



# Italgas

## Sustainability and Engagement

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December 2024



This presentation contains forward-looking statements regarding future events and the future results of Italgas that are based on current expectations, estimates, forecasts, and projections about the industries in which Italgas operates and the beliefs and assumptions of the management of Italgas. In particular, among other statements, certain statements with regard to management objectives, trends in results of operations, margins, costs, return on equity, risk management are forward-looking in nature. Words such as 'expects', 'anticipates', 'targets', 'goals', 'projects', 'intends', 'plans', 'believes', 'seeks', 'estimates', variations of such words, and similar expressions are intended to identify such forward-looking statements. These forward-looking statements are only predictions and are subject to risks, uncertainties, and assumptions that are difficult to predict because they relate to events and depend on circumstances that will occur in the future. Therefore, Italgas's actual results may differ materially and adversely from those expressed or implied in any forward-looking statements. Factors that might cause or contribute to such differences include, but are not limited to, economic conditions globally, political, economic and regulatory developments in Italy and internationally. Any forward-looking statements made by or on behalf of Italgas speak only as of the date they are made. Italgas does not undertake to update forward-looking statements to reflect any changes in Italgas's expectations with regard thereto or any changes in events, conditions or circumstances on which any such statement is based. The reader should, however, consult any further disclosures Italgas may make in documents it files with the Italian Securities and Exchange Commission and with the Italian Stock Exchange.

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# **Gas networks are core for energy transition**

# Decarbonization and competitiveness

European energy costs remain high vs history. To manage long-term security of supply and meet European decarbonization targets, in a fast and efficient way, a pragmatic technology-neutral approach is needed. For Italgas, sector coupling remains the solution.

## ▶ Key challenges for Europe

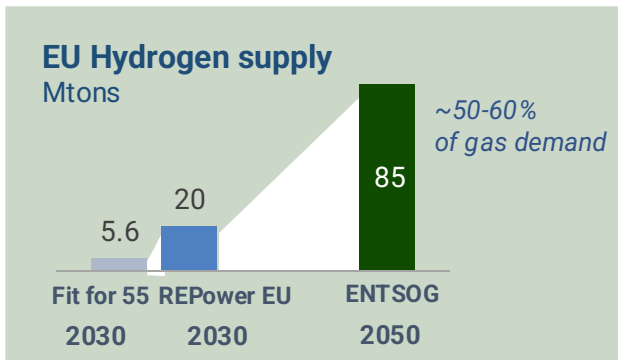
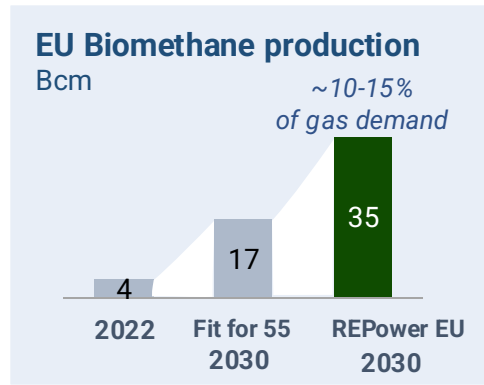
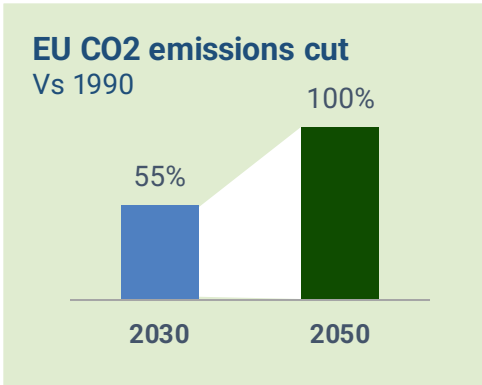
- High energy costs and price volatility are impacting EU competitiveness
- More ambitious decarbonization targets compared to US and China
- Lack of natural resources and geopolitical insecurity affecting global energy markets
- Booming datacentres energy demand puts security of supply back in the spotlight

## ▶ Potential solutions for achieving EU climate targets in an efficient and competitive way

1. Leverage on sector coupling and circularity
2. Technology-neutral approach
3. Green gases development and efficient use of existing infrastructure
4. EU-level coordinated infrastructure development and demand aggregation
5. Focus on energy efficiency

# Gas networks are core for energy transition

In Italian PNIEC 2024<sup>1</sup> gas infrastructure maintains a core role in energy transition, ensuring system security and flexibility if coupled with renewables development.



## ▶ PNIEC main objectives relevant for DSOs

### Upgrading and adapting infrastructure

to carry multi molecule vectors (H2, e-methane, ... - also considering physical volumes of H2 compared to natural gas)

### Biomethane production boost

and development of renewable gases circular supply chain to increase renewable gases penetration in final uses (sectors integration and circular economy)

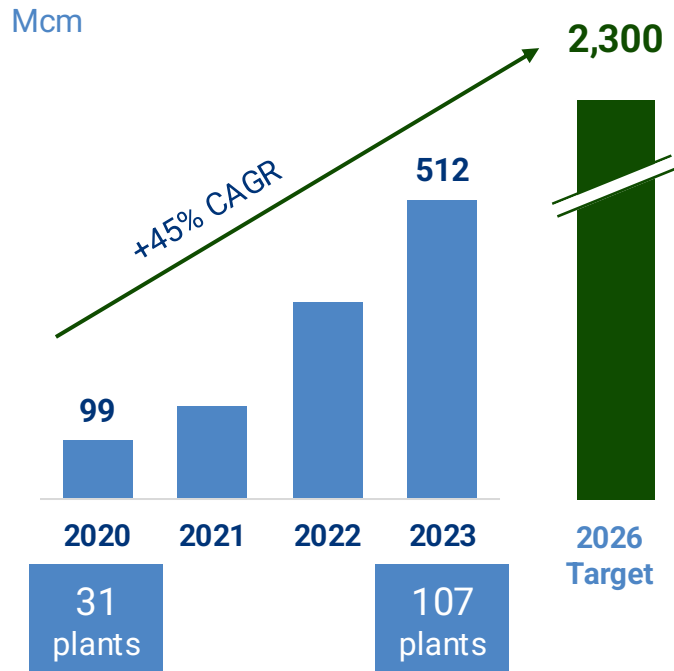
### Decreasing methane emissions

and infrastructure decarbonization

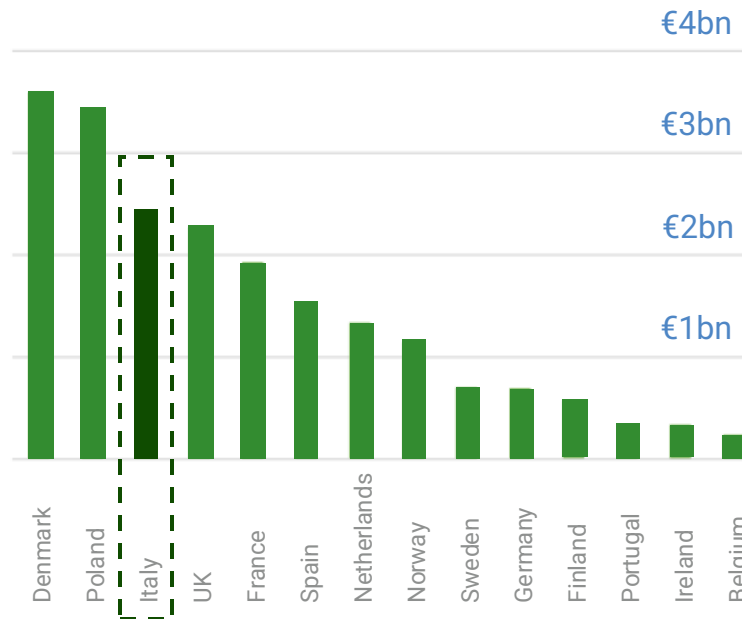
# Biomethane capacity growth gaining momentum

Italy is among the top-3 countries in Europe in terms of planned biomethane investments to 2030, according to EBA.

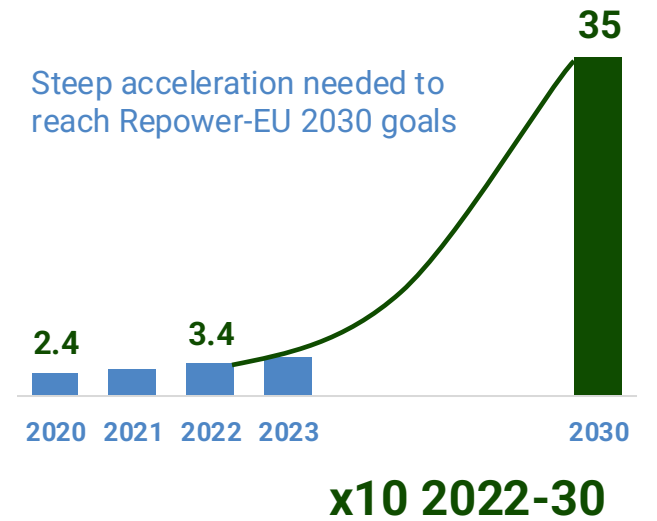
## Italy biomethane production<sup>1</sup>



