterion was applied starting with the Board of Directors appointed by the Shareholders' Meeting of 29 May 2020 and was also applied with reference to the current term of office of the Board of Directors.

Subsequently, it should be noted that 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 the 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 the replacement of directors in compliance with the legal and regulatory provisions provided for 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 envisaged by the laws in force from time to time and indicated in the notice of call of the Shareholders' Meeting.

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 envisaged by law and the applicable regulations. The first candidate on each list must meet the independence requirements envisaged 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 least 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 envisaged 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 in the list itself, 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 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 provisions set forth below 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 the 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. This 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 envisaged 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. Should said procedure not ensure the election of the number of independent directors envisaged by the applicable laws and regulations, the missing directors shall be elected by the Shareholders' Meeting with the ordinary procedures and majorities, subject to the submission of nominations of persons meeting the independence requirements set forth by the laws and 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 Company Bylaws to provide for the possibility for the outgoing Board 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 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 envisaged 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 benchmarks 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 Governance 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 this Report.

The Articles of Association do not provide for any additional 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 envisaged 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 obtaining the vote of the Chairman of the Board of Directors shall be deemed approved.

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 during the financial year. The Board of Directors of Ascopiave S.p.A., appointed by the Shareholders' Meeting held on 18 April 2023, 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 2025.

At this Shareholders' Meeting, two lists were submitted, 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 shareholding equal to 51.157% of the share capital and equal to 60.813% of the voting capital of Ascopiave S.p.A. On the other hand, the director Cristian Novello was taken from the minority list no. 2 presented by ASM Rovigo S.p.A. (holder of a shareholding equal to 4.399% of the share capital and equal to 5.229% of the voting capital).

Below is a summary of the lists presented and the results of the voting:

PRESENTING PARTY	LIST OF CANDIDATES	LIST OF ELECTED MEMBERS	% VOTES OBTAINED IN RELATION TO VOTING RIGHTS
List No. 1 Asco Holding S.p.A.	1. Luisa Vecchiato 2. Nicola Ceconato 3. Federica Monti 4. Greta Pietrobon 5. Enrico Quarello 6. Giovanni Zoppas	1. Luisa Vecchiato 2. Nicola Ceconato 3. Federica Monti 4. Greta Pietrobon 5. Enrico Quarello 6. Giovanni Zoppas	64.439%
List No. 2 ASM Rovigo S.p.A.	1. Cristian Novello 2. Cristina Venco	1. Cristian Novello	14.283%

For the detailed composition of the Board of Directors, with reference to the financial year 2023, please refer to Table 2 at the end of the Report.

The main professional characteristics of the Directors and their length of service since their first appointment are presented below:

- Mr. Nicola Ceconato, **Chairman and Chief Executive Officer ("Chief Executive Officer")**, in office since 4 May 2017, in his third 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 enrolled in the Order of Chartered Accountants and Accounting Experts of Treviso, in the Register of Legal Auditors, in the Register of Consultants and Experts at the Court of Treviso and in the College of Economists of Barcelona (Spain). He has been practising as a Chartered Accountant since 1994.
Mr. Ceconato 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 national and international tax and corporate consulting and company valuation. He was the Director of the Budget, Finance and Taxes Department of the Municipality of San Vendemiano (TV) from 2004 to 2014.
Chairman and Chief Executive Officer of Ascopiave S.p.A. since 2017 and Chief Executive Officer pursuant to the Corporate Governance Code since 2021.
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, appointed the Chairman and Chief Executive Officer Dr. Nicola Ceconato as General Manager of Ascopiave, effective as of 1 January 2022.
- Ms. Luisa Vecchiato, in office since 4 June 2020, in her second term (**Independent Non-Executive Director**).

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 acts as an administrator in a number of corporations, was a member of the Board of Liquidators of the Consorzio Portuario di Treviso from 2003 to 2014, and acted as a bankruptcy receiver at the Court of Treviso.

Since 2020, she has been a member of the Board of Directors of Ascopiave S.p.A.

She holds the position of Chairman of the Remuneration Committee and member of the Control and Risk Committee of Ascopiave S.p.A.

She obtained a first-level Master's degree in 'Risk Management, Internal Audit & Fraud' at the Cà Foscari University of Venice in 2022.

- Ms. Federica Monti, in office since 18 April 2023, in her first term (**Independent Non-Executive Director**).

She was born in Auronzo di Cadore (BL) on 10 February 1969. She graduated in business economics in 1997 from the Cà Foscari University of Venice and has been a chartered accountant and auditor since September 2002. Since April 2005, she has been working as a freelance professional at the Bampo Commercialisti firm in Belluno, initially as a studio collaborator and since 2007 as an associate. She has gained experience in corporate and tax consultancy and in extraordinary transactions. She provides ongoing consultancy in accounting, tax and corporate matters to small and medium-sized companies located in the provinces of Belluno, Treviso and Venice. She is a statutory auditor for companies located in the provinces of Belluno, Treviso, Venice and Bolzano. She is a member of boards of statutory auditors and holds the role of Managing Director, as well as being a shareholder, of the companies Dale Services S.r.l., Auronzo d'Inverno S.r.l. and Finras S.r.l.

Since February 2022 she has been Chairman of the Guild of Chartered Accountants and Accounting Experts.

Since April 2023, she has been a Director of Ascopiave S.p.A., where he is also a member of the Sustainability Committee and the Control and Risk Committee.

- Ms. Greta Pietrobon, a lawyer, in office since 24 April 2014, in her fourth term (**non-independent non-executive director**).¹

Greta Pietrobon was born in Treviso on 18 October 1983. She obtained her law degree from the University of Padua in 2009 and is currently a member of the Treviso Bar Association.

She practices in the fields of civil law, data protection and corporate contract law. Since 2014 to date, she has been a member of the Board of Directors of Ascopiave S.p.A.

She holds the role of Chairman of the Sustainability Committee and member of the Remuneration Committee of Ascopiave S.p.A.

She obtained a first-level Master's degree in 'Risk Management, Internal Audit & Fraud' at the Cà Foscari University of Venice in 2022.

- Mr. Enrico Quarello, in office since 14 February 2012, in his fifth term (**non-independent non-executive director**).

¹ It is specified that Ms. Greta Pietrobon was appointed Lead Independent Director by the Board of Directors on 28 January 2021 and has been a non-executive non-independent director since 18 April 2023. Please note that on 11 May 2023, the Board of Directors appointed Mr. Giovanni Zoppas as the new Lead Independent Director.

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 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.

Since 2012, he has been a Director at Ascopiave S.p.A., where he is also a member of the Sustainability Committee.

- Mr. Giovanni Zoppas, in office since 18 April 2023, in his first mandate (**independent non-executive director, 'Lead Independent Director'**).

He was born in Vittorio Veneto (TV) on 29 May 1958. He graduated in political economy from the L. Bocconi University in Milan. He began his professional career in 1984 at Andersen Consulting. He subsequently held various positions in the Benetton Group from 1993 to 2000, until he reached the role of Group Administration and Control Director. After an experience as CFO in the pharmaceutical company GlaxoSmithKline, he was general manager of Nordica S.p.A. from 2003 to 2006. In 2006, he joined Gruppo Coin as CFO and COO; in the same group he then held the positions of CFO and general manager of the Coin and Upim divisions as a member of the Board of Directors. In January 2012, he joined the Marcolin Group where he served as CEO and Group General Manager and in October 2017 he was appointed CEO of Thélios S.p.A. (joint venture between LVMH and the Marcolin Group).

Since 2021 he has been CEO of Tecnica Group S.p.A.

Since April 2023, 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 11 May 2023.

- Mr. Cristian Novello, in office since 4 June 2020, in his second 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 and held directorships in corporations. To date, he has been a Director of the Administrative and Legal Area of Veneto Acque S.p.A.

Since 2020, he has been a member of the Board of Directors of Ascopiave S.p.A., where he has held the role of Chairman of the Control and Risk Committee and member of the Remuneration Committee .

The professional curricula of the directors are filed at the registered office and available on the Issuer's institutional website www.gruppoascopiave.it in the Investor Relations section.

Diversity benchmarks and policies

The current composition of the Board of Directors of Ascopiave S.p.A. complies with the gender balance envisaged 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 benchmarks, including gender, for the composition of the Board of Directors and the Board of Statutory Auditors, in compliance with the priority goal 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.

The current Board of Directors was appointed by the Shareholders' Meeting on 18 April 2023 and will remain in office until the date of the Shareholders' Meeting called to approve the financial statements for the year 2025.

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) in the "Investor Relations" section, from which the various educational and professional backgrounds and skills emerge.

With particular reference to gender balance, moreover, it should be noted that the Shareholders' Meeting held on 29 May 2020 approved amendments to the Articles of Association aimed at ensuring that the distribution of directors to be elected is carried out on the basis of a criterion that ensures gender balance, as envisaged 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.*"

Please be advised that on 23 February 2023, in compliance with Recommendation 23 of the CG Code and considering that, with the approval of the financial statements for the year 2022, its term of office ends, the Board of Directors, taking into account the results of the self-assessment ("board review") referring to the year 2022, expressed to shareholders, on a voluntary basis, in view of the renewal of the administrative body for the years 2023-2025, its guidelines on the managerial and professional figures whose presence on the new Board of Directors would be deemed appropriate. The Board of Directors suggested ensuring, compatibly with the constraints and rules of corporate governance, an adequate continuity in the composition of the Board of Directors in order to make the most of the wealth of knowledge of Ascopiave S.p.A. accrued 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 hoped that in renewing the administrative body, in order to ensure continuity of action for the same, the confirmation of some members would also be considered, enhancing the knowledge of the Company and the business as well as the active contribution made to the Board's work during the term of office.

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.

It should also be noted that, in formulating the aforementioned guidelines, the Board of Directors stressed 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.

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, 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 23 February 2023 on the Company's website (www.gruppoascopiave.it section "Investor relator" - "Shareholders' Meetings") and at the authorised storage mechanism "eMarket Storage" (www.emarketstorage.com).

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 "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 benchmarks 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.

It should be noted that the "Regulation of the Board of Directors, Lead independent director and Governance 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.

During the Financial Year, in view of the board renewal, as part of the self-assessment process of the board of directors (board review) carried out on 23 February 2023, it should be noted that the Board of Directors did not deem it appropriate to express an orientation on the maximum number of positions held by directors, considering that this option envisaged by the Regulation is not mandatory for companies with non-major concentrated ownership, such as Ascopiave, in line with Recommendation 15 of Article 3 of the Corporate Governance Code. However, in the meeting held on 23 February 2023, it was informed that the Board of Directors of Ascopiave S.p.A., although it did not deem it appropriate to establish a maximum number of offices in other listed companies of significant size, upon verification of the offices held by its directors in other companies, considered that the number and quality of the offices held did not interfere and was, therefore, compatible with the effective performance of the office of director in the Issuer.

