

ANNUAL FINANCIAL REPORT AS OF 31ST DECEMBER

2021

Ascopiave Group

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Annexes:

- Statement by the appointed Manager - Certification of the Consolidated Financial Statements pursuant to Article 81-ter of Consob regulation no. 11971;
- Report on Corporate Governance and Company Structure.

Board of Auditors:

- Report of the Board of Auditors on the Financial Statements as of 31st December 2021.

Auditing Company:

- Independent Auditors' Report on the Consolidated Financial Statements as of 31st December 2021;
- Independent Auditors' Report on the Financial Statements as of 31st December 2021;
- Independent Auditors' Report on the Consolidated non-financial disclosure for 2021.

GENERAL INFORMATION

Directors, Officers and Company information

Board of Directors and Board of Auditors

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

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

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

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

(***) Vecchiato Luisa was a non-independent director until 28th January 2021 and, subsequently, an independent director.

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

Internal Committees

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

Independent Auditors

PriceWaterhouseCoopers S.p.A.

Registered office and company data

Ascopiave S.p.A.
Via Verizzo, 1030
I-31053 Pieve di Soligo - TV Italy
Tel: +39 0438 980098
Fax: +39 0438 964778
Share Capital: Euro 234,411,575 fully paid up
VAT ID 03916270261

Investor relations

Tel. +39 0438 980098
Fax +39 0438 964778
e-mail: investor.relations@ascopiave.it

Main economic and financial data of the Ascopiave Group

Operating results

(Thousands of Euro)	Financial Year			
	2021	% of revenues	2020	% of revenues
Revenues	134,911	100.0%	163,896	100.0%
Gross operative margin	66,382	49.2%	63,805	38.9%
Operating result	33,838	25.1%	29,151	17.8%
Result for the period	45,326	33.6%	58,701	35.8%

The gross operating margin (EBITDA) is the result before amortisation/depreciation, use of bad debt provisions, financial management and taxes.

Balance sheet figures

(Thousands of Euro)	31.12.2021	31.12.2020
Net working capital	2,359	29,287
Fixed assets and other non current assets	1,261,819	1,210,134
Non-current liabilities (excluding loans)	(48,187)	(47,071)
Net invested capital	1,215,991	1,192,350
Net financial position	(347,485)	(338,447)
Total Net equity	(868,505)	(853,903)
Total financing sources	(1,215,991)	(1,192,350)

Please note that "Net working capital" means the sum of inventories, trade receivables, tax receivables, other current assets, trade payables, tax payables (within 12 months), and other current liabilities.

Cash flow data

(Thousands of Euro)	Financial Year	
	2021	2020
Total comprehensive income	59,397	56,505
Cash flows generated (used) by operating activities	82,737	42,157
Cash flows generated/(used) by investments	(44,933)	(91,776)
Cash flows generated (used) by financial activities	(17,168)	4,491
Variations in cash	20,636	(45,129)
Cash and cash equivalents at the beginning of the period	21,902	67,031
Cash and cash equivalents at the end of the period	42,538	21,902

REPORT ON OPERATIONS

Foreword

The Ascopiave Group closed 2021 with a net consolidated profit of Euro 45.3 million (Euro 58.7 million as of 31st December 2020), with a decrease of Euro 13.4 million compared to the previous year.

The consolidated net assets as of 31st December 2021 amount to Euro 868.5 million (Euro 853.9 million as of 31st December 2020), and the net invested capital to Euro 1,216.0 million (Euro 1,192.3 million as of 31st December 2020). In 2021, the Group accomplished net investments for Euro 53.3 million (Euro 44.6 million in 2020), mainly for the installation of electronic metres, as well as the development, maintenance and modernisation of gas distribution networks and facilities for Euro 50.3 million (Euro 41.9 million in 2020).

The operating results achieved by the Estenergy Group and Cogeide S.p.A. are recorded for the quota attributable to the Group in the item "Profit/loss of companies consolidated using the equity method".

The Group is also present in the renewable energy sector, with 28 hydroelectric plants and wind turbines owned through the new companies acquired in December.

Activities

Ascopiave mainly operates in the sector of natural gas distribution. The Group currently holds concessions and direct assignments for the supply of the service in 268 municipalities and has a distribution network extending for approximately 13,000 km, providing services to a catchment area of over 775,000 users.

The Group is present, in addition to other sectors connected with its core business, such as cogeneration and heat management, also in the water sector, being a shareholder and technological partner of Cogeide, a company operating in integrated urban water management in 15 municipalities, serving over 100 thousand inhabitants through a network of 880 km.

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

Strategic objectives

Ascopiave aims to pursue a strategy focused on the creation of value for its stakeholders, by maintaining the level of excellence in the quality of the services offered, respecting the environment and addressing the social needs of the local community.

The Group intends to consolidate its leadership in the gas sector on a regional level and aims to reach a prominent position also at the national level, leveraging the liberalisation process currently underway. In this respect, Ascopiave follows a development strategy whose main guiding principles are dimensional growth, diversification in other divisions of the energy sector in synergy with the core business and the improvement of operating processes.

Operating performance

The volumes of gas distributed through the networks managed by the Group were 1,593.0 million cubic metres, with an increase of 9.1% compared to 2020.

The distribution network as of 31st December 2021 has an extension of 12,988 km, up 75 km compared to the previous year.

Operating results and cash flows

Consolidated revenues in 2021 totalled Euro 134.9 million, compared to Euro 163.9 million recorded in the previous year.

The Operating Result of the Group equals Euro 33.8 million, up Euro 4.7 million compared to 2020.

The Net Result, equalling Euro 45.3 million, marks a decrease of Euro 13.4 million compared to the previous year.

The Net Financial Position of the Group as of 31st December 2021 is equal to Euro 347.5 million, up Euro 9.0 million compared to Euro 338.4 million as of 31st December 2020.

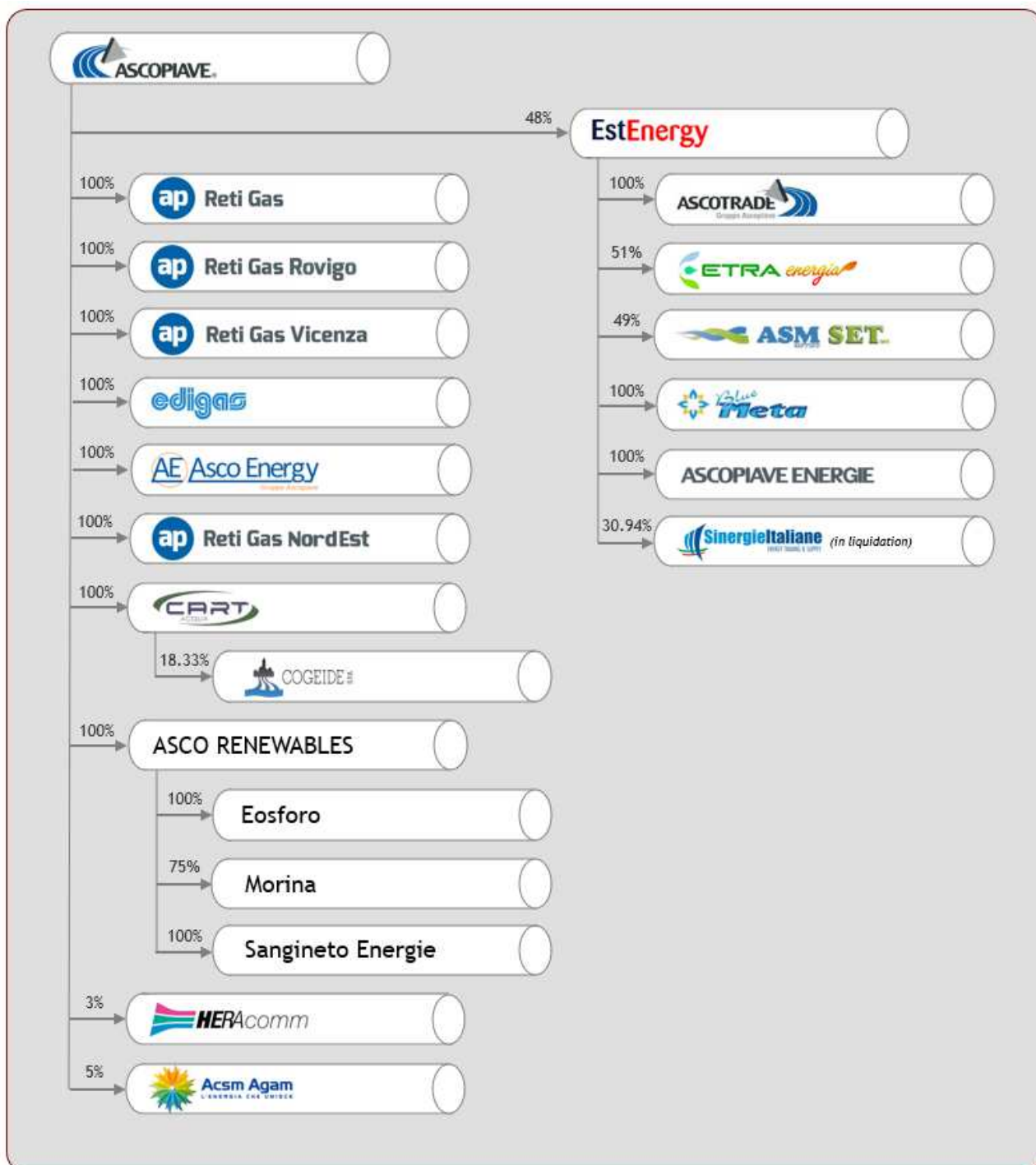
The increase in financial debt is determined by the cash flow of the period (given by the sum of the net result and amortisation/depreciation and write-downs), which generated resources for Euro 77.9 million, by the management of

net current assets, which generated financial resources for Euro 4.4 million, by investments, which entailed the disbursement of Euro 67.2 million, the management of equity (dividends and treasury shares) which absorbed resources for Euro 13.8 million and company acquisitions which resulted in an increase in the net financial position of Euro 10.3 million.

The ratio Net financial position to Net equity as of 31st December 2021 was 0.40 (in line with 31st December 2020).

The structure of the Ascopiave Group

The table below shows the company structure of the Ascopiave Group as of 31st December 2021.



Reference economic context

The beginning of 2021 was uncertain but, as the health situation improved thanks to large-scale vaccination, it gradually recuperated, registering a good recovery of the world economy. The upswing of consumption and trade, indeed, supported the rebound of the economy in several European nations. In late 2021, there was an upsurge in the health emergency caused by the spread of the Sars Cov2 in its Delta variant subsequently supplanted by Omicron, the latter particularly contagious. The Omicron variant did not spread uniformly worldwide: some of the main economies seem to have overcome the hardest times from an economic and social point of view, while in other countries even 2022 could be a year of crisis.

In 2021, inflation grew steadily, triggered by the mismatch between supply and demand which increased prices. The massive restart of the economic activities favoured by the improvement of the pandemic affected demand, which was particularly lively in the second half of the year, finding a less flexible and insufficient offer, in part also because of the adoption of new restrictive measures to contain the spread of the virus which generated bottlenecks in supply chains. The upward trend of inflation was first witnessed in the United States (almost 7% in November) and in some emerging countries. In Europe, the growth of inflation was more contained in 2021, but still on the rise, and the trend was also confirmed in the first months of 2022. The price trend of natural gas commodities was particularly marked, with effects also on electricity prices. The price trend of oil and other raw materials increased in 2021 with the resumption of economic activities while, at the end of the year, because of the uncertainties due to the spread of Omicron, it declined, partially and temporarily slowing down the growth of inflation. Between February and March 2022, a war broke out between Russia and Ukraine, and international geopolitical tension escalated day by day. NATO countries have condemned the Russian invasion of Ukraine and introduced increasingly stringent sanctions against Russia. The situation of uncertainty and the still persisting international crisis have significantly revived the inflationary trend which has resumed strongly, primarily affecting the price of natural gas and oil, which in turn has impacted other consumer goods which, for their manufacture or transport, require the consumption of energy. All this would seem to confirm a strong uncertainty in the economy, as well as the volatility of commodity prices, even in the remaining months of 2022.

The recovery recorded in 2021 is expected to entail a growth in world GDP of 5.8%, while the growth of the economic cycle is expected to slow down in 2022. European GDP in 2021 grew by +5.2% and is expected to reach 4.1% by 2022, albeit with major differences across the various countries. The significant rise in the Eurozone's GDP is mainly attributable to the recovery of economic activities driven by the resurgence of domestic demand despite some areas of the private economy that have not reached pre-pandemic levels yet.

Italy recorded a 6.3% rebound in 2021 compared to the significant contraction registered in the previous year which had been characterised by the lockdown and the upsurge in the pandemic in the last months of the year. The economic recovery was supported by the increase in household spending, the upturn of the construction sector with more buildings and renovations, and the improvement in exports. However, there are still many difficulties in procuring some raw materials and semi-finished products necessary for the Italian manufacturing industry, caused by the scarcity of the supply, in part ascribable to the bottlenecks present in international supply chains. The expected growth of the Italian GDP was estimated at 4% by 2022, substantially returning to pre-crisis levels. The uncertainty of the international geopolitical context and the high incidence of inflation could, however, slow down this trend. Propensity to consume, buoyed by the economic policies implemented by the Government in order to mitigate inflation and support the new expansionary budget policy, will be decisive for the solidity of the recovery. The Government, encouraged by an unexpected improvement in public finances, has opted for an economic policy in support of growth. The Next Generation EU programme is an integral part of the plan: how it will be exploited, and how the related reforms will be implemented, will be decisive in guiding growth in the coming years.

Gas distribution

Gas distribution, subsequent to the finalisation of the partnership between Ascopiave S.p.A. and the Hera Group, effective 19th December 2019, is the first activity of the Group in terms of contribution to company income.

This activity is carried out as a concession or direct assignment and, as such, is subject to strict regulation by the public authorities, in terms of management methods and tariffs.

As it is known, Legislative Decree no. 164/00 introduced the obligation to award the gas distribution service through a call for tenders, assuming that a competitive mechanism for the selection of the provider would entail savings for the end customer and improve the quality of the service supplied.

Law Decree 159/2007 (Law 222/2007) introduced, for the first time, the concept of Territorial Tender (Atem) for the management of the service, establishing that the tender procedures must be launched by territorial areas. Atem tenders were subsequently definitely adopted as a basic rule for the sector with Legislative Decree 93/2011 which prohibited, commencing June 2011, the launch of invitations to tender in the individual Municipalities, ratifying the obligation to launch tenders exclusively in minimum territorial areas.

Therefore, the majority of analysts foresee, in the medium term, a strong concentration in the offer, with a reduction in the number of operators and an increase in the average size of the companies.

Since 2011, with special reference to calls for tenders in territorial areas, the regulatory framework of the industry was updated yet again through the issuance of a number of ministerial decrees.

In particular:

- with the Decree dated 19th January 2011 issued by the Ministry for economic Development in agreement with the Ministry for the Relationship with Regions and Territorial Cohesion, the territorial areas for issuing calls for tenders to entrust the gas distribution service were identified;
- with a subsequent Decree dated 18th December 2011, the municipalities belonging to each territorial area were also identified (the so-called Territorial Areas Decree);
- the Decree issued by the Ministry for Economic Development and the Ministry of Employment and Social Policies on 21st April 2011 contained provisions governing the social effects connected with the assignment of the new gas distribution concessions, thus implementing paragraph 6 of art. 28 of Legislative Decree no. 164 issued on 23rd May 2000 (the so-called Workforce Protection Decree);
- with the Decree issued by the Ministry for Economic Development on 12th November 2011, the regulations concerning the criteria to be applied to calls for tenders and the evaluation of the bid for awarding the gas distribution service were approved (the so-called Decree for Criteria).

The issuance of the regulations above contributed to defining the competitive environment that operators will encounter in the coming years, thus laying the foundations for enabling the market liberalisation process - which started with the implementation of the European directives - to bring the expected benefits.

The Ascopiave Group favourably welcomed the emerging regulatory framework, believing that it actually creates important opportunities for investments and development for qualified medium-sized operators, rationalising the offer.

At the end of 2013, with Law Decree 23/12/2013, no. 145, converted with amendments into Law 9/2014, art. 15, paragraph 5 of Legislative Decree 164/2000, which governs the determination of the reimbursement value of the plants due to the outgoing operator at the end of the so-called "Transitional Period", was substantially modified.

In June 2014, the Decree of the Minister of Economic Development containing the "Guidelines for criteria and application procedures for the assessment of the reimbursement value of natural gas distribution networks" entered into force: although formally aimed at explaining the criteria for assessing the value of plants pursuant to art. 5 of Ministerial Decree 226/2011, it essentially establishes a peculiar framework, which implements only to a minimum extent art. 5 above (in its original version, in force upon the issuance of the guidelines).

Subsequently, with Law Decree 91/2014, amended and converted into Law 116/2014, another substantial change was made to art. 15, paragraph 5 of Legislative Decree no. 164/2000. The contents of the revised text and its evolution are described in sections "National regulations" and "Goals and policies of the Group and risk description" of this financial report.

Finally, in mid-2015, the Decree of the Ministry of Economic Development no. 106, dated 20th May 2015, amended the previous Ministerial Decree 226/2011, reformulating Article 5, concerning the criteria for calculating the value of the plants. The new Decree basically "transferred" the content of the Guidelines (mentioned above) into its text. Concisely, this measure made Article 5 compatible with the Guidelines, which should have been a specification/clarification.

The regulatory framework

Resolution dated 29th December 2020 596/2020/R/gas - Update of tariffs for gas distribution and metering services, for the year 2021. This resolution approves the mandatory tariffs for natural gas distribution, metering and sale services, pursuant to article 42 of the RTDG, the tariff options for other gases, pursuant to article 70 of the RTDG, and the bimonthly equalisation amounts on account relating to the natural gas distribution service, pursuant to article 47 of the RTDG, for the year 2021. The same provision approves the maximum amount of the recognition of higher charges deriving from the presence of concession fees, stated in Article 60 of the RTDG, for distribution companies that have submitted an application and provided suitable documentation.

Resolution dated 29th December 2020 595/2020/R/com. Update, effective 1st January 2021, of the tariff components intended to cover general charges and additional components of the electricity and gas sectors. Provisions for Cassa per i servizi energetici e ambientali. The provision updates, with effect from 1st January 2021, the tariff components intended to cover general system charges and additional tariff components relating to the electricity and gas sectors, as well as the electricity bonus and the gas bonus.

Resolution dated 14th January 2021 3/2021/R/gas - Provisions regarding deviation fees. The resolution amends the imposition of deviation penalties due to anomalous withdrawals attributed at distribution redelivery points.

Resolution dated 9th February 2021 41/2021/R/gas - Update of the CRVi variable fee to cover charges for containing gas consumption. This provision approves the final reference tariffs for the gas distribution and metering services for the year 2020, pursuant to article 3, paragraph 2 of the RTDG, considering the requests for data rectification submitted by 15th February 2021.

Resolution dated 23rd February 2021 63/2021/R/com - Methods for granting automatically electricity, gas and water social bonuses to entitled users in financial hardship. The resolution aims to strengthen subsidies for vulnerable consumers.

Resolution dated 16th March 2021 107/2021/R/gas - Redetermination of reference tariffs for gas distribution and metering services, for the years 2013-2019. The provision redefines the reference tariffs for gas distribution and metering services for the years 2013-2019, on the basis of requests for data correction received by 15th February 2021.

Resolution dated 23rd March 2021 117/2021/R/gas - Determination of the final reference tariffs for gas distribution and metering services, for the year 2020. The provision approves the definitive reference tariffs for gas distribution and metering services for the year 2020, pursuant to article 3, paragraph 2, of RTDG, considering the requests for data correction submitted within 15th February 2021.

Resolution dated 29th March 2021 122/2021/R/gas - Determination of the temporary reference tariffs for gas distribution and metering services, for the year 2021. The provision approves the provisional reference tariffs for the gas distribution and metering services for the year 2021, pursuant to article 3, paragraph 2, of the RTDG, considering the requests for data correction submitted by 15th February 2020. Extensions are also envisaged for the transitional tariff regulations on isolated LNG networks fuelled by tank trucks, stated in Article 14, letter a) of Resolution 570/2019/R/gas.

Resolution dated 6th April 2021 141/2021/R/gas - Start of proceedings for enforcing the sentence of the Council of State no. 341/2021 on tariffs for natural gas distribution and metering services. With the resolution, a proceeding was initiated in order to enforce the sentence of the Council of State no. 341/2021, in relation to the determination of the annual reduction rate of unitary costs recognised to cover the operating charges of the distribution service.

Resolution dated 4th May 2021 176/2021/E/gas - Approval of the programme of telephone checks and inspections of gas distribution companies regarding emergency response for the year 2021. The provision launches the control campaign of telephone calls and inspections in order to verify compliance with the regulations on gas emergency response, for the year 2021.

Resolution dated 1st June 2021 232/2021/R/gas - Down payments of bonuses relating to the safety of the natural gas distribution service for the year 2018. A down payment on the total net amount of the bonuses due for 2018 will be made.

Resolution dated 6th July 2021 287/2021/R/gas - Provisions on the disposal of traditional metering units replaced in implementation of the directives for the commissioning of gas smart metres. Amendments to the RTDG. The provision modifies the RTDG, in order to standardise the criteria for the disposal for regulatory purposes of the traditional metres replaced in implementation of the Directives for the commissioning of gas metering units stated in resolution 631/2013/R/gas.

Resolution dated 3rd August 2021 350/2021/R/gas - Provisions on the reference tariffs for gas distribution and metering, for the years from 2018 to 2021. The provision approves the final reference tariffs for gas distribution and metering for the years 2018-2020 and the provisional reference tariffs for the year 2021, considering the requests for tariff redetermination presented by 25 distribution companies.

Resolution dated 3rd August 2021 358/2021/R/efr - Determination of the tariff contribution to be paid to distributors under the energy efficiency certificate scheme for the year 2020. The provision determines, pursuant to resolution 270/2020, the tariff contribution to be paid to distributors fulfilling their energy saving obligations under the energy efficiency certificate scheme for the year 2020.

Resolution dated 28th September 2021 396/2021/R/com - Update, effective 1st October 2021, of the tariff components intended to cover general charges and additional components of the electricity and gas sectors. Provisions for Cassa per i servizi energetici e ambientali. The provision determines the update for the fourth quarter of 2021 of the general system charges and the additional components of the electricity and gas sector.

Resolution dated 5th October 2021 413/2021/R/gas - Recognition of costs for the natural gas metering service, relating to remote reading/remote management systems and concentrators, for the year 2019. The provision determines the amounts of the annual operating costs incurred by natural gas distribution companies and relating to remote reading/remote management systems and concentrators, within the limits set by the 2014-2019 RTDG.

Resolution dated 30th November 2021 547/2021/R/efr - Determination of the exceptional tariff contribution to be paid to distributors under the energy efficiency certificates scheme for the year 2020. The provision determines an exceptional tariff contribution to be paid to distributors fulfilling their energy saving obligations under the energy efficiency certificate scheme for the year 2020.

Resolution dated 9th December 2021 559/2021/R/gas - Approval of the amounts intended to make up for the failure to perform the depreciation stated in Article 57, paragraph 3, RTDG, and redetermination of the reference tariffs for gas distribution and metering services, for the years 2015-2020. The provision determines the amount intended to make up for the failure to perform the depreciation ("IRMA") stated in article 57, paragraph 3, RTDG, and reviews the reference tariffs for the years 2015-2020.

Resolution dated 21st December 2021 596/2021/R/gas - Determination of the bonuses and penalties relating to the safety recoveries of the natural gas distribution service for the year 2018. The provision determines, for the year 2018, the bonuses and penalties relating to safety recoveries of the natural gas distribution service.

Resolution dated 21st December 2021 604/2021/R/com - Implementation of the provisions of law no. 205/2017 on the two-year limitation period in relation to the settlement items of electricity and natural gas and integration of the disclosure obligations for distribution companies. The resolution defines how to compensate the settlement items deriving from exceptions to the two-year limitation period raised by the end customer and the seller, maintaining the compensation activities of the economic charge relating to the settlement items disconnected from the settlement processes; - assigns to Cassa per i servizi energetici e ambientali (hereinafter: CSEA), for both sectors, the role of “compensating subject” towards the seller.

Resolution dated 23rd December 2021 614/2021/R/com - Rate of return on invested capital for infrastructure services in the electricity and gas sectors for the 2022-2027 period: criteria for determination and amendment. The document sets out the criteria for determining the WACC for the second regulatory period.

Resolution dated 28th December 2021 620/2021/R/gas - Update of tariffs for gas distribution and metering services, for the year 2022. This resolution approves the mandatory tariffs for natural gas distribution, metering and sale services, and the bimonthly equalisation amounts on account relating to the natural gas distribution service for the year 2022.

Efficiency and energy saving obligations

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

The definition of the national quantitative objectives and the criteria for the assessment of the results obtained was entrusted to the Ministry for Economic Development, in agreement with the Ministry of the Environment and Land Protection, which led to the issue of the ministerial decree of 20th July 2004.

With the Decree dated 21st December 2007, the Ministry for Economic Development reviewed and updated the Decree dated 20th July 2004, on the following points:

- ✓ the 2008 and 2009 objectives were reviewed in the light of an excess of offer of energy efficiency certificates recorded on the market;
- ✓ the objectives for the 2010-2012 three-year period were defined, considering the energy consumption reduction target set by the action plan for 2016, equal to 10.86 MTOE;
- ✓ the efficiency and energy saving obligations for each year following 2007 were extended to distributors which, as of 31st December of two years prior to each year of obligation, connected more than 50,000 end customers to their distribution network.

The achievement of energy saving is certified through the distribution of energy efficiency certificates, the so-called “White Certificates”. In order to fulfil the obligations as specified by the Decree dated 20th July 2004, supplemented by the Decree dated 21st December 2007, and thus obtain White Certificates, distributors can:

- ✓ improve the energy efficiency of the technologies installed or their use;
- ✓ purchase the White Certificates directly from third parties, by means of bilateral contracting or through negotiation in an appropriate market set up at Gestore dei mercati energetici (GME).

The Decree dated 28th December 2012 defined objectives of annual primary energy savings for the 2013-2016 period for the relevant distributors and established that the minimum quantity of certificates to be delivered upon reaching the natural expiry of the regulatory year is 50% of the annual obligation for years 2013-2014 (which must be settled in the next two years in order to avoid penalties) and 60% for years 2015-2016, always with the possibility of settling in the next two years in order to avoid penalties.

In addition, the Decree dated 28th December 2012 implemented the provisions of Decree 28/2011, which entrusted the GSE - Gestore dei Servizi Energetici with the management, evaluation and certification of the savings related to energy efficiency projects undertaken under the white certificates scheme.

The Decree also extended to parties other than distribution companies and the Energy Saving Company (so-called ESCO), the opportunity to present projects in order to obtain white certificates.

The Decree dated 11th January 2017, published in the Official Gazette no. 78 dated 3rd April 2017, defined the national goals for energy saving for the relevant distribution companies for the years 2017-2020 and the new

guidelines for presenting energy efficiency projects: the previous mechanism was reviewed by eliminating the “tau” coefficient, the useful life of projects was extended and the standardised forms were eliminated.