## Planned investments in Europe<sup>2</sup>



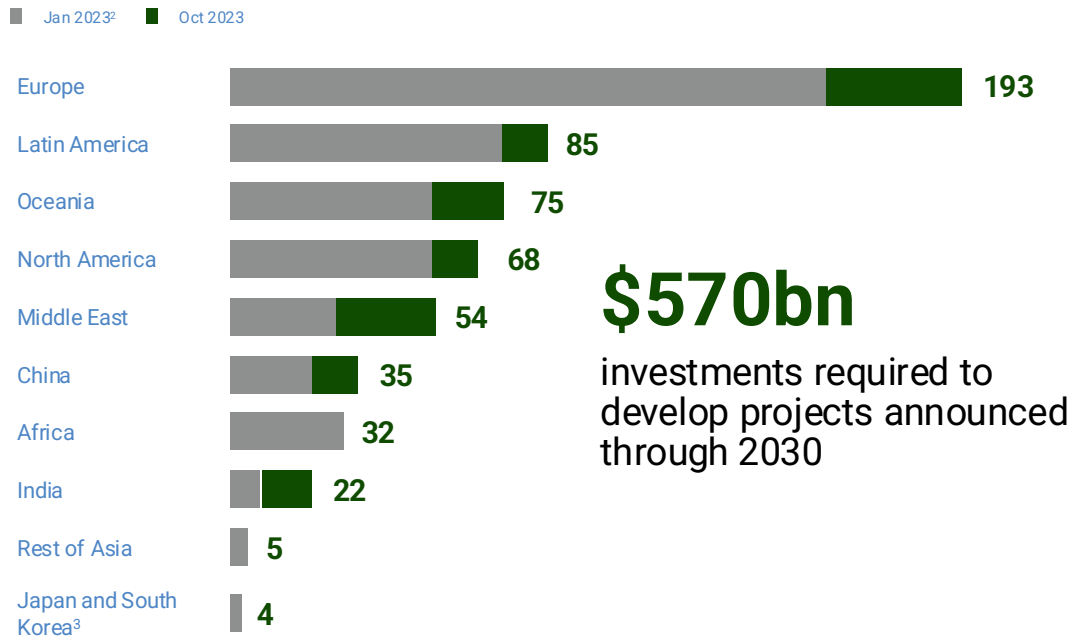
## EU biomethane production targets



Note: (1) Source: Italy's NEPC 2024 update. (2) Source: EBA, 2024 Biomethane Map Presentation

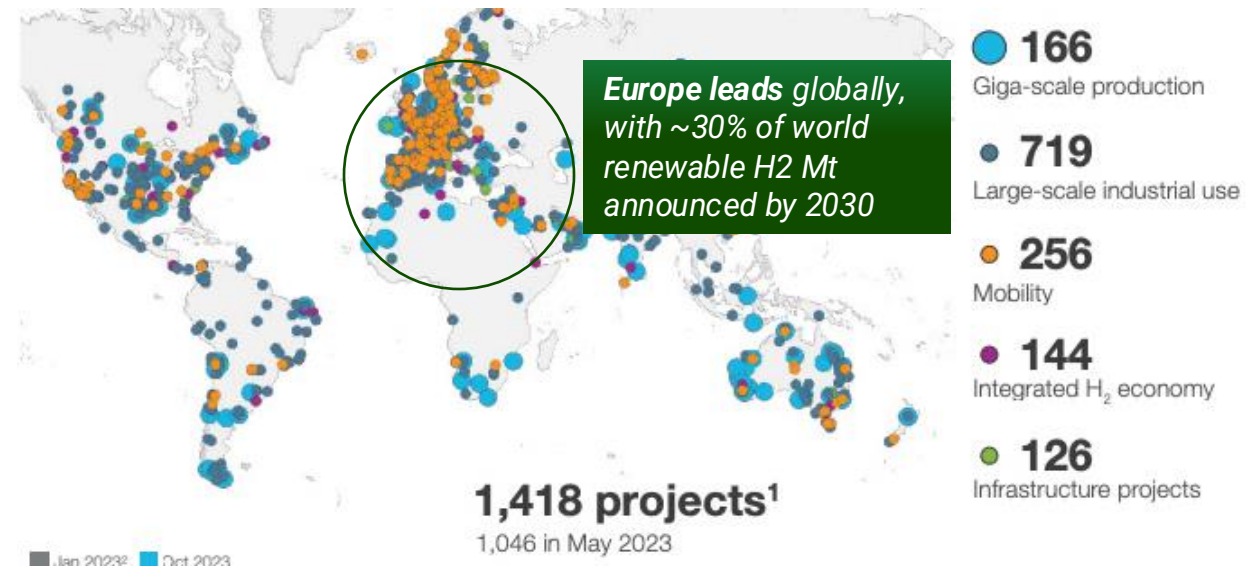
# Hydrogen is the energy for the future

▶ Hydrogen momentum continues to accelerate, Europe is the largest region in terms of announced supply (~14 Mt)



**\$570bn**  
investments required to develop projects announced through 2030

▶ Out of \$570bn investment announced, \$310bn are in a more advanced phase (between feasibility study and operational)  
~1,000 projects with full or partial commissioning (COD) expected by 2030

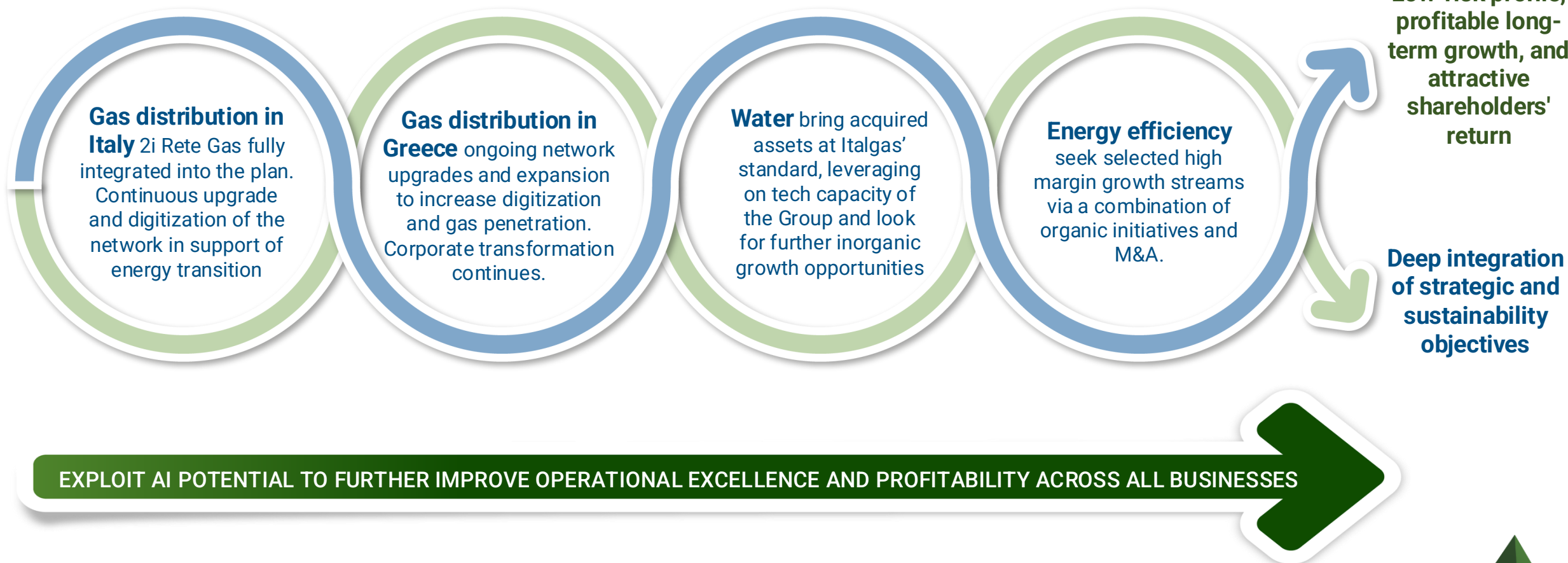


Notes: (1) Project announcements below 1 MW excluded; includes 7 projects without specified type; (2) Jan 2023 values have been updated to most recent capex estimations to keep values comparable; (3) Restatement of Jan 2023 data for Japan and South Korea prevents comparison to Oct 2023 data



# Our strategy to 2030

Innovation lead approach is the trademark of our strategy in support of the energy transition and for shareholders' value maximisation. Now factoring 2i Rete Gas acquisition and the potentials of a new wave of AI-driven transformation across all businesses



# Vision

To be a leading figure in the world of energy, driving its sustainable evolution and innovating each day to improve people's quality of life.

# Purpose

Pioneers by passion and builders by calling, we bring all our energy to accelerate the ecological transition. We do it for us. We do it for everyone.