Table 5 at the end of this Report shows the list of the main companies in which each director holds directorship 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 Recommendation 2003/361/EC have been defined as companies of significant size. Offices in subsidiaries and associated companies are excluded.

4.4. OPERATION OF THE BOARD OF DIRECTORS (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 Governance Committees", which defines the competences and rules of operation of the Board of Directors, Lead Independent Director and Governance Committees, including the convening, holding of meetings, taking of minutes and procedures for the management of pre-meeting and supplementary 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 this Report, 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 this Report, 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 this Report, 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 way in which minutes of board meetings are recorded, the Rules of Procedure provide that the resolutions passed at the meeting are to 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 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 passed at meetings of the Board of Directors when the minutes of those meetings have not yet been officialised. 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 stipulated 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 deadlines 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, prior to 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 convocation 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, in 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 in 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 in 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 in 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 accrued by reason of their office.

They shall also comply with the rules adopted by the Company for the dissemination of the aforementioned documents and information and 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*, "Corporate Governance" section).

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: 9 February 2023, 23 February 2023, 6 March 2023, 7 March 2023, 27 March 2023, 13 April 2023, 11 May 2023, 6 June 2023, 27 July 2023, 19 September 2023, 4 October 2023, 9 November 2023, 23 November 2023, 28 November 202, 12 December 2023 and 21 December 2023.

The duration of board meetings was, on average, one hour and 45 (forty-five) minutes.

As of the date of this report, i.e. 7 March 2024, 3 (three) meetings have already been held since the beginning of 2024 on 22 February 2024, 29 February 2024 and 7 March 2024.

The calendar of major corporate events 2024 (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:

- 9 May 2024 - approval of the Interim Management Report as at 31 March 2024;
- 30 July 2024 - approval of the Half-Yearly Report as at 30 June 2024;
- 7 November 2024 - approval of the Interim Management Report as at 30 September 2024.

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 Governance 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 Board proceedings;
- (ii) performs a liaison function between the executive and non-executive directors;
- (iii) defines the proposed calendar of board meetings;

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- (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 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 at 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.

On 11 May 2023, the Board of Directors took office, which, among other matters, conferred powers on the Chairman, reconfirming what had been previously attributed, in particular:

- coordinating the activities of the Board of Directors, guiding the conduct of its meetings and managing the voting, taking care, together with the secretary of the board, of the minutes of the meetings;
- Instructing the resolution proposals to be submitted to the Board of Directors by setting the agenda and ensuring, also with the help of the Secretary of the Board of Directors, the timeliness and completeness of the pre-Board and Board 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, in the meeting, all the 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 set aside for the in-depth analyses deemed useful for a proper understanding of the matter. Lastly, if particular requirements have so required, during the course of the financial year the information was provided within a shorter period of time than the 2-calendar day period mentioned above, or in the meeting, in a manner determined on the basis of the requirements that entailed making the information available beyond the 2-day period mentioned above (e.g. by making the information available in hard copy during the meeting). Even in such cases, the Chairman ensured that, in the meeting, all members of the Board and the Board of Statutory Auditors were provided with adequate information on the topics under discussion 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 Governance Committees with the activities of the Board of Directors.

In line with Recommendation 12 (c) of the CG Code, during the Year, at the invitation of the Chairman and CEO of the Board of Directors, the Director of Legal and Corporate Affairs was invited to 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 course of 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.

Pursuant to Recommendation 12, letter e) of the CG Code, with reference to the task 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 three-year 2020-2023 term of office of the Board of Directors, applying the provisions of Recommendation 22 of the CG Code, in accordance with the procedures envisaged in the "Regulation of the Board of Directors, Lead independent director and Governance 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" of this Report.

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 this Report 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 Chairman 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. During the Board of Directors' meeting of 11 May 2023, the Secretary of the Board of Directors was appointed.

In line with Recommendation 18 of the CG Code, the 'Regulation of the Board of Directors, Lead independent director and Governance 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 Chairman 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 Chairman 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 of Procedure 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 Chairman 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.

In order to perform his duties, the secretary is supported by the Legal and Corporate Affairs Department, the director of which is invited and may attend meetings of the Board of Directors. 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 Chairman and CEO, particularly in connection with the tasks stipulated in Recommendation 12 of the CG Code. In addition, the secretary also supported the Chairman and CEO in conducting the board review that took place on 23 February 2023, prior to the expiry of the Board's three-year term 2020-2023. In addition, pursuant to CG Recommendation 18, during the Financial Year the secretary provided impartial assistance and advice to the Board of Directors on all aspects relevant to the proper functioning of the corporate governance system.

4.6. EXECUTIVE DIRECTORS

Managing Director

By resolution of 11 May 2023, the Issuer's Board of Directors, appointed by the Shareholders' Meeting held on 18 April 2023, 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.

Please note that as of 1 January 2022, Mr. Nicola Ceconato will also hold the role 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 Mr. 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 Mr. Ceconato's role as the Group's key manager, who has played an essential role 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.

Notice is hereby given that on 11 May 2023, the Board of Directors of Ascopiave S.p.A, appointed by the Shareholders' Meeting held on 18 April 2023, conferred to the Chairman and Chief Executive Officer, Mr Nicola Ceconato, in addition to the legal and institutional representation and the competences pertaining to him according to the law and the articles of association, powers, exercisable in compliance with the budget and the investment plan as well as with 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.

In particular, the following powers were reconfirmed to Mr. Ceconato as Chairman and Chief Executive Officer:

- handle relations with the Company's shareholders;
- implement the resolutions adopted by the Board of Directors;
- represent the Company in the Shareholders' Meetings of subsidiaries or investee companies, it being understood that the Board of Directors is responsible for identifying the members of the Board of Directors or the Sole Director and the control body;
- sign the deeds and correspondence of the Company relating to the delegated acts, in any case within the limits of the powers conferred;
- handling institutional relations and institutional communication, with particular reference to relations with public administration offices, for the purposes and within the scope of the corporate purpose of the company and the Ascopiave Group;
- promote and coordinate the development of the image of the company and the Ascopiave Group;
- 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 of financing acquisition or integration activities, submitting the identified transactions and the relevant acquisition or integration proposals to the Board of Directors for its approval;
- ensure that the committee responsible for issuing the favourable opinion on related party transactions, where required under the procedure for related party transactions in force from time to time, is involved in the negotiation and preliminary stages, through the receipt of complete, adequate and timely information on the relevant transaction;
- appoint proxies for individual acts or categories of acts, within the limits of the powers granted above, and revoke or confirm the powers granted to such proxies. Dr. Ceconato may also grant proxies within the limits described above.

We inform you that the Board of Directors' meeting of 6 March 2023 updated the powers previously granted, by resolution of the Board of Directors of 11 November 2021, to Mr. Nicola Ceconato as General Manager, which are transcribed in full below:

"Mr. Nicola Ceconato, as General Manager, in addition to his legal and institutional representation and the powers vested in him by law and by the Bylaws, is vested with all the powers to perform the acts relating to the management, coordination and control of the activities of the corporate functions and services, including, in particular, the following 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:

- implement the resolutions adopted by the Board of Directors;
- managing and directing all the corporate functions and services organised in the various divisions into which the Company is divided, ensuring the necessary managerial unity and coordination within the limits set forth herein;
- sign the deeds and correspondence of the Company relating to the delegated acts, in any case within the limits of the powers conferred;
- represent the Company vis-à-vis any public administration and any public authority including the regulatory authority for energy networks and the environment, the competition and market authority, the national commission for companies and the stock exchange, by signing deeds and declarations;

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- perform with public administrations all acts and operations necessary to obtain concessions, licences, authorisations or concessions or other acts falling within the competence of those administrations;
 - represent the Company vis-à-vis the National Social Security Institute, the National Workers' Compensation Institute and, in general, any welfare or social security body or institution; represent the Company vis-à-vis workers' and employers' trade unions;
 - represent the Company vis-à-vis associations, foundations, consortia, companies, legal persons in general and individuals, press, television and media organs and, in any case, in all institutional relations, reporting to the Board of Directors;
 - Handle institutional relations and institutional communication, with particular reference to relations with public administration offices, for the purposes and within the scope of the Company's corporate purpose;
 - Promote and coordinate the development of the image of the Company and the Ascopiave Group in compliance with the guidelines established by the Company's Board of Directors;
 - participate, consistently with the guidelines and strategies defined by the Board of Directors and providing timely information to the Board itself, in public evidence procedures, or private auctions, concerning works, supplies, services, gas distribution concessions, acquisition of shares and/or company 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, movable assets in general and services (excluding the assignments referred to in the following point), performing the related procedures, provided that they fall within the corporate purpose or are in any case instrumental to the exercise of the business activity, the economic content of which does not exceed the amount of Euro 1,500,000 per individual transaction and series of interrelated transactions, within the limits of the budget;
 - to approve, enter into, amend and terminate contracts for the purchase and sale of real estate in general, performing the relevant procedures, the economic content of which does not exceed, per individual transaction and series of related transactions, the amount of EUR 1,000,000;
 - authorise and award professional appointments, consultancy, services, for amounts not exceeding EUR 300,000 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 EUR 500,000 for each individual transaction, within the limits of the budget;
 - purchase, also by means of leasing contracts, motor vehicles of any kind up to the 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;
 - open and close current accounts in the name and on behalf of the Company at the post office account administration and credit institutions in general;
 - to dispose of and withdraw from bank and postal current accounts, including by means of cheques of any kind to the order of third parties or of the Company, or by means of electronic systems (electronic banking of any kind provided by banks, the Internet or similar) from cash on hand or from accounts payable within the limits of the credit lines granted to the Company; to make deposits of any kind on bank and postal current accounts in the Company's name and to

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- endorse for credit and/or collection on such accounts cheques and money orders or other payment instruments;
- manage the company's liquidity and cash flows, including in the context of group financial management and strategies;
 - send third-party collection orders (sdd or similar), including related transactions, to the banking system;
 - manage and collect any credit of the Company;
 - enter into, amend, terminate credit and loan agreements, agree on credit facilities and other banking facilities, up to a maximum limit of EUR 5,000,000.00 (five million/00) per individual agreement;
 - requesting and/or issuing sureties, in the interest of Ascopiave and/or its subsidiaries or investee companies, for commitments falling within the scope of the activities referred to in its corporate purpose, for amounts of up to €5,000,000.00 (five million/00) per individual transaction or series of related transactions;
 - implement the decisions of the Board of Directors concerning the use of derivative instruments within the limits of the risk policies approved by the Board, with the support of the Chief Financial Officer;
 - sign communications and tax declarations for the purposes of direct and indirect taxation, with the power to assign powers and relative fulfilments to the persons in charge of the competent offices of the Company;
 - Hiring, dismissing, promoting and suspending managerial and salaried staff, determining their qualifications, remuneration and organisational grading, exercising disciplinary power and imposing sanctions;
 - establish real or compulsory rights over the Company's real estate;
 - intervene in bankruptcy or other insolvency proceedings by performing all necessary acts;
 - to initiate and support extrajudicial and judicial actions (civil, criminal, administrative and tax) in any order and level of jurisdiction (also for revocation judgments and before higher courts), acting as plaintiff and defendant, electing domicile for this purpose, appointing and revoking lawyers, attorneys at law and experts, and settling judicial proceedings up to the amount of EUR 500,000; to file and revoke complaints, denunciations, exposés and any act introducing criminal proceedings;
 - fulfil all the obligations, by signing the relevant acts, in compliance with the applicable legislation on the protection of personal data, by, among other matters, drawing up the register of processing operations, drafting internal procedures on the management of personal data, appointing internal data processors and appointing one or more external data processors;
 - appoint attorneys for individual acts or categories of acts, within the limits of the powers granted above, and revoke or confirm the powers granted to such attorneys. Dr Ceconato may also grant proxies within the limits described above."