The Decree dated 10th May 2018 reviewed the mechanism for determining the contribution paid to the subjects to which the obligation applies for the cancellation of certificates, introducing a ceiling of Euro 250 per TEE as a maximum reimbursement. Furthermore, given the scarcity of certificates with respect to demand, “unsecured” certificates were introduced, that is, certificates issued by the GSE at the request of the distributors to which the obligation applies, which have at least 30% of the certificates of the current objective in the portfolio. Unsecured certificates could cost up to a maximum of 15 Euros/TEE and could possibly be redeemed the following year by the distributor.

By resolution dated 14th 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 certificates on the market.

During the year in question, Ministerial Decree dated 21st May 2021 was issued, establishing the national objectives for the 2021-2024 period, with targets which are substantially lower than in the previous four-year period, and reducing the 2020 target which, for gas distributors, decreased from 3.17 to 1.57 million white certificates. The decree also reduced the threshold for accessing virtual certificates and introduced an auction system for the purchase of certificates, whose operation will be illustrated by a specific decree within 31st December 2021.

The Group companies Ap Reti Gas S.p.A., Ap reti Gas Vicenza S.p.A. and Edigas Distribuzione S.p.A. (subsequent to the merger of Unigas Distribuzione S.r.l. on 1st July and consequent transfer to Edigas), are subject to the obligations set out in Decrees dated 21st May 2021 and 11th January 2017 and are required to meet the energy saving requirements established annually by the GSE. As regards the new distribution company of the group, AP Reti Gas Nord Est S.r.l., in January 2020 a formal communication was sent to ARERA and the competent bodies for the assignment of the relevant obligation.

The GSE is in charge of checking that each distributor has a number of energy efficiency certificates consistent with the relevant annual objective (increased by any additional shares for compensation or updated subsequent to the introduction of new national quantity objectives) and of informing the Ministry for Economic Development, the Ministry for the Environment and the Protection of the Territory and Gestore del Mercato Elettrico (GME), of all certificates received and the outcome of the inspections.

If a distributor does not meet the agreed objective, it could incur an administrative penalty imposed by the Authority, implementing Law no. 481 dated 14th November 1995 and the indications of decree dated 28th December 2012.

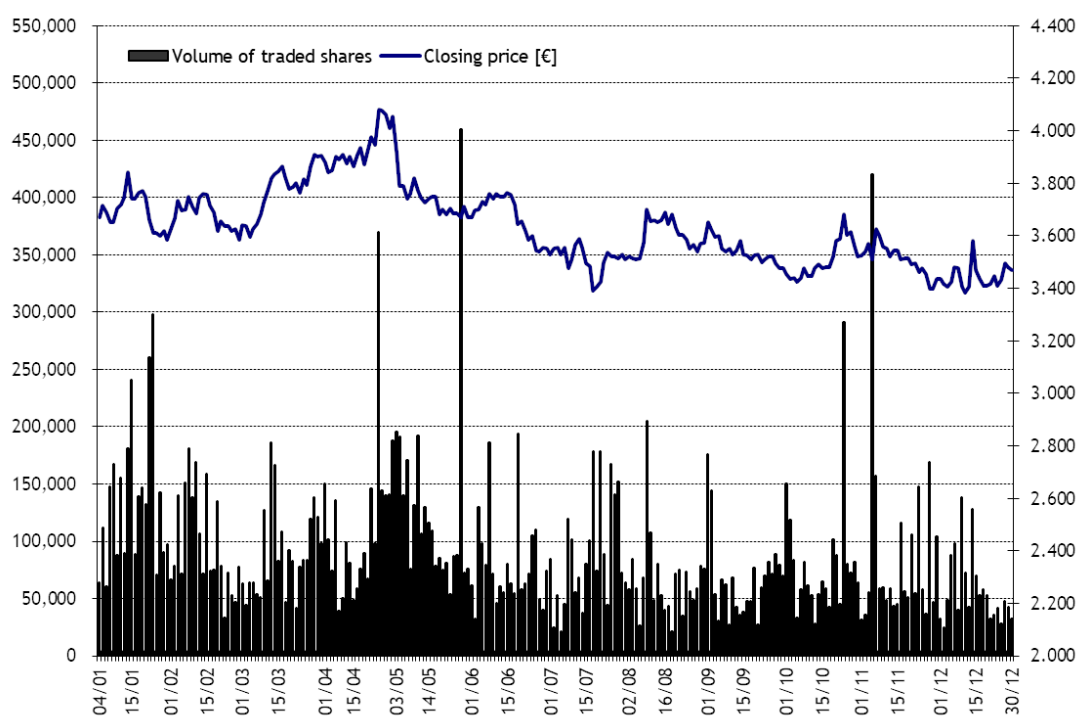
For further information on efficiency and energy saving relating to the companies of the Group, please see paragraph “Efficiency and energy saving”.

The deadline scheduled for 31st May was postponed to 16th July 2021.

Ascopiave S.p.A. share trend on the Stock Exchange

As of 30th December 2021, the Ascopiave share registered a quotation of Euro 3.470 per share, marking a decrease of 5.4 percentage points as compared to the price at the beginning of 2021 (Euro 3.670 per share, referred to 4th January 2021).

Capitalisation of the Stock Exchange as of 30th December 2021 was equal to Euro 814.80 million¹ (Euro 857.19 million at 30th December 2020).



During 2021, the quotation of the shares shows a decrease in performance (-5.4%). In the same period, the FTSE Italia All Share and FTSE Italia Star indices grew by 23.2% and 43.6% respectively. On the other hand, the sectorial index FTSE Italia Utenze decreased by 8.5%.

In the following table, we report the main share and stock-exchange data as of 31st December 2021:

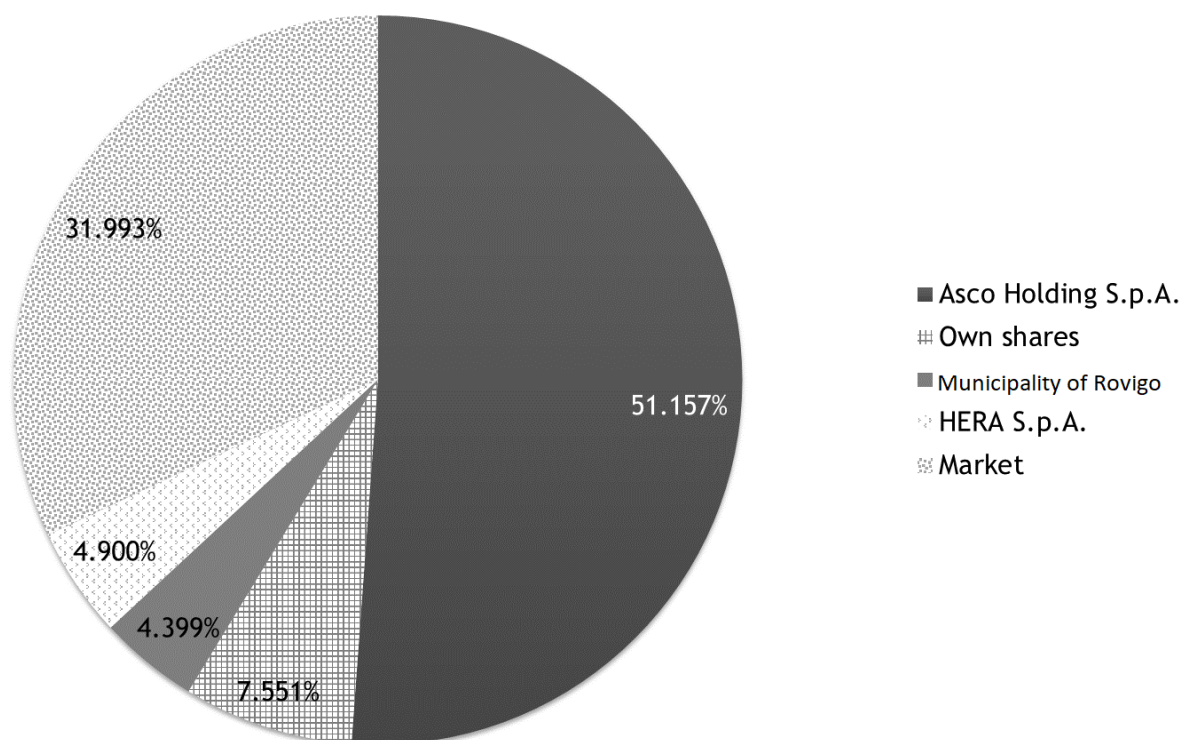
Share and stock-exchange data	30 th December 2021	30 th December 2020
Earning per share (Euro)	0.21	0.27
Net equity per share (Euro)	4.01	3.94
Placement price (Euro)	1.800	1.800
Closing price (Euro)	3.470	3.635
Max. annual price (Euro)	4.080	4.610
Min. annual price (Euro)	3.390	2.720
Stock-exchange capitalization (Millions of Euro)	814.80	857.19
No. Of shares in circulation	216,709,997	216,644,717
No. Of shares in share capital	234,411,575	234,411,575
No. Of own share in portfolio	17,701,578	17,766,858

¹ The Stock exchange capitalisation of the main listed companies active in the local public services (AZA, Acea, Acsm-Agam, Hera and Iren) as of 30th December 2021 was Euro 18.8 billion. Official data from Borsa Italiana (www.borsaitaliana.it).

Control of the Company

As of 31st December 2021, Asco Holding S.p.A. directly controls the majority of Ascopiave S.p.A.'s share capital as shown below.

The share composition of Ascopiave S.p.A., according to the number of shares held by the shareholders of the total shares forming the share capital, is as follows:



Internal processing based on information received from Ascopiave S.p.A. pursuant to art. 120, Consolidated Financial Law and on the basis of information in the possession of the Company.

Corporate Governance and Code of Ethics

During 2021, Ascopiave S.p.A. continued developing the corporate governance process outlined in the previous years, strengthening the risk management system and introducing further improvements to the tools in order to defend investors' benefits.

Internal audit

The activity plan of the Internal Audit structure is approved yearly by the Board of Directors of the Company. In particular, the audit activities included in the above-mentioned activity plan, based on a process for prioritising the main risks, concern both areas of compliance and business processes related to the business areas deemed highly strategic.

Appointed Manager

The Appointed Manager, helped by the Internal Auditing Supervisor and the Compliance Function, has reviewed the adequacy of the administrative and accounting procedures and has continued to monitor the procedures deemed relevant for reporting financial information. To this end, the Company has adopted new tools of continuous auditing, enabling the automation of the control procedures.

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

Ascopiave S.p.A. and all its subsidiaries have adopted an Organisation, Management and Control Model; they have also embraced the Code of Ethics of the Parent company Ascopiave. On 10th September 2021, the Board of Directors of Ascopiave S.p.A. approved an update of the Code of Ethics of the Ascopiave Group.

The Company, assisted by the Supervisory Board, constantly monitors the efficiency and adequacy of the Model adopted.

Ascopiave S.p.A. approved the "Ascopiave Group Whistleblowing Procedure", adopted by all Group subsidiaries, an integral part of the 231 Model (annex 3 of 231 Model). Complaints are handled by an "Alert Committee".

The Company has also continued promoting, disseminating and raising awareness of the Code of Ethics as concerns all its stakeholders, especially with business and institutional parties.

The 231 Model and the Code of Ethics are available in the corporate governance section at www.gruppoascopiave.it

Transactions with related and affiliate parties

The Group has the following transactions with related parties with the following types of operating costs:

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

The Group has the following transactions with related parties with the following types of operating revenues:

- ✓ Lease of owned real properties to the associate ASCO TLC S.p.A.;
- ✓ Administrative and staff services from Ascopiave S.p.A. with the Parent company Asco Holding S.p.A..

During the year 2021, transactions with affiliates produced revenues in relation to the following types of service:

- ✓ Natural gas transportation service on the local distribution network;
- ✓ Metering services performed as natural gas distributors and reading services;
- ✓ Administrative, IT, personnel and facility services.

As regards the national tax consolidation agreement, the subsidiaries of the Ascopiave Group: AP Reti Gas S.p.A., Edigas S.p.A., AP Reti Gas Rovigo S.r.l., AP Reti Gas Nord Est S.r.l., AP Reti Gas Vicenza S.p.A, and Asco Energy S.p.A. joined the national tax consolidation agreement with the parent company Ascopiave S.p.A..

We would like to point out that these relations are characterised by the highest transparency and are performed on an arm's length basis. As regards each relationship, please see the Explanatory Notes.

The table below shows the economic and financial nature of the transactions described above:

(Thousands of Euro)	Trade		Other		Cost			Revenues		
	receivables	receivables	payables	payables	Goods	Services	Other	Goods	Services	Other
<i>Parent company</i>										
Asco Holding S.p.A.	41	185	11	0	0	71	0	0	154	0
Total parent company	41	185	11	0	0	71	0	0	154	0
<i>Affiliated companies</i>										
Asco TLC S.p.A.	121	0	60	0	0	718	0	0	68	0
Total affiliated companies	121	0	60	0	0	718	0	0	68	0
<i>Subsidiary companies</i>										
Ascotrade S.p.A.	9,089	0	326	0	0	0	0	0	38,315	0
Blue Meta S.p.A.	2,672	0	147	0	0	95	0	0	10,708	0
Etra Energia S.r.l.	88	0	13	0	0	0	0	0	445	0
Ascopiave Energie S.p.A.	1,684	0	614	0	0	104	0	0	7,455	0
Estenergy S.p.A.	3,825	0	0	0	0	0	0	0	13,166	0
ASM Set S.r.l.	759	0	10	0	0	138	0	0	3,081	0
Total subsidiary companies	18,117	0	1,110	0	0	337	0	0	73,168	0
Total	18,279	185	1,180	0	0	1,126	0	0	73,391	0

Significant events during FY 2021

The Board of Directors approved the 2020-2024 strategic plan of the Ascopiave Group

On 15th January 2021, the Board of Directors of Ascopiave S.p.A, in a meeting chaired by Mr Nicola Ceconato, approved the 2020-2024 strategic plan of the Ascopiave Group.

The plan envisages a sustainable growth process that will improve corporate profitability while maintaining a balanced financial structure and a stable and advantageous distribution of dividends. Economic and financial highlights:

- ✓ EBITDA in 2024: Euro 87 million (+Euro 25 million compared to 2020 preliminary financial statements)
- ✓ Net profit in 2024: Euro 51 million (+Euro 11 million compared to 2020 preliminary financial statements)
- ✓ Investments in 2020-2024: Euro 497 million
- ✓ Net debt in 2024: Euro 500 million
- ✓ Financial leverage (Net financial position / Shareholder's equity) in 2024: 0.57
- ✓ Forecast of dividends distributed: 16 cents per share in 2020, with an increase of 0.5 cents per share in subsequent years until 2024. The dividends approved and distributed in 2021 (relating to 2020) were in line with the indications of the Plan.

The plan develops a scenario that leverages the tenders won by the Group, if any, for the gas distribution service. This opportunity, which depends, among other things, on the actual publication schedule of the calls for tenders, involves a further estimated growth in EBITDA of Euro 20 million by 2024 and an increase in investments of Euro 188 million.

AP Reti Gas S.p.A., a company of the Ascopiave group, was chosen by Aemme Linea Distribuzione S.r.l. and NED Reti Distribuzione Gas S.r.l. as an industrial partner for joint participation in tenders for the gas distribution service in the Milano 2 and Milano 3 Territorial Areas

On 26th February 2021, AP Reti Gas S.p.A., a company of the Ascopiave Group, was informed by Aemme Linea Distribuzione S.r.l. and NED Reti Distribuzione Gas S.r.l., state-owned companies active in the management of the gas distribution service in 20 municipalities of the province of Milan, that it was selected as an industrial partner for joint participation in each of the two future tenders for the assignment of the service in the Milano 2 and Milano 3 Territorial Areas (the "Territorial Tenders"). The company was chosen by means of a competitive procedure where AP Reti Gas submitted an economic-industrial bid (the "Tender for the Selection of the Industrial Partner").

Based on the partnership agreement with Aemme Linea Distribuzione and NED Reti Distribuzione Gas, a company will be incorporated upon winning a Territorial Tender: 51% of the share capital of such company will be held by the two state-owned companies and the remaining 49% by AP Reti Gas, with the possibility of establishing two companies at most if both Territorial Tenders are won. The governance of the companies to be incorporated will enable the Ascopiave Group to fully consolidate their accounting values.

AP Reti Gas will capitalise such companies through a capital contribution in proportion to the value of the assets that will be transferred by the state-owned partners, in addition to a premium. The values of the contributions by the state-owned partners will be commensurate with the actual reimbursement value of the plants currently managed by the same state-owned partners updated on the date of the transfer of these plants to the companies to be incorporated, net of the capital value of the loans taken out in relation to the investments made.

If the partnership obtains the management of both concessions, assigned through the Territorial Tenders in 2023, Ascopiave, on the basis of the information currently available, estimates an equity investment in both companies of approximately Euro 82 million.

In October the parties agreed the details of the partnership, the shareholders' agreements and the articles of association of the companies to be established.

The Ascopiave Group expects to be able to meet the financial commitments related directly and indirectly to participation in the future Territorial Tenders covered by the partnership agreement with Aemme Linea Distribuzione and NED Reti Distribuzione Gas by resorting to financial debt.

Purchase of Acsm Agam S.p.A. shares

On 27th April 2021, Ascopiave S.p.A. announced the increase in its stake in Acsm Agam S.p.A., a multi-utility company based in the region of Lombardy and active in gas, electricity, water and environmental services, which amounts to 5.0000047% of the share capital with voting rights. This investment is aligned with the strategic goals of the company,

since the activities and services managed by Acsm Agam S.p.A are consistent with the development lines pursued by the Ascopiave Group.

Extraordinary and ordinary Shareholders' Meeting of 29th April 2021

The Shareholders' Meeting of Ascopiave S.p.A. convened on 29th April 2021, chaired by Mr Nicola Ceconato, in extraordinary and ordinary session. In extraordinary session, the Shareholders' Meeting resolved to approve the amendment of art. 4 of the Articles of Association, according to the proposal of the Board of Directors, expanding the scope of the activities that constitute Ascopiave's corporate purpose. Specifically, the amendment mainly aims to expressly include in the corporate purpose some businesses concerning the so-called "Energy transition", which are intended to complement the core businesses currently conducted by the Company, directly or indirectly, also through subsidiaries and/or investees (i.e. gas distribution businesses and gas and electricity sales businesses), consistent with the objectives set out in the Group's strategic plan approved by the Board of Directors on 15th January 2021.

The Shareholders' meeting resolution amending art. 4 (Corporate purpose) of the Articles of Association attributed to the shareholders who did not participate in its adoption (and, therefore, to shareholders which abstained, were absent or voted against) the right of withdrawal pursuant to article 2437, paragraph 1, lett. a), of the Italian civil code (the "Right of Withdrawal") as this is a significant change in the corporate purpose. The terms and conditions for exercising the Right of Withdrawal were communicated to Ascopiave's shareholders on 1st June 2021 within the deadlines and with the methods set out in the law.

The extraordinary Shareholders' Meeting approved the amendment to some other articles of the Articles of Association aimed at aligning their content with the best practice of listed companies as proposed by the Board of Directors.

The Ordinary Shareholders' Meeting approved the financial statements for the year and acknowledged the Group's consolidated financial statements as at 31st December 2020, and resolved to distribute an ordinary dividend of Euro 0.16 per share, for a total of Euro 34.7 million. The residual part of the undistributed profit, equal to Euro 1,270,130.86 was allocated to the extraordinary reserve.

The dividend was paid with dividend date (coupon identified with no. 17) on 3rd May 2021, record date on 4th May 2021 and payment date on 5th May 2021.

The ordinary Shareholders' Meeting (i) approved with binding vote the first section of the Report on the remuneration policy and on the fees paid prepared pursuant to article 123-*ter* of Italian Legislative Decree dated 24th February 1998, no. 58 (i.e. the remuneration policy for the year 2021); and (ii) expressed a favourable advisory vote - pursuant to article 123-*ter*, paragraph 6, TUF - on the second section of the Report on the remuneration policy and on the fees paid prepared pursuant to article 123-*ter* of TUF (i.e. the report on the fees paid in 2020).

The Ordinary Shareholders' Meeting also resolved to approve a long-term share-based incentive plan for the period 2021-2023, reserved for the executive directors of Ascopiave S.p.A. and certain resources with managerial functions of Ascopiave S.p.A. and its subsidiaries.

The Shareholders' Meeting of Ascopiave S.p.A., in ordinary session, also approved the renewal of the authorisation, pursuant to articles 2357 and 2357-*ter* of the Italian Civil Code, to purchase and sell treasury shares, subject to revocation of the previous authorisation granted by the Shareholders' Meeting on 29th May 2020, which, for the portion relating to the purchase of treasury shares, would have expired on 29th November 2021.

Final results of the exercise of the right of withdrawal

On 16th June 2021, with reference to the resolution passed by the Extraordinary Shareholders' Meeting of Ascopiave S.p.A. ("Ascopiave" or the "Company") held on 29th April 2021 (the "Meeting") which approved an amendment to art. 4 (Corporate purpose) of the Articles of Association expanding the scope of the activities that constitute Ascopiave's corporate purpose (the "Resolution"), the period for exercising the right of withdrawal applicable, pursuant to art. 2437, par. 1, lett. (a) of the Italian Civil Code, to Ascopiave ordinary shareholders who did not participate (for reasons of absence, abstention or dissent) in the approval of the Resolution, expired.

The Company communicated that, eight days after the deadline for exercising the right of withdrawal, no statement for exercising the right of withdrawal had been received and, therefore, that the Company did not initiate the liquidation procedure stated in art. 2437-*quater* of the Italian Civil Code.

Finally, please remember that the effectiveness of the Resolution was subject to the condition that the number of shares subject to the Right of Withdrawal that had to be purchased by the Company subsequent to the liquidation procedure was less than 2% of the share capital (corresponding to a disbursement under the scope of the Company of

less than Euro 16,352,553.22) (the “Maximum Disbursement Condition”). As no statement for exercising the right of withdrawal was received, the Maximum Disbursement Condition was fulfilled and the Resolution took effect. As a result of the validity of the Resolution, the new text of art. 4 (Corporate purpose) of the Articles of Association took effect.

Update on the industrial partnership for joint participation in tenders for the gas distribution service in the Milano 2 and Milano 3 Territorial Areas

In October 2021, AP Reti Gas S.p.A., Aemme Linea Distribuzione S.r.l. and NED Reti Distribuzione Gas S.r.l. defined the details of the partnership aimed at joint participation in the tenders for the assignment of the natural gas distribution service in the Milano 2 and Milano 3 territorial areas, the shareholders’ agreements and the articles of association of the companies to be established in accordance with the partnership itself.

Announcement of the total amount of voting rights pursuant to art. 85-bis, paragraph 4-bis, of Consob Regulation 11971 dated 14th May 1999

On 7th October 2021, Ascopiave S.p.A. announced that the increase in the voting rights in relation to 129,205,648 ordinary shares of the Company became effective pursuant to art. 127-*quinquies* of Italian Legislative Decree 98/1998 and art. 6 of the Articles of Association of Ascopiave. In this regard, please remember that article art. 6 of the Articles of Association of Ascopiave attributes two votes to each share which has belonged to the same shareholder for an uninterrupted period of at least twenty-four months from the date of registration in the Special List established pursuant to art. 6.8 of the Articles of Association (the “Special List”).

For the sake of completeness, Ascopiave also announced that - pursuant to art. 6.11 of the Articles of Association of Ascopiave - in September 2021, 2,032,339 ordinary shares were cancelled from the Special List, subsequent to a communication from the intermediary of the shareholder Asco Holding S.p.A. stating the loss of the right *in rem* legitimising the registration in the Special List. Such shares had been registered in the Special List on 26th March 2020. Subsequently, on 5th November 2021, the Company announced the effectiveness of the increase in voting rights for 14,467,371 ordinary shares of the Company, pursuant to art. 127-*quinquies* of Italian Legislative Decree 98/1998 and art. 6 of Ascopiave’s Articles of Association. Therefore, on 5th November 2021, Ascopiave ordinary shares with increased voting rights amount to 143,673,019 shares.

The Company has published, on the basis of the information in its possession, the data relating to the outstanding shares and the number of voting rights that can be exercised.

Ascopiave S.p.A. closes USD 200 million private placement Shelf programme with Pricoa Capital Group Limited, part of the Prudential Financial Inc. insurance group. Ascopiave also issued senior unsecured notes off such programme for Euro 25 million and started the refinancing of bank debt

On 14th October 2021 Ascopiave (“Ascopiave” or the “Company”) announced that it finalised a USD 200 million Private Placement “Shelf” uncommitted programme (the “Shelf Programme”) as well as the concurrent issue and placement of unsecured senior non-convertible bond notes (the “Notes”) for Euro 25 million with Pricoa Capital Group (“Pricoa”), part of the US group Prudential Financial, Inc. (NYSE:PRU) and one of the main players in the Italian private placement market. The Notes were issued in a single *tranche* and have a 10-year maturity, with an average life of 8 years and at a very attractive fixed interest rate.

The bond notes issued have no rating and will not be listed on regulated markets. The issue was not backed by collateral guarantees. Ascopiave is required to comply with certain financial covenants, in line with standard market practice.

Proceeds will be used by Ascopiave for general corporate purposes, including the refinancing of drawn bank debt while leaving sufficient firepower for additional capex and/or potential M&A opportunities.

The Shelf Programme will also allow (but not obligate) Ascopiave to quickly issue additional private placements to be subscribed by Pricoa for the next three years.

Such partnership with Pricoa adds a well-known, highly expert and long-term institutional investor to Ascopiave’s financial structure, while significantly increasing the diversification of its funding sources.

Appointment of the General Manager and establishment of the Sustainability Committee

On 11th November 2021, the Board of Directors, on the initiative of the Remuneration Committee and after obtaining the favourable opinion of the same Committee in its capacity as Committee for transactions with related parties,

resolved to appoint the Chairman and Managing Director Nicola Ceconato as Ascopiave's General Manager with effect from 1st January 2022. The appointment stems from the company's interest in stabilising the role of Mr Ceconato as a key manager of the Group with a view to the implementation of the Strategic Plan, currently underway, which is partly focused on the so-called "energy transition". The terms and conditions of the employment relationship will be detailed in Section II of the 2021 Report on Remuneration, which will be published within the deadline and in the manner set out in the law.

On 11th November 2021, Ascopiave's Board of Directors established the Sustainability Committee, in charge of formulating proposals and giving advice with regard to the assessments and decisions of the Company on the subject of environmental sustainability and energy transition. Such Committee is made up of the following Directors: Mariachiara Geronazzo, as the Chairwoman, and Cristian Novello and Enrico Quarello, as members.

Ascopiave enters the hydroelectric industry finalising the purchase of six hydroelectric plants

On 14th December 2021, Ascopiave announced the finalisation of an investment in the renewable energy sector, specifically in the hydroelectric field, as set out in the 2020-2024 Strategic Plan.

On 21st December 2021, the closing was finalised through the purchase of 100% of the share capital of a special purpose vehicle of the EVA Group, subsequently named "Asco Renewables S.p.A.", which owns the six plants belonging to the EVA Group, with a nominal power of 4.6 MW. The plants, located in Lombardy and Piedmont, all operate under the incentive scheme, under a feed-in tariff mechanism having an average maturity beyond 2033.