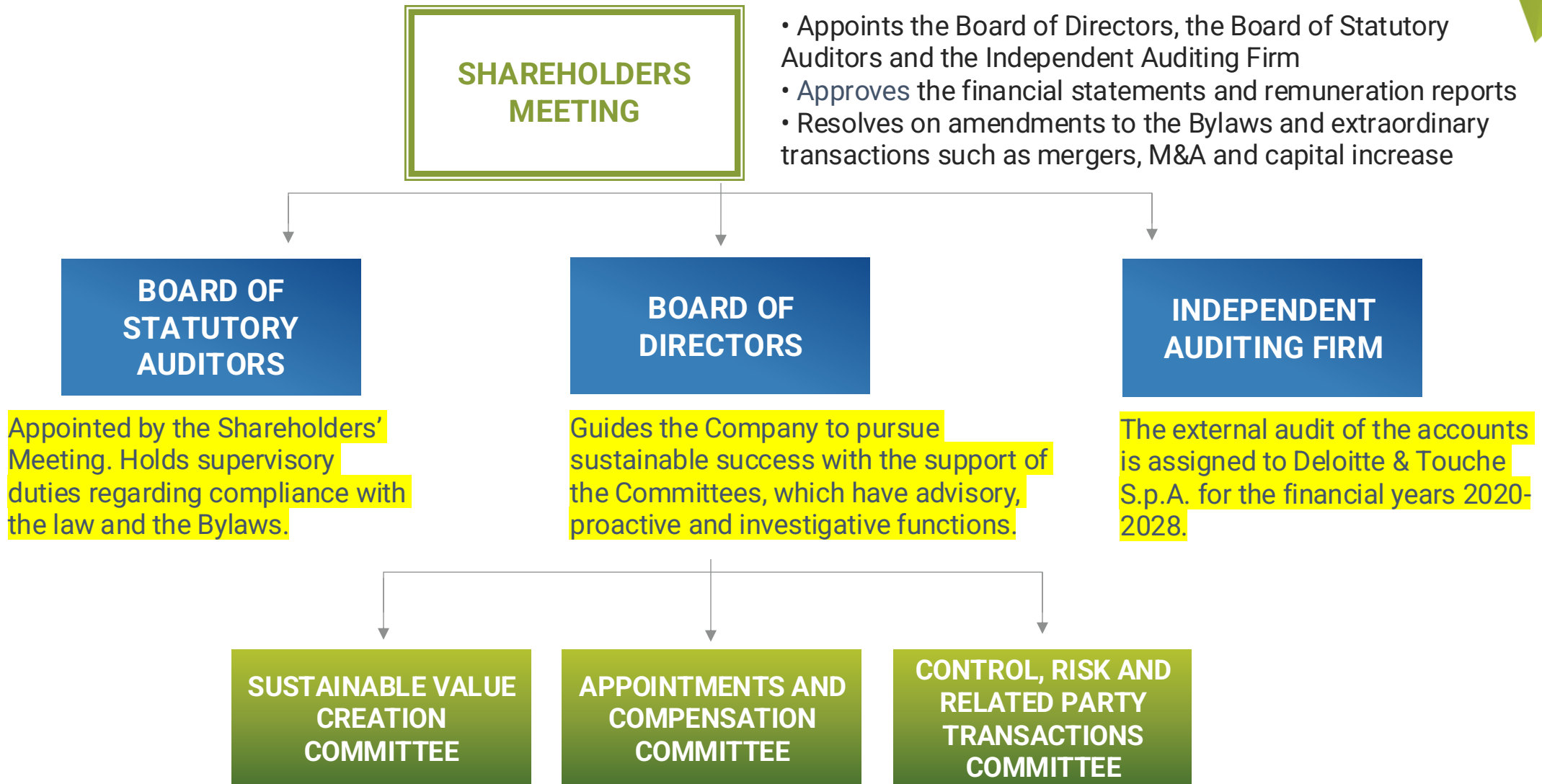
# Mission

We have guaranteed efficient, safe and excellent energy services to the community for over 180 years. We favour the energy transition, creating the networks of the future and promoting innovative, sustainable solutions. We take care of local communities. We fuel positive, productive relationships with all of our stakeholders: individuals, companies, suppliers and shareholders. We enter new markets where we can apply our distinctive expertise. We promote the growth of individuals and develop talent, creating inclusive, stimulating work environments

2

## Governance and Remuneration

# Corporate Governance Model



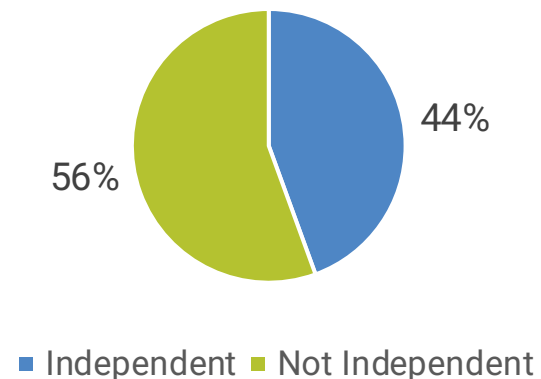
# Board of Directors Composition

## KEY TRANSACTION TERMS

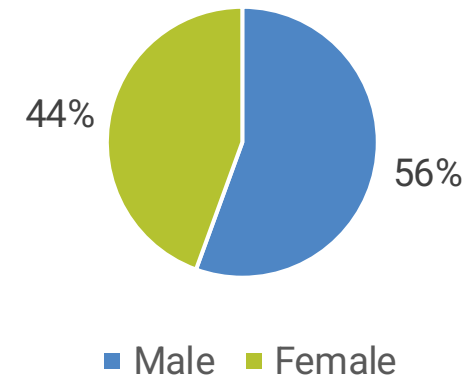
### INDEPENDENCY

		According to CLF <sup>1</sup>	According to Corporate Governance Code
<b>Benedetta Navarra</b>	President	No	No
<b>Paolo Gallo</b>	Executive	No	No
<b>Claudio De Marco</b>	Non-executive	Yes	Yes
<b>Fabiola Mascardi</b>	Non-executive	Yes	Yes
<b>Gianmarco Montanari</b>	Non-executive	Yes	Yes
<b>Lorenzo Parola</b>	Non-executive	Yes	No
<b>Manuela Sabbatini</b>	Non-executive	No	No
<b>Maria Sferruzza</b>	Non-executive	No	No
<b>Qinjing Shen</b>	Non-executive	No	No

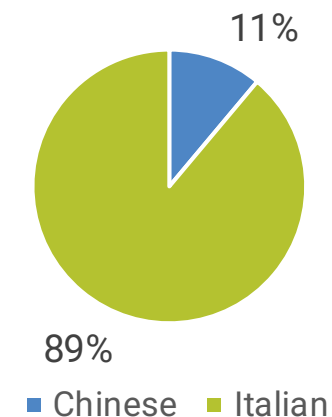
### Independency<sup>1</sup>



### Gender



### Nationality



Note: (1) "Corporate Governance and Ownership Structure Report"

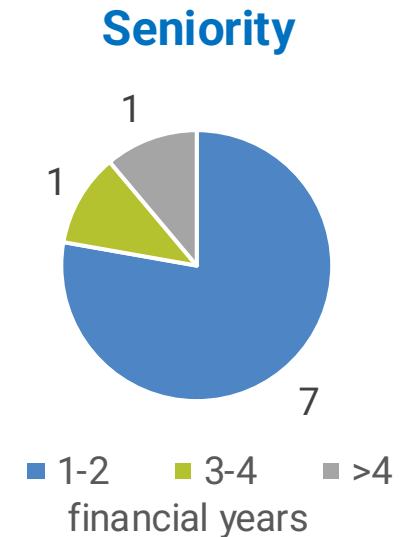
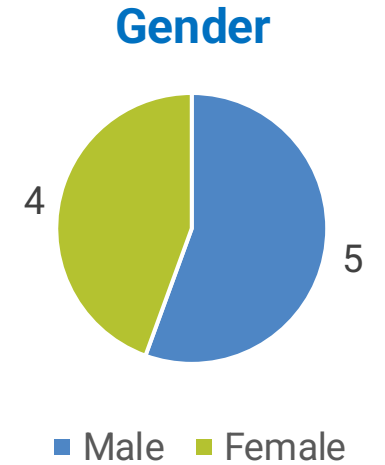
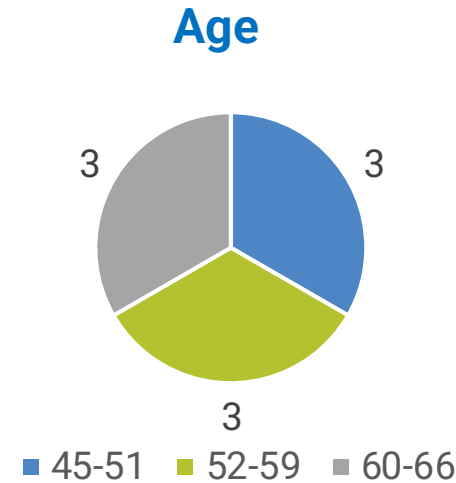
As reported in [https://www.italgas.it/wp-content/uploads/sites/2/2024/04/Italgas\\_Corporate-Governance-2023-Report.pdf](https://www.italgas.it/wp-content/uploads/sites/2/2024/04/Italgas_Corporate-Governance-2023-Report.pdf)

Italgas recognises the value of diversity in the composition of the corporate bodies, in terms of gender, nationality, age, background and professional experience

Diversity can foster discussion and new ideas within the Board, making it open to innovation and lateral thinking with a focus on different social and environmental needs, promoting critical thinking and avoiding the risk of groupthink. Among other things, this also helps to maintain independent decision-making by corporate bodies on issues falling within their remit and to ensure the efficiency of control activities.

In 2019, the Board of Directors adopted the Compliance Standard “Diversity of Corporate Bodies Policy”, regarding the diversity of the composition of the Italgas’ Board of Directors and Board of Statutory Auditors, most recently updated by resolution of the Issuer’s Board of Directors, after consulting the ACC, on 13 June 2023

The Policy is available at the link:  
[Policy-Diversity-of-Corporate-Bodies](#)



The BoD has established three committees within it to provide advice and recommendations.

## COMPOSITION

### SUSTAINABLE VALUE CREATION COMMITTEE

**3 members, 1 of whom independent**

The SVC carries out proposal and consultation functions on matters of sustainability, such term being understood to mean the guidelines, processes, initiatives and activities aimed at monitoring the Company’s commitment to sustainable development throughout the value chain, in the pursuit of sustainable success.

<b>Lorenzo Parola</b>	Chair
<b>Maria Sferruzza</b>	Member
<b>Qinjing Shen</b>	Member

### APPOINTMENTS AND COMPENSATION COMMITTEE

**3 members, 2 of whom independent, including chair**

In accordance with the relative regulations, the Committee has consulting and advisory functions with respect to the Board of Directors on matters concerning the remuneration of board directors and of executives with strategic responsibilities, as well as the appointment of board directors.