Please note that 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 role of Chief Executive Officer ("CEO"). This recommendation is part of the requirements of the Euronext Star Milan segment as envisaged 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.

On 11 May 2023, the Board of Directors took office, which, among other matters, appointed the Chairman, Mr. Nicola Ceconato, as Chief Executive Officer and, considering his significant management powers in the role of General Manager of the Company, the Board qualified him as Chief Executive Officer of Ascopiave S.p.A. pursuant to the Corporate Governance Code. In the same meeting, he was also assigned the role of director in charge of setting up and maintaining the internal control and risk management system, pursuant to Recommendation 32 of the Corporate Governance 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.

On 11 May 2023, the Board of Directors took office, which, among other matters, appointed the Chairman, Mr. Nicola Ceconato, as Chief Executive Officer and, considering his significant management powers in the role of General Manager of the Company, the Board qualified him as Chief Executive Officer of Ascopiave S.p.A. pursuant to the Corporate Governance Code. In the same meeting, he was also assigned the role of director in charge of setting up and maintaining the internal control and risk management system, pursuant to Recommendation 32 of the Corporate Governance Code of Borsa Italiana S.p.A.

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 Board by the Directors/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 significant 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 half-yearly financial statements and interim reports, 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, and subsequently by the Board of Directors on 11 May 2023).

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 taking 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 envisaged 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 envisaged in Article 2 of the Corporate Governance Code, also taking into account the quantitative and qualitative benchmarks 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 Governance 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 envisaged in Article 2 (excluding

Recommendations 5, third and fourth paragraphs, and Recommendation 8) of the Corporate Governance Code.

Consistently, on 23 February 2023, the Board of Directors of Ascopiave S.p.A. 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 Consolidated Law on Finance and the CG Code (Recommendation 6) and applying all the benchmarks envisaged in the CG Code with reference to the independence of directors (Recommendation 7), as well as the quantitative and qualitative benchmarks, approved by the Board of Directors on 28 January 2021, for assessing the materiality referred to in letters c) and d) of Recommendation 7 of the CG Code. In this regard, it should be noted that there were no changes with respect to the results of the previous annual verification of independence requirements carried out on 24 February 2022.

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 benchmarks 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. for services that can be traced back to the same type of contractual relationship as 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 acting 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 envisaged 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 7, lett. d) 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 Governance 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 resolved by the shareholders' meeting for the entire board of directors; and (ii) any remuneration awarded by reason 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 envisaged in Recommendation 25 of the Corporate Governance Code; (b) "remuneration for participation in Governance Committees" means the remuneration that the individual director receives by reason of his or her participation in the Governance Committees envisaged by the Corporate Governance Code or by committees/bodies envisaged by the 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 Governance 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 cohabitants, 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 company having strategic relevance, please note 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 subsidiaries was also confirmed by the Board of Directors during the independence assessment of non-executive directors conducted on 24 February 2022.

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, except for Morina S.r.l., Edigas Esercizio Distribuzione Gas S.p.A. and AP Reti Gas Rovigo S.r.l. After the end of the Financial Year, on 22 February 2024, the Board of Directors expressed its opinion on the strategic relevance of the subsidiaries and established the relevance of all the subsidiaries, excluding Edigas Esercizio Distribuzione Gas S.p.A. and AP Reti Gas Rovigo S.r.l..

In line with the provisions of Recommendation 6 of the Corporate Governance Code, at its meeting of 11 May 2023, the newly appointed Board of Directors assessed the existence of the independence requirements of the non-executive directors Luisa Vecchiato, Federica Monti, Giovanni Zoppas and Cristian Novello.

During this meeting, the new Board of Directors resolved that the non-executive directors Enrico Quarello and Greta Pietrobon did not meet the requirements necessary to qualify them as independent directors, consistently with what the same directors had declared when accepting the office of director in advance.

In addition, pursuant to Recommendation 10 of the CG Code, the Board of Directors also disclosed the outcome of its assessments, after its appointment, by means of a press release to the market. The benchmarks used to assess the materiality of the relationships were specified in this press release.

In carrying out these checks, the Board of Directors applied the provisions of Recommendations 6 and 7 of the CG Code.

The independent directors therefore meet the independence requirements set forth by the CG Code, as well as by Article 148, paragraph 3, letters a), b) and c) of the Consolidated Law on Finance. It should be noted that, after the close of the financial year, on 22 February 2024, 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 benchmarks envisaged in the CG Code with reference to the independence of directors (Recommendation 7), as well as the quantitative and qualitative benchmarks, 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 audit carried out on 11 May 2023.

After the appointment of the Board of Directors, during the Board meeting held on 11 May 2023, the Board of Statutory Auditors verified the correct application of the benchmarks and assessment procedures adopted by the new Board to evaluate 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. The same checks were also carried out by the Board of Statutory Auditors on 23 February 2023 and, after the end of the Financial Year, on 22 February 2024, and the outcome of these checks is disclosed through the publication of this Report. In addition, during the course of the financial year, the Board of Statutory Auditors also verified the independence requirements of its members after their appointment, in particular at the meeting of 8 May 2023.

It should be noted that the provision envisaged 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 it does not qualify as a large company under the CG Code. However, it should be noted that on 11 March 2019, the Board of Directors of Ascopiave S.p.A. deemed it 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 'Governance Committees' of this Report.

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.

In 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.

On 11 May 2023, the Board of Directors took office, which, among other matters, appointed the Chairman, Mr. Nicola Ceconato, as Chief Executive Officer and, considering his significant management powers in the role of General Manager of the Company, the Board qualified him as Chief Executive Officer of Ascopiave S.p.A. pursuant to the Corporate Governance Code. During the same meeting, he was also assigned the role of director in charge of setting up and maintaining the internal control and risk management system, pursuant to Recommendation 32 of the Corporate Governance Code of Borsa Italiana S.p.A.

On 11 May 2023, the Board of Directors therefore appointed director Giovanni Zoppas as the new lead independent director.

The "Rules of the Board of Directors, Lead independent director and Governance 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 convened a meeting with the independent directors (hereinafter also referred to as the "Committee of Independent Directors" or "CAI"), which was held on 27 November 2023. At this meeting, the Lead independent director acted as Chairman of the meeting. As of the date of this report, i.e. 7 March 2024, no meetings with the Committee of Independent Directors have been held since the beginning of 2024.

During the financial year, the Lead Independent Director reported to the Chairman and CEO of Ascopiave S.p.A., Dr. Ceconato, on a potential extraordinary and strategic transaction.

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 benchmarks and procedures envisaged 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 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 in the section Corporate Governance/System and Rules/Internal Dealing Code.

Furthermore, pursuant to Article 2.6.1 of the Stock Exchange Regulations, the Board of 23 June 2015 appointed the head of the Compliance Department and, as her replacement, the Director of Strategy Planning and Control - Investor Relator, as Information Referent of Ascopiave S.p.A., assigning the task of fulfilling the legal and regulatory requirements to the aforementioned Information Referent, with particular reference to those on the subject of mandatory corporate disclosure and the dissemination to the market of information relating to transactions subject to the "Code of Internal Dealing". From 29 March 2023 to 14 January 2024, the role of Information Referent was temporarily filled by a resource reporting to the Legal and Corporate Affairs Department.

6. GOVERNANCE 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 Governance 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 matters, 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 Governance Committees and in defining their composition and the rules governing their operation.

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 Governance Committees", which defines the competences and operating rules of the Board of Directors, Lead independent director and Governance 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 Governance 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 Governance 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 collect 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 Governance 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 matters, note any dissent expressed by the members of each committee. The chairperson 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, to the extent of interest, of the members of the committees themselves, as well as the other directors and supervisory 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 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. Lastly, 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 envisaged 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 shareholder 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".

The current Committee, appointed by the Board of Directors on 11 May 2023, is composed of the following Directors: Greta Pietrobon as Chairman, Monti Federica and Enrico Quarello as members (see Table 3).

The "Rules of Procedure of the Board of Directors, Lead independent director and Governance 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 Governance 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 sustainable success into the business processes, the Group's industrial plan and the performance targets in terms of remuneration in order to pursue the 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;

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- (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 Year, six meetings of the Sustainability Committee were held on 11 April 2023, 26 September 2023, and, together with the Audit and Risk Committee, on 7 March 2023, 11 May 2023, 27 July 2023 and 9 November 2023. There have been no changes in the composition of the Sustainability Committee since the end of the Financial Year.

Since the end of the financial year and up to the date of this Report, no meetings of the Sustainability Committee have been held. Further meetings of the Sustainability Committee may be scheduled during 2024.

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 sustainable success into the business processes and the Group's business plan, and into the performance targets on remuneration in order to pursue the 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, it should also be noted that, at the proposal of the Sustainability Committee, on 21 April 2022 the Board of Directors approved the 'Guidelines for the Pursuit of Sustainable Success'.

On 9 February 2023, the Board of Directors approved the 'Strategic Plan 2022-2026' in line with the principles envisaged in the aforementioned 'Guidelines for the Pursuit of Sustainable Success'.

On 13 April 2023, on the proposal of the Sustainability Committee, the Board of Directors approved the Sustainability Report 2022.

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 its Chairman, with the support of the secretary, and are duly minuted.

The average duration of the meetings was 30 (thirty) 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.

As anticipated in Section 4.7 "Independent Directors and Lead independent directors" of this Report, it should be noted that, on 11 March 2019, the Board of Directors of Ascopiave S.p.A. provided for the establishment of the Independent Directors Committee from among its members.

Following the appointment of the new Board of Directors, the Committee of Independent Directors is composed of all the Independent Directors of Ascopiave S.p.A., in particular Luisa Vecchiato, Federica Monti, Giovanni Zoppas and Cristian Novello (see Table 3).

Please note that Giovanni Zoppas was appointed Lead independent director by the Board of Directors on 11 May 2023.

The "Regulation of the Board of Directors, Lead independent director and Governance 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 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 matters, record the reasons for any dissent expressed by the members of the Committee.

On 27 November 2023, the lead independent director convened and chaired the meeting with the independent directors and the minutes were produced.