The parties agreed on the value of the plants, equal to Euro 24 million on 31st December 2021. The price paid on the closing date envisaged an adjustment mechanism aimed at settling the credit and debit items of the special purpose vehicles on the same date. The EBITDA expected for 2022 is approximately Euro 2.4 million.

The closing of the operation, which occurred on 21st December 2021, was conditional on certain requirements including the completion of the above-mentioned transfers, and the consideration was paid in cash through the use of the credit lines available to the Company.

The Board of Directors approves the Policy for maintaining relations with shareholders and other stakeholders

On 22nd December 2021, Ascopiave S.p.A. announced that the Company's Board of Directors, as suggested by the Chairman and Managing Director, approved the "Policy for maintaining relations with shareholders and other stakeholders", in order to comply with the principles and recommendations set forth in the Code of Corporate Governance, adopted by the Company, and best practices, and taking into account the Company's corporate governance structure. The document is available on the Company's website, "Corporate Governance" section.

2022 financial agenda

On 22nd December 2021, Ascopiave, pursuant to Art. 2.6.2 of the Rules of the Markets organised and managed by Borsa Italiana S.p.A., announced the schedule of the main economic and financial events of the year 2022.

The consortium formed by Ascopiave, ACEA and Iren wins the tender for the acquisition from A2A of some gas distribution concessions

On 31st December 2021, the Consortium made up of Ascopiave (58%), ACEA (28%), and Iren (14%), subsequent to a successful bid for the purchase from A2A of some natural gas distribution concessions, signed an agreement with the A2A Group for the acquisition of the related assets.

The business acquired through the operation boasts about 157,000 users, distributed in 8 Italian regions, belonging to 24 Territorial Areas, and over 2,800 km of network.

The economic value of the transaction in terms of enterprise value, at 30th June 2021, was Euro 126.7 million. The expected average annual EBITDA, in the 2022-2024 period, is approximately Euro 12.8 million, while the 2020 RAB of the acquired assets is equal to Euro 108.9 million (including centralised RAB to the tune of Euro 6.2 million).

The consideration to be paid for the acquisition will be financed by operating cash flow and existing credit facilities available to the companies forming part of the Consortium.

The transaction is expected to close in the first half of 2022.

The assets involved in the transaction will be transferred by the A2A Group to a NewCo, whose capital will be acquired by the Consortium members in proportion to the shares held in the Consortium, on the understanding that the assets of interest to Acea and Iren will be demerged within 12 months of closing.

The assets of interest to ACEA consist of concessions in 5 Territorial Areas: 2 in the Abruzzi, 2 in Molise and 1 in Campania, totalling approximately 30,700 redelivery points. The enterprise value is Euro 35.8 million.

The assets of interest to Ascopiave consist of concessions in 15 Territorial Areas located in Veneto, Friuli Venezia Giulia and Lombardy, for a total of approximately 114,300 redelivery points.

The value of the acquired assets in terms of enterprise value is Euro 73.2 million, including the 79.37% investment in Serenissima Gas S.p.A., the holder of a portion of the concessions involved (about 41,700 redelivery points).

The assets of interest to Iren consist of concessions in 4 Territorial Areas (1 in Lombardy and 3 in Emilia-Romagna) totalling approximately 12,300 redelivery points. The enterprise value is Euro 17.7 million inclusive of Euro 1.3 million relating to the business unit owned by Retragas, whose sale is conditional on obtaining the authorisation for the reclassification of transport assets into distribution assets.

In the transaction, the Consortium was assisted by Lazard, as financial advisor, and Chiomenti, legal firm.

Information on Covid 19

The health emergency caused by the spread of the SarsCov2 virus, begun in the first months of 2020 and which struck the entire world, including severely Italy, is still underway and significantly affected the first quarter of the year. The Group has carefully and constantly monitored, since the outbreak in 2020 and throughout the emergency, the evolution of the situation in the area where the activities of the Group companies are located, but also the development of the pandemic at an international level, operating in absolute compliance with the decrees issued by the bodies in charge, both at national and local level, prioritising the health and safety of workers to such an extent that, a few days after the establishment of the lockdown by the Government, the necessary measures were quickly activated in order to enable almost all employees to work remotely in agile method, while guaranteeing business continuity in all permitted activities. The same level of attention and prevention adopted in 2020 has been implemented 2021, a period in which the pandemic has continued to strike with different waves and intensities, in particular in winter. Likewise, the Group's Management continues to monitor, by using external indicators and internally processed values, the impacts of the epidemic in terms of performance, in order to be able to introduce any corrective measures aimed at mitigating any effects on the execution of the business. Thanks to the remedies already implemented in the previous financial year, the negative economic and financial effects did not affect the final results of the Group, as they were offset by the positive effects deriving from the remedies implemented. Although in the industry where the Group operates the emergency is less critical, the Management continues to constantly monitor the above-mentioned indicators, not only at the local but also at the national and/or international level, so as to be able to promptly respond if the crisis flares up.

Additional significant events

Distribution of natural gas

The Ascopiave Group manages concessions for the gas distribution service in 268 Municipalities in Veneto, Friuli, Lombardy, Emilia Romagna, Piedmont and Liguria through the companies AP Reti Gas S.p.A., AP Reti Gas Vicenza S.p.A., AP Reti Gas Rovigo S.r.l., Edigas Esercizio Distribuzione Gas S.p.A. and AP Reti Gas Nord Est S.r.l..

Natural gas distribution activity

Companies consolidated on a line-by-line basis

The following table summarises the data of the Group's gas distribution activity for the year 2021 and provides a comparison with 2020 data:

	Financial Year	
	2020	2021
Volume of gas distributed (M m ³)	1,460	1,593
Length of distribution network in operation (Km)	12,914	12,988
Total distribution network laid / replaced	93	108
Total active gas meters (no.)	777,061	777,858
Total smart meters G4/G6 (no.)	463,158	596,404
Average time of arrival on site (minutes)	37.8	38.12
Distribution network inspected (%)	80%	72.7%

The planned inspection of the network in 2021, conducted entirely with in-house personnel and means, is well above the minimum standards required by the Regulatory Authority for Energy, Networks and the Environment (hereinafter, ARERA) for the distribution system and reflects the particular attention paid by the Group's distribution companies to service safety.

The table below shows the percentages:

	ARERA target	Financial Year		
		2019	2020	2021
High and medium pressure network inspected on the total (100% inspection obligation in 3 years)	> 100% in 3 years	92.84%	79.99%	72.97%
Low pressure network inspected on the total (100% inspection obligation in 4 years)	> 100% in 4 years	91.76%	80.00%	72.40%

All the indicators of safety (time of arrival at the place of call for the emergency service, planned inspection of the network and measurement of the level of odouring) and continuity (service interruptions) have been maintained efficiently under control, in compliance with the service requirements set by ARERA.

	Financial Year	
	2020	2021
Compliance with the maximum time set for the execution of services subject to specific commercial quality standards	98.64%	98.95%
Respect for punctuality in the appointments agreed with the end customer	99.70%	99.91%

In 2021, the company's emergency intervention service, active 365 days a year, 24/7, which can be contacted by means of the dedicated free-phone number, performed 9008 interventions, and the arrival time was on average 38.12 minutes, largely less than the 60 minutes envisaged by the Authority.

The correct odorization of gas was continuously monitored, performing a number of checks well above those prescribed by the Authority.

The schedule of operation and maintenance activities was respected, and performed almost exclusively by internal staff.

In 2021, the process for streamlining the organisational structure, aimed at optimising the use of resources and the synergy between the Group's distribution companies, was strengthened even more, improving all administrative and technical activities, process control and human resources management, pursuing the objective of optimising the use of resources, insourcing tasks and increasing the opportunity for investments.

The activities performed to improve the energy efficiency of the reduction and metering stations by optimising the preheating system with various technological solutions such as heat pumps, photovoltaic systems and solar heaters are particularly worth mentioning.

In addition, the group has adopted one of the most pioneering technologies for preventive pipeline monitoring and leak detection, based on CRDS (Cavity Ring-Down Spectroscopy). The system consists of a series of apparatuses, sensors and devices installed on an equipped vehicle which, combined with the use of cutting-edge analysis software, guarantee a sensitivity in the detection of the presence of gas in the air which is at least three orders of magnitude higher than traditional ones.

Co-generation

In 2021, the co-generation activity was carried out by the Research and Development Department of the Ascopiave Group on behalf of Asco Energy S.p.A.

As far as the activity of heat generation plants in co-generation is concerned, in 2021 three plants were managed:

- The plant "Le Cime a Mirano (VE)", after the latest extension of its remote heating network, the saturation level of connected household customers increased from 128% to 129%. The co-generation group has been operating at full capacity, working in winter to provide heating for connected clients and in summer to supply the absorber to produce cooling for air conditioning of connected users;
- The plant "Bella Mirano a Mirano (VE)" the saturation level of household customers is unchanged (115%). The saturation above 100% is due to the fact that, in addition to the original project, in 2014 two new condos were connected to the district heating system, which did not belong to the initial project, but connected subsequent to a contribution, which fully covers the costs, paid by the builders of the two new condominiums. The co-generation group has been operating at full capacity, working in winter to provide heating for connected customers;
- The plant "Cà Tron a Dolo (VE)" has maintained the same saturation of connected residential customers. However, as of today, only 50% of the new urban area envisaged in the agreement has been built. The co-generation group has been operating at full capacity, working in winter to provide heating for connected customers;

As far as the activities on thermal plants are concerned, in 2021 the Group managed 5 plants.

Energy efficiency and saving

As regards the objectives applicable to the Group's natural gas distribution companies in relation to energy efficiency certificates (EEC), with the delivery at the end of November 2020, the 2018 objective was completed for all the relevant companies. In addition, also in November 2020, the minimum quota of about 60% of the 2019 target and an advance quota of the 2020 target were delivered for all the relevant companies.

The natural deadline for delivering the efficiency certificates, normally set on 31st May of each year, was postponed in 2020 to November 2020 due to the health emergency caused by the pandemic in progress, just like the disbursement of the grants related to their delivery. In January 2021, the Group distribution companies collected contributions totalling Euro 20,546 thousand.

As regards the 2020 objective, originally the sum for the three Group companies was 145.846 EEC. With the publication of Ministerial Decree dated 21st May 2021, the 2020 target was considerably reduced and the deadline for delivery was postponed to 16th July 2021. The total amount of the applicable objective subsequent to the regulatory amendments is 58,412 certificates. This change consequently resulted in the adjustment of the creditor and debtor stocks recorded at the end of the previous year in relation to energy efficiency certificates.

Furthermore, due to the changes described, with the delivery of 16th July 2021 and the deposit of 30th November 2021, all the Group companies have completed the 2019 target, fulfilled the minimum 2020 target and delivered part of the 2021 target, the latter within the legal terms.

Furthermore, the aforementioned decree announced the objectives applicable to the Companies for the 2021-2024 period, which are also substantially lower than in the previous four-year period.

Energy efficiency obligations should apply to the subsidiary AP Reti Gas Nord Est S.r.l. also in consideration of its size and plants managed. The Regulatory Authority for Energy, Networks and the Environment (ARERA) has not modified the objectives previously assigned for 2020 and 2021, leaving the amount of certificates that derives from the plants managed by the new company to the transferor. Pursuant to the agreements between the parties involved in the commercial partnership between the Ascopiave Group and the Hera Group, the objectives for 2020 and 2021 are attributable to the newly established company AP Reti Gas Nord Est S.r.l. which manages the plants. Consequently, the Company entered into a contract with AcegasApsAmga S.p.A. which envisages the transfer to the latter of the certificates attributable to the plants managed, amounting to 6,564 in 2021.

Subscription, with the Municipalities involved, of a convention for the adoption of a shared procedure aimed at the agreed quantification of the “Residual Industrial Value” of the networks

The regulatory amendments which have replaced each other over the past years and in particular the legislation which governed the selection of the operator of the distribution service through the so-called “territorial calls for tenders” tool, have led to, among other things, the need to determine the Residual Industrial Value (RIV) of the plants owned by the Operators.

In relation to this aspect, the concession agreements governed two “paradigmatic” situations, namely:

- the early redemption (normally governed pursuant to Royal Decree no. 2578/1925) and
- the reimbursement from the (natural) expiration of the concession.

The eventuality of a “force of law” expiration, preceding the effective date of the “contractual” expiration, (as a rule) was not envisaged (and therefore governed) in the concession deeds.

Substantially, the case in question (earlier termination imposed by law) represents a “third category”, in some ways similar to the exercise of early redemption (from which, however, it differs significantly for the lack of a will independently formed to that effect by the Entity) and in other ways similar to the expiration of the concession term (which however has not expired).

At least until Ministerial Decree 226/2011, there were no laws and/or regulations which precisely defined the methods and criteria to determine the R.I.V. of the plants and which could therefore complement the contractual clauses, often deficient.

Legislative Decree no. 164/2000 as well, until the recent amendment introduced in the first place with Law Decree 145/2013, and then Law 9/2015, merely referred to Royal Decree 2578/1925 which, however, ratified the method of the industrial estimate without setting precise assessment parameters.

The situation illustrated above entailed the necessity to define specific agreements with the Municipalities aimed at reaching a shared estimate of the R.I.V.. The lack of such agreements in the past has often led to administrative and civil/arbitral litigations.

The situation of the Municipalities shareholders of Asco Holding S.p.A. was even more peculiar because, with the latter, there is not a real concession deed in an “accepted” form, but various deeds of assignment to Companies (“Azienda Speciale”, at the time). These deeds have ratified, at the same time, the continuation of the award of the service previously provided by the Bim Piave Consortium.

It is evident that, as deeds of assignment, a real regulation concerning the purchase and/or the termination of the management was not and could not be envisaged.

With the above-mentioned shareholder Municipalities, Ascopiave signed a convention, which implied hiring a renowned independent competent professional in order to determine the fundamental criteria to calculate the RIV of the gas distribution plants.

The related negotiated procedure performed adopting the criterion of the most economically advantageous tender ended on 29th August 2011.

The expert wrote a Report (made available on 15th November 2011) on the “Fundamental criteria to calculate the RIV of the natural gas distribution plants located in the Municipalities currently served by Ascopiave S.p.A.” which was

approved on 2nd December 2011 by Ascopiave's Board of Directors and then by all 92 Local Entities by City Council Resolution.

In 2013, Ascopiave submitted the work progress report and the appreciation of the plants determined applying the criteria set in the Report, offering at the same time its willingness to perform the cross-examination with the Municipalities, aimed at analysing the documents.

To date, following the outcome of the technical cross-examination, 86 Municipalities (unchanged since 31st December 2015) have approved the residual value.

As part of the above process, the reciprocal relations mostly connected to the management of the service were governed as well, since both the payment of "one-off" amounts (2010 - signature of supplementary deeds) for Euro 3,869, and (since 2011) real fees for variable amounts and equal to the difference, if positive, between 30% of the "restriction on revenues" recognised by the tariff regulation and the amount already received by the Municipality itself as a dividend in 2009 (financial statements 2008) are envisaged.

In particular:

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

were paid for a total amount of Euro 56,702 thousand.

During 2015, Ascopiave S.p.A. made available to the Municipalities belonging to the Minimum Territorial Areas of Treviso 2 - Nord and Venezia 2 - Entroterra and Veneto Orientale (69 municipalities out of 92), an update of the valuations of the plants as of 31st December 2014. Subsequently, in the two-year period 2016-2017, the municipalities belonging to the Treviso 2 - Nord and some municipalities belonging to the Treviso 1 - Sud area were provided with an update as of 31st December 2015, by applying the valuation criteria agreed upon and by providing a calculation of the assessment of private contributions to be deducted from the residual industrial value pursuant to Law 9/2014.

The contracting authorities in the territorial areas of Treviso 2 - Nord and Venezia 2 - Entroterra and Veneto Orientale sent ARERA the assessments of the reimbursements of some municipalities for the purposes of the verifications stated in the legislation. The Authority made some observations (then forwarded by the same contracting authorities) against which AP Reti Gas filed its counterclaims.

Litigations

LITIGATIONS ON THE VALUE OF PLANTS - CIVIL LAW

As of 31st December 2021 no litigations are pending.

LITIGATIONS ON THE VALUE OF PLANTS - ARBITRATIONS

As of 31st December 2021 no litigations are pending.

ADMINISTRATIVE/CIVIL LITIGATIONS - CONCERNING CONCESSIONS

As of 31st December 2021 the following are pending:

MUNICIPALITY OF SOVIZZO (AP Reti Gas S.p.A.):

The Municipality of Sovizzo initiated a civil Judgment with writ of summons served on AP Reti Gas S.p.A. on 21st February 2019. The Entity requires the payment of a concession fee amounting to Euro 65,000/year as from 1st January 2013.

The appearance hearing, initially scheduled for 19th June 2019, was postponed to 10th September. The reply briefs were filed in February and March 2020.

With Sentence dated 10th December 2021, the single judge accepted the request of the Municipality and ordered AP Reti Gas to pay 65,000 Euro/year, from 2013 until the end of the current management.

The Company disagrees with the ruling and deems it illegitimate, and consequently filed an appeal within the applicable deadline (16th January 2022).

MUNICIPALITIES OF CONCORDIA SAGITTARIA, FOSSALTA DI PORTOGRUARO AND TEGLIO VENETO (AP Reti Gas S.p.A.)

Three administrative proceedings, pending before the Regional Administrative Court of Veneto, initiated by AP Reti Gas for the cancellation of the Municipal Council Resolutions no. 92, 85 and 70 passed in 2020, by which the three Municipalities approved the respective estimates of the residual value of the plants, prepared by the technician appointed by the Contracting Authority (Metropolitan City of Venice) in accordance with the ministerial guidelines, and not, as required by art. 15, paragraph 5 of Italian Legislative Decree 164/2000 and as done previously, in application of the duly and promptly shared contractual criteria, with a value recognised to AP Reti Gas which is lower, respectively, by approximately Euro 412 thousand, Euro 375 thousand and Euro 48 thousand.

At present, there are no further procedural documents.

MUNICIPALITIES OF ALBIGNASEGO AND CADONEGHE (AP Reti Gas Nord Est S.r.l.)

Two administrative proceedings, pending before the Regional Administrative Court of Veneto, initiated by AcegasApsAmga (assignor of AP Reti Gas Nord Est), against the Municipalities of Albignasego and Cadoneghe, relating to the ownership of the networks in the parcelled areas.

At present there is no legal activity. AP Reti Gas Nord Est is considering whether to continue or abandon the aforementioned disputes.

ADMINISTRATIVE LITIGATIONS - NOT CONCERNING CONCESSIONS

As of 31st December 2021 the following are pending:

ARERA RESOLUTIONS ARG/GAS 310/2014 and ARG/GAS 414/2014 (now 905/2017) (Ascopiave S.p.A. - AP Reti Gas S.p.A.)

An appeal to the Regional Administrative Court of Lombardy - Milan against the ARERA, for the cancellation of the Resolutions ARG/gas 310 and 414/2014 related to the methods for assessing the RAB RIV delta, pursuant to art. 15, paragraph 5 of Legislative Decree 164/2000 (current text) when the difference is higher than 10%. To date, there are no further procedural steps.

Resolutions 310 and 414 were formally repealed by Resolution 905/2017 which, however, essentially reiterated the same regulation. Ascopiave S.p.A., therefore, together with other appellants AP Reti Gas S.p.A. (as assignee of Ascopiave and entity to which the legislation applies), in order to avoid the declaration stating that the appeal would in any case be of no benefit to the claimants, appealed Resolution 905/2017 with "additional grounds".

On 3rd December 2019, the Company was notified of the imminent expiration of the proceedings. The Company has consequently filed the request for scheduling a hearing, within the deadlines set.

ANAC GUIDELINES ON ART. 177 LEGISLATIVE DECREE 50/2016 (AP Reti Gas S.p.A.)

AP Reti Gas S.p.A. (together with other primary operators of the gas and electricity distribution services, as well as with the intervention, *ad adiuvandum*, of Utilitalia) filed an appeal before the Regional Administrative Court for Lazio - Rome, for the cancellation of the ANAC Guidelines no. 11/2018, pursuant to art. 177 of Legislative Decree 50/2016.

Article 177 of Legislative Decree 50/2016 establishes that, from 18th April 2018, the holders of concessions whose amount is equal to or greater than Euro 150,000, if identified "without a tender procedure", will have to assign a share equal to 80% of their contracts through public tender procedures, for the remaining portion being able to resort to in-house or subsidiary/associated companies.

ANAC is in charge of supervision in accordance with the methods set out in its own Guidelines (no. 11/2018).

Such Guidelines - even though formally they do not produce binding effects on the matter - establish that the concessionaire is required to put out to tender (as they are included in the percentage of 80%) all the activities performed during the concession, including those performed directly with own means and resources, thereby drawing

an outsourcing obligation from the regulation. The Special Committee of the Council of State considered this interpretation correct, but noted that, construed in this way, art. 177 could be unconstitutional.

When applied in this way, the regulation would have an extremely significant impact both on the business choices and employment levels of the Companies holding concessions with assignments without tenders (moreover, perfectly lawful at the time of their assignment).

Article 177, construed in this way, therefore, seems illegitimate both with regard to constitutional principles (e.g. free economic initiative pursuant to Article 42 of the Italian Constitution), and with regard to the “prohibition on worsening” sanctioned by Community law.

In this context, AP Reti Gas S.p.A., as the Group’s main distribution company, challenged the aforementioned Guidelines, also raising the question of constitutional and Community legitimacy with regard to the primary rule.

Furthermore, on 2nd November 2018, ANAC, subsequent to a simple collection of data related to all existing concessions in any sector, submitted a report to the Government and Parliament on the state of the concessions (focusing in particular on the gas sector) stating that the latter would not comply with the regulations in force. As a precaution, the Appeal was supplemented with additional grounds concerning the aforementioned Report.

The discussion hearing was held on 22nd May 2019.

The Regional Administrative Court, in line with previous rulings related to the proceedings brought by other operators, with Judgement no. 9326, published on 15th July, declared the appeal of AP Reti Gas inadmissible because the documents challenged are incapable of causing detriment. AP Reti Gas filed an appeal.

Furthermore, as a merely prudential measure, essentially in order to avoid objections due to lack of interest, the Company also challenged ANAC Resolution 570/2019 (which approved the updated text of the Guidelines 11, although basically identical to the previous one).

The appeal trial is currently suspended because, in a similar appeal, the Council of State raised the issue of the constitutional legitimacy of art. 177 of Italian Legislative Decree 50/2016.

With Sentence no. 218/2021 dated 5th October 2021, the Constitutional Court declared the constitutional illegitimacy of art. 177 of Legislative Decree 50/2016 (as well as the corresponding delegated law). Consequently, the Council of State, once the proceedings are resumed, will have to declare the illegitimacy of the contested guidelines (as they derive from the (unconstitutional) legal provision stated in art. 177)).

Press release of ANAC’s Chairman issued on 16th October 2019 (AP Reti Gas S.p.A.)

An appeal before the Regional Administrative Court of Lazio - Rome was brought by AP Reti Gas (together with other primary operators of gas and electricity distribution services), for the cancellation of the Press Release of ANAC’s Chairman dated 16th October 2019. Such provision basically intended to extend the obligations of the contracts under Legislative Decree 50/2016 (e.g. acquisition of CIG - Contract Reference Number - and payment of ANAC contribution) also to those contracts which are excluded from and even unrelated to the application of the Code.

After consulting other leading operators belonging to Utilitalia, AP Reti Gas, as the largest distribution company of the Ascopiave Group, for merely prudential reasons (as Press releases are not considered sources of mandatory rules), decided to file an appeal, notified on 24th December 2019.

ARERA RESOLUTION ARG/GAS 570/2019 and related procedure to access the documents (AP Reti Gas S.p.A. and Ascopiave)

AP Reti Gas (together with other primary operators of gas distribution services) filed an appeal with the Regional Administrative Court of Lombardy - Milan against ARERA, for the cancellation of Resolution 570/2019/R/gas, illustrating the “*tariff regulation of gas distribution and metering services for the 2020-2025 period*”. The new regulatory framework envisages a strong and unjustified reduction in the tariff items covering the operating costs recognised to distributors. The appeal was filed on 25th February 2020.

With an appeal for additional grounds, filed within the applicable terms (24th May 2021), ARERA Resolution no. 117/2021/R/gas published on 23rd March 2021, containing the “*Determination of the final reference tariffs for gas distribution and metering services, for the year 2020*”, was appealed. The Company in fact considered that the provision, as a measure resulting from the tariff regulation stated in resolution no. 570/2019, may also be detrimental to AP Reti.

Subsequent to the appeal by Italgas Reti, the Regional Administrative Court of Lombardy, with Judgement no. 1517 dated 04/08/2020, partially accepted the request of Italgas Reti, ordering ARERA to submit the documents used for determining the rate of return on invested capital (beta parameter).

Subsequently, Italgas initiated first a “compliance” procedure, aimed at enforcing the Judgement, then challenged it (obviously, for the non-accepted portions).

Both measures were notified to AP Reti, as a mere Third-Party Counterparty.

The Company, in order to protect its legitimate interests, which only partially coincide with those of Italgas Reti, decided to intervene in the two judgments.

AWARD OF THE “BELLUNO” TERRITORIAL TENDER and related procedure to access the documents (AP Reti Gas S.p.A.)

AP Reti Gas S.p.A. filed an appeal with the Regional Administrative Court of Veneto against the award to Italgas Reti of the “Belluno” territorial tender, notified on 29th June 2020.

The main reasons essentially concern anomalies, therefore the concrete sustainability of Italgas Reti’s bid. Certain irregularities of the procedure are also contested.

Subsequent to the outcome of the accesses to the procedure documents performed on two different occasions, two appeals were filed for additional grounds.

In turn, Italgas Reti filed a cross-appeal against AP Reti Gas.

The appeal filed by AP Reti Gas pursuant to art. 116 of the Administrative Procedure Code, in order to access the parts of the tender indicated by Italgas as covered by secrecy, was accepted by order dated 16th October 2020. Italgas Reti lodged an appeal. With injunction published on 6th April 2021, the Council of State accepted the appeal and, overturning the ruling of the Regional Administrative Court, denied access to the tender documents covered by secrecy.

With respect to the main appeal, on 2nd September 2020 the parties waived the discussion of the interim measure on the basis of the Municipality’s commitment not to sign the Contract until the outcome of the dispute.

Finally, the Regional Administrative Court set the hearing on the merits for January 2021. The Parties, however, by mutual agreement, also in consideration of the appeal relating to the procedure to access the documents (then pending), requested and obtained the postponement of the hearing to 16th June 2021.

With Sentence no. 1202, published on 11th October 2021, the Regional Administrative Court rejected the appeal filed by AP Reti Gas and declared the cross-appeal of Italgas Reti inapplicable. AP Reti Gas, upon the outcome of an in-depth reading of the reasons, will consider whether to lodge an appeal.

Please note that the entire administrative process that led to the territorial tender was appealed by the Municipalities belonging to the Area against the Contracting Authority. Specifically, the municipalities intend to reset the entire procedure.

With Judgement no. 1208 dated 7th December 2020, the Regional Administrative Court of Veneto declared the appeal inadmissible. The municipalities have appealed.

AP Reti Gas, after carefully reading the reasons, will appeal to the Council of State.

CIVIL LITIGATIONS - NOT CONCERNING CONCESSIONS

As of 31st December 2021 the following are pending:

REQUEST FOR DAMAGES DUE TO SUPPLY INTERRUPTION AGAINST AP RETI GAS VICENZA (AP Reti Gas Vicenza S.p.A.)