<b>Fabiola Mascardi</b>	Chair
<b>Claudio De Marco</b>	Member
<b>Manuela Sabbatini</b>	Member

### CONTROL, RISK AND RELATED PARTY TRANSACTIONS COMMITTEE (CRRPTC)

**3 members, 2 of whom independent, including chair**

The CRRPTC makes proposals and provides advice to the Board to support decisions concerning the Internal Control and Risk Management System, as well those relating to the approval of periodic financial and non-financial reports. also performs the duties attributed to it by the Italgas Related Parties Procedure (RPT)

<b>Gianmarco Montanari</b>	Chair
<b>Claudio De Marco</b>	Member
<b>Manuela Sabbatini</b>	Member

# Scope of skills, knowledge and experience

The table summarises the education and professional characteristics of each Director in office

	FINANCIAL	INDUSTRIAL	ESG / CLIMATE CHANGE	CYBER SECURITY	AUDIT	ERM / RISKS	HR / PEOPLE / HS&Q	LEGAL & GOVERNANCE
Benedetta Navarra	✓		✓		✓	✓		✓
Paolo Gallo	✓	✓	✓	✓		✓	✓	
Claudio De Marco	✓	✓	✓				✓	✓
Fabiola Mascardi		✓	✓				✓	✓
Gianmarco Montanari	✓	✓	✓	✓		✓	✓	
Lorenzo Parola	✓	✓	✓					✓
Manuela Sabbatini	✓				✓	✓		
Maria Sferruzza	✓	✓	✓					
Qinjing Shen	✓	✓	✓					



## SHORT TERM INCENTIVE PLAN

- Profitability (EBITDA) 30%
- Investments 25%
- Net financial position 20%
- Sustainability 25% (accident rate, leakages, energy consumption, gender pay gap)
- Results measured on a scale 70/130 (minimum-maximum performance, overall threshold equal to 85)
- Claw Back clauses are provided

## CO-INVESTMENT PLAN

- 35% of the Short-Term Incentive is co-invested and transformed into company shares subject to the achievement of a predefined levels of 3 years EBITDA.
- Results are measured on a scale 70/170 (minimum and maximum performance level). Based on the achieved performance level, the company provides additional matching in shares: 0.6 shares for each granted shares in case of minimum performance, 0.8 in case of target performance, 1 in case of maximum performance
- Claw Back clauses are provided

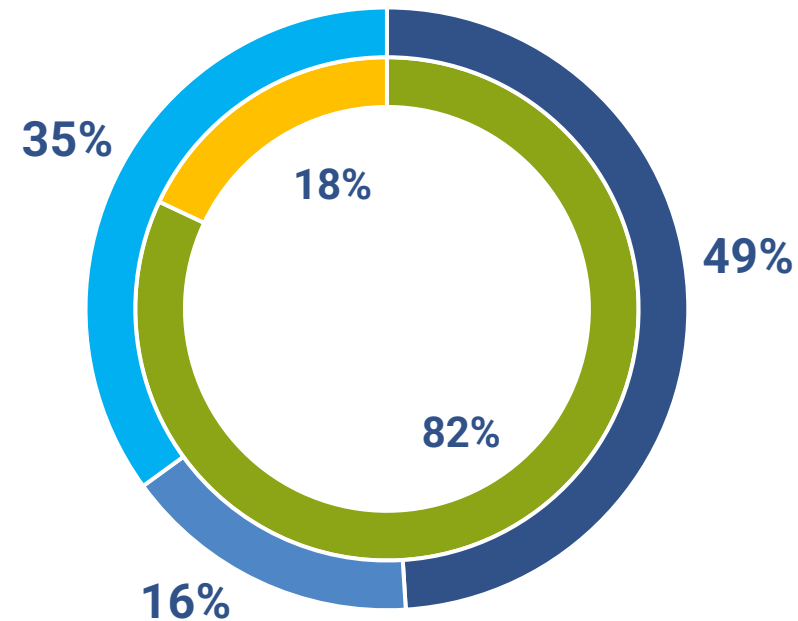
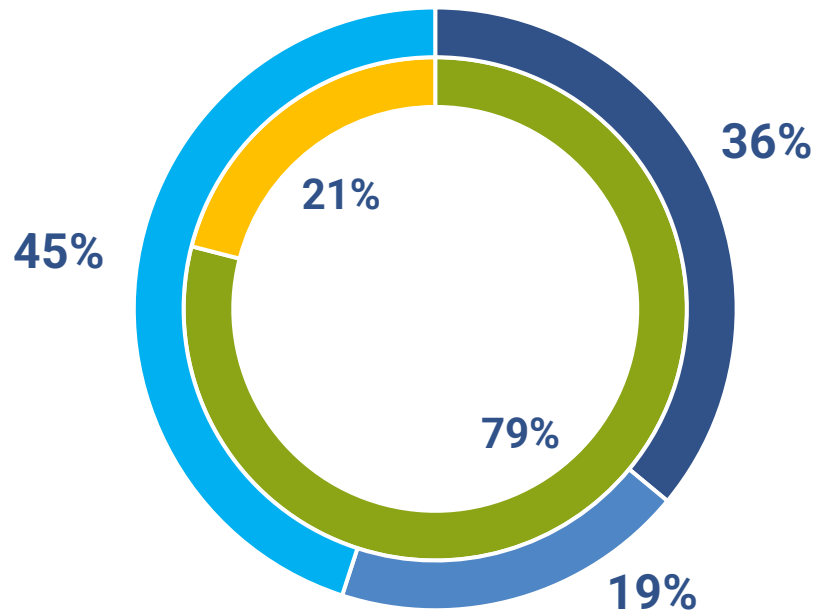
## LONG-TERM INCENTIVE PLAN

- Consolidated Net Profit 50%
- Total Shareholders Returns 30%
- Sustainability:
  - Reduction of CO2 emissions - Scope 1&2 10%
  - Reduction of net energy consumption 10%
- Vesting period: 3 years
- Results measured on a scale 70/130 (minimum-maximum performance)
- Claw Back clauses are provided

# Compensation policy pay mix\*

## ▶ Chief Executive Officer

## ▶ Executives with Strategic Responsibilities



**Pay elements**

- Fixed remuneration
- Short-term variable (STI)
- Long-term variable (Co-investment + LTI)

**Payment methods**

- Shares
- Monetary

\*As reported in <https://www.italgas.it/wp-content/uploads/sites/2/2024/03/Remuneration-Report-2024-and-Compensation-Paid-2023.pdf>

# Compensation policy risk mitigation factors

RISK MITIGATION FACTORS	STI	CO-INVESTMENT	LTI
Use of various performance objectives consistent with the corporate strategy	✓	✓	✓
Use of incentive curves for each objective with predefined performance levels and linear interpolation of results	✓	✓	✓
Deferral of a portion of short-term incentive subject to performance conditions	✓	✓	
Significant portion of comprehensive remuneration subject to performance conditions over a multi-year time frame		✓	✓
Presence of a maximum cap for incentive systems	✓	✓	✓
Presence of a share portion of the variable remuneration		✓	
Use of claw back clauses	✓	✓	✓

# Policy for managing dialogue with all shareholders

In order to further promote an open, constant dialogue with all its Shareholders and in compliance with the recommendations made in this regard by the new Code of Corporate Governance, to which the Company adheres, during the meeting held on 18 December 2020, the Board adopted, on the proposal of the Chairman made in agreement with the Chief Executive Officer, this “Policy for the management of dialogue with all Shareholders, which, also taking into account the engagement policies adopted by the main institutional investors and the Italgas asset managers, sets out the general principles, the management procedures and the main contents of the dialogue between Italgas and its Shareholders.

## *General Principles*



**TRANSPARENCY**



**TIMELINESS**



**EQUAL TREATMENT**



**PROMOTION  
OF THE CORPORATE  
PURPOSE**



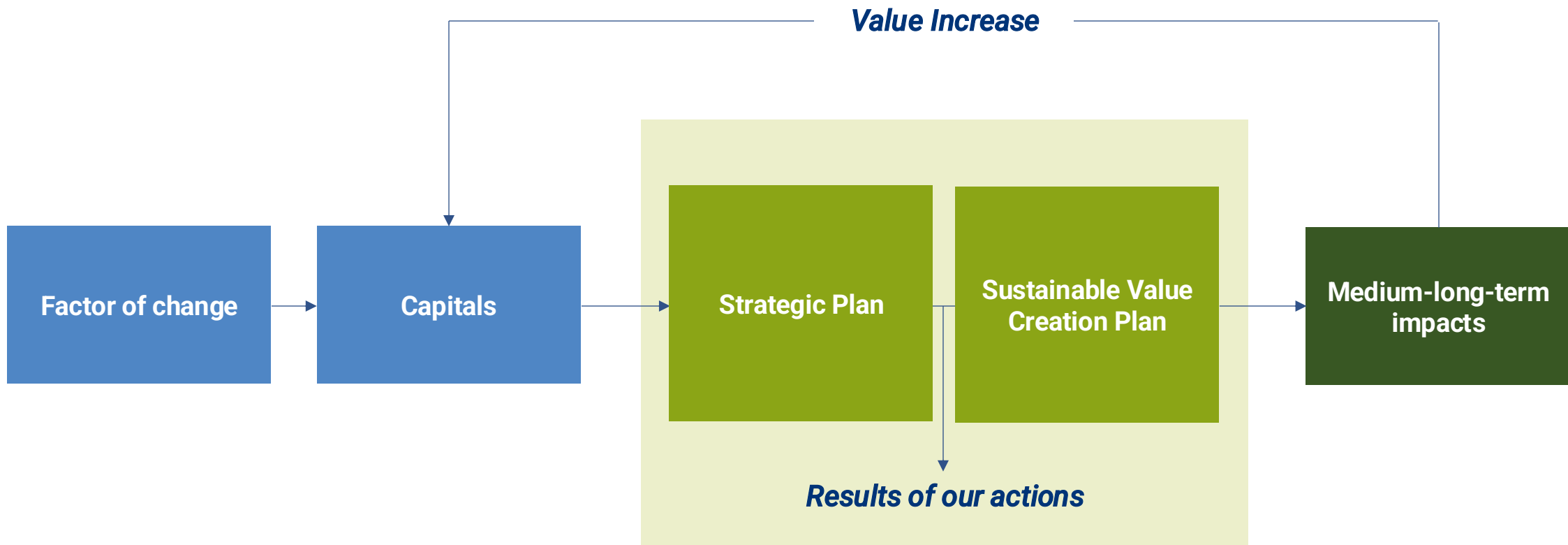
**COMPLIANCE**

**3**

## **Sustainable Value Creation Plan**

# Our idea of sustainability

To have a tangible impact on reality, it is necessary to be able to anticipate the market context in which we operate and to understand the drivers of change as early as possible.