The meeting lasted about two and a half hours and a potential extraordinary and strategic transaction was discussed and deliberated upon.

At the invitation of the Lead independent director, the Board of Statutory Auditors attended the meeting.

There have been no changes in the composition of the Committee since the end of the financial year. No meetings of the Committee of Independent Directors have been held since the end of the Financial Year and up to the date of this Report. During 2024, the Committee of Independent Directors will schedule at least one meeting .

The meeting of the Committee of Independent Directors was 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 Governance Committees, please refer to the "Regulation of the Board of Directors, Lead independent director and Governance

Committees" available in the "Corporate Governance" section of the website 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 Governance 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 Chairman 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 Chairman 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, on 23 February 2023, the Issuer's Board of Directors conducted its board review on a three-yearly basis, prior to the expiry of the board's term of office, through a discussion led by the Chairman and CEO, with the assistance of the secretary, in line with the provisions of the Regulation.

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 mandate expired, the Board of Directors, taking into account the results of the self-assessment ("board review") referred to the year 2022, expressed to shareholders, on a voluntary basis, in view of the renewal of the administrative body for the years 2023-2025, the guidelines on the managerial and professional figures whose presence in the current Board of Directors would be considered appropriate. The Board of Directors suggested ensuring, compatibly with the constraints and rules

of corporate governance, an adequate continuity in the composition of the administrative body in order to make the most of the knowledge legacy of Ascopiave S.p.A. accrued 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 hoped that in renewing the administrative body, in order to ensure continuity of action for the same, the confirmation of some members would also be considered, enhancing the 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.

In this regard, for further details, please also refer to what is described in Section 4.3 "Composition", in particular in the paragraph "Diversity Benchmarks and Policies".

It should be noted that this orientation, expressed on a voluntary basis, was published on the Issuer's website (www.gruppoascopiave.it section "Investor relator" - "Shareholders' Meetings") well in advance of the publication of the notice of call of the Shareholders' Meeting relating to the renewal of the Board of Directors' mandate, taking into account the Company's non-concentrated ownership structure.

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.

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 Bylaws 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.

Moreover, Q&A 19 clarifies that the CG Code invites the 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 Ascopiave Shareholders' Meeting held on 18 April 2023 regarding the appointment of the Board of Directors published on the Issuer's website (www.gruppoascopiave.it section "Investor relator" - "Shareholders' Meetings").

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, in accordance with the provisions of the Regulation, during the year the Board deemed it appropriate to express this orientation at the Shareholders' Meeting held on 18 April 2023, on a voluntary basis, in view of the 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 benchmarks envisaged 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 envisaged in the Articles of Association.

With reference to the appointment of the current Board of Directors, approved at the Shareholders' Meeting held on 18 April 2023, it is noted that the list presented by the majority shareholder Asco Holding S.p.A. contains the specification that the list of candidates meets the benchmarks for the composition of the Board of Directors indicated in the "Orientations of the Board of Directors of Ascopiave S.p.A. to the Shareholders on the future composition of the Board of Directors", with particular regard to the evaluations contained therein on gender diversity, seniority in office and complementarity of experience, as well as on the personal and professional characteristics and skills of the candidates.

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 a 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.

For more information on this 'Contingency plan', please refer to Section 14 'Additional Corporate Governance Practices' of this Report.

Finally, reference is also made to the procedures for the replacement of directors already envisaged by the provisions of the Bylaws in force. In particular, the three-year term of office of all directors, envisaged in Article 15 of the Company's Bylaws, as well as the replacement of members of the Board of Directors who ceased before the expiry of the term.

7.2 NOMINATION COMMITTEE

As reported in Section 6 "Governance Committees" of this Report, 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 envisaged 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 envisaged 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

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 current members of the Remuneration Committee were appointed at the Board meeting of 11 May 2023.

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 this Report, the Remuneration Committee was composed of the independent director Luisa Vecchiato, acting as Chairman, the Independent Director Cristian Novello and the Non-Executive Director Greta Pietrobon (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 accrued adequate experience as a member of the Board of Directors in office since 24 April 2014, as well as President of the Remuneration Committee during the previous Board mandate. Director Luisa Vecchiato has accrued adequate experience as member of the Board of Directors in office since 4 June 2020 as well as member of the Remuneration Committee. Furthermore, Director Cristian Novello has accrued adequate experience as a member of the Board of Directors in office since 4 June 2020.

During the Year, 3 (three) meetings of the Remuneration Committee were held, on 15 February 2023, 2 March 2023 and 6 November 2023. The average duration of the meetings was 40 (forty) minutes. There have been no changes in the composition of the Remuneration Committee since the end of the financial year.

At the current date, further meetings of the Remuneration Committee could be scheduled for the financial year 2024.

The Committee also met, after the end of the Financial Year and up to the date of this Report, on 13 February 2024 and on 27 February 2024.

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 minuted.

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 Remuneration Committee meeting was attended by the Board of Statutory Auditors, at the invitation of the Committee Chairman.

Please refer to Section 6 'Governance Committees' of this Report above for further information on the common operating procedures of the Governance Committees.

Functions of the Remuneration Committee

The "Rules of Procedure of the Board of Directors, Lead independent director and Governance 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 matters, to discuss the following main topics:

- Report on remuneration policy and remuneration paid pursuant to Article 123-ter of the Consolidated Law on Finance: assessment of the Remuneration Policy 2023, consistency check of remuneration paid in 2022 and remuneration policy 2022;
- review of the results of the STI 2022 Plan (so-called 'Management by Objectives' or 'MBO');
- Short-Term Variable Incentive Plan 2023 ('STI Plan').

In carrying out its functions, the Remuneration Committee had access, through the secretary, to the information and corporate functions necessary for the performance of its duties 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. INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM - CONTROL AND RISK COMMITTEE

With reference to the Year, the following is a description of the internal control and risk management system implemented by Ascopiave S.p.A.

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, on 31 January 2022, the Board of Directors approved the 'Strategic Plan 2021-2025' and, most recently, on 9 February 2023, as part of the approval process for the new 'Strategic Plan 2022-2026', the Board of Directors continued to integrate the sustainability of business activities 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.

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 'Procedure for the Management of Energy Efficiency Certificates of the Ascopiave Group';
- 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 inform you that currently the "EMIR regulation compliance" procedure is applied by Ascopiave S.p.A. on the derivatives underwritten to hedge the change in variable interest rates of some medium-term loans and the change in transfer prices of electricity produced by the hydroelectric power plants of the subsidiary Asco EG S.p.A.. The situation of the indicated derivatives is constantly monitored by the Chief Financial Officer.

In particular, at the date of approval of this Report, 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", update approved on 15 September 2022;
- "Policy on donations, community contributions and social impact initiatives of the Ascopiave Group", update approved on 27 July 2023;
- "Regulations for contracts for works, supplies and services, below the community threshold, within the special sectors of the Ascopiave Group", update approved on 9 February 2023, currently undergoing further updating following the entry into force of the new Public Contracts Code (Legislative Decree no. 36/2023).

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 Governance Committees'.

We inform you that, after the end of the Financial Year, on 29 February 2024, the Board of Directors of Ascopiave S.p.A. approved the "Enterprise Risk Management Policy", subject to the favourable opinion of the Control and Risk Committee of Ascopiave S.p.A. This document was drafted in order to operationally describe the internal control and risk management system adopted by Ascopiave S.p.A. with reference to the Enterprise Risk Management process (hereinafter also referred to as "ERM"), which is aimed at supporting both the detection of the company's overall risk profile and the identification of strategies and activities to manage individual risks.

Furthermore, the ERM model, methodology and process are defined at Ascopiave Group level so as to guarantee the identification, assessment, management and monitoring of all risks of the Ascopiave Group that may significantly impact the achievement of strategic objectives. The ERM process is therefore integrated into the organisational and corporate governance structures of the Ascopiave Group with the aim of constantly promoting the culture and management of risks at a company level, while respecting the management autonomy of the subsidiaries of the Ascopiave Group that are subject to the regime of functional and accounting separation (so-called unbundling).

During the year, the project to update the Group's Policies, including on risk management, and the Organisation, Management and Control Model continued.

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

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.

As of 1 October 2022, the Company established a Risk Manager to instruct and set up the development of risk management functions consistent with the organisational structure, activities and size of the Ascopiave Group.

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 Ceconato 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. Subsequently, on 11 May 2023, with the installation of the new Board of Directors appointed by the Shareholders' Meeting held on 18 April 2023, considering the significant management powers in the role of General Manager of the Company, the Board qualified Mr. Nicola Ceconato as Chief Executive Officer of Ascopiave S.p.A. pursuant to the CG Code, also assigning him the role of Director in charge of establishing and maintaining the internal control and risk management system, pursuant to Recommendation 32 of the CG Code of Borsa Italiana S.p.A.

Existing risk management and internal control system in relation to the financial reporting process

The system of internal control and risk management in relation to the financial reporting process is designed to provide reasonable certainty that the financial information disseminated provides a true and fair representation of management events, enabling the issuance of the attestations and declarations envisaged by law on the correspondence with the documentary results, 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 on 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 on 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 'Project 262' with the goal of ascertaining the adequacy of the internal control and risk management system to provide reasonable certainty as to 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:

- 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 in 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.

The Board of Directors' meeting held on 6 March 2023, with reference to the financial year 2022, and on 29 February 2024, with reference to the financial year 2023, 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 envisaged 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 and the information and procedures made available by the departments and functions of the company in the meetings held by the Control and Risk Committee during the year and, in any case, up to the date of this Report, as well as on the basis of the information collected during the meetings of the Board of Directors itself also taking into account the remedial and improvement actions underway, the remedial and improvement actions suggested by the Head of Internal Auditing, as well as those recommended and monitored by the Control and Risk Committee, considered the internal control and risk management system to be 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 in relation 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 establishing and maintaining the internal control and risk management system, also pursuant to Recommendation 32, letter b) of the CG Code. Subsequently, on 11 May 2023, with the installation of the new Board of Directors appointed by the Shareholders' Meeting held on 18 April 2023, considering the significant management powers in the role of General Manager of the Company, the Board qualified Mr. Nicola Ceconato as Chief Executive Officer of Ascopiave S.p.A. pursuant to the Corporate Governance Code, also assigning him the role of director in charge of establishing and maintaining the internal control and risk management system, pursuant to Recommendation 32 of the CG Code of Borsa Italiana S.p.A.

The 'Rules of the Board of Directors, Lead independent director and Governance 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 qualifies as an executive according to the notion envisaged 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 to justify these initiatives.

Finally, the CEO did not report to the Control and Risk Committee on any issues that arose in the course of his work or of which he is otherwise aware, so that the committee could take the appropriate initiatives, as no critical issues were found 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.

At the board meeting of 11 May 2023, the current members of the Audit and Risk Committee were appointed.