Two cases before the Court of Vicenza, initiated against AP Reti Gas Vicenza for compensation for damages resulting from plant downtime, for the temporary interruption of the supply (which occurred during activities on the distribution network, entrusted to the contractor Costruire e Progettare in Lombardia), brought by Ariston Cavi S.p.A. and Microfilm S.r.l..

The Company, while hoping for an amicable settlement, regularly entered an appearance and, exercising the negotiation indemnity, impleaded the contractor.

As part of the proceedings brought by Microfilm, the Judge prepared a settlement proposal pursuant to art. 185, Code of Civil Procedure, which orders the payment of the total amount of Euro 6,574 in favour of the injured party, without acknowledgment of responsibility, to be divided in three equal parts between AP Reti Gas Vicenza, CPL and Itas Mutua, with full compensation of the costs of the proceedings. The company, also in consideration of the indemnity guaranteed by its insurance company, decided to accept the proposal. We are awaiting the decisions of the other Parties.

ASCOPIAVE - UNIT B (Ascopiave S.p.A.)

In order to obtain compensation for damages to the entrance floor of the “Unit B” (belonging to the headquarters in Pieve di Soligo), Ascopiave S.p.A., following the pre-trial technical investigation, filed a civil judgment before the Court of Treviso (RG 6941/2013) against: Bandiera Architetti S.r.l. (Progettisti), Mr Mario Bertazzon (Contract Manager) and Mr R. Paccagnella Lavori Speciali S.r.l. (Contractor).

The compensation request refers to an assessment of damage between approximately Euro 127 thousand (Expert witness estimate) and Euro 208 thousand (estimate of a Third-party firm).

All the Parties regularly appeared before the Court.

The Court, by Order dated 22nd December 2014, decided the complete renewal of the expert witness board. The “new” court-appointed expert witness assessed that the damage suffered by Ascopiave S.p.A. amounts to approximately Euro 120 thousand.

Based on the findings contained in the technical report, on 29th March 2016 an attempt was made to reach settlement in court. The attempt failed basically because an agreement was not reached regarding the subdivision of the amount between the debtors.

With Judgment no. 2007/2017, the Court accepted the application submitted by Ascopiave S.p.A., ordering the design firm (F.lli Bandiera), its insurance company (Groupama Assicurazioni) and the construction company (Ing. R. Paccagnella Lavori Speciali SRL) to pay damages, amounting to approximately Euro 208 thousand, and to reimburse the costs of the proceedings (estimated at approximately Euro 17 thousand). Furthermore, the debtors’ obligation to assume joint and several liability was ratified.

The project management (and consequently the insurance company, Unipol Sai) was found to be uninvolved in the damage, with a right to obtain compensation for the costs of the proceedings, amounting to about Euro 16 thousand.

With two separate documents, Groupama Assicurazioni and Ing. R. Paccagnella Lavori Speciali notified the appeal against the First Instance Judgment.

Ascopiave S.p.A. entered an appearance in accordance with the legal terms.

By Provision dated 7th June 2018, the Court of Appeal partially accepted the suspension request, limiting the provisional enforceability of the First instance sentence to the amount of Euro 150 thousand, against which Ascopiave S.p.A. is entitled to pursue the enforcement.

However, the attempts at forcible recovery of the aforementioned sum have been unsuccessful so far.

At the hearing of 28th June 2018, the Court of Appeal unified the appeals.

With Sentence dated 13th May 2021, the Court of Appeal partially accepted the appeals of the adverse parties, relating to the *quantum* of the ruling, reduced from Euro 208 thousand to approximately Euro 120 thousand, as established by the expert witness at first instance, on the assumption that the additional sums are attributable to improvements.

At present, no appeals (before the Court of Cassation) have been announced by the counterparties.

FORCED ENTRY - DEFAULT SERVICE (Gas distribution companies of the Ascopiave Group)

Pursuant to the regulatory obligation (specifically Art. 40.2 letter A of the Integrated Text for the Sale of Gas - TIVG), the Group distribution companies (AP Reti Gas S.p.A., AP Reti Gas Vicenza S.p.A., AP Reti Gas Rovigo S.r.l., AP Reti Gas Nord Est S.r.l. and Edigas Esercizio Distribuzione Gas S.p.A.), obtain forced entry to private property in order to disconnect utilities (when the metre is located in a private property) of Default Service (SDD) customers that are in default. As a rule, the Group proceeds pursuant to Art. 700 of the Italian Civil Procedural Code (but may also appeal pursuant to Article 703 of the Civil Procedural Code).

Appeals are made against final customers (or utility users), or, more rarely, against the owners of the property served.

For this purpose (and to meet provisions of the regulations), the company has created a management procedure that starts with the activation of the Default Service and ends with the termination (for any reason) of the Default Service.

The procedure also envisages to close any controversy via ordinary methods, collection of information, gathering of previous data and/or efforts to contact the involved final customers, notification of delays, past due notifications and, if all of the above prove unsuccessful, the opening of a judicial procedure, normally as an urgent appeal pursuant to Art. 700 of the Civil Procedural Code (or art. 703 Civil Procedural Code).

The status of the procedures (with annual consumption >500 Scm/year, those for which there is an obligation to sue) is as follows:

- ✓ 6 procedures have been filed (hearings already scheduled/under scrutiny)

- ✓ 4 procedures are in execution of judgment;
- ✓ 0 procedures for which the appeal was rejected;
- ✓ 1 procedure with procedural issues (e.g. with a rejected complaint);
- ✓ 9 procedures are being managed (an appeal could be necessary);
- ✓ 534 procedures have been completed (in various stages).

Between 15 and 35 procedures for which legal action is likely to be taken are expected every year for all Group companies. From 2014 to 31st December 2021, the total legal fees (including taxes), for the procedures forwarded to the Law firms, amount to approximately Euro 452 thousand.

For these expenses, the law envisages partial tariff compensation (up to € 5,000 per procedure).

Relationships with Agenzia delle Entrate (Italian Tax Authority)

ROBIN TAX

As regards litigations with Agenzia delle Entrate, some claims are pending with the Court of Cassation related to the refusal to reimburse the additional IRES tax (so-called Robin Tax) subsequent to the negative ruling by the respective Regional Tax Commissions.

The Companies involved in the afore-mentioned litigations are: Ascopiave, Ap Reti Gas Rovigo, Edigas Esercizio Distribuzione Gas, Unigas Distribuzione (merged into Ascopiave) and Asco Energy (former Veritas Energia).

Since 2008, the additional IRES tax stated in Art. 81 of Law Decree 112/2008 applies to these companies.

Subsequently, in 2015, the Constitutional Court declared that said tax would be unconstitutional. In the wake of said sentence, the companies requested the reimbursement of the tax unjustly paid. The tax authorities expressly denied the reimbursement. Several claims were filed based on a retroactive interpretation of said sentence, the legitimacy of which was confirmed by a Constitutional Law Attorney. Possible results of said claims are completely unpredictable, as the acceptance of the claim would cause a massive financial burden for the entire country; as regards the time expected to settle this litigation, no temporary framework can be provided. So far, the appeals relating to the Ascopiave companies, also on behalf of the merged company Unigas Distribuzione, AP Reti Gas Rovigo, Edigas Esercizio Distribuzione Gas and Asco Energy have been filed.

AUDIT OF THE REGIONAL DIRECTION OF VENETO

In September 2019, the companies Ascopiave S.p.A. and Ascotrade S.p.A. were inspected by the Regional Direction of Agenzia delle Entrate as regards the Ires, Irap and VAT sectors for the years from 2013 to the date of the inspection. The first stage of the audit was completed on 29th October 2019 with the issuance of a Report on Findings containing remarks on the direct and indirect taxes related to the years 2013 and 2014 of the subsidiary Ascotrade S.p.A., a company sold on 19th December 2019 to the Hera Group, for which Ascopiave issued a specific guarantee; the company presented its briefs against the Report on Findings. Subsequent to the submission of the briefs, Agenzia delle Entrate issued the tax demands to Ascotrade relating to the disputed matters, following which the company filed an appeal with the Provincial Tax Commission of Venice, accepted with sentence dated 21st April 2021, which envisages the cancellation of the related challenged documents. On 15th November 2021, Agenzia delle Entrate appealed the ruling of the first instance judge before the Regional Tax Commission of Venice; the company entered an appearance on 30th December 2021 submitting its counter-claims and filing a cross-appeal. The judges of the appeal should schedule a hearing.

As regards the following years, the audit continued with the issuance on 29th September 2020, against Ascotrade S.p.A., of the Report on Findings referring to the year 2015, subsequent to which, after the presentation of specific briefs, Agenzia delle Entrate issued the notices of assessment on 23rd December 2020, then appealed by the company before the Provincial Tax Commission of Venice, whose hearing was held on 23rd February 2022. The Commission has not issued a ruling yet.

Finally, on 23rd December 2021, the company was notified of the notices of assessment relating to Ires for the years 2016 and 2017, as well as to Irap and VAT for the years 2016, 2017 and 2018, for which an appeal was filed on 18th February 2022.

The company, aided by the tax advisor, considers the risk as “possible” or “remote” and therefore has not made any provision.

AUDIT OF THE PROVINCIAL DIRECTION OF ROVIGO

In March 2021, the company AP Reti Gas Rovigo S.r.l. received a notification from Agenzia delle Entrate - Provincial Direction of Rovigo requesting the documents relating to the 2017 financial year pursuant to Art. 51 Presidential Decree 633/72, Art. 32 Presidential Decree 600/73. The documentation requested by Agenzia delle Entrate was sent by certified e-mail on 7th April 2021.

Significant events subsequent to the end of 2021

Shareholders' Agreement - amendment to voting rights

On 5th January 2022, pursuant to current laws and regulations, Ascopiave announced that an updated version of the essential information relating to the Shareholders' Agreement signed on 16th March 2020 was published in the Corporate Governance section of the website www.gruppoascopiave.it. Only the number of the voting rights held by some signatory shareholders was updated due to the introduction of increased voting rights, as notified by Ascopiave on 7th October 2021 and 5th November 2021.

The Ascopiave Group enters the wind power generation sector

On 21st January 2022, the Ascopiave Group announced that it had acquired, through the subsidiary Asco Renewables S.p.A., a 60% stake in the capital of Salinella Eolico S.r.l., belonging to Renco S.p.A.. Salinella Eolico S.r.l., whose remaining 40% stake is held by Renco S.p.A., plans to build a wind farm in the Province of Catanzaro with a rated capacity of up to 21 MW; the competent authorities have already granted part of the authorisations, while the pending permits are well underway. The wind farm will be erected by Renco S.p.A. and entail a total investment of approximately Euro 30 million.

Acquisition of the majority stake in Eusebio Energia S.r.l., a company operating in the energy field

On 28th January 2022, Ascopiave S.p.A. announced the finalisation of an additional investment in the renewable energy sector, specifically in the hydroelectric and wind power segments, as stated in the 2020-2024 Strategic Plan. The investment consisted in the acquisition by Ascopiave of the 79.74% majority stake held by Supermissile S.r.l. in the share capital of Eusebio Energia S.r.l. ("Eusebio"), a company operating in the energy sector. Eusebio has 22 plants for the production of electricity from renewable sources, of which 21 hydroelectric plants, for a total capacity of 44 MW, located in Lombardy and Veneto, and a wind farm, consisting of 14 turbines of 1 MW each, located in Campania.

2021-2025 strategic plan

On 31st January 2022, the Board of Directors approved the Group's 2021-2025 strategic plan. The plan confirms the strategic guidelines drawn up last year, outlining a process of sustainable growth both in the core business of gas distribution and in new areas, specifically in the renewable energy sector - which the Group has recently penetrated through the M&A operations finalised in the past two months - and in the green gas segment. The Company announced that such development will not affect the balance of the financial structure, ensuring a stable and profitable distribution of dividends.

Territorial areas

In 2011, the issuance of a number of ministerial decrees further defined the regulatory framework of the sector, regarding in particular the territorial calls for tenders.

Specifically:

1. with the Decree dated 19th January 2011 issued by the Ministry for economic Development, in agreement with the Ministry for the Relationship with Regions and Territorial Cohesion, the territorial areas for issuing calls for tenders to entrust the gas distribution service were identified; with subsequent Decree dated 18th December 2011, the municipalities belonging to each territorial area were also identified (the so-called Territorial Areas Decree);
2. the Decree issued by the Ministry for Economic Development and the Ministry of Employment and Social Policies on 21st April 2011 contained provisions governing the social effects connected to the assignment of

- the new gas distribution concessions, thus implementing paragraph 6 of art. 28 of Legislative Decree no. 164 issued on 23rd May 2000 (the so-called Workforce Protection Decree);
- with Decree no. 226 issued by the Ministry for Economic Development on 12th November 2011, the regulations concerning the criteria to be applied to calls for tenders and the evaluation of the bid for assigning the gas distribution service were approved (the so-called Decree for Criteria).

The issuance of the regulations above contributed to defining the competitive environment that operators will encounter in the coming years, thus laying the foundations for enabling the market liberalisation process - which started with the implementation of the European directives - to bring the expected benefits.

The Ascopiave Group favourably welcomed the emerging regulatory framework, believing that it actually creates important opportunities for investments and development for qualified medium-sized operators, rationalising the offer.

At the end of 2013, the Government issued Law Decree 23/12/2013, no. 145, amending the regulatory framework with regard to the determination of the reimbursement value of the plants due to the outgoing operator at the end of the so-called "Transitional Period". The Decree was converted with amendments into Law no. 9/2014, which substantially changed the original provisions of the Decree on that aspect.

The conversion into Law of the Decree (Law no. 9/2014) made substantial changes to Article 15 of Legislative Decree no. 164/2000, ordering new operators to pay a reimbursement to the holders of assignments and concessions existing in the transitional period, calculated in compliance with the provisions of the agreements or contracts and, even if not inferable from the will of the Parties and for aspects which are not envisaged in those agreements or contracts, based on guidelines on operating criteria and methods for the assessment of the reimbursement value as per article 4, paragraph 6, of Law Decree dated 21st June 2013, no. 69, converted, with amendments, by Law dated 9th August 2013, no. 98. In any case, private contributions related to local assets (assessed in accordance with the methodology of tariff regulation in force) have to be deducted from the reimbursement value. If the reimbursement value is higher than 10% of the value of local assets calculated as per tariff regulation, net of public capital contributions and of private ones for local fixed assets, the granting local body submits the related evaluations detailing the reimbursement value to the Authority for Electricity, Gas and Water so that it can be checked before publishing the invitation to tender.

In addition, Law no. 9/2014 established that the deadlines envisaged in paragraph 3 of article 4 of Law Decree dated 21st June 2013, no. 69, converted, with amendments, by Law dated 9th August 2013, no. 98, are extended by four months and that the deadlines illustrated in Attachment 1 to the regulations of the Minister for Economic Development Decree dated 12th November 2011, no. 226 (so-called "Decree for Criteria"), related to provisions contained in the third grouping of Attachment 1 itself, and the deadlines illustrated in article 3 of the regulations, are extended by four months.

On 6th June 2014 the Decree of the Minister of Economic Development dated 22nd May 2014 was published in the Official Gazette, which approved the "Guidelines for criteria and application procedures for the assessment of the reimbursement value of natural gas distribution networks" pursuant to Article 4, paragraph 6, of Law Decree no. 69/2013, converted with amendments by Law no. 98/2013 and article 1, paragraph 16, of Law Decree no. 145/2013, converted with amendments into Law no. 9/2014. Pursuant to Law no. 9/2014, the "Guidelines for criteria and application procedures for the assessment of the reimbursement value of natural gas distribution networks" define the criteria to be applied to the valuation of reimbursement of facilities in order to integrate those aspects that are not already stated in the agreements or contracts and cannot be deduced from the will of the parties.

The "Guidelines" feature several critical issues not only as concerns the resulting valuations, but also in terms of application scope, extremely extended by the Ministry, to the extent that all the agreements regarding the valuations of the facilities entered into by the operators and the Municipalities after 12th February 2012 (effective date of Ministerial Decree 226/2011) are believed to be ineffective.

Furthermore, these Guidelines contrast with the provisions of art. 5 of Ministerial Decree 226/2011 itself. This is inconsistent with the provision of law which refers to art. 4, paragraph 6 of Law Decree 69/2013, which, in turn, makes explicit reference to Article 5 of Ministerial Decree 226/2011.

Considering such illegitimacies, Ascopiave S.p.A. has appealed the Ministerial Decree dated 21st May 2014 (and as a consequence the Guidelines) before the administrative court (Regional Administrative Court of Lazio). As part of said proceedings, the issue of constitutional legitimacy and/or preliminary ruling was raised relating to the interpretation (mainly retrospective) of the new rules on the deduction of private contributions set forth by Law 9/2014.

Lastly, by Resolution 310/2014/R/gas - “Provisions for determining the reimbursement value of natural gas distribution networks”, published on 27th June 2014, the Authority for Electricity, Gas and Water approved provisions for determining the reimbursement value of the gas distribution networks, implementing the provisions of Article 1, paragraph 16 of Law Decree dated 23rd December 2013, no. 145, converted with amendments by Law dated 21st February 2014, no. 9.

That provision states that the granting Local Entity shall send the Authority the verification documents containing a detailed calculation of the reimbursement value (RIV), if this value is 10% higher than the local RAB.

The Authority performs the checks set forth in Article 1, paragraph 16 of Law Decree no. 145/13 within 90 days from the date of receipt of the documentation by the Contracting Authorities, ensuring priority based on the deadlines for the publication of the calls for tender.

With Law no. 116/2014 dated 11th August 2014 (converted with amendments to law decree 24th June 2014 no. 91) the Legislator has envisaged a further extension of deadlines for the publication of invitations to tender. Specifically, for the areas belonging to the first group stated in Annex 1 of Ministerial Decree 226/2011, the time limit was extended by eight months; for the areas belonging to the second, third and fourth groups the deadline was postponed by six months and lastly for the areas of the fifth and sixth groups the extension is four months.

However, these postponements do not apply to those areas which, although they belong to the first six groups, are affected by earthquakes, because over 15% of the redelivery points are in the municipalities affected by the earthquakes of 20th and 29th May 2012, in compliance with the annex to the Decree of the Minister of economy and finance dated 1st June 2012.

The same law, further amending Article 15, paragraph 5 of Legislative Decree 2000, has finally determined that the redemption value is to be calculated in compliance with the provisions of the agreements or contracts, provided that the latter were entered into before the date of entry into force of Ministerial Decree dated 12th November 2011 no. 226, that is to say before 12th February 2012, thus affirming the principle of retroactive application of the Guidelines, which had already been appealed during the court action against the Guidelines.

On 14th July 2015, the Decree of the Minister of Economic Development and the Minister of Regional Affairs and Autonomies no. 106 dated 20th May 2015 was published in the Official Gazette, amending the decree dated 12th November 2011 no. 226 regarding the tender criteria for awarding the gas distribution service.

The most significant changes include:

1. the provisions concerning the value of the reimbursement of the plants to be applied in case of absence of specific agreements between the parties occurred before the entry into force of Decree no. 226/2011, which include to a large extent the provisions of the “Guidelines”.
2. a higher maximum threshold for the amount of the annual payments that may be offered in tenders to local authorities. This threshold, previously equal to 5% of the portion of the restriction on tariff revenues to cover the local capital costs, was brought to 10%;
3. the treatment of a number of important technical and economic aspects related to the tendered energy efficiency investments, concerning the value of the amounts to be paid to local authorities and the payments to cover the costs of the operator which implements the interventions and gains the related energy efficiency certificates.

Finally, the conversion into Law of the so-called “Decreto Mille Proroghe” (Law no. 21 dated 25/02/2016) introduces a further extension of the deadlines for the publication of invitations to tender. Specifically, for the areas belonging to the first group as described in Annex 1 of Ministerial Decree 226/2011, the deadline is further postponed by 12 months; for the areas belonging to the second group, by 14 months; for those belonging to the third, fourth, and fifth group, by 13 months; for the areas belonging to the sixth and seventh group, 9 months; 5 months for the areas of the eighth group.

The same regulation establishes the deadlines within which the Regions, or, as a last resort, the Ministry of Economic Development, should intervene, and repeals the penalties previously incurred by the Municipalities for the delay.

In 2015-2016, a number of tenders were published for the award of the service with Territorial procedure. Many of them did not follow the procedures required by law, which envisages, among other things, the prior examination by the Authority of the reimbursement amounts of the plants due to outgoing operators as well as the review of the invitation to tender’s overall content and annexes before publication. Moreover, most calls are also inconsistent, even significantly, with the instructions contained in the ministerial regulations, also with regard to the criteria for evaluating bids; according to the current regulations, such inconsistencies should be specifically justified by the Awarding Entities.

In this context, the standardisation of the tender process envisaged by the law is encountering serious difficulties, to the extent that the procedures may freeze due to a major litigation.

The Law dated 4th August 2017 no. 124 (Annual Market and Competition Act) introduced some legislative innovations concerning the natural gas distribution sector.

Specifically, article 1, paragraph 93, amends the provisions of article 15, paragraph 5, of legislative decree 164/00, exempting local entities from the obligation to send detailed assessments to the Authority if all the following conditions are met jointly:

- ✓ the local tender authority can also certify through a suitable third party that the reimbursement value has been determined by applying the provisions contained in the Guidelines dated 7th April 2014;
- ✓ the aggregated territorial VIR-RAB gap does not exceed 8%;
- ✓ the VIR-RAB gap of the individual Municipality does not exceed 20%;

Article 1, paragraph 93 states that, if the value of the net fixed assets is not in line with the sector averages according to the definitions of the Authority, the value of the net fixed assets relevant to the calculation of the gap is determined by applying the parametric valuation criteria defined by the Authority (see article 23, paragraph 1, RTDG).

Finally, article 1, paragraph 94, states that the Authority, with its own resolutions, shall define simplified procedures for the evaluation of the invitations to tender, applicable in cases where such invitations have been compiled in compliance with the standard invitation to tender, the standard book of conditions and the standard service contract, specifying that in any case, the tender documentation cannot deviate from the maximum scores envisaged for the tender criteria and sub-criteria by articles 13, 14 and 15 of the aforementioned decree 226/11, except within the limits set by the same articles with regard to some sub-criteria.

The Authority has implemented the provisions of Law no. 124/2017 with Resolution 905/2017/R/gas dated 27th December 2017.

The Municipality of Belluno, Awarding Entity of the Minimum Territory Area of Belluno, regularly followed the procedure set out in the regulations and published a tender in December 2016. In September 2017 the Group company AP Reti Gas S.p.A. participated in the tender, submitting its bid.

The tender documents were challenged by an operator participating in the call for bids. With Judgement no. 886/2017, the Regional Administrative Court of Veneto rejected the appeal. The plaintiff appealed against the decision to the Council of State, submitting an application for the suspension of the first instance provision.

The Council of State, by Judgement published on 22nd January 2019, rejected the appeal.

In December 2018, the Municipality of Schio, the contracting authority of the Territorial Area Vicenza 3 - Valli Astico Leogra e Timonchio, issued the invitation to tender for the concession of the gas distribution service. The Ascopiave Group currently manages the service in 28 municipalities in the Territorial Area, serving about 80,000 users. The Group companies AP Reti Gas S.p.A. and AP Reti Gas Vicenza S.p.A., holders of concessions in the Area, have challenged the call due to irregularities, filing an appeal before the Regional Administrative Court of Veneto.

On 8th May 2019, the hearing for the discussion of the merits was held, without any novelties.

Distribution of dividends

On 29th April 2021, the Shareholders' meeting approved the financial statements and the distribution of the ordinary dividend, to the tune of Euro 0.16 per share, with ex-dividend date on 3rd May 2021, record date on 4th May 2021 and payment on 5th May 2021.

Treasury shares

Pursuant to Article 40, Legislative Decree 127 2 d), we announce that, as of 31st December 2021, the Company owned 17,701,578 treasury shares for a value of Euro 55,423 thousand, recognised as a reduction in other reserves as can be seen in the Net Equity changes.

Outlook for 2022

As far as the gas distribution activities are concerned, in 2022 the Group will continue its normal operations and service management and perform preparatory activities for the next invitations to tender for awarding concessions. Should the tender procedures of the Territorial Areas in which the Ascopiave Group is interested progress in 2022, in light of the time normally required for participants to submit bids and for the contracting authorities to evaluate and select them and announce a winner, the new managements, if any, are expected to start subsequent to the end of 2022, therefore without changes in the scope of the activities currently managed.

As regards the economic results, in 2019 the Authority adopted the new tariff regulation for the 2020-2025 five-year period. The new provisions envisage a significant annual reduction in the revenue components intended to cover operating costs.

Furthermore, at the end of 2021, the Authority redetermined the real pre-tax rate of return of the invested capital recognised for tariff purposes, which for the year 2022 will be equal to 5.6% (compared to 6.3% in 2021).

With regard to energy efficiency obligations, the Decree dated 21st May 2021 of the Minister of Ecological Transition determined the national energy saving objectives for the years 2021-2024 and reduced the obligations applicable to distributors for the year 2020. The 2021 objectives estimated for the Group distribution companies are significantly lower than the annual obligations envisaged in the previous four years.

The health emergency caused by the Covid 19 virus, in light of the Ascopiave Group's focus on the distribution business, had a minor effect on profitability in 2021 and, as the peak of the emergency is behind us, limited impacts are currently expected also on future profitability, since adequate credit risk hedging mechanisms are contained in the Grid Code, which governs the activity of distributors. Although the industry where the Group operates is less critical, the Management will continue to monitor the pandemic at the national and international level so as to promptly respond if the crisis flares up.

As regards electricity and gas sales, Ascopiave will obtain the benefits of the consolidation of its quota of the result of the minority stake in Est Energy and the dividends distributed by Hera Comm - both companies are controlled by the Hera Group. Ascopiave has put options on these investments and it is possible that they will be exercised, in whole or in part, with a consequent impact on the Group's income statement and financial structure.

The actual results of 2022 could differ from those outlined above depending on various factors amongst which: the general macroeconomic conditions, the impact of regulations in the energy and environmental fields, the evolution of the on-going health emergency, success in the development and application of new technologies, changes in stakeholder expectations and other changes in business conditions.

Evolution of the COVID 19 emergency

In the first months of 2020, the health emergency caused by Covid-19 concretely involved the entire territory where the Ascopiave Group operates and entailed a full-scale review of work organisation in order to take all the necessary preventive measures to ensure employees' safety and operational continuity for all Group companies.

After the first case of infection in Italy, on 21st February 2020, which was followed by an urgent meeting of the Council of Ministers on 23rd February 2020 for the first important action by the government, on the same day, Sunday 23rd February 2020, at the Ascopiave Group headquarters in Pieve di Soligo, as requested and directed by the Chairman Nicola Ceconato, a specific Crisis Unit was set up to handle the emergency, composed of: Roberto Zava (HR Director and Operational Coordinator of the Crisis Unit), Antonio Vendraminelli (Distribution SBU Director), Alberto Tomasoni (Health and Safety Officer), Romeo Ghizzo (IT), Luisa Bedin (Assets), Gabriele Kaserer (Organisation), Manlio Boscheratto (Staff).

The task entrusted to the Crisis Unit was to provide operational instructions aimed at supporting the activities of the Group companies by ensuring all the necessary measures to protect workers' health.