## FOR THE FUTURE OF THE PLANET

Digitalise to bring about the energy transition and decarbonisation

Contribute to the fight against climate change

Protect the ecosystems and promote a circular economy



## FOR THE FUTURE OF PEOPLE

Improve the quality of life and ensure the safety of employees, citizens and the national energy system

Develop and disseminate the skills of the future

Valorise diversity and support equal opportunities and inclusion



## FOR A SUSTAINABLE FUTURE TOGETHER

Promote innovation and dialogue through partnerships

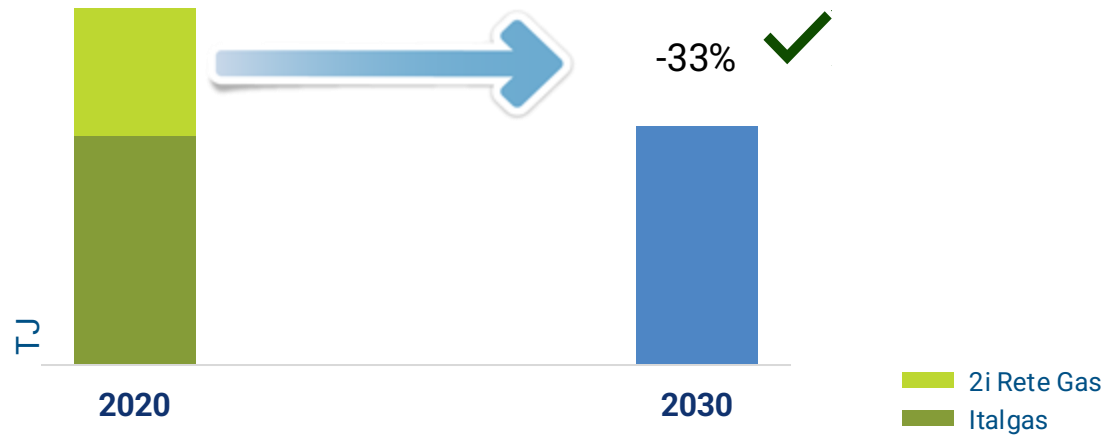
Promote the principles of sustainability in the supply chain

Take care of the territory



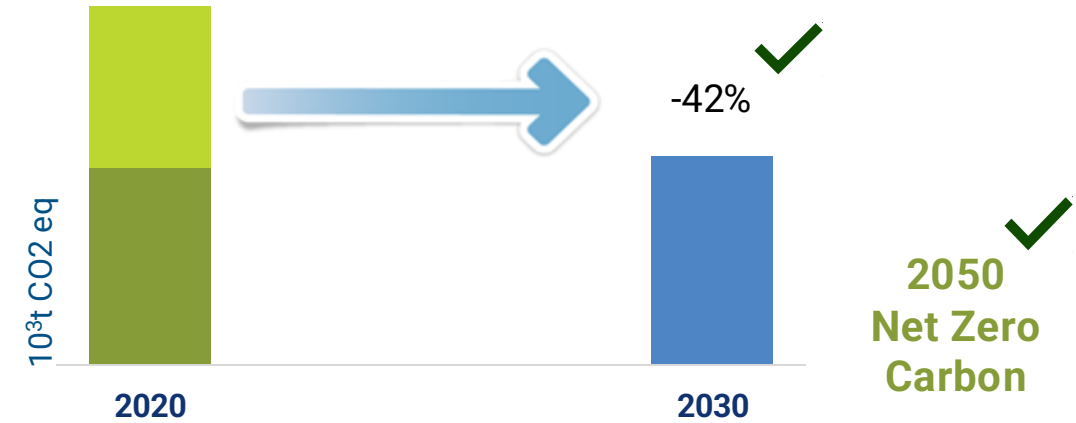
## Reduction commitments to 2030 and 2050 reiterated for the enlarged perimeter

### ▶ Net Energy Consumption<sup>1,2,</sup>



Efficiency measures for industrial consumption  
 Constant process of optimization, renewal, digitalization of monitoring and control systems of the Group's buildings  
 Optimization and renewal of the car fleet; high-tech solutions for reduction of travelling for the operation

### ▶ GHG Emissions Scope 1&2<sup>2,3,4</sup>



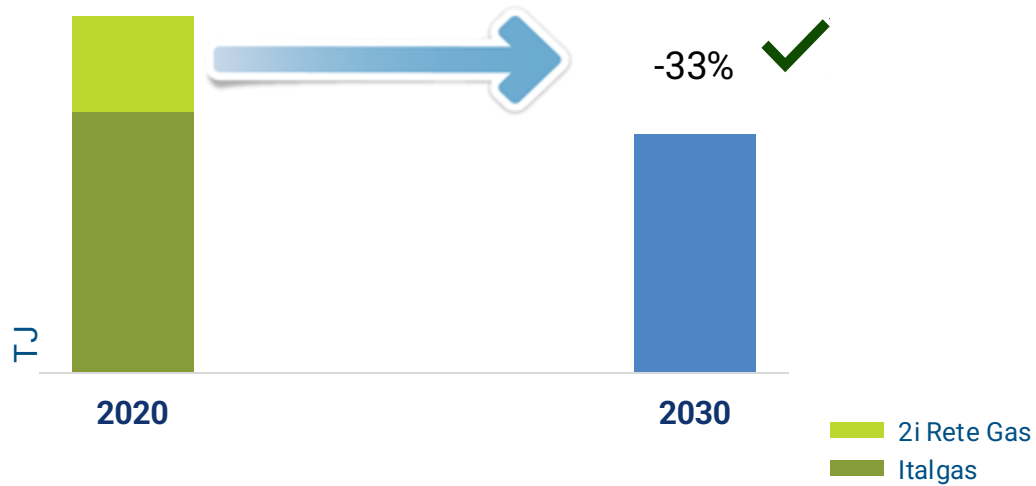
Picarro and Smart Maintenance  
 Energy Efficiency initiatives to 2030  
 Also carbon removal and green gases initiatives post 2030

Note: (1) Total energy consumption minus total self-produced and consumed electricity ; (2) The perimeter of the targets is the same as the scope of consolidation for financial data as of 30th of June 2024 (excluding Water Sector companies) plus 2i Rete Gas perimeter. Any impact on the back of future M&A and ATEM tenders, if relevant, will be considered in future reviews of the target; (3) Scope 2 market based, (4) New baseline includes 2i Rete Gas 2020 Scope 1 and 2 (market-based) estimated emissions, taking into consideration also Italgas 2020 fugitive emission of natural gas/km network inspected for Scope 1 emissions and European Residual Mixes 2020 factor (by Association of Issuing Bodies) for Scope 2 emissions



## Reduction commitments to 2030 and 2050 reiterated for the enlarged perimeter

### ► GHG Emissions Scope 3<sup>1,2</sup>



#### To 2030

Supply chain engagement initiatives:

- communication, awareness, training for a greater commitment from suppliers
- circular economy

#### To 2050

Also carbon removal and supply chain initiatives from 2030

**2050** ✓  
**Net Zero**  
**Carbon**

Note: (1) The perimeter of the targets is the same as the scope of consolidation for financial data as of 30th of June 2024 (excluding Water Sector companies) plus the integration of 2i Rete Gas. Any impact on the back of future M&A and ATEM tenders, if relevant, will be considered in future reviews of the target; (2) Baseline has been updated with estimated 2i Rete Gas 2020 Scope 3 emissions, applying to 2i Rete Gas 2020 expenditures the same CEDA emission factors considered by Italgas in 2020

We count on digitisation to bring about the energy transition, the decarbonization and the efficient management of resources