In compliance 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 this Report, the Control and Risk Committee was composed of the Independent Director Cristian Novello, acting as Chairman, the Independent Director Federica Monti and the Independent Director Luisa Vecchiato (see Table 3).

Moreover, in line with Recommendation 35 of the CG Code, the Audit 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, accrued as a member of the Board of Directors in office since 4 June 2020 and as Chairman of the Control and Risk Committee during the previous board term. In addition, director Luisa Vecchiato has accrued adequate experience as a member of the Board of Directors in office since 4 June 2020 and skills in accounting and taxation accrued in her experience as a freelance professional. Finally, director Federica Monti has accounting and tax expertise accrued in her experience as a freelance professional.

During the Year, 7 (seven) meetings of the Audit and Risk Committee were held on 15 February 2023, 1 March 2023, 7 March 2023, 11 May 2023, 26 July 2023, 27 July 2023 and 9 November 2023.

The average duration of the meetings was one hour and 10 (ten) minutes.

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 this Report, for the year 2024, 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 this Report, on 14 February 2024 and on 28 February 2024.

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 on 1 March 2023.

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 minuted.

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 discussed in 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 this Report for further information on the common modalities of operation of the Governance Committees.

Functions assigned to the Audit and Risk Committee

The 'Rules of the Board of Directors, Lead independent director and Governance 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.

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 purposes 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;

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- 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.

During the Year, the Audit and Risk Committee met, among other matters, to discuss the following main issues:

- assessment of the adequacy of the internal control and risk management system;
- review of the 2023-2024 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 certainty as to the true and fair 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;
- Risk Manager information review.

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 has 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, independence and organisation, as envisaged by

Recommendation No. 33, Article 6 of the Code, having gained extensive experience in internal auditing and compliance activities.

In particular, it should be noted that, at the time of contract renewal, the Head of the Internal Audit Function confirmed, and Ascopiave S.p.A. acknowledged, that he met the requirements envisaged in the new Corporate Governance Code, with particular reference to the "adequate requirements of professionalism, independence and organisation" to be acknowledged to the Head of the Internal Audit Function, as envisaged in Recommendation No. 33, Article 6 of the Code.

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. The Compliance Function, among its activities, also supports the Head of the Internal Audit Function as a point of contact to facilitate the collection of the necessary information for the performance of the operational audits proper to the Internal Audit Function, and to guarantee the necessary continuity to the verification and control activities.

With regard to the organisation supporting the Internal Audit Function, it is also specified that one resource of the Compliance Function, reporting to the Legal and Corporate Affairs Department of Ascopiave S.p.A., is primarily dedicated to the activities of verifying and testing administrative-accounting processes and, normally, upon request, at least one of the two resources of the Compliance Function participates in the meetings with company representatives scheduled by the Head of the Internal Audit Function for the performance of the activities envisaged in the audit plan.

The Internal Audit Function has initiated a fruitful dialogue with the recently established Risk Manager Function in order to direct audit activities also on the basis of the findings of the activities entrusted to this function.

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 '2023-2024 Plan' prepared by the Head of the Internal Audit Function, after consulting the Board of Statutory Auditors and the Chief Executive Officer.

During the Year, the Head of the Internal Audit Function:

- 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.

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 and updated on 9 November 2023, as well as a member of the Supervisory Board of the subsidiary Asco Energy S.p.A. until 31 December 2023 (office terminated following the merger of the company into Asco Renewables 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 protect against "Tax Crimes".

It should be noted that on 10 September 2021, the Board of Directors of Ascopiave S.p.A. approved an update to the Ascopiave Group's Code of Ethics, an integral part of Model 231, including, among other matters, the alignment of the definition of "sustainable success" with the new corporate purpose of Ascopiave S.p.A.'s Articles of Association, 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 ranked, giving priority to the issue of sustainability and respect for and enhancement of personnel.

All subsidiaries of the Ascopiave Group apply the Code of Ethics of the Ascopiave Group as this document has been adopted by the boards of directors of all subsidiaries of the Ascopiave Group.

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 6 June 2023, 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 role of member of the Board of Statutory Auditors of Ascopiave S.p.A. - and Ms. Roberta Marcolin.

It should be noted that, 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, eight (8) meetings of Ascopiave S.p.A.'s Supervisory Board were held, all of which were documented by special minutes kept by the secretary of the Supervisory Board.

It is recalled that 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 No. 231/2001. On 9 November 2023, following the supervening force of Legislative Decree no. 24/2023, implementing EU Directive 2019/1937 on "Whistleblowing", the Board of Directors of Ascopiave S.p.A. approved an update to the "Procedure for the management of Whistleblowing of the Ascopiave Group", adopted by all the subsidiaries of the Group, an integral part of Model 231.

It should be noted that this procedure, adopted by all subsidiaries, introduced a univocal process for the management of Ascopiave S.p.A. and its gas distribution subsidiaries, while it defined a specific process for the management of reports concerning the other Group companies.

The Reporting Committee, a collegial body set up following the adoption of the "Ascopiave Group's Reporting Management Procedure", is composed of the Head of Internal Audit, the Legal and Corporate Affairs Director, and Ascopiave S.p.A.'s Supervisory Board.

During the Year, the Reporting Committee of Ascopiave S.p.A. met on 13 February 2023 and on 18 July 2023. After the end of the Financial Year, up to the date of this Report, the Committee also met on 20 February 2024.

The "Ascopiave Group Whistleblowing Management Procedure", an integral part of Ascopiave S.p.A.'s Model 231 (attachment 3), has been adopted by all the subsidiaries of the Ascopiave Group and is published on the Issuer's website 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.

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 be attributable 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 most of its subsidiaries have adopted an Organisational, Management and Control Model ("Model 231") pursuant to Legislative Decree No. 231/2001 and have appointed a Supervisory Board, the body responsible for overseeing the implementation and effectiveness of Model 231. As mentioned above, all subsidiaries have adopted the Ascopiave Group's Code of Ethics and the 'Ascopiave Group Whistleblowing Management Procedure'.

During the year, activities continued for the periodic updating of the organisation, management and control models of all the subsidiaries of the Ascopiave Group that already have their own organisation, management and control model for the prevention of offences for the purposes of Legislative Decree No. 231/2001. The aforementioned drafting and updating activities for some Group companies were completed during the financial year, while the remaining ones (including Ascopiave S.p.A.) will be completed in 2024.

9.5. AUDITING COMPANY

The auditing activity is entrusted to PricewaterhouseCoopers S.p.A.

The appointment was made by the Shareholders' Meeting held on 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 envisaged by 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 no. 58/98 and strategic manager of the Ascopiave Group. Mr. Paggiaro, who graduated in Economics and Business at the Ca' Foscari University of Venice in 2001, and is a Chartered Accountant and Auditor, has gained significant 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 role 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 honourability requirements prescribed by current legislation 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) having attained a total experience of at least three years in the exercise of administration or control activities or managerial duties in joint-stock companies, or administrative or managerial duties or positions as auditor or consultant as chartered accountant in 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 envisaged by the laws in force from time to time for persons performing administrative and management functions may not be appointed to the role of Manager in charge and, if already appointed, shall forfeit the same.

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 Director 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 2022, the Company considered establishing a Risk Manager role with the goal 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 appointing 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, every six months, for the CEO, Board of Directors and Control and Risk Committee, on the Enterprise Risk Management model and the results of risk assessment activities;
- support, in agreement and in coordination with the CEO, the Board of Directors in defining the elements constituting the Risk Appetite levels;
- ensure, in agreement and in coordination with the CEO, adequate support to the bodies in order to fulfil the aforementioned responsibilities.

After the end of the Financial Year, on 29 February 2024, the Board of Directors of Ascopiave S.p.A. approved the "Enterprise Risk Management Policy", after receiving the favourable opinion of the Ascopiave S.p.A. Control and Risk Committee.

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

- take care of regulatory compliance by acting on the internal control system, in particular with respect to the provisions of Legislative Decree no. 231/2001 and Law no. 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;

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- 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 specific non-compliance and legal risk control functions were identified (see Recommendation 32, letter e of the CG Code), as 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 Governance 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 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 Governance 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 is worth noting that periodic meetings are held between the bodies and functions responsible for internal control and risk management, and that the Head of the Internal Audit Function 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 Statutory Auditors and the Control and Risk Committee exchange information relevant to the fulfilment 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 20 March 2023, the Risk Control Committee met with the Independent Auditors, the Board of Statutory Auditors and the Financial Reporting Officer in a joint meeting; the Independent Auditors subsequently provided the 'Report to the Audit Committee', the 'Summary of the Plan for the Statutory Audit of the Separate Financial Statements' and the 'Annual Confirmation of Independence'.

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 should be noted that no specific meetings were held during the financial year for the purpose of exchanging information pursuant to Article 151 of the Consolidated Law on Finance with Ascopiave's control bodies, as an exchange of information pursuant to Article 151, paragraph 2 of the Consolidated Law on Finance 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 (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 "Regulations of the Board of Directors, Lead independent director and Governance 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 the 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, it 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 in the section Corporate Governance/System and Rules/Related Parties Regulation (<https://www.gruppoascopiave.it/corporate-governance/sistema-e-regole/regolamento-parti-correlate>).

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 and up to the date of this Report, no meetings of Governance Committees set up pursuant to the RPT Procedure were held.

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 envisaged 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 members, 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 envisaged by the Articles of Association and the applicable laws and regulations, shall 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 envisaged 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) from the list obtaining the majority of votes shall be taken, in the progressive order in which they are indicated in the various sections of the list, (a) two standing auditors and (b) one alternate auditor, without prejudice to the provisions set forth below to ensure gender balance 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 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 procedures 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 held on 18 April 2023 and in office until the approval of the financial statements for the year ending 31 December 2025, is composed as follows:

Name	Role
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 Alternate Auditor Marco Bosco were instead taken from list no. 2 presented by ASM Rovigo S.p.A.

In relation to the two lists presented, there are no liaison relationships.

For the detailed composition of the Board of Statutory Auditors with reference to the Year, see Table 4 at the end of the Report.

The following are the two lists submitted for the appointment of the Board of Statutory Auditors:

PRESENTING PARTY	LIST OF CANDIDATES	LIST OF ELECTED MEMBERS	% VOTES OBTAINED IN RELATION TO VOTING CAPITAL
List No. 1 Asco Holding S.p.A.	Standing auditors 1. Luca Biancolin 2. Barbara Moro Alternate Auditor 1. Matteo Cipriano	Standing auditors 1. Luca Biancolin 2. Barbara Moro Alternate Auditor 1. Matteo Cipriano	64.439%
List No. 2 ASM Rovigo S.p.A.	Standing Auditor 1. Giovanni Salvaggio Alternate Auditor 1. Marco Bosco	Standing Auditor 1. Giovanni Salvaggio Alternate Auditor 1. Marco Bosco	14.283%

To the best of the Issuer's knowledge, there are no other offices of director or auditor held by the members of the Board of Statutory Auditors of Ascopiave S.p.A. pursuant to Article 148-bis of the Consolidated Law on Finance and the related implementing provisions contained in the Consob Issuers' Regulations and published by Consob on its website pursuant to Article 144-quinquiesdecies of the Consob Issuers' Regulations.