As regards communication, informative posters concerning a series of obligations imposed on employees, visitors or guests were posted at the entrance and in the most visible places of the company premises, and frequent notifications were sent by email to all employees.

The company ensured the daily cleaning and periodic sanitation of the premises, environments, workstations and common areas. It also stressed the importance of personal hygiene, providing workers with suitable detergents for frequent hand cleaning. It also equipped each worker with masks as airways protection devices and PPE (masks,

gloves, goggles, coveralls, caps, gowns, etc...) compliant with the indications of the Health Authority and the activity performed.

As regards the measures adopted for handling the biological risk in the workplace, in addition to observing the regulations issued through the various Prime Ministerial Decrees and other provisions of the health authorities, in compliance with art. 13 of the protocol signed on 15th March 2020 (later updated on 24th April 2020) by the Government and the social partners, the so-called Central Committee, that is, concerning the Ascopiave Group as a whole, was established in agreement and with the participation of the trade unions (with equal representation) with the task of assessing and drafting the “shared regulatory protocol of measures to fight against and contain the spread of Covid-19 in the workplace”; sub-committees were also set up for subsidiaries.

The aforementioned “protocol” was implemented by the Committee and the main actions consisted of: adoption of all of the safety protocols; posting of the behavioural rules issued by the Ministry and the Italian Institute of Health and their diffusion to all workers through specific communications; transmission to all employees of communications, ordinances and Prime Minister Decrees; implementation of measures for distancing and avoiding the simultaneous presence of staff in offices and in common areas; activation of shifts for accessing the canteen of the headquarters with tables and chairs arranged in order to respect distances, initially, then the canteen service was suspended and subsequently resumed for fewer guests and with adequate distancing; minimisation of meetings and use of audio- or videoconferences; cancellation of meetings with third parties, consultants and collaborators and exclusion of their presence on site; reduction of all business trips and travels; review of criteria for accessing Group offices (the entrances were closed and access was limited to couriers for deliveries); rescheduling of operations for all technical, administrative and secretarial areas; strengthening of cleaning services; frequent sanitisation of the premises; maximisation of agile work where possible with implementation of technological equipment; promotion of the use of holidays or other possibilities given by collective bargaining tools; purchase, distribution or placement in the various areas of material for personal hygiene and for cleaning; purchase of PPE stocks; installation of non-contact thermometers for measuring body temperature at the entrance to the headquarters and placement in all offices of infrared thermometers for measuring body temperature. All this reduced the risk, so much so that no clusters or outbreaks occurred and the cases found were attributable to external situations.

With regard to employment, an exercise was started, starting from the “Distribution” area of the subsidiaries, to reschedule operations, and non-urgent activities were gradually minimised.

In particular, all construction sites and operating activities not directly related to the safety and continuity of the service were gradually suspended; all essential services were therefore guaranteed, specifically emergency intervention, facility surveillance and the operations aimed at ensuring the use of the service, such as activations and reactivations of end customers and the creation of connections for the activation of supplies. Together with the competent doctor, the risks deriving from the possible presence of infected or quarantined people were analysed, and the correct precautions to be adopted were identified, which envisage the use of specific personal protective equipment, distributed to all operating personnel.

In general, business continuity was guaranteed in all areas, although the employees were encouraged in all ways to leave the workplaces and remote work was facilitated by providing the necessary technological equipment. Personnel could only be present at the offices and workstations subject to the authorisation of their supervisor and only for valid and justified operational reasons. In total, this exodus has involved over 90% of the employees of the Pieve di Soligo headquarters and an equal or higher percentage in other headquarters, through the use of work from home for white-collar workers or the decision not to have external distribution personnel work at the headquarters, or through the use of holidays, leaves or other measures.

The first wave of the pandemic ended in May 2020 when a slow and planned return of almost all employees was coordinated, with the exception of the categories entitled to be absent from work pursuant to the Prime Minister Decrees or in the case of parents with children under the age of 14, who may request to work from home, with the obligation to comply with a rigid protocol that involves a series of responsibilities on the part of employees before accessing the office including, before leaving their home, the measurement of their body temperature in order to prevent any person with a temperature above 37.5° from accessing the workplace.

In October 2020, on the other hand, with the new governmental restrictions adopted as a result of the second wave of the pandemic, the organisational measures passed at the beginning of the emergency were re-implemented in the first months of 2021, with the progressive planned leave of employees from the offices maximising the use of agile work by providing the appropriate technological equipment; in addition, the use of holidays or leaves or other possibilities given by the contractual instruments was encouraged. The meetings of the Central Committee and the

Local Committees were held regularly with discussions that concerned not only the aspects relating to company safety and the protection of workers, with updates on the arrivals and distribution of personal protective equipment, but that also covered general issues because the company's representatives reported a natural drop in activities, especially for some functions, and therefore the need to resort to the tools and contractual measures set out in the provisions (work from home, revision of production levels, shift plans, rescheduling, use of holidays, accumulated holidays, leaves, reduced working hours) aimed at enabling absence from work without losing remuneration. The meetings did not reveal any incompliance with the ordinances issued.

A voluntary "Hour Bank" was specifically set up in agreement with the trade unions, in order to avoid using social security measures and support employees with a negative holiday balance who are currently inactive: the Ascopiave Group contributed with 480 working days, which made it possible to establish the fund to start the initiative, which was followed, in order to conclude a lagging trade union agreement on a particular issue relating to the increased payment of overtime work to employees in order to recover hours subsequent to the emergency, by a direct measure by Chairman Ceconato and a massive participation of employees who donated over 600 days of holidays; in this way the offer of days exceeded the demand, reaching over 1,100 days.

Overall, as of 30th September, over 17 official meetings of the Central Committee were convened and regularly held, while communications to employees throughout the Ascopiave Group on the emergency, always on the same date, were 60, demonstrating a continuous, complete and far-reaching information.

As for the staff of Ascopiave S.p.A. and the affiliate companies, the first resource tested positive for Covid-19 on 15th October 2020, but the employee had already been working from home for some time, without accessing the headquarters or seeing colleagues; then, until 31st December, 26 more cases were recorded, mostly attributable to infections occurring within the family.

During the first nine months of 2021, the company continued to monitor the situation by updating on a case-by-case basis the communication with employees on the new measures taken at the national and regional level for the containment of the pandemic; in the period 01/01/2021-30/09/2021, 21 more employees tested positive for Covid-19: none of these cases was particularly serious - no hospitalisation was needed - and the infections are attributable to external or family contacts, not within the company.

Since all companies are gradually allowing their employees back in the workplace, in order to ensure greater prevention, 14 infrared thermometers have been placed at the entrances of the sites of all the companies of the Ascopiave Group so as to measure body temperature on the wrist with an alarm in case of temperature above 37.5°, and with sanitising gel for the hands.

The Company has intensified the daily cleaning and periodic sanitation of the premises.

Since August 2021, again with a view to preventing infections, only employees in possession of a Green Pass may access the company canteen, and a lunch basket is available for those without it; since many workers are back to the premises and given the limited capacity of the canteen, two 45-minute shifts are scheduled at the Pieve di Soligo headquarters; six 30-minute shifts are envisaged in the Padua office (managed by Hera but accessible to our employees).

The management of the Covid-19 emergency continues to be on the agenda of meetings with the specially established Committee and the members of the crisis unit. According to rumours (because employees tend to announce their vaccination to their colleagues working in the same office or area) and not official data (which cannot be requested for privacy reasons), on 30th September the majority of employees are vaccinated. Considering that on 15th October it became mandatory to produce the Green Pass in order to access the workplace, and because all employees are progressively returning to the premises, it will be possible to get a more accurate percentage and evaluate any effects on the general organisation.

The health emergency, pursuant to national provisions, remains in force until 31st December 2021 and the structure will adapt to the new measures that will be issued.

Information on COVID 19 and Consob notice dated 16th February 2021

During the year, the Group analysed the effects of the epidemic caused by SarsCov2 on the business and verified the economic and financial impacts caused by the virus on the Group's activities. Specifically, in relation to the focus areas highlighted by Consob on 16th February 2021, the Group:

- ✓ in applying IAS 1 "Presentation of financial statements" did not detect issues connected with the going concern assumption;

- ✓ in applying IAS 36 “Impairment of assets” did not identify any impairment caused by the deterioration of the economic prospects of the scenarios;
- ✓ in applying IFRS 9 “Financial instruments” and IFRS 7 “Financial instruments: Disclosures” did not find any significant impacts;
- ✓ in applying IFRS 16 “Leases” highlighted items of modest materiality.

For more information on the effects generated by the Covid 19 pandemic, please consult the dedicated paragraphs of this annual financial report and the non-financial disclosure integrated therein.

Goals and policies of the group and risk description

Credit and liquidity risk

The main financial instruments used by our Group are liquidity, bank debt and other forms of financing.

It is maintained that the Group is not exposed to credit risks above the industry average, considering that it provides its business services to a limited number of operators in the gas sector, whose rules for accessing the services offered are established by the Regulatory Authority for Energy, Networks and the Environment and set out in the Grid codes, which dictate contractual clauses that reduce the risks of default by customers. The Codes envisage, in particular, the release of suitable guarantees to partially cover the obligations assumed if the customer does not have a credit rating issued by leading international bodies.

To keep residual credit risks under control, there is in any case a bad debt provision equal to approximately 12.2% at the reporting date (8.2% as of 31st December 2020) of the total gross receivables from third parties for invoices issued; factoring operations were performed in December of both years, concerning the receivables of the distribution companies for the transport service. Significant commercial operations take place in Italy.

Regarding the company’s financial management, the directors consider that the generation of liquidity, deriving from operations, is suitable for covering its needs.

Risks relating to bids for the award of new concessions for the distribution of gas

As of 31st December 2021 the Ascopiave Group holds a portfolio of 268 natural gas distribution concessions (268 as of 31st December 2020). In compliance with the regulations in force governing the concessions held by the company, the calls for tenders for the new awards of the gas distribution service will be no longer announced for every single Municipality but exclusively for the territorial areas determined with Ministerial Decrees dated 19th January 2011 and 18th October 2011, and pursuant to the deadlines illustrated in Annex 1 attached to the Ministerial Decree on tender criteria and bid assessment standards, issued on 12th November 2011, and subsequent amendments. With new tenders being launched, Ascopiave S.p.A. may not be able to obtain one or more new concessions, or it could obtain them at less advantageous conditions than the current ones, with possible negative impacts on the operating activity and the economic, equity and financial situation, it being understood that, if the company is not awarded a new concession, limited to the Municipalities currently managed by the company, it will obtain a reimbursement value envisaged for the outgoing operator.

Risks relating to the amount of reimbursement paid by the new operator

With regard to the concessions under which the Ascopiave Group also owns the gas distribution networks, Law no. 9/2014 establishes that the new operator shall pay a reimbursement calculated in compliance with the provisions of the agreements or contracts and, even if not inferable from the will of the Parties and for aspects which are not envisaged in those agreements or contracts, based on guidelines on operating criteria and methods for the assessment of the reimbursement value as per article 4, paragraph 6, of Law Decree dated 21st June 2013, no. 69, converted, with amendments, by Law dated 9th August 2013, no. 98. In any case, private contributions related to local assets (assessed in accordance with the methodology of tariff regulation in force) have to be deducted from the reimbursement value. In addition, if the reimbursement value is higher than 10% of the value of local assets calculated as per tariff regulation, net of public capital contributions and of private ones for local fixed assets, the granting local body submits the related evaluations detailing the reimbursement value to the Authority for Energy, Networks and the Environment so that it can be checked before publishing the invitation to tender.

The Minister for Economic Development Decree dated 12th November 2011 no. 226 establishes that the new operator acquires the property of the plant by paying the redemption value to the outgoing operator, except for any portion of it owned by the municipality.

In the periods following the first, transitional one, the reimbursement value to the outgoing operator shall be equal to the local net intangible assets, net of public capital contributions and of private ones for local fixed assets, calculated with reference to the criteria used by the Authority to determine the distribution tariffs (RAB). As far as this point is concerned, please note that the Authority passed Resolution 367/2014/R/gas, stating that the redemption value, referred to in Article 14, paragraph 8, of Legislative Decree no. 164/00, at the end of the first period of concession is determined as the sum of: a) the residual value of the existing stock at the beginning of the concession period, assessed for all the fixed assets subject to transfer for consideration to the new operator in the second period of concession based on the redemption value, provided for in Article 5 of Decree 226/11, recognised to the outgoing operator in the first territorial concession, taking into account the depreciations and divestments recognised for tariff purposes in the concession period; b) the residual value of the new investments made in the concession period and existing at the end of the period, assessed based on the re-valued historical cost method for the period in which the investments are recognised in the final balance, as set out in Article 56 of the Tariff Regulation of Gas Distribution and Measurement Services (RTDG), and as the average between the net value determined based on the re-valued historical cost method and the net value determined based on standard cost assessment methods, pursuant to paragraph 3.1 of Resolution 573/2013/R/GAS, for the next period.

OPERATIONAL RISKS

Ascopiave oversees company processes and activities, respecting the health and safety of workers, protecting the environment, improving quality and energy saving in the services offered and complying with anti-bribery laws.

Risks of malfunctioning and/or interruption of the distribution service

Unexpected fortuitous events such as accidents, failure of equipment or control systems, drop in plant yield and exceptional events such as explosions, fires, or other similar circumstances, lead to risks of infrastructure malfunctioning including the possible unexpected interruption of the distribution service. Such events could entail a reduction in revenues and cause significant damage to people, property or the environment. The Group has entered into specific insurance agreements to cover the risks described. Although the insurance policies taken out are in line with the best practices, they may be insufficient to cover all the losses that the Group could suffer due to possible increases in expenses and/or compensation for damages to be paid.

Risks related to the protection of the environment, health and safety

The Group conducts its business in compliance with Italian and European Union legislation on environmental protection, observing the laws that govern and regulate the environment and safety. Despite the attention paid to this topic, it is not possible to exclude with certainty that the Group will incur costs or liabilities, even of a significant amount. In fact, the economic and financial repercussions of any environmental damage are difficult to predict, also considering the possible effects of new legislative and regulatory provisions for environmental protection, the impact of any technological innovations for environmental remediation, the possibility of disputes and the difficulty of determining their possible consequences, also in relation to the responsibility of third parties. The Group is remediating contaminated sites substantially due to the removal and disposal of waste (mainly for the demolition of obsolete facilities).

Risk associated with the installation of Smart Metres

A few years ago, the Group launched a plan to replace traditional metres with smart metres, which first of all involved metres of a class higher than G6 and subsequently also those of lower classes. In the first replacement stage, the new remotely read metres represented an emerging technology. The construction features set by the Authority urged manufacturers to design and build a product dedicated solely to the Italian market within the deadlines set by the ARERA. Moreover, the applicable technical legislation prepared by the CIG (Italian Gas Committee, regulatory body affiliated with UNI) was fully available only after 2015. The Group has started the installation of these appliances according to the schedules defined by the ARERA (only the company of the AP Reti Gas Nord Est Group is

behind the planned programme); therefore there is a risk that malfunction levels will be higher than the historical performances recorded for traditional metres and that the company will incur greater maintenance costs.

Risks associated with energy efficiency certificates

Pursuant to art. 16.4 of Italian Legislative Decree no. 164/2000, natural gas distribution companies must pursue energy saving objectives in end uses and in the development of renewable sources; based on the results achieved, distributors are assigned the so-called Energy Efficiency Certificates, whose cancellation involves a reimbursement by Cassa per i Servizi Energetici e Ambientali financed through the funds established through the RE (Energy Saving) component of the distribution tariffs. The ARERA determines the specific energy saving objectives applicable to electricity and natural gas distributors taking into account the annual national quantities of saving that must be pursued through the white certificate mechanism. There is a potential risk of economic loss for the Group due to any negative difference between the average purchase value of the certificates and the tariff contribution granted and/or any failure to achieve the assigned objectives.

Risk related to the implementation of the investment plan set forth in the concessions

Under the concessions for the distribution of natural gas, the concessionaire must fulfil some obligations, including commitments related to investments to be made over the duration of the concession. It is not possible to exclude that, even due to delays in obtaining authorisations and permits, such investments exceed the deadlines set, with the risk of charges being imposed on the Group.

Regulatory risk

The Group conducts its business in a regulated sector. The directives and regulatory provisions issued on the subject by the European Union and the Italian Government, the decisions of the ARERA and more generally any changes in the reference regulatory context may affect the operations, economic results and financial balance of the Group.

The evolution of the criteria for determining the reference tariff is particularly important. Future amendments to the regulations adopted by the European Union or at national level cannot be excluded, with unforeseen repercussions on the applicable regulatory framework and, consequently, on the Group's business and results.

Legal and non-compliance risk

The legal and non-compliance risk consists in the failure to comply, in whole or in part, with the European, national, regional and local regulations which the Group must observe upon conducting its activities. Breaching the rules may result in criminal, civil and/or administrative penalties as well as financial, economic and/or reputational damage. Specifically, among other things, the violation of the legislation protecting workers' health and safety and the environment and the breach of the regulations for the fight against bribery may result in penalties, even of a significant amount, imposed on the Group pursuant to the legislation on the administrative liability of entities (Italian Legislative Decree no. 231/01).

Research and development

IT systems

In 2021, the Group continued enhancing the new work management process for all the Group distribution companies, modifying the work budgeting, assignment and reporting processes and the possible creation of new assets, understood as new constructions and extraordinary maintenance of the gas networks. This project involves significant automation to make the entire management of activities more effective and efficient. The objectives were pursued by integrating the main programmes and specifically the RetiNext software that supports user management processes, Infor EAM that supports maintenance processes, WFM Geocall which was also extended to the assignment of works, and the SAP accounting system. The creation of a module for the management of construction sites has also begun, in order to monitor site activities in real time, optimising the control and validation operations of the works.

During the year, a pilot project was launched for a new software capable of simulating the fluid dynamic behaviour of networks in real time. The project's objectives are to monitor networks and plants in real time, validate fluid dynamic models through calibration charts and profile the consumption of the main users.

A remote control system was then implemented to monitor the pressures upstream and downstream of the gas final reduction stations, installing the related peripheral devices.

During the period, the project to renovate the production system of operational reporting continued, automating and simplifying its production and usability. The various feeding systems and the production of the main operational reports (investments, hours worked, operational activities performed, installation of reduction units, etc.) were integrated.

Another significant project completed in the period was the refurbishment of the management and archiving of the documents attached to all operational flows related to user activities, with the aim of making their management more effective and efficient.

Furthermore, in order to reduce the manual activities of consolidation, control and uploading of the data necessary to meet regulatory purposes, integrations were developed between the various systems that provide the necessary data and specific automatic export and loading procedures were created in XML format.

During the period, the systems were modified and adjusted in order to respond to regulatory amendments and needs to improve internal processes. An example of enhancement was the redesign of the leak management process, which was brought to the WFM system by automating final accounting.

During the year, the necessary updates were introduced in order to apply the ESEF taxonomy to the financial statements in compliance with ESMA provisions. An initial development had been made in the previous year subsequent to the entry into force of the obligation that envisaged their publication with effect from the 2020 consolidated financial statements. This deadline was subsequently extended and, in 2021, the Authority further improved the taxonomy. During the financial year, the necessary updates were therefore made in order to comply with the obligation applicable to the publication of the 2021 financial statements. This activity has been outsourced by the Group.

Human resources

As of 31st December 2021, the Ascopiave Group had 471 employees, divided in the various companies as follows:

Companies	31.12.2021	31.12.2020	Var.
Ascopiave S.p.A.	86	87	(1)
Ap Reti Gas S.p.A.	166	155	11
Ap Reti Gas Rovigo S.r.l.	16	17	(1)
Edigas Esercizio Distribuzione S.p.A.	64	65	(1)
Ap Reti Gas Vicenza S.p.A.	38	40	(2)
Ap Reti Gas Nord Est S.p.A.	98	99	(1)
Cart Acqua S.r.l.	3	0	3
Ascopiave Group	471	463	8

Compared to 31st December 2020, the workforce of the Ascopiave Group increased by 8 units. The changes are attributable to the following companies:

- ✓ Ascopiave: -1 employee, explained by 3 new hires and 4 terminations;
- ✓ AP Reti Gas: +11 employees, explained by 21 new hires and 10 terminations;
- ✓ AP Reti Gas Rovigo: -1 employee, explained by 1 termination;
- ✓ Edigas Esercizio Distribuzione Gas: -1 employee, explained by 1 termination;
- ✓ AP Reti Gas Vicenza: -2 employees, explained by 2 terminations;
- ✓ AP Reti Gas Nord Est: -1 employee, explained by 3 new hires and 4 terminations;
- ✓ Cart Acqua: + 3 employees, newly acquired company.

The following table sums up the categories of employees based on their qualification:

Companies	31.12.2021	31.12.2020	Var.
Executives	13	13	0
Office workers	306	297	9
Manual workers	152	153	(1)
No. of staff employed	471	463	8

Additional information

Seasonal nature of the activity

Since the execution of the partnership agreement with the Hera Group, finalised on 19th December 2019 with the transfer of the sales companies, the activity of the Ascopiave Group is not significantly affected by seasonality. The natural gas distribution business is in fact less influenced by the thermal trend recorded during the year, except for some minor items.

The Group is exposed to the effects of seasonality in relation to investments in affiliates which will be valued using the equity method and which are significantly exposed to seasonality, as they work in the natural gas sales sector.

Gas consumption changes considerably on a seasonal basis, with a greater demand in winter in relation to higher consumptions for heating. This seasonality influences the trend of revenues from gas sales and of procurement costs, while other operating costs are fixed and incurred by the Group in a uniform manner throughout the year. Therefore, the data and the information contained in the interim financial statements do not allow for immediate indications to be drawn regarding the overall performance for the year.

Remuneration of Directors and Auditors, general managers and managers with strategic responsibilities and shares held

For further information pertaining to the remuneration of Directors and Auditors, general managers and managers with strategic responsibilities and the shares they hold, please consult the Remuneration Report prepared pursuant to Art. 123-ter of the Legislative Decree 58/1998 (Consolidated Finance Law), approved by the Board of Directors on 4th March 2021.

The aggregated remuneration paid to Directors, Auditors and Top Executives of the Group in 2021 amounts to Euro 1,439 thousand for Directors, Euro 249 thousand for Auditors and Euro 778 thousand for Top Executives, totalling Euro 2,466 thousand, compared to Euro 1,757 thousand in the previous year.

Comments on the economic-financial results of the year 2021

Performance indicators

Pursuant to Consob communication DEM 6064293 dated 28th July 2006 and recommendation CESR/05-178b on alternative performance indicators, we specify that besides the normal performance indicators set by the International Accounting Standards IAS/IFRS, the Group considers useful for monitoring its business, the use of other performance indicators, which, even if they do not appear in the afore-stated standards, have a considerable importance. In particular, we introduced the following indicators:

- **Gross operating margin (Ebitda):** defined by the Group as the result before amortisation and depreciation, write-downs of receivables, financial management and taxes.
- **Operating result:** this indicator is also included in the accounting principles we have adopted, and it is defined as the operating margin (Ebit) minus the balance of non-recurrent costs and revenues. The latter include contingent assets and liabilities, capital gains and losses for disposal of assets, insurance reimbursements, contributions and other less relevant positive and negative components.
- **Tariff revenues from gas distribution:** defined by the Group as the amount of revenue realised by the distribution companies of the Group for the application of tariffs for distribution and metering of natural gas to their end customers, net of the equalisation amounts managed by Cassa per i Servizi energetici e Ambientali.

General operational performance and indicators

NATURAL GAS DISTRIBUTION	Financial Year		Var.	Var. %
	2021	2020		
Ascopiave Group				
Number of concessions	268	268	0	0.0%
Length of distribution network (km)	12,988	12,913	75	0.6%
Number of PDR	777,858	777,062	796	0.1%
Volumes of gas distributed (scm/mln)	1,593.0	1,460.8	132.2	9.1%

Comments on the trend of the main operational indicators of the Group's activity are reported below. The value of each indicator is obtained by adding the values of the indicators of each consolidated company.

As far as the activity of gas distribution is concerned, in 2021 the volumes distributed through the networks managed by the Group companies totalled 1,593.0 million cubic metres, up 9.1% compared to the previous year.

As of 31st December 2021, the number of redelivery points (PDR) managed by the Group companies was 777,858.

General operational performance - The Group's economic results

(Thousands of Euro)	Financial Year			
	2021	% of revenues	2020	% of revenues
Revenues	134,911	100.0%	163,896	100.0%
Total operating costs	68,529	50.8%	100,091	61.1%
Gross operative margin	66,382	49.2%	63,805	38.9%
Amortization and depreciation	32,509	24.1%	34,465	21.0%
Provision for risks on credits	34	0.0%	189	0.1%
Operating result	33,838	25.1%	29,151	17.8%
Financial income	3,526	2.6%	3,558	2.2%
Financial charges	1,993	1.5%	1,711	1.0%
Evaluation of subsidiary companies with the net equity method	19,892	14.7%	18,310	11.2%
Earnings before tax	55,263	41.0%	49,308	30.1%
Taxes for the period	(9,937)	7.4%	9,393	5.7%
Net result for the period	45,326	33.6%	58,701	35.8%
Group's Net Result	45,326	33.6%	58,701	35.8%
Third parties Net Result	0	0.0%	0	0.0%

Pursuant to CONSOB communication DEM/6064293 dated 28th July 2006, the alternative performance indicators are defined in paragraph "Performance Indicators" of the present report.

In 2021, the Group incomes amounted to Euro 134,911 thousand, marking a decrease of 18% compared to the previous year. The following table reports the details of income.

(Thousands of Euro)	Financial Year	
	2021	2020
Revenues from gas transportation	110,378	110,631
Revenues from connections	571	468
Revenues from heat supply	7	(0)
Revenues from distribution services	4,283	4,527
Revenues from services supplied to Group companies	9,082	8,237
Revenues from ARERA contributions	6,129	36,373
Other revenues	4,461	3,659
Revenues	134,911	163,896

The **tariff revenues from gas distribution** (from Euro 110,631 thousand to Euro 110,378 thousand) decreased by Euro 253 thousand compared to the previous year. The differential between tariff revenues and the item “revenues from gas transportation” shown in the table (31st December 2021: Euro 1,526 thousand; 31st December 2020: Euro 1,523 thousand) is explained by the revenues recognised because of the chargeback of concession fees related to art. 46bis. These revenues contribute to the formation of the other items of cost and revenue described below.

Revenues from ARERA contributions (from Euro 36,373 thousand to Euro 6,129 thousand) decreased by Euro 30,244 thousand compared to the previous year. The change is mainly explained by the lower objectives applicable to FY 2021 and related to the provisions introduced by the Ministerial Decree dated 21st May 2021, described in paragraph “efficiency and energy saving” herein.

The **operating result** in 2021 amounted to Euro 33,838 thousand, up Euro 4,688 thousand (+16.1%) compared to the previous year.

The improvement is due to several factors:

- decrease in the tariff revenues on the activity of gas distribution for Euro 256 thousand;
- higher margin on energy efficiency certificates for Euro 2,102 thousand;
- positive change in other items of cost and revenues, equal to Euro 2,841 thousand.

The positive change in other items of cost and revenues, equal to Euro 2,841 thousand, is due to:

- higher other revenues for Euro 1,512 thousand;
- higher material and service costs and other charges equalling Euro 896 thousand;
- lower staff costs for Euro 115 thousand, mainly due to higher capitalisations;
- a decrease in amortisation and depreciation of fixed assets and provisions for Euro 2,111 thousand.