ACTIONS	TARGET	MEDIUM LONG-TERM IMPACTS
<p><b>Repurposing the network to increase its flexibility and ensure the necessary connections for the distribution of biomethane and hydrogen</b></p>	<ul style="list-style-type: none"> <li>• 100% of gas distribution network ready to accommodate hydrogen by 2028</li> <li>• 100% of gas distribution city gates and 95% of district governors digitized and monitorable by DANA by 2025 in Italy (old perimeter)<sup>1</sup>; 100% by 2027 in Italy (new perimeter)<sup>2</sup>;</li> <li>• 100% of assets digitized by 2025 and monitorable by DANA4Greece by 2026 in Greece</li> </ul>	<ul style="list-style-type: none"> <li>▪ Economic development of the Country</li> <li>▪ Decarbonisation of the Country in accordance EU goals</li> <li>▪ Digitalisation, innovation, efficiency, safety and sustainability of gas distribution infrastructure</li> </ul>
<p><b>Reducing water leaks</b></p>	<ul style="list-style-type: none"> <li>• Water leaks for the water distribution business<sup>3</sup> from 73,7% to 30,5% by 2030 (baseline 2023)</li> <li>• Water leaks for the water transportation business (Siciliacque) from 16,5% to 6,0% by 2030 (baseline 2023)</li> </ul>	<ul style="list-style-type: none"> <li>▪ Digitalisation, innovation, efficiency, safety and sustainability of gas distribution &amp; water infrastructure</li> <li>▪ Mitigation of environmental impacts, protection of the ecosystems, support for the circularity EU goals</li> </ul>

<sup>1</sup> Excluding 2i Rete Gas

<sup>2</sup> Including 2i Rete Gas

<sup>3</sup> Weighted average between Acqualatina and Nepta Caserta

## We contribute to the fight against climate change

ACTIONS	TARGET	MEDIUM LONG-TERM IMPACTS
<b>Enhancing the activities of EScO Geoside</b>	<ul style="list-style-type: none"> <li>• 115,000 tons of CO<sub>2</sub> savings (including PV) through investment in Energy Performance Contracts for industrial, public administration, and residential clients</li> <li>• 107,000 tons of CO<sub>2</sub> will be saved from 2024 to 2030 through energy efficiency solutions for industrial and residential clients</li> </ul>	<ul style="list-style-type: none"> <li>▪ Decarbonisation of the Country in accordance with the EU goals</li> </ul>
<b>Reducing the Group’s energy consumption and greenhouse gas emissions</b>	<ul style="list-style-type: none"> <li>• -33% of Net Energy Consumption<sup>1,2</sup> by 2030 (baseline 2020, excluding water business)</li> <li>• -42% of Scope 1 and 2 by 2030<sup>2,3</sup> (baseline 2020), Net Zero Carbon by 2050 (excluding water business)</li> <li>• -33% of Net Energy Consumption<sup>4</sup> by 2030 (baseline 2023) on water business<sup>5</sup></li> <li>• - 33% of Scope 1 and 2 by 2030 (baseline 2023) on water business</li> </ul>	<ul style="list-style-type: none"> <li>▪ Digitalisation, innovation, efficiency, safety and sustainability of gas distribution &amp; water infrastructure</li> <li>▪ Decarbonisation of the Country in accordance with the EU goals</li> <li>▪ Energy security of the Country</li> </ul>
<b>Reducing the GHG emissions from the Group’s value chain</b>	<ul style="list-style-type: none"> <li>• -33% Scope 3 by 2030 (baseline 2020), Net Zero Carbon by 2050 (excluding water business)<sup>2,6</sup></li> </ul>	<ul style="list-style-type: none"> <li>▪ Decarbonisation of the Country in accordance with the EU goals</li> </ul>

<sup>1</sup> Total energy consumption minus the total self-produced and consumed electricity. New 2020 baseline, including 2i Rete Gas 2020 energy consumption: 925,7 TJ

<sup>2</sup> The perimeter of the targets is the same as the scope of consolidation for financial data as of 30th of June 2024 (excluding Water Sector companies) plus the integration of 2i Rete Gas perimeter. Any changes following M&As, and ATEM (Minimum Territorial Area) tenders of gas distribution concessions, if relevant, will be considered in the review of the target

<sup>3</sup> Baseline recalculated by updating GWP from 28 to 29.8, according to the IPCC Sixth Assessment Report AR6, took into consideration starting from 2023 data. GWP applies to fugitive emissions only. The new baseline includes 2i Rete Gas 2020 Scope 1 and 2 (market-based) estimates, taking into consideration also IG 2020 fugitive emissions of natural gas/km network inspected for Scope 1 emissions and European Residual Mixes 2020 factor (by Association of Issuing Bodies) for Scope 2 emissions. New 2020 baseline: 373,5 kt Co2eq

<sup>4</sup> Gross EE consumption minus EE from hydroelectric plant auto production

<sup>5</sup> Nepta, Siciliacque and Acqua Latina included, Acqua Campania excluded. 2023 Baseline: 740,5 TJ; 94 kt CO2eq

<sup>6</sup> Baseline has been updated with 2i Rete Gas 2020 Scope 3 emissions, applying to the 2i Rete Gas 2020 expenditures the same CEDA emission factors considered by IG Group for 2020. Baseline 2020: 277,3 ktCO2eq

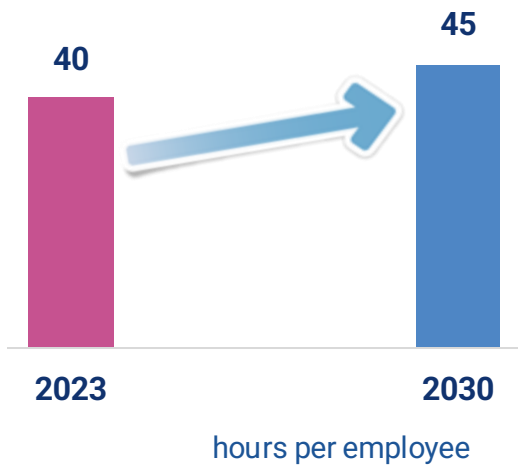
## We protect the ecosystems and promote a circular economy

ACTIONS	TARGET	MEDIUM LONG-TERM IMPACTS
<b>Introducing ecodesign principles in smart meter production</b>	<ul style="list-style-type: none"> <li>6 millions «Nimbus» gas smart meters installed, designed according to "Design for environment" criteria, by 2030<sup>1</sup></li> </ul>	<ul style="list-style-type: none"> <li>Mitigation of environmental impacts, protection of the ecosystems, support for the circularity EU goals</li> </ul>
<b>Reducing the amount of waste sent on for disposal</b>	<ul style="list-style-type: none"> <li>96-99% of waste recovery for Italgas Group and its contractors (annual target)</li> </ul>	<ul style="list-style-type: none"> <li>Mitigation of environmental impacts, protection of the ecosystems, support for the circularity EU goals</li> </ul>
<b>Managing and mitigating the impact of the Group on the ecosystems</b>	<ul style="list-style-type: none"> <li>Realisation by 2024 of an integrated model for the evaluation, management and monitoring of the impacts of Group activities on the ecosystems, with action plan adopted within 2025 and implementation and monitoring from 2026</li> </ul>	<ul style="list-style-type: none"> <li>Mitigation of environmental impacts, protection of the ecosystems, support for the circularity EU goals</li> </ul>

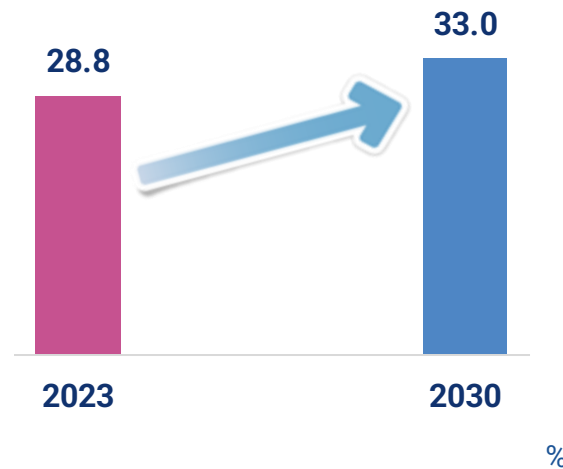
<sup>1</sup> Subject to approval from Authority

The successful integration of 2i Rete Gas will require the collaboration of all the People of the two groups and the ability to valorise their diversity for a successful inclusion. Our enhanced targets reflect this effort

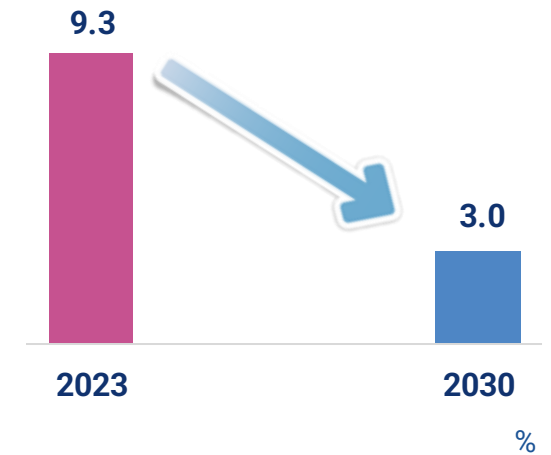
## ▶ Training hours<sup>1</sup>



## ▶ Women in responsibility roles<sup>1</sup>



## ▶ Pay Gap<sup>1,2</sup>



Note: (1) 2023 data refer to Italgas only; (2) Average ratio among female and male base salary by organizational cluster and by age cluster for employees holding managerial positions

We improve the quality of life and ensure the safety of employees, citizens and the national energy system