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 requirements of independence pursuant to Article 148 TUF and the CG Code. Furthermore, with reference to the professional requirements, the personal and professional characteristics of each auditor are illustrated below:

- Chairman, Dr. 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 professor of Tax Law at the University of Ferrara and is often called upon as a speaker at professional conferences.
- Standing Auditor, Mr. Luca Biancolin: born in Gaiarine (TV) on 9 October 1952. He graduated in political science with a degree in international politics from the University of Padua in 1984. He is a member of the Order of Chartered Accountants and Accounting Experts of Treviso, of the Register of Auditors, and of 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 has carried out auditing activities at local and instrumental entities, consortia, cooperatives, other public, private or publicly owned organisations and companies. He is currently a member of the Board of Statutory Auditors and the Supervisory Board of several companies of the Ascopiave Group and a standing auditor of Ascopiave S.p.A. since 2014.

He is also standing auditor of AP Reti Gas S.p.A., AP Reti Gas Nord Est S.r.l., Acantho S.p.A. and Chairman of the Board of Statutory Auditors of EstEnergy S.p.A.

- Standing Auditor, Ms. 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. She has gained many years of professional experience in the field of taxation, insolvency procedures and real estate executive procedures. He is currently a member of several boards of statutory auditors in joint stock companies and cooperatives. He is currently standing auditor of Ascopiave S.p.A. since 2020 and also standing auditor of Romeo Gas S.p.A.

- 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 opinions, 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 Issuers' Regulations are available on the Issuer's website in the "Investor Relations" section.

During the Year, 9 (nine) meetings of the Board of Statutory Auditors were held on the following dates: 20 February 2023, 20 March 2023, 28 March 2023, 8 May 2023, 24 July 2023, 26 September 2023, 2 October 2023, 16 October 2023 and 28 November 2023. 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 2024, the Board of Statutory Auditors will meet at least every ninety days, as stipulated in Article 2404 of the Civil Code. After the end of the financial year, up to the date of

this Report, the Board of Statutory Auditors met on 21 February 2024. There are 10 (ten) meetings scheduled for the year 2024 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 benchmarks 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 pursuant to the current Articles of Association, the composition of the Board of Statutory Auditors must ensure the gender balance envisaged 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 with the benchmarks set forth by the latter.

For further information on the diversification benchmarks 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 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 benchmarks 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 May 2023, the first meeting after appointment, verified the existence of the independence requirements for its members, in accordance with the provisions of Article 148, paragraph 3, of the Consolidated Law on Finance and Article 2 of the Corporate Governance Code. The verification did not reveal any elements that would lead to the lapse of these 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 20 February 2023, the Board of Statutory Auditors 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 21 February 2024. The results of these verifications were communicated to the Board of Directors and envisaged in this Report.

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 benchmarks envisaged 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" 2023 (Section I of the "Report on Remuneration Policy and Compensation Paid") approved with a binding vote by the Shareholders' Meeting held on 18 April 2023, 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), 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.

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, Ascopiave's Board of Directors 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).

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 Governance 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, which are governed by law, the Articles of Association and the Company's Shareholders' Meeting Regulations.

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, in 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. SHAREHOLDERS' MEETINGS

Pursuant to Article 11.1 of the Issuer's Articles of Association, the 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 dated 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 held on 18 April 2023 was held, in the manner envisaged 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"), 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 of 25 February 2022 and, most recently, by paragraph 10-undecies of article 3 of Decree-Law no. 198/2022, converted into law with amendments by Law no. 14/2023.

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 the need for the Chairman, Secretary and Notary Public to be in the same place, in the manner individually communicated to them by the Company.

In order to facilitate Shareholders' participation in Shareholders' Meetings, the Articles of Association also stipulate that the notice of meeting may provide that participation in 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).

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.

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.gruppoascopiave.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 envisage, among other matters, that the Chairman 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 do so must make a request to the Chairman, after the item on the agenda to which the request to speak refers has been read out and the discussion has been opened, and before the Chairman declares the discussion on the item under discussion closed. The request must be made by a show of hands, unless the Chairman has ordered that it be made by written requests. In the case of proceeding by a show of hands, the Chairman shall grant the floor to the person who raised his hand first; if it is not possible for him to determine this precisely, the Chairman shall grant the floor according to the order established by him in his sole discretion. Where written requests are made, the Chairman 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 speak on each of the topics under discussion and to make proposals relating 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 envisaged 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.

Notwithstanding the foregoing, in the context of the Shareholders' Meeting held on 18 April 2023, 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, 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 of 25 February 2022 and, most recently, by paragraph 10-undecies of Article 3 of Decree-Law 198/2022, No. 198, converted into law with amendments by Law No. 14/2023, 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 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.

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 shareholders voting 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.

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 this Report for the other competences attributed to the Board of Directors in the Articles of Association.

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.

All directors attended the Shareholders' Meeting on 18 April 2023.

It is recalled that the Extraordinary Shareholders' Meeting of Ascopiave S.p.A. held on 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 envisaged 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 relevant 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, Section "Corporate Governance" - "Voto Maggiorato". "Increased Voting Rights". Also refer to the section "Securities conferring special rights" in this Report for further details on the increased voting rights.

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 Governance 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.

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 envisaged 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.

During the financial year, with reference to the composition of the new board of directors, it should be noted that, on 23 February 2023, in accordance 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 Board of Directors taking into account the results of the self-assessment ("board review") referred to the financial year 2022, expressed to the shareholders, on a voluntary basis, 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 Board of Directors suggested ensuring, compatibly with the constraints and rules of corporate governance, an adequate continuity in the composition of the Board of Directors in order to make the most of the wealth of knowledge of Ascopiave S.p.A. accrued by the directors, necessary for the continuation of the current strategic plan, which is partly focused on the activities of the so-called "energy transition". In particular, the Board hoped that the renewal of the administrative body would also consider, in order to ensure continuity of action to the same, the confirmation of some of its members, enhancing their accrued 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 more information on the aforementioned policy, please refer to this document, which is published on the Company's website (www.gruppoascopiave.it section "Investor relator" - "Shareholders' Meetings").

With reference to the administrative and equity 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 Restrictions" 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 this Report.

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 this Report, 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 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 held on 23 April 2019 and the Shareholders' Meeting of 29 May 2020.

During the Year, (i) the Board of Directors made specific proposals for resolutions on items to be submitted to the Shareholders' Meeting and (ii) the shareholders did not make any requests for additions to the agenda or proposals for resolutions on items on the agenda of the Shareholders' Meeting.

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 envisaged 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 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 will convene the Board of Directors, which will (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 will be attributed.

The interim Chairman thus appointed will initiate a dialogue with the majority shareholder asking to receive indications as to who is to be appointed to replace the outgoing Chairman and Chief Executive Officer, and who is to be appointed Chairman and who is to be appointed 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 time period whose effectiveness expires on the date of any approval of a new contingency plan by the Board of Directors.

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 18 December 2023, the Chairman of the Corporate Governance Committee (hereinafter also referred to as the 'Committee'), Massimo Tononi, sent a letter, dated 14 December 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 2023. In this context, the Committee, in addition to highlighting certain critical issues identified during the second monitoring exercise concerning the application of the new CG Code and envisaged in the annex "11th Report on the Application of the Corporate Governance Code" (hereinafter the "2023 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 2024 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 2024" or "Recommendations"). In particular, the Chairman of the Committee invites you to submit the '2023 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).

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 22 February 2024. These recommendations were also previously reviewed by the Audit and Risk Committee at its meeting on 14 February 2024 and by the Remuneration Committee at its meeting on 13 February 2024. At these meetings, the Board of Directors and the relevant Board 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 2024. 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.

Industrial Plan

The Committee invites companies to provide adequate disclosure on the board's involvement in the review and approval of the business plan and in the analysis of issues relevant to long-term value generation.

The governance choices implemented during 2023 are aligned with this examined recommendation. It should be noted that on 9 February 2023, the Board of Directors approved the "Strategic Plan 2022-2026" in line with the principles envisaged in the "Guidelines for the pursuit of sustainable success" approved by the Board of Directors of Ascopiave S.p.A. on 21 April 2022, upon the proposal of the Sustainability Committee.

Moreover, in this regard, the disclosure contained in the Governance 2022 Report, published in 2023, is consistent with this examined recommendation and is also aligned with the Borsa Italiana Format of January 2022.

This Report is prepared in accordance with the recommendation examined. In this regard, please refer to Section "4.1. Role of the Board of Directors".

Pre-counselling information

While recognising the improvements that have taken place, the Committee invites companies to provide adequate justification in the Corporate Governance Report for any exceptions to the timeliness of pre-filing disclosures for confidentiality reasons that may be provided for in board regulations and/or adopted in practice.

In this regard, the governance choices implemented during the 2022 financial year and the content of the Governance 2022 Report, published in 2023, are consistent with the Committee's recommendation examined herein.

This Report is prepared in accordance with this examined recommendation.

In this respect, please refer to Section ""4.4. Functioning of the Board of Directors"" for further information.

Guidelines on optimal composition

The Committee, while recognising the improvements that have occurred, invites companies to clearly indicate and give adequate reasons in the corporate governance report for the failure to express, on the occasion of the renewal of the board of directors, the orientation on its quantitative or qualitative composition and/or the failure to ask those who submit a 'long' list to provide adequate information on the correspondence of the list to the orientation expressed. The Committee also invites companies

to indicate how the timing of the publication of the orientation was deemed appropriate to allow for adequate consideration by those submitting lists of candidates.

The governance choices implemented during the Year and the content of the Governance 2022 Report, published in 2023, are consistent with the Committee's recommendation examined, as it is not mandatory for Ascopiave S.p.A. to express an orientation of the Board of Directors on its quantitative or qualitative composition deemed optimal and the same was prepared on a voluntary basis.

In this regard, please refer to Section '7.1 Self-Assessment and Succession of Directors' for more information.

Increased vote

The Committee invites companies to make adequate disclosure, in the proposals of the board of directors to the shareholders' meeting on the introduction of enhanced voting, of the purpose of the choice and the expected effects on the ownership and control structure and future strategies, and to provide adequate justification for any non-disclosure of these elements.

In this regard, it should be noted that the institution of the increased vote was introduced into the Articles of Association of Ascopiave S.p.A. with the approval of the Shareholders' Meeting held on 23 April 2019, in extraordinary session, thus prior to the application of the new Corporate Governance Code of 2020.

Therefore, the governance choices implemented by Ascopiave S.p.A. are aligned with the Recommendation examined, with particular reference to the illustrative report of the Board proposal approved by the Shareholders' Meeting held on 23 April 2019, in extraordinary session, concerning the introduction of the increased vote in the Articles of Association. The Governance 2022 Report is also in line with the Borsa Italiana Format of January 2022.