The **net consolidated profit** in 2021, equal to Euro 45,326 thousand, records a decrease of Euro 13,375 thousand (-22.8%) compared to the previous year.

This change is due to the following factors:

- increase in the operating result, as previously stated, for Euro 4,688 thousand;
- decrease in financial revenues for Euro 32 thousand;
- increase in financial charges for Euro 282 thousand;
- increase in taxes for Euro 19,330 thousand; this change is mainly explained by the non-recurring effects related to the civil and fiscal revaluations and realignments performed in application of the so-called “August Decree” covering tax matters and the extension set out in the 2021 Budget Law, resulting in a change in deferred tax assets and liabilities totalling Euro 15,648 thousand;

- higher result of companies consolidated through the equity method for Euro 1,582 thousand (representative of the equity investment held by Ascopiave, equal to 48%, in the EstEnergy Group and the 18.33% stake in Cogeide).

The tax rate, calculated by normalising the pre-tax result of the effects of consolidation of the companies consolidated using the equity method and the income received from the investee companies ACSM-AGAM and Hera Comm and net of the balance of taxes of the non-recurring benefit recorded in the year 2020, increases from 22.7% in 2020 to 31.2%.

General operational performance - Financial situation

The table below shows the composition of net debt as required by Consob communication no. DEM/6064293 dated 28th July 2006. The table and the disclosure provided have been adapted in order to reflect the amendments to the ESMA document 32-382-1138 dated 4th March 2021:

(Thousands of Euro)	31.12.2021	31.12.2020
A Cash and cash equivalents	42,538	21,902
B Equivalent to cash and cash equivalents	0	0
C Other current financial assets	1,175	798
- of which related parties	0	0
D Liquid assets (A) + (B) + (C)	43,713	22,701
E Current financial liabilities (including debt instruments, but excluding the current portion of non-current financial debt)	(140,985)	(126,788)
- of which related parties	0	0
- of which debt instruments current part	0	0
F Current portion of non-current financial debt	(60,631)	(40,024)
- of which related parties	0	0
G Current financial indebtedness (E) + (F)	(201,616)	(166,812)
H Net current financial indebtedness (D) + (G)	(157,903)	(144,111)
I Non-current financial debt (excluding the current portion and debt instruments)	(192,447)	(196,562)
J Debt instruments	0	0
K Trade payables and other non-current payables	0	0
L Non-current financial indebtedness (I) + (J) + (K)	(192,447)	(196,562)
M Net financial indebtedness (H) + (L)	(350,350)	(340,672)

In accordance with CONSOB resolution no. 15519 dated 27th July 2006, the effects of the transactions with related parties are highlighted in the table in paragraph "Transactions with related parties" of this interim financial report.

Net debt increased from Euro 340,672 thousand as at 31st December 2020 to Euro 350,350 thousand as of 31st December 2021, up Euro 9,678 thousand.

The net financial position monitored by the Group, which also includes non-current financial receivables, showed an increase of Euro 9,038 thousand, from Euro 338,447 thousand in the previous year to Euro 347,485 thousand in the period in question.

Pursuant to Consob communication no. DEM/6064293/2006, The following table shows the reconciliation between the ESMA Net financial position and the Net financial position monitored by the Group:

(Thousands of Euro)	31.12.2021	31.12.2020
ESMA Net financial position	(350,350)	(340,672)
Non current financial assets	2,864	2,226
Net Financial Position monitored by the Group	(347,485)	(338,447)

Some figures relating to the cash flows of the Group are reported below:

(Thousands of Euro)	Financial Year	
	2021	2020
Group's net income	45,326	58,701
Amortizations	32,544	35,593
(a) Auto-financing	77,870	94,294
(b) Adjustment to reconcile net income with the variation in financial position generated by operating management:	4,368	(51,688)
(c) Variation in financial position generated by operating activities = (a)+ (b)	82,237	42,606
(d) Variation in financial position generated by investments	(67,223)	(113,029)
(e) Other variation in financial position	(24,054)	(55,042)
Net variation in financial position = (c) + (d) + (e)	(9,039)	(125,465)

The cash flow generated by operations (c), equal to Euro 82,237 thousand, was due to self-financing for Euro 77,870 thousand and other positive financial variations amounting to Euro 4,368 thousand, related to the management of the net working capital for Euro +24,259 thousand and the measurement of companies consolidated with the equity method for Euro -19,892 thousand.

The management of the net working capital, which generated financial resources amounting to Euro 24,259 thousand, was influenced by the change in the net operating working capital which generated financial resources for Euro 37,161 thousand, the negative variation in the position towards the Inland Revenue for the accrual of IRES and IRAP taxes for Euro 1,402 thousand and the positive variation in the VAT position for Euro 2,580 thousand.

The following table shows in detail the changes in the net working capital during the period:

(Thousands of Euro)	Financial Year	
	2021	2020
Inventories	6,737	(6,780)
Trade receivables and payables	(1,344)	24,001
Operating receivables and payables	26,407	(26,624)
Income from equity investments	(3,495)	(3,489)
Loss / (Gains on disposal of fixed assets)	1,253	0
Other changes in the income statement that do not generate cash flows	(1,278)	0
Severance pay fund and other found	(1,350)	1,068
Current taxes	9,937	(9,394)
Taxes paid	(12,607)	(12,110)
Tax receivables and payables	0	(49)
Change in net working capital	24,259	(33,378)

Investments generated a cash requirement of Euro 67,223 thousand, for net investments in tangible and intangible assets, mainly for works and developments of natural gas distribution facilities for Euro 52,862 thousand and investments in shareholdings for Euro 14,329 thousand.

Additional variations in the Net financial position concern dividends for Euro -13,801 thousand, determined by the balance between dividends distributed (Euro -34,663 thousand) and dividends received from affiliates (Euro +20,862 thousand). The extension of the scope of consolidation to companies operating in the hydroelectric sector resulted in an increase in the Group's net financial position of Euro 10,291 thousand.

The following table shows in detail the other changes in the financial position in 2021.

(Thousands of Euro)	Financial Year	
	2021	2020
Purchase of own shares	39	(28,854)
Dividends distributed to Ascopiave S.p.A. shareholders'	(34,663)	(47,442)
Dividends collected from subsidiaries companies	20,862	21,254
Expansion of the consolidation perimeter	(10,291)	0
Other changes in financial position	(24,054)	(55,042)

General operational performance - Investments

During the year, the Group made investments in tangible and intangible assets for Euro 53,300 thousand, an increase as compared to the same period in the previous year of Euro 44,577 thousand.

Investments in infrastructures for the distribution of natural gas amounted to Euro 50,281 thousand and were connected to the construction and maintenance of natural gas network and distribution systems for Euro 25,419 thousand, the creation of connections for Euro 13,488 thousand and the installation of metres for Euro 11,374 thousand.

The other investments made during the period amounted to Euro 3,019 thousand and mainly relate to investments in land and buildings for Euro 813 thousand and the purchase of software licences for Euro 1,541 thousand (mostly purchased by the Group's distribution companies for the management of remote metering).

(Thousands of Euro)	Financial Year	
	2021	2020
Connecting a gas users	13,488	11,817
Expansions, reclamations and network upgrades	22,981	17,489
Flowmeters	11,374	10,621
Maintenance	2,438	1,932
Raw material (gas) investments	50,281	41,859
Land and buildings	813	461
Industrial and commercial equipment	158	107
Forniture	17	15
Vehicles	322	276
Hardware e Software	1,541	1,816
Other assets	168	43
Other investments	3,019	2,718
Investments	53,300	44,577

Schedule of reconciliation of the of individual shareholders' equity with the consolidated Shareholders' Equity

	31.12.2021		31.12.2020	
	Groups' operating result	Total net equity	Groups' operating result	Total net equity
(Thousands of Euro)				
Net equity and results for the year as recorded in the statutory financial statements of the parent company	53,252	827,666	35,932	808,286
Net equity and results for the year obtained by subsidiary companies net of the book values of the shareholdings	26,060	(14,989)	38,081	(6,062)
Variations				
Goodwill	986	21,936	986	20,950
Added value of the shareholdings	(0)	4,140		4,140
Appreciation of gas distribution network, net of tax effects	256	32,250	(1,384)	31,994
Elimination of infra-group dividends	(38,224)	(0)	(19,825)	(0)
Effects of the evaluation of companies consolidated with the net equity method	2,520	3,102	582	582
Effects deriving from the adjustment of the revaluation of assets carried out in the subsidiaries companies	(0)	(7,749)	2,720	7,749
Effects deriving from the redemption of goodwill	(0)	1,676	1,676	1,676
Other effects	476	473	(66)	85
Total variations, net of tax effects	(33,986)	55,828	(15,311)	51,678
Net Shareholders' equity and result for the period as recorded in the consolidated financial statement	45,326	868,505	58,701	853,903
Minority interests and results	(0)	(39)	(0)	(0)
Operating result and net equity for the period as recorded in the consolidated financial statement	45,326	868,544	58,701	853,903

NON-FINANCIAL ANNUAL DISCLOSURE 2021

Prepared in accordance with Italian Legislative Decree no. 254/2016

Message from the Chairman

You will find below a new edition of our Non-Financial Disclosure, prepared pursuant to the international GRI standards, illustrating with awareness and transparency the responsible work of our Group in economic, social and environmental terms.

Like 2020, 2021 will also be remembered for the Covid-19 pandemic affecting the entire world. A complicated year in all respects, with radical changes in our lives and our habits, and with short-range outlooks always influenced by exogenous factors.

Our corporate programmes were primarily aimed at safeguarding human lives, with a whole series of measures for safety in the workplace and in external activities and for the prevention of infection suited to our facilities and on-site activities. All employees have complied with directives, regulations and scientific and health indications, displaying praiseworthy commitment.

The pandemic curve, however fluctuating, did not bring our growth plans to a standstill: in 2021 the Group continued its development process aimed at strengthening its presence in the traditional gas distribution sector, and also took new directions with investments aimed at diversifying the business, penetrating the clean and sustainable energy market with a view to “energy transition”.

On the one hand, as regards the gas segment, we have consolidated our presence in areas we already served and in adjacent territories; on the other hand, investments in new fields, such as hydroelectric and wind power, are a turning point for the Ascopiave Group, which has also set up a Sustainability Committee. Such investments implement the guidelines of the Strategic Plan towards clean and sustainable energy production.

In 2021, as far as environmental responsibility is concerned, we purchased a new vehicle equipped with a forward-looking technology that ensures high sensitivity in detecting leaks in pipelines; the system is already inspecting the networks we manage, which are approximately 13,000 kilometres long, improving safety and contributing to the reduction of gas emissions into the atmosphere.

The projects for our future are inspired by economic-financial, social and environmental sustainability, with a wide-ranging action plan, attentive to the safeguard of employment levels and social and community needs.

*The Chairman
Mr Nicola Ceconato*

Comment on the methods adopted

This document of the Ascopiave Group (hereinafter also referred to as “Ascopiave”, the “Ascopiave Group” or the “Group”) constitutes the consolidated non-financial disclosure (hereinafter also referred to as “Non-Financial Disclosure” or “NFD”) prepared in accordance with Italian Legislative Decree 254/16 and the amendments dictated by Law no. 145 published in the Official Gazette on 30th December 2018.

The document herein illustrates all the elements needed to ensure the understanding of the Group’s business, its performance and results and the impact exerted on the issues considered relevant and set forth in Article 3 of Italian Legislative Decree 254/16 for the year 2021 (from 1st January to 31st December).

The aspects which are relevant to the Group and its stakeholders were defined on the basis of a structured materiality analysis process. Such analysis was conducted at the end of 2019 on the basis of the new corporate structure, taking into account the assessments of the top management and a selection of internal and external stakeholders (directors, employees, suppliers and some municipalities that are shareholders of Asco Holding S.p.A.) and reapproved by the Board of Directors on 24th February 2022. Despite the current global context affected by the on-going Covid-19 pandemic, the Directors did not deem it necessary to update the surveys conducted regarding the identification of material issues, as they considered that the effects of the pandemic could not modify the assessments of the stakeholders, who have already expressed their greater attention to issues such as workers’ health and safety, employment and corporate welfare, brought to light by the Covid-19 emergency. Furthermore, also in the Stakeholder Engagement stage, conducted in 2021 for the preparation of the materiality matrix for the purposes of the Sustainability Report, the relevant issues obtained an assessment consistent with the previous analysis.

The system for detecting the fundamental performance indicators has been implemented according to the principles “GRI Sustainability Reporting Standards”, published in 2016, and subsequent versions, by the Global Reporting Initiative (GRI), according to the “Core” option. As regards the specific Standards GRI 403 (Health and safety at work), GRI 303 (Water and Effluents) and GRI 306 (Waste), the most recent versions of 2018 and 2020 were adopted, and the specific Standard 207 (Taxes) published in 2019 was adopted for the applicable elements. Additionally, the “Electric Utilities Sector Disclosures” published by Global Reporting Initiative in 2013 have been taken into consideration. Starting from this financial period, the management of water and the Group’s water withdrawals are also reported.

The scope of the data and information on operating results and cash flows is the same as the Consolidated Financial Statements of the Ascopiave Group as at 31st December 2021.

The scope of the social and environmental data and information extends over the companies belonging to the Ascopiave Group as at 31st December 2021 which are consolidated on a line-by-line basis within the Group’s Consolidated Financial Statements, with the exception of Asco Renewables S.p.A. and its subsidiaries, which were acquired on 21st December 2021.

In order to compare data over time and assess the performance of the Group’s activities, a comparison with the previous year is provided, where possible.

In order to give a fair representation of performance and ensure the reliability of data, we have minimised the use of estimates which, if any, are however based on the best available methodologies which are properly reported.

In order to prepare the Non-financial disclosure and collect non-financial data and information in a timely manner, the Group has adopted a reporting procedure, so as to guarantee the adoption of standardised methods for reporting and the implementation of an adequate internal control system at the Parent Company and the Subsidiaries, for the reporting year and future years.

The Ascopiave Group has undertaken a process of continuous improvement as concerns the issues and policies implemented with a view to reducing its environmental impact, developing social and personnel policies, protecting human rights along the entire supply chain and committing constantly to the fight against active and passive bribery. During the financial year, Ascopiave’s Board of Directors included “sustainable success” in its Articles of Association and, with reference to Sustainability Governance, established the Sustainability Committee, in charge of formulating proposals and giving advice with regard to the assessments and decisions of the Company on the subject of environmental sustainability and energy transition.

In January 2022, the Board of Directors approved the new 2021-2025 Strategic Plan, which confirms the Group's strategies outlined last year. This Plan outlines the Group's development in the coming years, clearly indicating the objectives to be pursued and the strategic levers that will enable their achievement, within a sustainable growth path, both in the core business of gas distribution and in new areas, specifically in the renewable energy and green gas sectors.

In light of the publication of the 2021-2025 Strategic Plan, the Group set some specific Sustainability objectives, in order to integrate a sustainability strategy into the business and the company processes with specific targets.

The Group is gradually expanding and improving its analysis of the risks generated and suffered connected to sustainability issues and the relevant monitoring tools. In 2021, in particular, a preliminary analysis of climate change risks was conducted, in accordance with the guidelines of the TCFD (Task force on Climate-related Financial Disclosures) adopted by the European Commission.

FIGHT AGAINST ACTIVE AND PASSIVE BRIBERY

This issue is already monitored within the 231/01 Organisation Model adopted by the Parent Company and by the Subsidiaries, and the Group's Code of Ethics.

In 2019, the Ascopiave Group started a process for updating the 231 Models of the Parent Company Ascopiave and its subsidiaries, substantially completed in 2020. In 2021, the process continued, with the further implementation of the 231 Model by Ascopiave S.p.A., while a similar integration/updating process was started on the 231 Models of the subsidiaries.

ENVIRONMENTAL, SOCIAL AND PERSONNEL POLICIES AND PROTECTION OF HUMAN RIGHT

The Parent Company and the subsidiaries AP Reti Gas S.p.A., AP Reti Gas Vicenza S.p.A., AP Reti Gas Nord Est S.r.l., AP Reti Gas Rovigo S.r.l. and Edigas Esercizio Distribuzione Gas S.p.A. have adopted an integrated Quality, Environment and Safety policy with the aim of formalising the principles set out in the international standards ISO 9001, ISO 14001 and ISO 45001.

The Ascopiave Group undertakes to implement the Policies adopted with a view to continuous commitment and improvement towards verifiable objectives, compliance with laws and regulations and protection of the environment and its people and collaborators. The document lists the new certifications acquired or renewed during the year, testifying to the constant commitment of the Group to such issues.

The issues relating to the provision of the Service to Customers and Stakeholders are handled through specific integrated management systems for quality: the companies Ascopiave S.p.A., AP Reti Gas S.p.A., AP Reti Gas Vicenza S.p.A., Edigas Esercizio Distribuzione Gas S.p.A., AP Reti Gas Nord Est S.r.l., AP Reti Gas Rovigo S.r.l., Cart Acqua S.r.l. and Asco Energy S.p.A. are ISO 9001:2015 certified.

As regards respect for human rights, given the operational and regulatory context in which Ascopiave operates, the topic is relevant to the Group in that it maintains relations with its employees and suppliers, in compliance with the principles and values stated in the Group's Code of Ethics. The latter was updated in 2021, strengthening the ban on all forms of discrimination, promoting inclusion and enhancing diversity.

Ascopiave's Non-Financial Disclosure is compiled annually: this 2021 NFD was approved by the Board of Directors of Ascopiave S.p.A. on 10th March 2022.

This Non-Financial Disclosure is assessed for compliance pursuant to the principles stated in the "ISAE 3000 Revised" standard by the audit firm PwC which, at the end of the examination performed, issued a specific report certifying the compliance of the information provided pursuant to art. 3, par. 10, Italian Legislative Decree no. 254/2016. The audit is conducted in accordance with the procedures set out in the "Independent Auditor's Report", attached hereto. The NFD is an integral part of the Report on Operations, published in the "Investor Relations" section of the Company's website www.gruppoascopiave.it.

IDENTITY AND RESPONSIBILITY

Local presence of the Ascopiave group

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

The Group holds concessions and direct assignments for the management of the activity in 268 Municipalities, providing the service to over 775,000 users through a network which extends over approximately 13,000 kilometres. Ascopiave is also present in the water sector, being a shareholder and technological partner of Cogeide, a company operating in integrated urban water management in 15 Municipalities of the Province of Bergamo, serving over 100,000 inhabitants through a network of 880 km.

Furthermore, in December 2021, in line with the 2020-2024 Strategic Plan, an investment was finalised in the renewable energy field, specifically the hydroelectric segment.

Consequently, Ascopiave is now present in the renewable energy sector, with 28 hydroelectric plants and wind turbines with a rated power of 62.5 MW. Through the subsidiary Salinella Eolico S.r.l., moreover, it is about to start the construction of a new wind farm.

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

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

The system consists of a series of apparatuses and devices installed on an equipped vehicle which, combined with the use of cutting-edge analysis software, guarantee a sensitivity in the detection of the presence of gas in the air which is at least three orders of magnitude higher than traditional ones (parts per billion versus parts per million).

Therefore, in addition to extreme sensitivity in detection, another feature is the width of the areas inspected by section, enabling the detection of even the smallest leaks far from the encumbrance of the vehicle used for the inspection.

With the adoption of this system, the company aims to:

- ✓ improve the safety of the distribution service thanks to increased effectiveness of the inspection system.
- ✓ improve the criteria for planning network remediation and implementing a predictive system for pipeline replacement.
- ✓ contribute to the progressive reduction of methane gas emissions into the atmosphere, in line with the objectives set by the EU and implemented at national level in the Integrated National Energy and Climate Plan (PNIEC 2030).

The vehicle is already in operation and in the next few years it will monitor 13,000 kilometres of network in the territories of the 268 municipalities in which the Ascopiave Group holds concessions.

Mission, values and strategic objectives

Mission

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

Ascopiave is also present in the water sector, being a shareholder and technological partner of Cogeide, a company operating in integrated urban water management in 15 Municipalities of the Province of Bergamo, serving over 100,000 inhabitants through a network of 880 km. Through an effective and flexible organisation of managerial and technical skills, which are constantly enhanced and amplified, it aims to increase the economic value of the company and sustainable social and environmental development.

In line with the strategy outlined in the Strategic Plan, the Group is investing in the renewable energy field, with the acquisition of 28 hydroelectric plants and wind turbines with a rated power of 62.5 MW. Through the subsidiary Salinella Eolico S.r.l., moreover, it is about to start the construction of a new wind farm.

The Group's strategy is focused on the satisfaction of its stakeholders, on maintaining the levels of excellence of the services offered and on respecting the environment and responding to social needs, in order to enhance the context in which it operates.

The Ascopiave Group follows a development strategy whose main guiding principles are dimensional growth, diversification in other divisions in synergy with the core business and the improvement of operative processes.

The Group intends to consolidate its leadership in the gas sector on a regional level and reach a prominent position also at the national level.

As for the natural gas distribution segment, the Group intends to enhance its portfolio of concessions, aiming at confirming its service provision in the territorial areas served, in which it boasts a significant presence, and at expanding its activities to other fields.

Values

The fundamental values on which the Ascopiave Group bases its strategy are:

✓ *Customer satisfaction*

Upon conducting its business, the Ascopiave Group considers that offering a high quality service at competitive economic conditions to meet the needs and expectations of all stakeholders is paramount. This goal is achieved thanks to compliance with the methodological standards required by the legislation, the consolidated skills of the staff and the adoption of the best technologies.

✓ *Protection of the environment and rational use of energy*

In accordance with a development model compatible with the territory and the environment, the Ascopiave Group undertakes to manage 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.

✓ *Safety in the workplace and workers' health*

The Ascopiave Group considers the protection of workers' safety and health a top priority; therefore, the objective is not only to comply with the requirements of the specific regulations on the matter, but also to take action aimed at continuously improving the working conditions, promoting the integration of safety in all company activities and the accountability of the personnel.

✓ *Continuous improvement*

The Ascopiave Group believes that the continuous improvement of processes and systems is a necessary condition for the establishment and growth of the company in a competitive context and for meeting the needs of stakeholders. 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.

✓ *Respect and personal development of people*

The Ascopiave Group, aware that the main key to success of each company consists in human resources, promotes the involvement of staff in achieving the company's strategic objectives and recognises the professional contribution of everyone, in a context of loyalty, mutual trust and cooperation, enhancing professional skills through training and growth.

✓ *Innovation and change*

The Ascopiave Group operates in an ever-changing socio-economic context, where innovation and change become fundamental aspects to face the challenges of the market in the name of efficiency and competitiveness.

✓ *Sustainable development and cooperation with the community*

All the activities of the Ascopiave Group are performed in the awareness of social responsibility towards stakeholders: employees, shareholders, customers, suppliers, communities, business and financial partners, institutions, professional associations and trade union representatives. The Ascopiave Group therefore adopts a growth model aimed both at increasing the economic value of the company and achieving sustainable development.

This set of values, the corporate ethical principles and the behavioural rules set out in the Code of Ethics inspire every day the activity of all of those who work, as employees or independent contractors, within the Group's sphere of action.

Strategic objectives

Ascopiave's strategy is inextricably intertwined with sustainability and is based on the pursuit of macro-objectives related to four of the main areas cherished by the company: the quality of services, people, the environment and social issues.

- **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 by supporting local initiatives in 7 areas of intervention: health and prevention, community and assistance, culture, history and traditions, sports, environment and emergencies (see chapter: Local focus and community);
- **Respect for the environment:** The commitment to the protection of the environment and the reduction of the environmental impact of the Ascopiave Group are guided by the integrated quality, environment and safety policy and continuously monitored for all of the activities of the organisation (see chapter: Environmental sustainability);
- **Excellence and quality of services offered:** The achievement of high quality standards of the service offered is the primary objective of the Ascopiave Group and applies both to commercial activities and to technical activities, such as the emergency service and network inspections (see chapter: Customers and citizens served);

- **Staff safety, well-being and development:** We promote actions aimed at minimising risks to the health and safety of our personnel and the development of appropriate work practices and conditions ensuring equal opportunities, through the elimination of all forms of discrimination; we offer development and training programmes aimed at enhancing the skills of our resources and consolidating the professionalism required by their role (see chapter: Social sustainability).

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

Parent company's Governance

The system and the rules for the management and control of the company are the backbone of Ascopiave Group's business model and, together with the business strategy, are aimed at supporting the relationship of trust between the company and its stakeholders, contributing to the achievement of sustainable success. Transparency and fairness are the guiding principles for the Ascopiave Group upon defining its own Corporate Governance system, which is structured based on the general and special legislation in force, the Articles of Association, the Code of Ethics and the applicable best practices.

The Governance system is capable of providing the best response to the challenges coming from the sector and the local context, thus allowing an open and transparent dialogue with the Public Administration and other state-owned or private organisations.

During the year, the Ascopiave Group prioritised the goal of "sustainable success" in its corporate culture and Corporate Governance system.

To this end, on 15th January 2021, the Board of Directors of Ascopiave S.p.A. adopted the new Corporate Governance Code for listed companies in the current version approved by the Corporate Governance Committee promoted by Borsa Italiana S.p.A., whose First Principle promotes "sustainable success".

Ascopiave S.p.A. adopts a "traditional" Governance system that is characterised by the presence of the following corporate bodies:

- **Shareholders' Meeting**, which makes decisions on the supreme acts of governance of the company;
- **Board of Directors**, in charge of managing the company by assigning operational powers to appointed bodies and individuals;
- **Chairperson and Managing Director:** in addition to being the legal representative and having the powers established by the law and the Articles of Association as far as the operation of the corporate bodies (Shareholders' Meeting and Board of Directors) is concerned, (s)he steers and supervises the activities of the Board of Directors, in accordance with the fiduciary powers that make him/her the advocate of the legality and transparency of the company's business towards all shareholders; the Chairperson and Managing Director, in addition to being the legal and institutional representative and having the competences established by the law and the Articles of Association, has been granted with all the powers for the completion of the deeds relating to the Management, Coordination and Control of the company's functions and services, which can be exercised in compliance with the budget, the investment plan and the instructions of the Board of Directors and in accordance with the Code of Ethics, the unbundling legislation and, where applicable, the Procedure for Related Party Transactions. On 28th January 2021, the Board of Directors appointed Nicola Ceconato, Chairman and Managing Director, as Chief Executive Officer of the Issuer, also pursuant to the Corporate Governance Code.
- **Board of Auditors:** in charge of monitoring compliance with the law and the Articles of Association and the observance of the principles of correct administration, as well as of checking the adequacy of the organisational structure, the internal control system and the company's administrative and accounting system;
- **Auditing Company**, registered in the Register of Independent Auditors and in charge of external audit;
- **Supervisory Board**, established to monitor the operation of and compliance with the Organisation, Management and Control Model pursuant to Italian Legislative Decree 231/01 (231 Model) and prevent the crimes set out in the same decree;

- **Remuneration Committee**, which intervenes on the issue of the remuneration of directors and assesses the criteria adopted for the remuneration of executives having strategic responsibilities;
- **Control and Risk Committee**, which is in charge of supporting, with adequate preliminary activities, the assessments and decisions of the Board of Directors pertaining to the internal control and risk management system, as well as those relating to the approval of interim financial reports;
- **Sustainability Committee**: established in November 2021 by the Board of Directors of Ascopiave. The Sustainability Committee is in charge of formulating proposals and giving advice with regard to the assessments and decisions of the Company on the subject of environmental sustainability and energy transition.