ACTIONS	TARGET	LONG-TERM IMPACTS
<p><b>Providing the citizens with high quality, dependable and safe services</b></p>	<ul style="list-style-type: none"> <li>• 90% compliance with the 10-day and 100% compliance with the 20-day time limit to complete procedures within Italgas’ remit, from request for a quotation to activation of the supply of gas to the end-customer by 2028<sup>1</sup></li> <li>• More than 100% of the networks undergoing annual inspections under the gas dispersion search programme (target value for each year), and 200% by 2028<sup>2</sup></li> <li>• 98% of interventions with Emergency Response arrival at site within 60 minutes (target value for each year for gas distribution network)<sup>3</sup></li> </ul>	<ul style="list-style-type: none"> <li>▪ Safe and efficient access to energy for all</li> </ul>
<p><b>Monitoring of aspects of organisational security necessary to maintaining commensurate levels of cybersecurity</b></p>	<ul style="list-style-type: none"> <li>• Annual maintenance for all Italgas Group companies of the “Advanced” level of Bitsight’s Cyber Security index; for new companies consolidated by the Group, achievement of the same level within 24 months after the acquisition<sup>4</sup></li> <li>• 60,000 training hours for employees on cybersecurity and AI by 2029</li> </ul>	<ul style="list-style-type: none"> <li>▪ Energy security of the Country</li> <li>▪ Digitalisation, innovation, efficiency, safety and sustainability of the gas distribution &amp; water infrastructure</li> </ul>

<sup>1</sup> Target applies solely to interventions to be performed by the distributor that do not call for network extensions. Target valid only for Italian perimeter

<sup>2</sup> Also taking into account regulatory performance targets of both Italy (ARERA target: the gas distributor company is required to comply with the service obligations undertaken in terms of inspection frequency, corresponding to 100% in the 3 mobile years for high and medium pressure networks and 100% in the 4 mobile years for low pressure networks) and Greece (RAE target: 2-4 times per years for ductile networks in areas with high population density, while regulatory targets for other kinds of network vary from once a year to once every 4 years, depending on network characteristics)<sup>3</sup> ARERA target: > 90%; RAE target: >90% within 120 minutes, without exceeding the 240 minutes in any case

<sup>4</sup> Measured as a product of frequency index (number of accidents per million hours worked) and severity index (number of days of absence per thousand hours worked) of accidents recorded at Group level during the year

We improve the quality of life and ensure the safety of employees, citizens and the national energy system

ACTIONS	TARGET	LONG-TERM IMPACTS
<p><b>Promoting the health, safety and wellbeing of employees and collaborators</b></p>	<ul style="list-style-type: none"> <li>• Maintain a combined employee and contractor accident index below 0.15 (minimum annual target)<sup>1</sup></li> <li>• 90% of employees benefiting from corporate welfare services by 2030</li> <li>• &gt;85% net promoter score for employee engagement (degree of satisfaction with working for the Group) by 2030</li> </ul>	<ul style="list-style-type: none"> <li>▪ Development of a corporate culture that is healthy and inclusive, based on respect for human rights and designed to ensure the wellbeing of the workers</li> </ul>
<p><b>Promoting the diversification of national energy supply</b></p>	<ul style="list-style-type: none"> <li>• 400 biomethane production plants, built by third parties, connected to the distribution network by 2030</li> <li>• 200 tons of green hydrogen produced and distributed in the Group’s P2G pilot plant in Sardinia by 2028, demonstrating the validity of the solution for industrial and residential transport and use</li> </ul>	<ul style="list-style-type: none"> <li>▪ Energy security of the Country</li> <li>▪ Decarbonisation of the Country in accordance with EU goals</li> </ul>

<sup>1</sup> Measured as a product of frequency index (number of accidents per million hours worked) and severity index (number of days of absence per thousand hours worked) of accidents recorded at Group level during the year

We develop the skills of the future

ACTIONS	TARGET	LONG-TERM IMPACTS
<p>Promoting the dissemination of digital skills for the energy sector outside the organization</p>	<ul style="list-style-type: none"> <li>• 30,000 persons engaged in external training activities dedicated to the energy transition by 2029</li> </ul>	<ul style="list-style-type: none"> <li>▪ Energy and digital literacy of the citizens in the service of the energy transition</li> </ul>
<p>Developing digital skills and repositioning skills towards higher value-added activities</p>	<ul style="list-style-type: none"> <li>• 45 hours of training per year per employee, with a focus on digital training AI and ESG topics, by 2030</li> <li>• Implementation of Academy’s training activities to third parties by 2024, with a focus on ESG topics. Implementation of a bottom-up and self-learning approach in training activity to enhance employees’ skills and encourage job rotation by 2030</li> </ul>	<ul style="list-style-type: none"> <li>▪ Energy and digital literacy of the citizens in the service of the energy transition</li> </ul>



## We valorise diversity and support equal opportunities and inclusion

ACTIONS	TARGET	LONG-TERM IMPACTS
<p>Promoting female leadership and ensuring a workplace that offers equal opportunities, also in terms of remuneration</p>	<ul style="list-style-type: none"> <li>• 23% Women in the total workforce by 2030</li> <li>• 30% Women in the total workforce (white collars) by 2030</li> <li>• 33% of women in responsibility roles by 2030</li> <li>• 33% of women in Top Management position by 2030<sup>1</sup></li> <li>• Gender equity pay gap between +/- 3% by 2030<sup>2</sup></li> <li>• 15 days of paternity leave by 2030<sup>3</sup></li> <li>• 100% of employees involved in performance management by 2030</li> <li>• Inclusion of another Group's company in the certification perimeter of UNI/PdR 125:2022 for gender equality within 2024 and extension of the certification to other 3 companies of the Group by 2030</li> <li>• Annual implementation of projects and involvement of the employees on diversity and inclusion issues with specific focus on gender equality, age, culture, disability, affective and sexual orientation</li> </ul>	<ul style="list-style-type: none"> <li>▪ Development of a culture orientated to the promotion of equal opportunities and women's empowerment</li> <li>▪ Development of a corporate culture that is healthy and inclusive, based on respect for human rights and designed to ensure the wellbeing of the workers</li> </ul>
<p>Investing on the future of women, also by supporting the dissemination of STEM skills among the female population</p>	<ul style="list-style-type: none"> <li>• Supporting empowerment and development of individuals, through professional orientation and career guidance to foster STEM skills among women and local community placement</li> </ul>	<ul style="list-style-type: none"> <li>▪ Energy and digital literacy of the citizens in the service of the energy transition</li> </ul>
<p>Monitoring respect for human rights</p>	<ul style="list-style-type: none"> <li>• Annual due diligence audits on respect for human rights, applied to the Group's operational activities and suppliers</li> </ul>	<ul style="list-style-type: none"> <li>▪ Development of a corporate culture that is healthy and inclusive, based on respect for human rights and designed to ensure the wellbeing of the workers</li> </ul>

<sup>1</sup> Top Management position n-2 from CEO

<sup>2</sup> Calculated as the change in the average ratio of women's and men's hourly basic pay for clusters of employees comparable by organisational weight

<sup>3</sup> Days of paternity used (10 days granted by law)

We promote innovation and dialogue through partnerships

ACTIONS	TARGET	LONG-TERM IMPACTS
<p><b>Promoting the culture of innovation</b></p>	<ul style="list-style-type: none"> <li>• 3,000 innovative SMEs and start-ups evaluated for collaboration between 2022 and 2028, also through advisors, incubators and university scouting in Europe, USA and Asia</li> </ul>	<ul style="list-style-type: none"> <li>▪ Promotion of innovation in the service of energy transition</li> <li>▪ Digitalisation, innovation, efficiency, safety and sustainability of gas distribution &amp; water infrastructure</li> </ul>
<p><b>Developing innovative solutions that will promote the energy transition</b></p>	<ul style="list-style-type: none"> <li>• 45 solutions to support the energy transition adopted or developed with innovative start-ups or SMEs by 2028</li> <li>• 75% of the digital projects realised for the Group and the market having a major impact on sustainability in 2028</li> <li>• Development of an excellence center in green gases testing and research by 2025, new laboratories kick-off by 2026 and start of 7 related innovation projects by 2030</li> </ul>	<ul style="list-style-type: none"> <li>▪ Promotion of innovation in the service of energy transition</li> <li>▪ Digitalisation, innovation, efficiency, safety and sustainability of gas distribution &amp; water infrastructure</li> </ul>
<p><b>Contributing to the debate on the role of gas in the energy transition</b></p>	<ul style="list-style-type: none"> <li>• Active participation in national and international associations for gas advocacy and the energy transition and development of collaboration initiatives with value chain actors</li> </ul>	<ul style="list-style-type: none"> <li>▪ Promotion of innovation in the service of energy transition</li> </ul>

## We encourage the adoption of sustainability principles in the supply chain

ACTIONS	TARGET	LONG-TERM IMPACTS
<p><b>Disseminating the culture of sustainability along the supply chain</b></p>	<ul style="list-style-type: none"> <li>• 100% of the suppliers potentially posing high sustainability risks<sup>1</sup> involved and trained in ESG issues by 2026</li> </ul>	<ul style="list-style-type: none"> <li>▪ Increased resilience of the supply chain through the dissemination of the best sustainability practices</li> </ul>
<p><b>Integrating sustainability criteria in supplier qualification, evaluation and selection processes</b></p>	<ul style="list-style-type: none"> <li>• Inclusion, by 2026, of all the tier II SMEs suppliers in the territory in Group Vendor Portal, to guarantee the wider alignment with the Group approach and policies within the entire supply chain</li> <li>• 100% of suppliers potentially at high sustainability risk<sup>1</sup> audited on-site for ESG compliance (including respect for human rights) by 2028</li> </ul>	<ul style="list-style-type: none"> <li>▪ Increased resilience of the supply chain through the dissemination of the best sustainability practices</li> </ul>