In this respect, please refer to Section '13. Meetings'.

TABLES

TABLE 1: INFORMATION ON OWNERSHIP ASSETS AS OF 31/12/ 2023

SHARE CAPITAL STRUCTURE				
	No. of shares	No. of voting rights	Listed (indicate markets) / unlisted	Rights and obligations
Ordinary shares (the mechanism of increased voting rights is envisaged)	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 envisaged 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	–	–	–	–

SIGNIFICANT HOLDINGS IN THE CAPITAL AT THE DATE OF APPROVAL OF THE REPORT AS AT 7 MARCH 2024

(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)

Declarant	Direct shareholder	Share of ordinary capital	Share % of voting capital
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/ 2023

Board of Directors													
Role	Components	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 (*****)
Chairman and CEO -	Nicola Ceconato	1965	28/04/2017	18/04/2023	Budget 2025	Shareholders	M	X	-	-	-	1	16/16
Administrator	Luisa Vecchiato	1965	29/05/2020	18/04/2023	Budget 2025	Shareholders	M	-	X	X	X	0	16/16
Administrator	Federica Monti	1969	18/04/2023	18/04/2023	Budget 2025	Shareholders	M	-	X	X	X	1	10/10
Administrator	Greta Pietrobon	1983	24/04/2014	18/04/2023	Budget 2025	Shareholders	M	-	X	X	X	1	16/16
Administrator	Quarello Enrico	1974	14/02/2012	18/04/2023	Budget 2025	Shareholders	M	-	X	-	-	0	16/16
Administrator ○	Giovanni Zoppas	1958	18/04/2023	18/04/2023	Budget 2025	Shareholders	M	-	X	X	X	4	10/10
Administrator	Cristian Novello	1982	29/05/2020	18/04/2023	Budget 2025	Shareholders	m	-	X	X	X	0	16/16
----- DIRECTORS TERMINATED DURING THE FINANCIAL YEAR -----													
Administrator	Roberto Bet	1976	29/05/2020	04/06/2020	18/04/2023	Shareholders	M	-	X	-	-	0	6/6
Administrator	Mariachiara Geronazzo	1974	14/02/2012	04/06/2020	18/04/2023	Shareholders	M	-	X	X	X	1	6/6

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.

○ This symbol indicates the Lead Independent Director (LID).

(*) The date of first appointment of each director means the date on which the director was appointed to the Issuer's Board of Directors for the first time (ever).

(**) 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, appointments are indicated in full.

(*****) This column shows the directors' attendance 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/ 2023

Board of Directors		Executive Committee		OPC Committee		Audit and Risk Committee		Remuneration Committee		Appointments Committee		Sustainability Committee		Committee of Independent Directors	
Role/Qualification	Components	(*)	(**)	(*)	(**)	(*)	(**)	(*)	(**)	(*)	(**)	(*)	(**)	(*)	(**)
Chairman and CEO	Nicola Ceconato	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Non-executive Director - independent as per TUF and CG Code	Luisa Vecchiato	-	-	-	-	4/4	M	3/3	P	-	-	-	-	1/1	M
Non-executive Director - independent as per TUF and CG Code	Federica Monti	-	-	-	-	4/4	M	-	-	-	-	4/4	M	1/1	M
Non-executive director - non-independent (LID until 18/04/2024)	Greta Pietrobon	-	-	-	-	-	-	3/3	M	-	-	4/4	P	-	-
Non-executive director - non-independent	Enrico Quarello	-	-	-	-	-	-	2/2	M	-	-	6/6	M	-	-
Non-executive Director - independent as per TUF and CG Code (LID from 11/05/2023)	Giovanni Zoppas	-	-	-	-	-	-	-	-	-	-	-	-	1/1	M
Non-executive Director - independent as per TUF and CG Code	Cristian Novello	-	-	-	-	7/7	P	1/1	M	-	-	2/2	M	1/1	M
----- DIRECTORS TERMINATED DURING THE FINANCIAL YEAR -----															
Non-executive Director - non-independent as per TUF and CG Code	Roberto Bet	-	-	-	-	3/3	M	-	-	-	-	-	-	-	-
Non-executive Director - independent as per TUF and CG Code	Mariachiara Geronazzo	-	-	-	-	3/3	M	-	-	-	-	2/2	P	-	M
----- MEMBERS WHO ARE NOT ADMINISTRATORS -----															
Manager of the Issuer/Other	-														
No. of meetings held during the Year:		-	-	-	-	7		3		-		6		1	
NOTES (*) 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/ 2023

Board of Auditors									
Role	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 (****)
Chairman	Giovanni Salvaggio	1968	29/05/2020	18/04/2023	Budget 2025	m	X	9/9	0
Standing Auditor	Luca Biancolin	1952	24/04/2014	18/04/2023	Budget 2025	M	X	9/9	0
Standing Auditor	Barbara Moro	1977	29/05/2020	18/04/2023	Budget 2025	M	X	9/9	0
Alternate Auditor	Matteo Cipriano	1974	29/05/2020	18/04/2023	Budget 2025	M	X	-	-
Alternate Auditor	Mario Bosco	1974	29/05/2020	18/04/2023	Budget 2025	m	X	-	-
----- AUDITORS WHO LEFT OFFICE DURING THE FINANCIAL YEAR -----									
Auditor	-	-	-	-	-	-	-	-	-

Indicate the number of meetings held during the Year: 9

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.

TABLE 5: OFFICES HELD BY DIRECTORS IN OTHER COMPANIES AS AT 31/12/ 2023

Nicola Ceconato Chairman and CEO (in office since 04/05/2017)	Role	Company
	Administrator (from December 2019)	Hera Comm S.p.A.

Federica Monti Independent Director (in office since 18/04/2023)	Role	Company
	Chairman Board of Auditors (from May 2022)	Dolomiti Bus S.p.A.

Greta Pietrobon Administrator (in office since 24/04/2014)	Role	Company
	Administrator (from June 2022)	Cogeide S.p.A.

Mariachiara Geronazzo	Role	Company
Independent director (in office from 04/06/2020 to 18/04/2023)		
	Administrator (from June 2022)	Cogeide S.p.A.

Giovanni Zoppas	Role	Company
Lead Independent Director (in office since 18/04/2023)		
	Director (CEO) (from April 2023)	Tecnica Group S.p.A.
	Administrator (from June 2022)	Illy Caffè S.p.A.
	Administrator (from September 2023)	Acantho S.p.A.
	Administrator (from September 2023)	Regi S.r.l.

ASCOPIAVE S.P.A.

Registered Office in Pieve di Soligo (TV), Via Verizzo 1030
Share capital Euro 234,411,575.00 fully paid up
Tax Code – VAT Number – Companies' Register of Treviso-Belluno 03916270261

“REPORT OF THE BOARD OF STATUTORY AUDITORS TO THE SHAREHOLDERS’ MEETING

pursuant to Article 153 of 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 of 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 detected. 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 organisational, 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 27th January 2010 has been assigned to the external auditing company PricewaterhouseCoopers S.p.A. (PWC).

During the financial year ended on 31st December 2023, 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 Accountants and Chartered Accountants.

With regard to the activities performed during the year, also in compliance with the indications provided by CONSOB communication DEM / 102SS64 of 6th 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 congruous and in the Company's interests.
- 3) The external auditor PWC S.p.A., in charge of the legal audit, has issued the reports pursuant to Article 14 of Legislative Decree no. 39 of 27th 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 31st December 2023, prepared in accordance with the International Financial Reporting Standards - IFRS adopted by the European Union.

- 4) The external auditor PWC S.p.A., in charge of the legal audit, has released the report on the “Non-financial consolidated declaration 2023” of ASCOPIAVE S.p.A. and its subsidiaries for the financial year ended on 31st December 2023, 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 7th March 2024.
- 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 2023 accounting period, the fees of the external auditors, PWC S.p.A. for their legal audit activities, amounted to € 508,014 (five hundred and eight thousand, and fourteen), of which € 169,254 (one hundred and sixty-nine thousand, two hundred and fifty-four) related to the accounting audit for ASCOPIAVE S.p.A, € 247,536 (two hundred and forty-seven thousand, five hundred and thirty-six) for its subsidiaries for the legal audit of the separate annual statements for ASCOPIAVE S.p.A and its subsidiaries, and € 64,194 (sixty-four thousand, one hundred and ninety-four) for Other Services, for ASCOPIAVE S.p.A. €27,030 (twenty-seven thousand and thirty).

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 auditor PWC S.p.A. confirmed in its audit reports on both the annual financial statements and the consolidated financial statements its independence in the performance of its statutory audit mandate. In its report on the consolidated non-financial statement, the auditors stated the following: *“We are independent in accordance with the ethical and independence principles of the International Code of Ethics for Professional Accountants issued by the International Ethics Standards Board of Accountants, based on the fundamental principles of integrity, objectivity, professional competence and diligence, confidentiality and professional conduct. In the example of this engagement, our auditing firm applied the International Standard on Quality Control (ISQC Italy 1) and, as a result, maintained a quality control system that includes documented guidelines and procedures on compliance with ethical principles, professional standards and legal provisions to applicable regulations.”*

- 9) The Board of Statutory Auditors held 9 (nine) 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 18th April 2023.
The Board of Statutory Auditors also attended all 7 (seven) sessions held by the Internal Control and Risk Committee, the 3 (three) meetings of the Remuneration Committee and the 1 (one) meeting of the Independent Directors Committee.
- 10) The Board of Statutory Auditors evaluated and supervised, within our scope of work, compliance with the principles of fair administration and the adequacy of the Company’s organisational 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 2023. 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. Receiving 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.

No anomalies 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 verification performed by the Board of Directors regarding the independence of the directors, verifying the correct application of the criteria and procedures and assessment 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 organisational 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 2023 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 2023 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 31st December 2023, expressing an overall positive evaluation.