On 11th November 2021, the Board of Directors of Ascopiave S.p.A., on the initiative of the Remuneration Committee and after obtaining the favourable opinion of the same Committee in its capacity as Committee for transactions with related parties, resolved to appoint Nicola Ceconato, Chairman and Managing Director, as Ascopiave's General Manager with effect from 1st January 2022.

Board of Directors - Members as of 31 st December 2021	
Nicola Ceconato	Chairman and Managing Director
Roberto Bet	Director
Mariachiara Geronazzo	Independent director
Cristian Novello	Independent director
Greta Pietrobon	Independent director *
Enrico Quarello	Director
Luisa Vecchiato	Independent director
Board of Auditors - Members as of 31 st December 2021	
Giovanni Salvaggio	Chairman
Luca Biancolin	Standing Auditor
Barbara Moro	Standing Auditor

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

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

Members of the Board of Directors			
Age	<30	30-50	>50
no.	0	4	3

231 Model and Code of ethics

Each Ascopiave Group company adopts its own 231 Model aimed at ensuring that corporate officers at all levels of the organisation do not engage in illicit conducts in the interest or for the benefit of the Group Companies.

The Code of Ethics of the Ascopiave Group, an integral part of the 231 Models, states that all activities must be carried out in compliance with the law and in accordance with the principles of fair competition, honesty, integrity, fairness and good faith, respecting the legitimate rights and interests of customers, employees, shareholders, business and financial partners and the communities.

With a view to constant improvement and implementation of the internal rules of conduct, by Resolution dated 10th September 2021 the Board of Directors of Ascopiave S.p.A. updated the Code of Ethics of the Ascopiave Group; among other things, the definition of "sustainable success" (Group mission) was made consistent with the new corporate purpose of the Articles of Association of Ascopiave S.p.A., adopted by the extraordinary Shareholders' Meeting on 29th

April 2021, and the order of the Group values was revised, prioritising sustainability and respect for and development of staff.

With regard to respect for and development of people, the Code of Ethics makes explicit and reaffirms the prohibition on 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 enhances diversity.

The Ascopiave Group prosecutes any type of harassment in the workplace, interpreting its entrepreneurial role both as the protection of working conditions and the protection of the psycho-physical integrity of the worker, respecting his/her moral personality, avoiding that the latter suffers illicit conditioning or unjustified nuisance.

The 231 Model is periodically updated in order to reflect regulatory and jurisprudential developments and better respond to the company's organisational changes; this further guarantees the efficiency and transparency of the company's activities. During 2019, the Ascopiave Group started a process for updating the 231 Models of the parent company Ascopiave and the subsidiaries, substantially completed in 2020. In 2021, the process continued, with the further implementation of the 231 Model by Ascopiave S.p.A..

Specifically, the updated 231 Model of the parent company Ascopiave was approved by the Board of Directors on 11th November 2021. In addition to updating the predicate offences, the text was simplified, for the sake of understanding and application, also by making explicit, both as regards the general part and the individual special parts, the main and mandatory obligations and/or prohibitions for all those who act and/or interface with Ascopiave and the Group companies, highlighting, in particular, the duty to submit alerts in the presence of potential violations or non-conformities, even if only alleged.

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

During 2019, the Company, in compliance with Law dated 30th November 2017, no. 179, also approved the "Ascopiave Group Whistleblowing Procedure" (adopted by all Group companies), annex 3 to the Model, with the aim of governing the procedure of receipt, analysis and processing of the Alerts, even transmitted anonymously or confidentially, relating to violations and/or critical issues connected to one or more of the following issues:

- Code of ethics;
- 231 Model;
- Procedures relating to and/or explaining the Code of Ethics or 231 Model;
- Internal Control and Risk Management System;
- Laws, regulations, or provisions of Public Authorities.

Ascopiave therefore decided to extend the scope of the aforementioned Procedure beyond Legislative Decree 231/2001, deeming it a valid and effective tool for general verification and control, to safeguard the legality that must inspire the actions of the Company, and therefore of directors, employees, collaborators, consultants and suppliers, as well as, in general, anyone who is called to act and/or work for or on behalf of Ascopiave or the Group companies.

The Procedure protects whistle-blowers, within the limit of bad faith or unfounded alerts for gross negligence. Reports can be sent by any useful means and, pursuant to art. 6 of Legislative Decree no. 231/2001, as amended by Law no. 179/2017, the Procedure envisages the following specific and additional channels:

- a) dedicated e-mail address: segnalazioni@gruppoascopiave.it;
- b) specific portal (or web form), available in the section dedicated to whistleblowing at <https://gruppoascopiave.segnalazioni.net/>

The Procedure assigns the management of alerts to an "Alert Committee" (composed of (i) Head of the Internal Audit function, (ii) Director of Legal and Corporate Affairs (iii) the Supervisory Board of Ascopiave S.p.A.), in close cooperation with the Supervisory Boards of the individual Group companies.

The Procedure, however, does not modify, nor otherwise limits, or binds the prerogatives and autonomy assigned, by the law and/or the internal procedures, to the Boards of Auditors, and/or to the Supervisory Boards and/or the other Control bodies of Ascopiave and the Group companies. The contacts indicated in the Procedure complement and do not replace those of the Supervisory Boards.

As part of the on-going training process pursued by the Ascopiave Group, in 2021 all employees attended an in-depth online course dedicated to the issues covered in the 231 Model and the structure of the Models. The successful conclusion of the course was conditional on the outcome of the final test. This initiative follows a similar one implemented in 2016 (again intended for the employees of the entire Group), as well as other initiatives launched by individual companies in 2018/2019.

In 2022, as a continuation of the training programme, a training/refresher course will be offered to all Group employees, focused on the amendments to the Code of Ethics and the Whistleblowing Procedure. Participants must pass a final test.

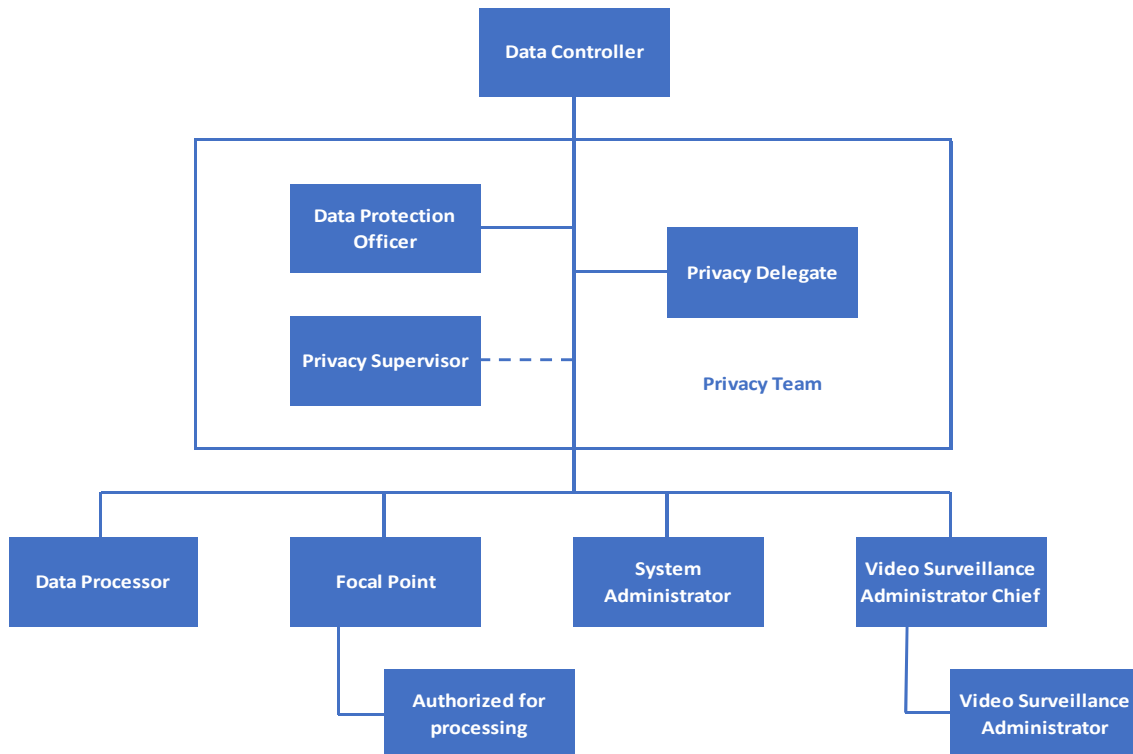
Compliance with privacy legislation

The Ascopiave Group, in order to safeguard the rights and freedoms of the “data subjects” (such as end users, employees, collaborators, suppliers and private citizens in general), pays utmost attention to compliance with the privacy legislation, as most recently defined, pursuant to EU Regulation 2016/679 (or GDPR) and Italian Legislative Decree dated 30th June 2003 no. 196, as amended by Legislative Decree 101/2018 (so-called “Privacy Regulation”).

Ascopiave, together with the other Group companies, has adopted, first of all, its own “General” Privacy Policy, which can be consulted in the dedicated sections of the website of each Group company, aimed at governing the management structure created to comply with the Privacy Regulation. Specifically, the Privacy Policy contains:

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

The Policy envisages the following management structure, defining the roles of each figure involved:



Subsequent to the adoption of the Privacy Policy, Ascopiave and the other Group companies, consistent with the provisions of the GDPR and in order to complement the internal regulations, also prepared and adopted the detailed Policies, dedicated, respectively, to:

- a. Management of requests from data subjects related to the exercise of the rights stated in EU Regulation 2016/679;
- b. Privacy By Design;
- c. Data Breach;
- d. Data Protection Impact Assessment (DPIA);
- e. Data Retention.

Ascopiave, like the subsidiaries (to which the obligation applies), pursuant to the GDPR, has also appointed the Data Protection Officer - DPO. In exercising his/her functions, the DPO is independent of the operational functions and has been provided with the human and financial resources necessary for the fulfilment of his/her duties.

Internal coordination is ensured by the Group's "Privacy Function", a collegial body (made up of the Privacy Officer, Ascopiave's Privacy Delegate and DPO), which combines the duties typical of the fulfilment of the obligations and procedures connected with the application of the Privacy Regulation, with duties typical of control and verification of management performance. In 2021 the Privacy Function met periodically both to assess the progress of the activities and to address specific and particularly important problems and/or issues.

In order to guarantee the necessary connection with the activities related to the core business conducted by the individual companies, some "Focal Points" were also identified, that is, persons designated (and appointed) by each Group company, who, by virtue of their strategic role within the individual organisations, in addition to the typical duties of each "Person authorised to process personal data", in their respective scopes, are called to: (1) oversee projects and activities that have and/or may have an impact on Personal Data (e.g. need to start a new Processing or need to modify or integrate an existing Processing), (2) assess privacy aspects, (3) constantly inform and, if applicable, timely alert the Privacy Function on the progress of activities affecting Privacy and on the most important situations (as regards specifically possible cases of Data Breach). Ascopiave and the Group distribution companies have appointed their own Focal Points respectively for the general services rendered by Ascopiave to the Group companies and within the context of the Agreement of the SBU Distribution in force.

During 2021, the Privacy Officer, in close collaboration with the DPO and the Privacy Function, constantly monitored and updated the ordinary management of privacy obligations, as regards specifically the updating of the Data Processing Registers and the summary of security measures pursuant to the GDPR, and the preparation and formalisation of appointments as "Person authorised to process data" for new employees and as Data Processor (with regard to third parties in charge of processing Personal Data on behalf of one or several Group Companies). The Privacy Policies relating to the various businesses were also renewed.

As for the 231 Model, in 2020 all employees attended an in-depth online course dedicated to privacy issues and the structure adopted by the Ascopiave Group. The successful conclusion of the course was conditional on the outcome of the final test. In addition, in the course of 2022, more specific training stages are planned, dedicated for example to Focal Points.

Between late 2020 and early 2021, a compliance analysis was also performed, entrusted to an experienced, serious and reliable external consultant, aimed at assessing the adequacy, as well as identifying possible areas for improvement, of the management structure summarised above. Upon completion of the activity, subsequent to the transmission of the final report by the consultant, the General Privacy Policy, the Data Breach Policy and the DPIA Policy were amended and complemented, without major changes. Some Privacy Policies were also updated and the management of cookies on the websites of the Group companies was improved.

During 2021, the "Video surveillance Corporate Regulation" was revised and updated for all Group companies equipped with video surveillance systems at their offices. The appointments and related policies were also revised.

In addition, initiatives are underway to adopt procedures aimed at improving the periodical evaluation of system administrators.

Possible risk factors associated with sustainability issues

The Ascopiave Group has adopted an internal control and risk management system compliant with the principles and recommendations set out in the Corporate Governance Code and applicable best practices.

In 2021, the Board of Directors of Ascopiave S.p.A. defined the guidelines for the internal control and risk management system - consisting of the set of rules, procedures and organisational structures aimed at effective and efficient identification, measurement, management and monitoring of the main risks, in order to contribute to the Company's sustainable success - in line with the strategies of the parent company.

With reference to sustainability, the Group constantly monitors the main ESG risks, produced or suffered, deriving from its business operations, and is aware of the impacts it generates on the environment and society, strives to reduce the negative impacts of these risks and implements tools and actions aimed at their mitigation.

In particular, the main **risk factors** associated with the sustainability issues are reported below:

- **Governance and compliance risks:** Risks related to possible errors and/or frauds that may be committed; risks related to failure to comply with the regulations applicable to the Group over time;
- **Economic and business responsibility:** market risks, operational and/or managerial and strategic risks, or risks relating to general macroeconomic trends and/or trends specific to the markets in which the Group operates and/or potential new operational risks related to the entry into new business sectors and/or other changes in business conditions and/or risks related to the evolution of the current health emergency; potential risks associated with failure to meet any target for the supply of innovative energy services due to the presence of competitors which are already well-established in the target sectors and changes in the market scenario, potential risks of failure to implement national decarbonisation programmes, difficulties of the Group in dealing with growth and investment strategies, potential risks related to success in the development and application of new technologies, potential risks related to geopolitical imbalances and changes in consumer choices by the end users.
- **Responsibility towards human resources:** potential risks associated with the failure to develop talents and their retention; possible risks relating to the health and safety of workers, connected to possible accidents and occupational diseases that involve the personnel working at the offices and at the operating sites; potential risks due to failure to promote the inclusion and enhancement of diversity in staff; risks deriving from the impacts of the Covid-19 pandemic on the physical and mental well-being of staff; potential risks connected with the need to provide specific training, including in the field of health and safety at work, subsequent to the entry into new business sectors.
- **Customer accountability:** potential risks associated with any downtimes of the plants and network infrastructures, malfunctions, misalignments or temporary unavailability of dedicated information systems, possible risks connected with the availability, integrity and confidentiality of information.
- **Environmental and Climate change risks:** potential risks associated with failure to comply with current and future environmental legislation; potential risks related to the impact of energy and environmental regulations associated with the fight against climate change; potential physical risks, i.e. risks deriving from the progressive change in climatic conditions, linked to long-term alterations and extreme weather events, which expose the Group to possible risks of damage to infrastructures; potential risks associated with the drop in energy demand subsequent to the rise in average temperatures due to Global Warming; risks of transition to new energy sources and new distribution network infrastructures.
- **Risks towards the territory and the local community:** risks of an indirect nature linked to the performance of the Group; reputational and image risk; risk of failure to communicate with the target audience, changes in stakeholder expectations.
- **Cyber security risks:** risks of failure to protect IT systems and company data, possible cases of fraud and IT attacks, committed against companies with increasing frequency and complexity.

Subsequent to the analysis, the existing prevention measures were identified, also in the light of the issues considered material by the Group, reinforcing the progressive inclusion of social responsibility in the Group's managerial and strategic spheres.

The Group undertakes to manage effectively the risk factors listed above, implementing any procedures and systems designed to prevent any critical issues with the objective of protecting and increasing its value over time and generating further value for its stakeholders.

Specifically, the Group has adopted the following tools for controlling risks, some of which have been recently implemented:

- 231 Model:** Ascopiave S.p.A. and all the subsidiaries have adopted an Organisation, Management and Control Model, pursuant to Italian Legislative Decree dated 8th June 2001 no. 231 (similarly, the newly acquired companies are taking steps to adopt it), whose purpose, among other things, is to set up a prevention and control system aimed at reducing the risk of committing offenses relevant to the company's activities. The 231 Model, among other things, contains special sections dedicated to the prevention of crimes against workplace health and safety, environmental crimes and computer crimes and illicit data processing. All Group employees receive adequate training on the Model and its contents.

For further information on the 231 Model adopted by the Ascopiave Group, consult the section "231 Model and Code of Ethics" herein and refer to 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, as well as the "About us" sections of the websites of the Group subsidiaries.

- Code of Ethics:** The Code of Ethics of the Ascopiave Group, which is an integral part of the 231 Model, is a tool for defining the set of ethical and corporate culture values that Ascopiave S.p.A. recognises, accepts and embraces, and the set of responsibilities that the Group assumes upon maintaining internal and external relations.

On 10th September 2021, the Code of Ethics of the Ascopiave Group was updated prioritising "sustainable success" in its corporate culture. The Group pursues sustainable success as it generates long-term value for the benefit of its shareholders and other relevant stakeholders (including customers, employees, shareholders, suppliers, commercial and financial partners, institutions, trade associations and trade union representatives, communities of the territories in which the companies operate, etc.).

With regard to respect for and development of people, the Code of Ethics makes explicit and reaffirms the prohibition on 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 enhances diversity.

The Code of Ethics states that all the employees of the Ascopiave Group are required, within the scope of their functions, to participate in the process of risk prevention, environmental protection and protection of their own health and safety and those of their colleagues and third parties.

The subsidiaries have adopted the Parent Company's Code of Ethics and commit to disseminating the values thereof to their employees.

For further information on the Code of Ethics of the Ascopiave Group, consult the section "231 Model and Code of Ethics" herein and refer to 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, as well as the "About us" sections of the websites of the Group subsidiaries.

- Ascopiave Group Whistleblowing Procedure:** in 2019 the Group adopted the procedure that governs the process of receipt, analysis and processing of alerts, through the dedicated reporting channels, ensuring the confidentiality of the whistle-blower. The procedure is aimed at ensuring the effectiveness of the alert system, promoting the corporate culture on the matter and ensuring that appropriate actions are taken, including penalties, and that all the measures necessary to avoid their recurrence are operational.

For further information on Ascopiave Group Whistleblowing Procedure, consult the section “231 Model and Code of Ethics” herein and refer to the “Organisational model pursuant to Legislative Decree no. 231/2001” section of the Report on corporate governance and ownership structures, and the “Corporate Governance” section of the website www.gruppoascopiave.it.

- Stakeholder engagement and materiality analysis:** in light of the importance of engagement of and dialogue with its stakeholders, also reaffirmed by the new corporate purpose of “sustainable success”, the Group performs engagement activities with its main stakeholders, in order to identify and oversee any material aspects and associated risks. On 22nd December 2021, Ascopiave’s Board of Directors approved the “Policy for maintaining relations with shareholders and other stakeholders”, a document published in full on the Company’s website (www.gruppoascopiave.it, “Corporate Governance” and “Investor relations” sections).
- “Financial risk management and control policy”**, updated on 15th January 2021, which aims to identify and manage the risks associated with financial management, such as interest rate, exchange rate and liquidity risks.
- Training:** aware of the importance of enhancing and developing the skills of its resources, the Group has implemented a new system for planning and reporting training. During 2020 and 2021, the Group provided all Group employees with training on the 231 Model, the Code of Ethics, Privacy, Cyber Security and the Code of Conduct for personnel involved in functionally separated activities; a particular focus was also dedicated to training on safety, prevention and health protection.
- Health and Safety Management System**, (as stated in the *Integrated Quality, Environment and Safety Policy*) in compliance with the standard ISO 45001:2018 common to the parent company and certified subsidiaries (Ascopiave, AP Reti Gas, AP Reti Gas Vicenza, AP Reti Gas Nord Est, AP Reti Gas Rovigo, Edigas Esercizio Distribuzione Gas are UNI ISO 45001:2018 certified, adopting practices and procedures in compliance with Italian Legislative Decree 81/08). It defines the workplace health and safety management model. The system is intended as a guide and a tool to keep under control risks and legal obligations and to monitor and verify periodically and systematically the company’s compliance and the improvement objectives. The model is aimed at guaranteeing legislative compliance, keeping workplace risks at levels considered acceptable or compliant with legal limits and reducing the level of risk in equal working conditions. The Group also monitors the accidents of workers of third-party companies that occurred at sites under the responsibility of the Ascopiave Group; in fact, according to the provisions of the Contract Conditions, the contractors of “open” contracts for network connections, maintenance and expansion must provide statistics on accidents on a yearly basis. With particular reference to the impacts deriving from the Covid-19 pandemic, the biological risk in the workplace was managed, through access control measures, distancing and sanitisation of the premises, readjustment of production and administrative processes; for more information see the specific paragraphs in the “Social Sustainability” chapter.
- Gas emergency and accident management plan:** defines the operational procedures to be adopted during an emergency and upon managing gas emergencies and accidents, in order to avoid the occurrence of risks for public safety and users, as well as to ensure continuity of services.
- Integrated Quality and Environment Management System** (as stated in the *Integrated Quality, Environment and Safety Policy*) compliant with the standards ISO 9001:2015 and ISO 14001:2015, common to the parent company and the certified subsidiaries: Ascopiave, AP Reti Gas, AP Reti Gas Vicenza, AP Reti Gas Nord Est, AP Reti Gas Rovigo, Edigas Esercizio Distribuzione Gas. The Environmental System adopted envisages a practice for identifying, assessing and rating the environmental aspects and impacts related to Ascopiave and the ISO 14001 certified companies: this analysis allows each company to formalise an “Environmental Analysis” document and a “Register of environmental impacts”. The subsidiary Cart Acqua S.r.l. is ISO 9001:2015 certified and the company Asco Energy S.p.A. is UNI CEI 11352:2014 “Supply of energy services” certified. These documents are periodically updated also through the regular 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 risk analysis of Climate change in accordance with the guidelines of the Task Force on Climate related Financial Disclosure (TCFD) implemented by the European Commission, presented below. Such analysis This analysis makes it possible to identify the main risks and opportunities that climate change can entail on company performance. These opportunities are an integral part of the 2020-2024 Strategic Plan, approved by the Board of Ascopiave S.p.A. on 15th January 2021, as well as the 2021-2025 Strategic Plan of the Ascopiave Group, approved by the BoD of Ascopiave S.p.A. on 31st January 2022.

- **Privacy Policy:** the Group has implemented a series of measures aimed at adapting the organisational structure to the current legislation on privacy, as stated in the dedicated procedure, which can be consulted in the dedicated sections of the institutional websites of each Group company. During the year, all the Group employees attended an in-depth online course on privacy and a compliance analysis was launched with respect to the existing management structure in view of its updating.

For further information on the Privacy Policy of the Ascopiave Group, consult the section “Compliance with privacy legislation” herein and refer to the dedicated section of the website www.gruppoascopiave.it.

- **Sponsorships and investments for the community:** the Group supports projects and initiatives proposed by the Municipalities or associations in the social, cultural and sports fields, for public health prevention and promotion and support during emergency situations; in order to disburse contributions for commercial initiatives having a social impact in an impartial manner, the Group uses the internal policy, according to which each company is required to report quarterly to the parent company the sponsorships activated.

- **Cyber security:** The protection of the integrity and confidentiality of data and information is part of the corporate digital strategy and is becoming increasingly important also in light of the new operations linked to the consequences of the Covid-19 pandemic.

The Group constantly works to ensure the protection of IT systems and data, to monitor the risks of network intrusion, corruption of sensitive data or processes and/or access to privileged information, conducting prevention and detection activities and interventions against potential cyber-attacks. Vulnerability Assessments and Penetration Tests are periodically run in order to assess the effectiveness of the systems adopted, taking the necessary corrective actions to increase the security of the managed systems.

During the year, in addition to managing and maintaining all existing safeguards, a training process on cyber security was developed for all Group employees, through an online platform. The educational process consists of short courses, including interactive ones, assigned to employees on a weekly basis. The Organisation Department oversees and urges employees to attend the courses.

During the year, the transition to *https* was completed for the use of company applications, even those for internal use only (applications facing the Internet were already mostly used in this way).

Climate change risk management

Unrelenting emissions of greenhouse gases since the industrial revolution have increased global temperatures by around 1.2° C. While this change may seem small, current temperatures are unprecedented in at least the past 12,000 years and are affecting living conditions in many parts of the world. If not addressed, climate change will have profound impacts on ecosystems, health, infrastructure and the economy. In the face of worrying signs, for which the main causes have been identified (diffusion of greenhouse gases, global warming), the possible consequences on the balance of the planet in terms of availability of natural resources and their price, seasonal trends and effect on production activities are still being studied.

Financial markets need clear and comprehensive information on the impacts of climate change. This includes the risks and opportunities presented by rising temperatures, climate-related policies and regulations, and emerging technologies in our changing world. While climate change affects almost all economic sectors, the level of exposure

and the impact of climate-related risks differ by field, industry, geographical area and organisation. Additionally, the financial impact of climate-related issues on organisations is not always clear or direct, and for many entities, identifying issues, assessing potential impacts and ensuring that material aspects are reflected in financial records can be challenging. The main reasons for this are probably due to (1) limited knowledge of climate-related issues within organisations, which can inhibit the identification of such risks; (2) difficulty in quantifying climate-related risks; (3) a tendency to focus primarily on short-term risks without paying adequate attention to risks that may arise in the long term.

In this regard, the Ascopiave Group, aware of working in a sector that is extremely influenced by climate change, conducted an initial analysis useful for adapting the framework of risks and opportunities to its organisation. The analysis was based on the guidelines of the TCFD (Task force on Climate-related Financial Disclosures) implemented by the European Commission in the “Guidelines on non-financial reporting: Supplement on reporting climate-related information”. The project, with consequent preliminary disclosure, analysed the 4 pillars recommended by the document:

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

The Ascopiave Group, as a player active in the energy sector, has a synergistic relationship with climate change, and its business operations immediately contribute 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). With the recent acquisitions and the entry of the Group into the renewable energy sector, namely the acquisition from the EVA Group of the entire share capital of the company Fotovoltaica S.r.l. (now “Asco Renewables S.p.A.”) and its subsidiaries (Eosforo S.r.l., Morina S.r.l. and Sangineto Energie S.r.l.), the acquisition of 60% of Salinella Eolico S.r.l. through Asco Renewables S.p.A. and 79.74% of Eusebio Energie, the Ascopiave Group, with its 2021-2025 Strategic Plan, takes part in the climate change mitigation policies defined by the European Green Deal, in order to create a “carbon neutral” economy by 2050 and cut emissions by 55% within 2030.

Governance: The strategic management of climate-related aspects, as well as the governance of all sustainability aspects, is the responsibility of the Board of Directors, in compliance with the applicable legislation.

During 2021, Ascopiave S.p.A. focused its corporate culture and corporate governance system on the achievement of “sustainable success”. Also for this purpose, on 15th January 2021 the Board of Directors of Ascopiave S.p.A. formally adopted the new Corporate Governance Code, whose First Principle promotes “sustainable success”.