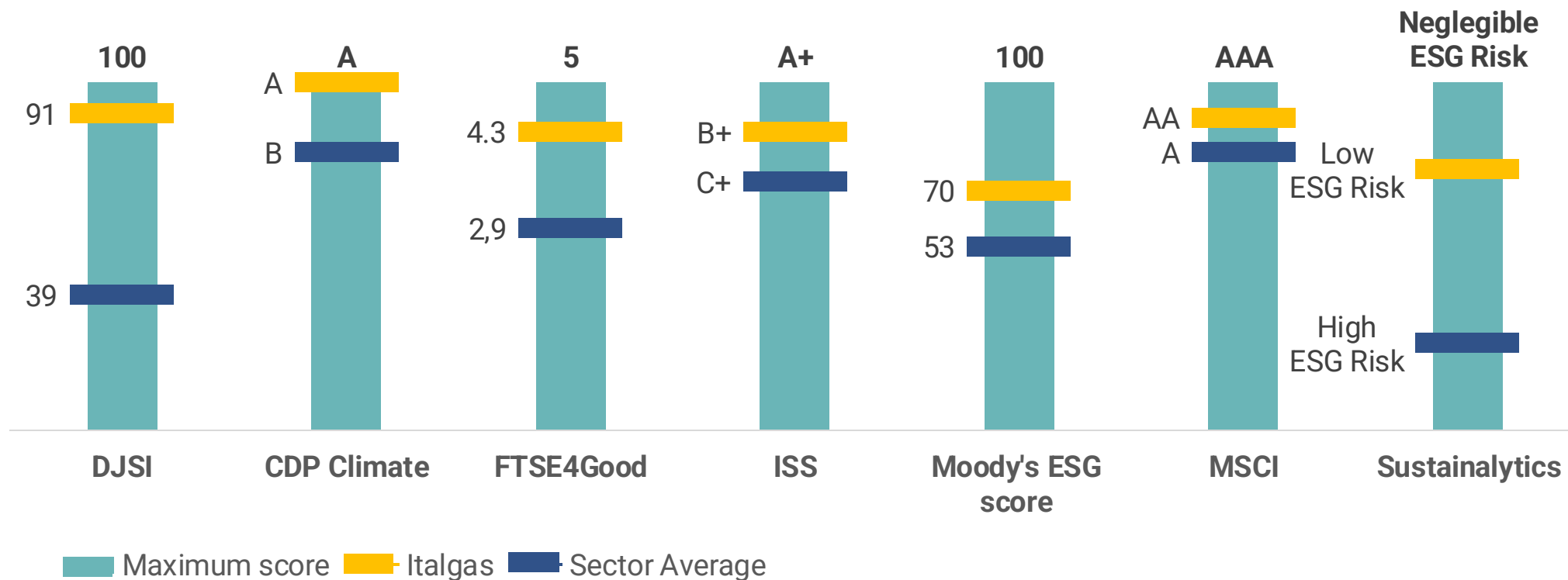
<sup>1</sup> Suppliers of strategic importance to the core business of the Group at potential risk of non-compliance with their contractual obligations concerning sustainability related issues

## We take care of the territory

ACTIONS	TARGET	LONG-TERM IMPACTS
<p><b>Supporting employment levels and the economy of the municipalities where we operate</b></p>	<ul style="list-style-type: none"> <li>• Involvement, by 2030, of 25% of selected best SMEs from current Group business and involvement in capacity building initiatives for sustainable growth in the long period<sup>1</sup></li> </ul>	<ul style="list-style-type: none"> <li>▪ Generation of shared value for the stakeholders in the territory</li> </ul>
<p><b>Developing projects associated with the identity and business model of the Group that can valorise the territories</b></p>	<ul style="list-style-type: none"> <li>• Meetings with municipalities or other collective bodies at local level representing at least 40% of Italgas re-delivery points (gas and water) each year</li> <li>• Definition of an evaluation model for the impacts of Group activities by 2024</li> </ul>	<ul style="list-style-type: none"> <li>▪ Generation of shared value for the stakeholders in the territory</li> </ul>

<sup>1</sup> Baseline IG Group 2023: 89 SMEs

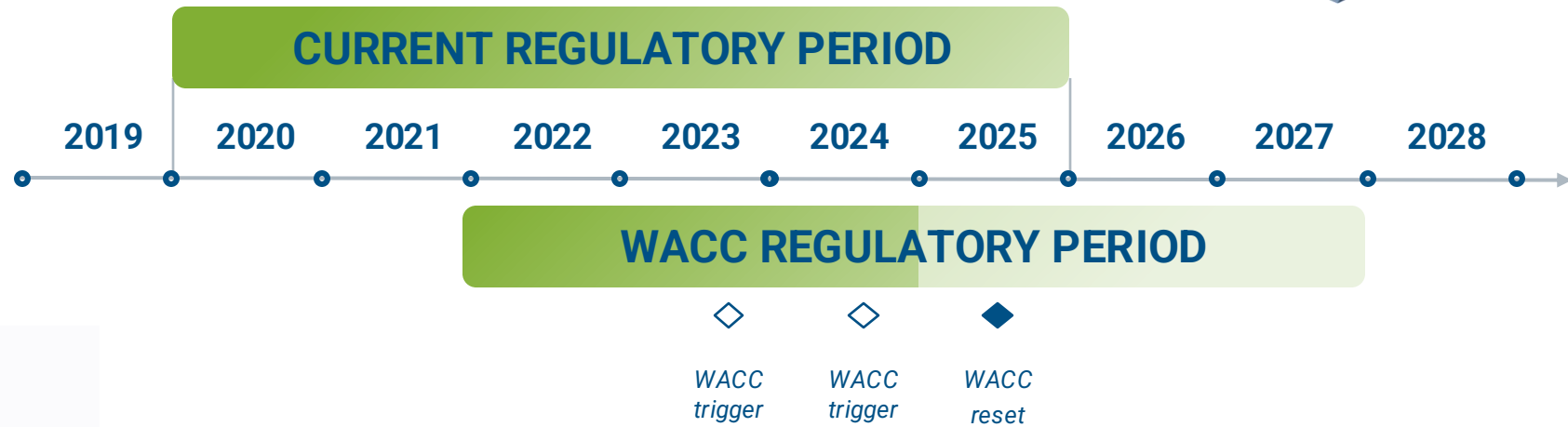
# Sustainability performance



Note: based on most recent published rating

**4**

## **Regulation**



## ▶ Key features of Italian regulation

- | RAB-based framework set and regulated by ARERA
- | Tariffs ensure return on assets
- | No volume risks, temporary tariffs mismatches impact working capital
- | Different regulatory period for WACC and other tariff components
- | Majority of capex recognized at cost
- | 5.6% real allowed return for 2022-2023, 6.5% for 2024 and 5.9% for 2025
- | Inflation protection

▶ **Key features**

- | Unitary tariffs are set for the regulatory period for each distribution area:
- | Achieved revenues reflect return on asset base.
- | Working capital temporarily impacted by volumes fluctuations.

**REQUIRED REVENUES =**

**RAB X  
Reg. WACC**

RAB includes capex spent in the previous year

RAB inflated

Real pre-tax allowed return applied (5.6% in 2022-23)

**+ DEPRECIATION**

Calculated on assets entering into RAB

Reflects inflation

Useful lives set by ARERA

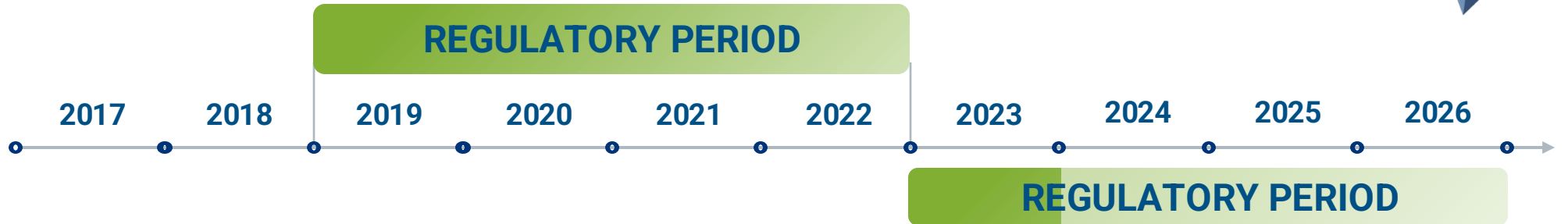
**+ OPEX**

Unitary opex set by ARERA at the beginning of the regulatory period

Efficiency factor

Opex inflated annually





## TRANSPARENT REGULATORY FRAMEWORK

with numerous similarities to the Italian system

## LONG CONCESSION DURATION

allowing to implement Italgas' long-term strategic vision

## DOWNSIDE PROTECTION

through compensation mechanism for under-recoveries

### Key features of Greek regulation

- RAB-based framework regulated by the Regulatory Authority for Energy, Waste and Water (RAEWW)
- prior to each regulatory period, the operator submits to RAEWW, for approval, the Development Plan and the Business Plan
- Regulatory periods last 4 years
- Allowed return 8.57% nominal in 2023, 8.38% nominal in 2024-26
- Mechanism in place to compensate for any under / over recovery of required revenues

## ▶ Key features in 2024

Unitary tariffs are set for the regulatory period for each distribution area:

- Based on the approved business plans and allowed returns, and inflated annually: the DSO is entitled to collect (required) revenues based on all investments and operational costs
- Taking into consideration estimated growth in redelivery points and volumes distributed

**REQUIRED REVENUES =**

**RAB X  
Reg. WACC**

- RAB includes capex planned in the year
- RAB is not inflated
- Regulated return set at 8.38% nominal in 2024-26

**+ DEPRECIATION**

- Calculated on fixed assets

**+ OPEX**

- The reasonable expenses of the DSO for the operation of the Key Activity of Natural Gas Distribution

**- ADDITIONAL REVENUES**

- Planned revenues related to services to other companies or non-regulated services, subject to regulator's approval

**± RECOVERABLE DIFFERENCE**

- Based on the difference between required revenues and actual revenues in the previous regulatory period



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