- 19) The Board of Statutory Auditors highlights, among the significant events that occurred during the year, that¹:
- Shareholders' agreements, updated voting rights. On 7 January 2023, an updated version of the essential information on the shareholders' agreement signed on 16 March 2020 was published in the Corporate Governance section of the website www.gruppoascopiave.it. A further update took place on 16 March 2023. These updates related exclusively to the change in the number of voting rights held by certain equal shareholders as a result of the increase in voting rights, as communicated by Ascopiave on 06 May 2022;
 - On 31 January 2023, Ascopiave S.p.a. and Iren S.p.a. finalised the rationalisation of some assets in the natural gas distribution service. In particular: i) Transfer from Ascopiave Group to Iren of the entire share capital of Romeo 2 S.r.l., a newly-formed company of the Ascopiave Group, into which were merged the company branches relating 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 approximately 19,000 PDR; ii) sale by Iren Group to Ascopiave of its 19.7% shareholding in Romeo Gas S.p.a., a company that owns, directly or through its subsidiary Serenissima Gas S.r.l, concessions in Northern Italy for a total of 126,000 PDR; iii) the renunciation by the Iren Group to acquire from Romeo Gas S.p.a. the branches of business relating to the management of concessions in the ATEMs of Piacenza 1 and Pavia 4; iv) the sale by Romeo Gas S.p.a. in favour of the Iren Group of the branches of business relating to the management of concessions in the ATEMs of Parma and Piacenza 2 with approximately 3,200 PDR; v) the renunciation of the right to acquire by the A2A Group the company branch relating to the management of the gas transport network located in the province of Pavia currently held by Retragas and which will therefore be acquired by the Ascopiave Group when the reclassification from transport network to distribution network takes place. Overall, the rationalisation of the assets described above resulted in a monetary adjustment of €3.6 million in favour of the Ascopiave Group based on the different expected profitability.
 - On 9 February 2023, the Board of Directors approved the 2022-2026 strategic plan of the Ascopiave Group.
 - On 18 April 2023, the Ordinary Shareholders' Meeting of Ascopiave S.p.a. approved the financial statements for the year 2022 and acknowledged the group's consolidated financial statements for the same year. At the same meeting, the Board of Directors and the Board of Statutory Auditors were renewed for a three-year term.
 - On 13 April 2023, Ascopiave's Board of Directors approved the Sustainability Report 2022 and it was published on the Company's website on 18th April 2023;
 - On 11 May 2023, the Board of Directors appointed the Chief Executive Officer and the Board Committees; at the same meeting, the independence requirements of the directors were verified and the independence of the members of the Board of Statutory Auditors was notified;
 - On 27 July 2023, the Hera Group and the Ascopiave Group, at the Extraordinary Shareholders' Meetings of their subsidiaries Acantho and Asco TLC, approved the merger by incorporation of the latter into Acantho. The merger took effect on 01 October 2023 and Ascopiave spa is now a shareholder of Acantho with a stake of 11.35%;
 - On 27 September 2023, BCC Banca Iccrea announced that it had finalised a project finance of approximately €24.5 million in favour of Salinella Eolico S.r.l., a subsidiary of the Ascopiave Group;
 - On 10 November 2023, the Hera Group, through its subsidiary Hera Comm and Ascopiave Spa, signed the deed of sale by the latter of a 15% stake in the capital of EstEnergy. Following this transfer, EstEnergy is 75% owned by the Hera Group and 25% by the Ascopiave Group;
 - On 19 December 2023, the subsidiary Asco Renewables S.p.a. merged its wholly-owned subsidiaries Esoforo S.r.l, Sangineto Energie S.r.l, Morina S.r.l. and Asco Energy S.p.a. The accounting and tax effects of the incorporations took effect on 01 January 2023.
- 20) The Board of Statutory Auditors has also received analytical information on the impairment test performed by the auditing firm DELOITTE & TOUCHE 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.

¹ Additional information or details about the subject discussed in this section can be found in the Group's financial statement on pages 25 to 29.

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 audit activity performed during the year, there are no impediments to the approval of the financial statements on 31st December 2023 and to the proposal of the Board of Directors, with regard to the destination of the fiscal year result.

Pieve di Soligo, 27th March 2024

The Board of Statutory Auditors,

Giovanni Salvaggio (signature)

Barbara Moro (signature)

Luca Biancolin (signature)



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

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Ascopiave Group (the Group), which comprise the consolidated statement of financial position as of 31 December 2023, the consolidated comprehensive income statement, statement of changes in consolidated shareholders' equity, consolidated cash flows statement for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as of 31 December 2023, 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 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 judgement, 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.

PricewaterhouseCoopers SpA

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Key Audit Matters

Auditing procedures performed in response to key audit matters

Recoverability of Goodwill

*Note 1 to the consolidated financial statements
“Goodwill”*

As of 31 December 2023, the Ascopiave Group recorded a goodwill amounting to Euro 62 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 Group 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 Group 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 financial forecasts 2024-2027 approved by the Board of Directors of Ascopiave SpA on 22 February 2024 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 2027;
- for Renewable Energy, on the forecast data

Our audit procedures relating the recoverability of the goodwill value were performed by carrying out the following tests:

- We performed an understanding and evaluation of the methodology adopted by the Group 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 financial forecasts 2024-2027, 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 Group 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 (g) used in the test development.
- Compared to what the company did, an independent sensitivity analysis was

Key Audit Matters

set out in the financial forecasts 2024-2027 approved by the Board of Directors of Ascopiave SpA on 22 February 2024 and, for the period subsequent to 2027, 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 Group management assumed two alternative scenarios:

- a) Obtainment in 2027 of the renewal of all the concessions and assignments in place as at 31 December 2023;
- b) Termination of the gas distribution service in 2027, 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, Group 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.

Auditing procedures performed in response to key audit matters

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 accuracy of the disclosure in the financial statements has been evaluated.



Key Audit Matters

Auditing procedures performed in response to key audit matters

Recoverability of the value of the investments in associated companies

*Note 4 to the consolidated financial statements
“Equity investments”*

As of 31 December 2023, the Ascopiave Group registered shareholdings in associated companies totalling Euro 211 millions, representing 14% of total assets.

At year-end, in accordance with its internal procedures, the Group 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 value in use.

We focused on this item of the financial statements because of the amount involved, the recoverable value and the evaluation criteria applied by the Group management when applying the equity method.

The evaluation at equity of the key associated company EstEnergy SpA, pertaining to the gas trade and power sector, was determined by the Group 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 Group 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 2024 budget and the 2025-2027 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 2027.

Our audit procedures relating the recoverability of the value of the investments were performed by carrying out the following tests:

- We performed an understanding and evaluation of the methodology adopted by the Group 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 2024 budget and the 2025-2027 business plan.
 - Discussions were held with the independent auditor 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 Group management for the evaluation of the investment in the
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<i>Key Audit Matters</i>	<i>Auditing procedures performed in response to key audit matters</i>
	<p>associated company EstEnergy SpA.</p> <ul style="list-style-type: none">• Finally, the completeness and accuracy of the disclosure in the financial statements has been evaluated.

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 the 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.

Report on Compliance with other Laws and Regulations

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 December 2023, 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 December 2023 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 2023, 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 2023 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 2023 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, 27 March 2024

PricewaterhouseCoopers SpA

Signed by

Giorgio Simonelli
(Partner)

This independent auditor's report has been translated into the English language solely for the convenience of international readers. Accordingly, only the original text in Italian language is authoritative.



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

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Ascopiave SpA (the Company), which comprise the statement of financial position as of 31 December 2023, the statement of comprehensive income, statement of changes in net assets, cash flows statement for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as of 31 December 2023, 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 judgement, 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.

PricewaterhouseCoopers SpA

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Key Audit Matters**Auditing procedures performed in response to key audit matters**

Recoverability of the value of the investments in subsidiaries and associated companies

Note 3 to the financial statements “Equity investments”

As of 31 December 2023 Ascopiave SpA recorded shareholdings in subsidiaries and associated companies totalling Euro 937 million, representing 73% 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 value in use.

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"), 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 financial forecasts 2024-2027 approved by the Board of Directors of Ascopiave SpA on 22 February 2024 and on the terminal value

Our audit procedures relating the recoverability of the value of the investments in subsidiaries and associated companies 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 and the renewable energy production.
 - 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 financial forecasts 2024-2027 approved by the Board of Directors of Ascopiave SpA on 22 February 2024 and used for each investment and, with reference to the associated company EstEnergy SpA, supporting the 2024 budget and the 2025-2027 business plan, 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 and, with reference to the associated company EstEnergy SpA, with the independent auditor, 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
-

- assessed on the basis of the estimate of a permanent sustainable profitability forecasted on the basis of an expected profitability for the year 2027;
- for the companies operating in renewable energies, on the forecast data set out in the financial forecasts 2024-2027 approved by the Board of Directors of Ascopiave SpA on 22 February 2024 and, for the period subsequent to 2027, 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 in 2027 of the renewal of all the concessions and assignments in place as at 31 December 2023;
- b) Termination of the gas distribution service in 2027, 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 to which they belong and forecast growth rates, until the end of the relevant concessions or the presumed technical-economic useful life.

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.
- 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 accuracy of the disclosure in the financial statements has been evaluated.



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 2024 budget and the 2025-2027 business plan, and the terminal value determined on the estimated permanent sustainable profitability based on the FY 2027 expected profitability.

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.

Report on Compliance with other Laws and Regulations

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 2023, 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 2023 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 2023, 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 2023 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 2023 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, 27 March 2024

PricewaterhouseCoopers SpA

Signed by

Giorgio Simonelli
(Partner)

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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 of January 2018

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, paragraph 1 g), 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 (hereinafter the "Group") for the year ended 31 December 2023 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 2024 (the "NFS").

Our review does not extend to the information set out in the "la tassonomia Europea (Reg. UE 2020/852)" paragraph of the Group's NFS, required by article 8 of Regulation (EU) 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 and with "Global Reporting Initiative Sustainability Reporting Standards" defined 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 for an understanding of the Group's activities, development, performance 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 identifying and managing the risks generated and/or faced by the latter.

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 (including International Independence Standards) (IESBA Code) issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. In the period this engagement refers to our firm applied International Standard on Quality Control 1 (ISQC Italia 1) and, accordingly, maintained a comprehensive system of quality control including policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Auditor's Responsibilities

Our responsibility is to express a limited assurance conclusion, based on the procedures we have performed, regarding the compliance of the NFS with the Decree and with the GRI Standards. We conducted our engagement in accordance with *International Standard on Assurance Engagements ISAE 3000 (Revised) - Assurance Engagements Other than Audits or Reviews of Historical Financial Information* (hereinafter "ISAE 3000 Revised"), issued by the International Auditing and Assurance Standards Board (IAASB) for limited assurance engagements. That standard requires that we plan and perform procedures to obtain limited assurance about whether the NFS is free from material misstatement. Therefore, the procedures performed were less in extent than for a reasonable assurance engagement conducted in accordance with ISAE 3000 Revised and, consequently, 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 included inquiries, mainly of personnel of the Company responsible for the preparation of the information presented in the NFS, inspection 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 in relation 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 perimeter, 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 in 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 and/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 item 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 key performance indicators at a consolidated level and their location, we carried out site visits during which we met local management and gathered supporting documentation regarding the correct application of the procedures and calculation methods used for the indicators.

Limited Assurance Conclusion

Based on the procedures performed, nothing has come to our attention that causes us to believe that the NFS of the Ascopiave Group for the year ended 31 December 2023 is not prepared, in all significant respects, in accordance with articles 3 and 4 of the Decree and with the GRI Standards.

Our conclusion above does not extend to the information set out in the paragraph titled “La tassonomia Europea (Reg UE 2020/852)” of the Group’s NFS required by article 8 of Regulation (EU) 2020/852.

Treviso, 27 March 2024

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 2023 translation.



Ascopiave Group

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