In 2021, the Ascopiave Group also established the Sustainability Committee, in charge of formulating proposals and giving advice with regard to the assessments and decisions of the Parent Company on the subject of environmental sustainability and energy transition. In addition to the Sustainability Committee, the Board of Directors also avails itself of the support of the Control and Risks 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 a stable creation of value for shareholders, aware of the potentially significant impacts that the climate can have on customers, stakeholders and the business. Additionally, as regards production and distribution processes, the constant effort to improve energy efficiency is bringing benefits in terms of energy saving, with a consequent reduction in costs and emissions.

The 2021-2025 Strategic Plan, approved by the Board of Directors of Ascopiave S.p.A. on 31st January 2022, confirmed the four strategic lines already indicated in the 2020-2024 strategic plan, approved in 2021: growth in the core business of gas distribution, diversification into synergistic sectors, economic and operational efficiency, innovation. Specifically, the 2021-2025 Strategic Plan identifies opportunities for profitable development in the sectors of renewable energy, green gases, energy efficiency and water services. The financial liabilities set forth in the diversification investment plan have more than doubled compared to the objectives indicated last year, in order to identify one or more strategies useful for mitigating the negative effects of possible scenarios deriving from climate change. Part of the investments planned in diversification into the renewable energy sector have already been made thanks to the conclusion of some investment operations mentioned above, which have resulted in the Group owning,

at the reporting date, a range of plants for the production of electricity from water and wind sources with a rated power of 62.5 MW.

Diversification within its corporate scope, in addition to making the Group more profitable and resilient to external events, has pervasive effects on the Group's awareness and responsibility. Growth in diversified sectors may occur through the development of in-house skills, participation in competitive tenders, company acquisitions or, finally, the establishment of partnerships with expert parties.

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 in terms of energy efficiency, implementing organisational and technological solutions aimed both at improving the quality and reliability of the service and containing costs. For this reason, the 2021-2025 Plan features a major programme of innovative actions aimed at the ecological energy transition of the Group. Such actions will mainly consist in the preparation of networks and plants for the future injection of "green" gases and the ground-breaking leak detection system that will contribute to the reduction of CH₄ (methane gas) emissions into the atmosphere.

Risk Management: As concerns the risks and opportunities associated with climate change, the Ascopiave Group avails itself of the support of the committees established within the Board of Directors: Sustainability Committee and Control and Risks Committee. As specified in the following table detailing risks and opportunities, in compliance 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. For more information on the internal control and risk management system and its players, see section 9 of the Report on corporate governance and ownership aspects.

Metrics & Targets: As regards the metrics used by the Group, please consult the chapter "Energy management and emissions", which describes in detail the indicators relating to energy consumption, emissions into the atmosphere, use of water and waste generation and management. The metrics used for reporting the indicators follow the GRI Standards published by the Global Reporting Initiative.

The Ascopiave Group has set sustainability goals with the aim of minimising the impact of its activities and tackling climate change. In particular, the Group's 2021-2025 Strategic Plan has aims to:

- identify the "Sustainable Development Goals" as elements on which the Group will base its sustainable growth process;
- create value for stakeholders through the achievement of ESG objectives;
- increase significantly the energy produced from renewable sources and penetrate the innovative hydrogen business;
- save, thanks to the continuous improvement of the efficiency of its consumption, about 7 kTon of CO₂ emissions (scope 1 and 2) and cut about 84 kTon of CO₂ on average each year once the generation of clean energy is fully operational.

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

- physical risk, i.e. the risk deriving from the progressive change in weather, 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, plants and infrastructures, to potential disruptions of essential supplies, and to the potential contraction in production and distribution capacity;
- the transitional risk is related to legislative, regulatory and technological changes associated with the fight against climate change and the transition to a low-emission economy.

Given the complexity of quantitative analyses at the corporate level, the Group has conducted a preliminary analysis, starting from qualitative considerations represented below.

Type of event	Potential event	Description of risk / opportunity	Potential financial impacts	Risk management strategy / Strategy for seizing opportunities (main aspects)
PHYSICAL (Acute)	Increase in the frequency and intensity of extreme weather events	RISKS Damage to the gas distribution network and other assets	Unavailability of plants. Consequential damage and loss of profits. Increase in extraordinary costs for repair and/or replacement of damaged assets.	Technological and/or geographical diversification of the generation portfolio in order to limit impacts.
		OPPORTUNITIES n.a.	n.a.	n.a.
PHYSICAL (Acute)	Heat waves	RISKS Reduction in plant performance and negative impact on efficiency. Increased need for plant maintenance.	Increase in operating costs. Lower revenues.	Technological (wind/sun /water/hydrogen) and geographical diversification of the generation portfolio in order to compensate for the impact due to change in temperatures. Innovative predictive maintenance systems.
		OPPORTUNITIES Increase in demand for electricity for cooling.	Increase in revenues.	Innovative predictive maintenance systems.
PHYSICAL (Chronic)	Increase in average temperature	RISKS Reduction in plant performance. Decrease in water availability.	Decrease in revenues.	Technological (wind/sun /water/hydrogen) and/or geographical diversification of the generation portfolio in order to compensate for the impact due to change in temperatures. Innovative predictive maintenance systems.
		OPPORTUNITIES Greater irradiation with consequent increase in the output of photovoltaic systems.	Increase in revenues.	Better management of networks. Regular maintenance.
PHYSICAL (Chronic)	Significant increases or reductions in annual rainfall.	RISKS Decrease in electricity output from hydroelectric assets. Possible extraordinary maintenance.	Decrease in revenues. Increase in operating costs.	Technological (wind/sun /hydrogen) and/or geographical diversification of the generation portfolio in order to compensate for the impact due to change in rainfall.
		OPPORTUNITIES n.a.	n.a.	n.a.
PHYSICAL (Chronic)	Change in the intensity, direction and frequency of the wind.	RISKS Decrease in electricity output due to resource scarcity or prevailing direction for wind farms. Uncertainty of weather forecasts that could generate inaccurate production programmes.	Decrease in revenues. Increase in operating costs.	Technological (sun /water/hydrogen) and/or geographical diversification of the generation portfolio in order to compensate for the impact due to change in wind.
		OPPORTUNITIES Increase in electricity output of wind farms in the event of an increase in the frequency and intensity of wind.	Increase in revenues.	Geographical diversification of the generation portfolio.
TRANSITIONAL (Regulatory and policy-related)	Change in subsidies and incentives from the Government or international bodies	RISKS Reduction in incentives for investments in RES production.	Decrease in revenues.	Establishment and maintenance of relations with the relevant national and international institutions aimed at protecting the Group's interests.

		OPPORTUNITIES Increase in incentives for investments in RES production. Increased availability of capital for Green investments.	Increase in revenues.	Establishment and maintenance of relations with the relevant national and international institutions aimed at protecting the Group's interests.
TRANSITIONAL (Regulatory and policy-related)	Change in the regulatory framework on greenhouse gas emissions (GHGs)	RISKS More severe international/national regulations with the introduction of limits on greenhouse gas emissions for power plants.	Decrease in revenues.	Technological and/or geographical diversification of the low GHG emission portfolio in order to limit impacts. More efficient management of networks.
		OPPORTUNITIES Increase in the price of energy in the short term subsequent to the phase-out of coal.	Increase in revenues.	More efficient management of networks.
TRANSITIONAL (Market)	Increased competitive pressure	RISKS Increased competitive pressure due to new technological innovations and/or more efficient operators.	Decrease in revenues. Decrease in market capitalisation.	Great attention to RES and innovative methods for managing resources and distribution networks.
		OPPORTUNITIES Leadership in market innovation.	Increase in revenues.	Development of new partnerships and more investments in Research and Development.
TRANSITIONAL Reputational	Reputational change	RISKS n.a.	n.a.	n.a.
		OPPORTUNITIES Enhanced Group reputation due to "green" choices.	Decrease in revenues. Increase in market capitalisation.	Great attention to RES and innovative methods for managing resources and distribution networks.
TRANSITIONAL Technological	Technological innovations	RISKS Introduction of new technologies and energy sources other than those managed by the organisation.	Decrease in revenues.	Great attention to RES and innovative methods for managing resources and distribution networks.
		OPPORTUNITIES Ability to adapt networks and plants to new energy sources.	Increase in revenues. Increase in market capitalisation.	Investments 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 environment, and for the qualification of the institutional image and the fulfilment of the emerging needs of the stakeholders. All this is achieved through the identification of areas for improvement, the definition of measurable benchmarks and objectives and the timely application of the international standards for quality, safety, environmental and energy service certifications (Esco).

Certifications

The Ascopiave Group has decided to incorporate aspects of economic, social and environmental sustainability into its strategies and activities, according to a progressive and organic process, consistent with the organisation's business objectives. With these decisions, the Group makes apparent an inclination towards sustainability that has always distinguished the Company.

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

- Quality, reliability, security of and accessibility to the gas distribution service for end customers and the community;
- Implementation of initiatives addressed to employees on the issues of health and safety, organisational climate and training;

- Respect for the community and promotion of initiatives for the benefit of the local community;
- Protection of the environment and water and energy resources;
- Search for cutting-edge solutions aimed at strengthening the economic system in favour of the entire community, through investments in infrastructure and innovative projects.

The Certifications of the Management Systems, progressively acquired and maintained, attest to the existence of a reliable and structured internal system, which allows us to supervise and manage in the best way the quality of the services provided, health and safety at work and the protection of the environment.

Testifying to its on-going commitment, as of 31st December 2021 the Ascopiave Group had the following types of system certifications:

- 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 System - Requirements and guide for use;
- UNI CEI 11352 - Energy Management: energy service companies (ESCO) - General requirements.

The following table shows the System Certifications as at 31st December 2021, associated with the individual Group companies:

Type of certification	Group company	Scope	Expiration
UNI EN ISO 9001:2015	Ascopiave S.p.A.	Provision of services to Group companies	11/03/2024
UNI EN ISO 14001:2015	Ascopiave S.p.A.	Provision of services to Group companies	11/03/2024
UNI EN ISO 45001:2018	Ascopiave S.p.A.	Provision of services to Group companies	08/03/2024
UNI EN ISO 9001:2015	AP Reti Gas S.p.A.	Methane gas distribution	07/06/2022
UNI EN ISO 14001:2015	AP Reti Gas S.p.A.	Methane gas distribution	21/10/2023
UNI EN ISO 45001:2018	AP Reti Gas S.p.A.	Methane gas distribution	21/10/2023
UNI EN ISO 9001:2015	AP Reti Gas Vicenza S.p.A.	Methane gas distribution	26/09/2022
UNI EN ISO 14001:2015	AP Reti Gas Vicenza S.p.A.	Methane gas distribution	26/09/2022
UNI EN ISO 45001:2018	AP Reti Gas Vicenza S.p.A.	Methane gas distribution	03/12/2023
UNI EN ISO 9001:2015	Edigas Esercizio Distribuz. Gas S.p.A.	Methane gas distribution	30/07/2022
UNI EN ISO 14001:2015	Edigas Esercizio Distribuz. Gas S.p.A.	Methane gas distribution	28/07/2024
UNI EN ISO 45001:2018	Edigas Esercizio Distribuz. Gas S.p.A.	Methane gas distribution	28/07/2024
UNI EN ISO 9001:2015	AP Reti Gas Nord Est S.r.l.	Methane gas distribution	29/09/2023
UNI EN ISO 14001:2015	AP Reti Gas Nord Est S.r.l.	Methane gas distribution	05/10/2024
UNI EN ISO 45001:2018	AP Reti Gas Nord Est S.r.l.	Methane gas distribution	05/10/2024
UNI EN ISO 9001:2015	AP Reti Gas Rovigo S.r.l.	Methane gas distribution	06/12/2024

Type of certification	Group company	Scope	Expiration
UNI EN ISO 14001:2015	AP Reti Gas Rovigo S.r.l.	Methane gas distribution	01/12/2024
UNI EN ISO 45001:2018	AP Reti Gas Rovigo S.r.l.	Methane gas distribution	05/12/2024
UNI EN ISO 9001:2015	ASCO ENERGY S.p.A.	Gestione Servizio Energia	07/08/2023
UNI CEI 11352:2014	ASCO ENERGY S.p.A.	ESCO Energy service supply	15/10/2023
UNI EN ISO 9001:2015	Cart Acqua S.r.l.	Urban water management consultancy	13/12/2024

In 2021, the following new system certifications were acquired and updated:

- 03/2021: three-year renewal and adaptation of the Safety Certificate to ISO 45001 of the Company Ascopiave;
- 03/2021: three-year renewal of Quality (ISO 9001) and Environmental (ISO 14001) Certificates of the Company Ascopiave;
- 07/2021: new Environmental certification (ISO 14001) of the Company Edigas Esercizio Distribuzione Gas;
- 07/2021: new Safety certification (ISO 45001) of the Company Edigas Esercizio Distribuzione Gas;
- 10/2021: new Environmental certification (ISO 14001) of the Company AP Reti Gas Nord Est;
- 10/2021: new Safety certification (ISO 45001) of the Company AP Reti Gas Nord Est;
- 12/2021: new Quality certification (ISO 9001) of the Company AP Reti Gas Rovigo;
- 12/2021: new Environmental certification (ISO 14001) of the Company AP Reti Gas Rovigo;
- 12/2021: new Safety certification (ISO 45001) of the Company AP Reti Gas Rovigo;
- 12/2021: new Quality certification (ISO 9001) of the new Company Cart Acqua.

Dialogue with stakeholders and materiality analysis

Upon formulating its strategies, the Ascopiave Group takes into consideration the indications and expectations of the main categories of stakeholders: for each of them, the specific composition, the most relevant and material topics (all the issues affecting the decisions, actions and performances of an organisation or its stakeholders are defined as “material”) and the listening and dialogue activities in progress have been identified. The main dialogue, consultation and engagement initiatives undertaken in 2021 are listed below, with the respective categories of related stakeholders:

Stakeholder	How we listened to and discussed with them
Shareholders and investors	<i>Conferences, periodic meetings, road shows, interim reports, press releases, institutional website, materiality analysis</i>
Staff (workers and their families, trade unions)	<i>Corporate meetings, one-to-one meetings, Internal committees, training courses, interviews, evaluations, internal investigations, intranet, Code of Ethics, materiality analysis, announcements</i>
Institutions and Communities (e.g. Bodies, Associations, Schools etc.)	<i>Technical round tables, meetings with local Mayors and other authorities, focus groups, press conferences, audit inspections, local events, cooperation with the Authorities, meetings with Associations, relations with Schools and Universities</i>
Customers (sales companies, end customers, families and private citizens, Businesses, local authorities, Consumer and professional associations)	<i>Call centre, meetings, service conferences, satisfaction surveys, focus groups, dedicated web sections, discussion with Representative committees and associations, Joint settlement processes, materiality analysis</i>
Suppliers (suppliers of raw materials, suppliers of goods and services, local suppliers, suppliers having social significance - Social cooperatives - other business partners)	<i>Quality assessment dialogue, Regular meetings, audits at suppliers, E-procurement portal, Code of Ethics, materiality analysis</i>

Specifically, in 2020 and 2021, in order to manage the complexity deriving from the emergency caused by the Covid-19 pandemic, the Group discussed more intensively with certain categories of stakeholders, such as employees, customers and suppliers. For more information, see the dedicated paragraphs in the “Social sustainability” chapter herein.

The Ascopiave Group, confirming its commitment, has undertaken the preparation of the 2021 Sustainability Report, in order to illustrate the implications of the activities, describe its industrial developments, explain its commitments to employees, provide information on its internal and external actions and outline its relationship with the territory.

In 2021, this commitment was translated into stakeholder engagement activities: questionnaires were distributed to the main stakeholders in order to define the new materiality matrix.

The Ascopiave Group believes in dialogue with the territory and has joined many organisations that protect the same interests; the main associations in which the Group participates are listed below: Assonime, Utilitalia, Unindustria, Anigas, Assolombarda.

Analysis of the sustainability issues relevant to the Ascopiave Group and its stakeholders

In order to identify the economic, social and environmental topics that are most relevant to the Group and that influence or could significantly influence the assessments, actions and decisions of internal and external stakeholders, the Ascopiave Group performed a structured materiality analysis. This analysis was conducted at the end of 2019, consistent with the changes in the Group structure and with the review of the core business, and highlighted the social, environmental, economic and governance issues of greatest importance for the company and its stakeholders.

The analysis was based on the **materiality principle** as required by the **GRI reporting standards** and comprised the following steps:

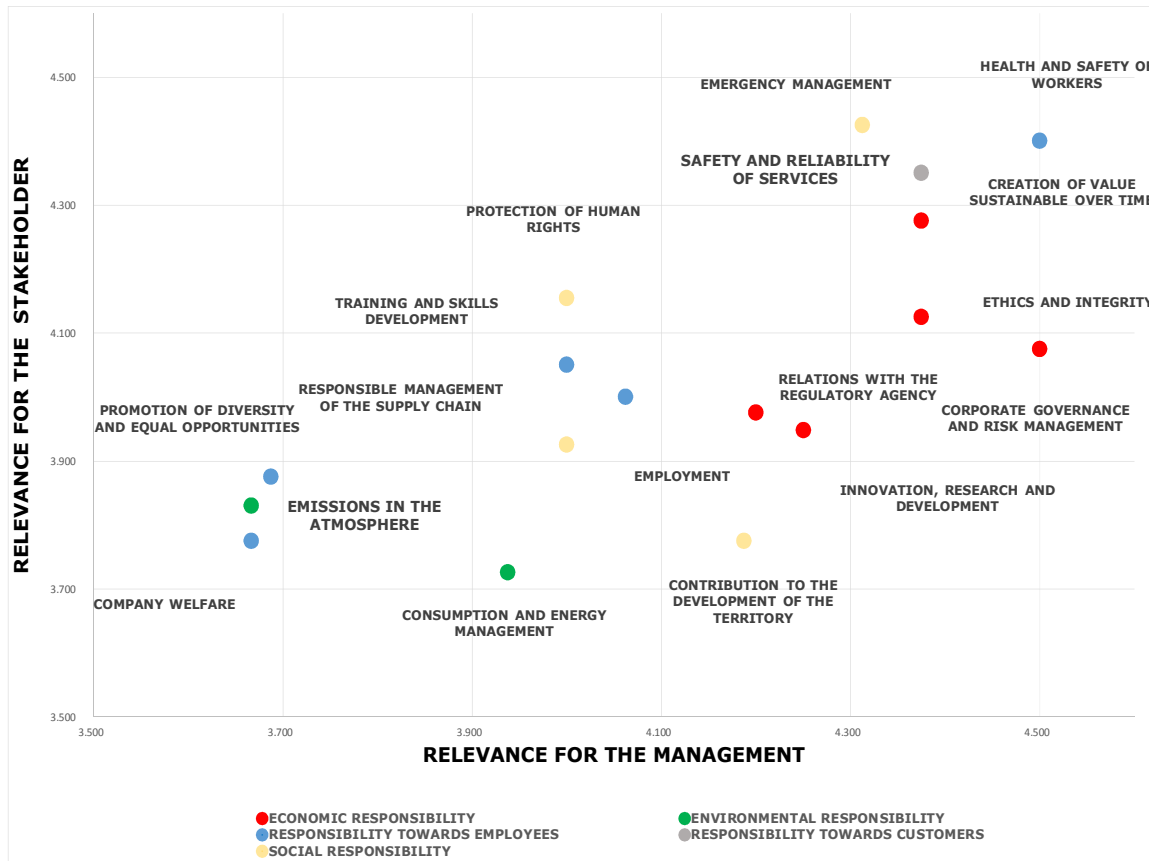
- **Identification of the potentially relevant issues for the Ascopiave Group:** first, the issues relevant to the Group and its stakeholders were identified through interviews with the Management and the analysis of internal (Code of Ethics, Financial Report, institutional website, etc.) and external (sector studies and publications) documentation, as well as through a structured benchmarking analysis with respect to the industry best practices;
- **Evaluation of the relevant issues for the Ascopiave Group:** in order to prioritise the relevant issues, the Group has submitted an evaluation questionnaire to a selection of its employees, suppliers and Municipalities shareholders of Asco Holding S.p.A., collecting 40 responses; the results gathered from the survey were cross-checked with the evaluations of the members of the Board of Directors and Heads of function. The issues were evaluated on a scale of 1 to 5;
- **Identification of material issues for the Ascopiave Group:** by processing the results, on the basis of the materiality threshold chosen (scores above 3.5), it was possible to define the new materiality matrix of the Ascopiave Group, which consists of 17 material issues (divided into 5 macro areas: economic responsibility, social responsibility, responsibility towards employees, responsibility of service towards customers, environmental responsibility);
- **Approval of the materiality analysis** by the Ascopiave Group Board of Directors.

The materiality analysis was reapproved by the Board of Directors on 24th February 2022, reconfirming its validity for the 2021 NFD.

Despite the current global context affected by the on-going Covid-19 pandemic, the Directors reconfirmed the material issues previously identified, as they considered that the effects of the pandemic could not modify the assessments of the stakeholders, who have already expressed their greater attention to issues such as workers’ health and safety, employment and corporate welfare, brought to light by the Covid-19 emergency. Furthermore, also as

regards Stakeholder Engagement, conducted in 2021 for the preparation of the materiality matrix for the purposes of the sustainability report, the evaluation of the relevant issues was consistent with the previous analysis.

The topic relating to the use of water, stated in Italian Legislative Decree 254/16, has not emerged as a material issue from the analysis conducted; however, the Group, starting from this year, has integrated its disclosure and collected data relating to water withdrawals also for the year 2020.



ECONOMIC SUSTAINABILITY

Sustainable development and cooperation with the community

Ascopiave and the Group companies perform all their activities bearing in mind their Social Responsibility towards their stakeholders: employees, shareholders, suppliers, communities, customers, institutions, trade associations and trade union representatives. Ascopiave therefore adopts a growth strategy aimed, on the one hand, at increasing the economic value of the company and, on the other hand, at developing and affecting the social context.

Operating results and cash flow data

As evidenced by the figures reported below, the Ascopiave Group has been able to create wealth, by focusing on its human capital, making the most of and developing its resources and their professionalism, adopting efficient practices of personnel management and introducing innovations. The company, over the years, has expanded its range of action and continues to have all the credentials to pursue its important growth process and still be an integral part of the local context, contributing to the creation of well-being and development.

<i>Operating results (in millions of Euro)</i>	<i>2020</i>	<i>2021</i>
Revenues	163.9	134.9
Gross operating margin	63.8	66.4
Operating result	29.2	33.8
Earnings before taxes	49.3	55.3
Consolidated net profit	58.7	45.3
Group net profit	58.7	45.3

<i>Group total</i>	<i>2020</i>	<i>2021</i>
Million m ³ of gas distributed	1,460.8	1,593.0

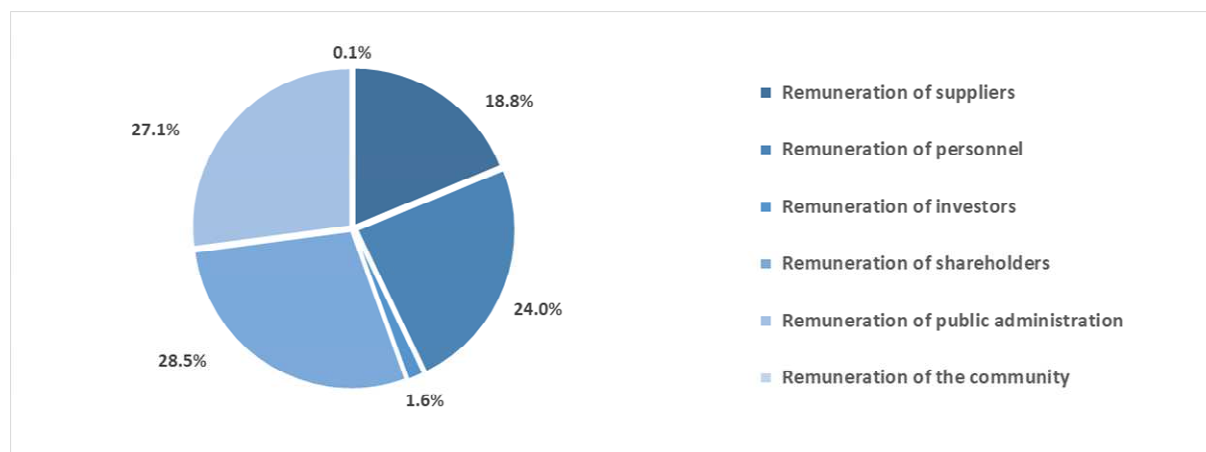
The ability to maintain profitability in the medium and long term, therefore, guarantees an adequate remuneration of shareholders but also contributes to the generation of value for many stakeholders: the existing employment levels were maintained, customers were granted access to energy services, local initiatives were financed, our suppliers benefited from upstream and downstream activities, the public administration received social security contributions, etc..

Production and distribution of added value

The economic value generated by the Group and consequently distributed to the stakeholders is represented by the scheme of generated and distributed value. This figure is determined by the value generated in the reference period, net of amortisation, depreciation and write-downs, and the value redistributed, in various forms, to the Group's stakeholders. A portion of the economic value is retained by the Group in the form of amortisation, depreciation and reserves.

This value was inferred from the items of the income statement used in the Group's Consolidated Financial Statements as of 31st December 2021.

The economic value generated by the Ascopiave Group in 2021 amounted to Euro 167.4 million and was redistributed to the stakeholders as shown in the tables below:



Economic value directly generated and distributed (in thousands of Euros)	2021
(A) Economic value directly generated	167,367
(B) Economic value distributed	125,509
(A-B) Economic value retained	41,858

Breakdown of the economic value distributed (in thousands of Euros)	2021
Remuneration of employees	30,089
Remuneration of suppliers	23,546
Remuneration of lenders	1,994
Remuneration of shareholders	35,757
Remuneration of the Public Administration	34,009
Remuneration of the Community	114
Total economic value distributed	125,509

European Taxonomy (EU Reg. 2020/852)

Pursuant to Article 8 of EU Reg. 2020/852, non-financial companies are required to report various parameters in their consolidated non-financial disclosure: from the share of turnover from products or services associated with economic activities considered eco-friendly to the share of capital expenditure (Capex) and the share of operating expense (Opex) relating to assets or processes associated with economic activities considered eco-friendly.

Specifically, an economic activity is considered environmentally sustainable if it substantially contributes to achieving one or more environmental objectives set out in the Taxonomy, such as mitigation or adaptation to climate change, sustainable use and protection of water and marine resources, or the transition towards a circular economy and the prevention and reduction of pollution, up to the protection and restoration of biodiversity and ecosystems. Furthermore, to be considered sustainable, an economic activity must not cause significant damage to any of the environmental objectives, must be conducted in compliance with the minimum safeguards and must comply with the technical criteria set.

As regards the year 2021, we have reported the environmental objectives of mitigation and adaptation to climate change in compliance with the following regulatory changes:

- June 2021: the EU Delegated Reg. 2021/2139 established the technical criteria according to which an economic activity is considered to contribute substantially to these objectives;
- July 2021: publication of the EU Delegated Reg. 2021/2178 which complements the provisions of Art. 8 of the Taxonomy, specifying the contents, methodology and methods of presentation of the information which must be

disclosed. Non-financial companies are only required to disclose the share of economic activities eligible and ineligible for the taxonomy as concerns their turnover, their capital expenditure and their total operating expenses, and the qualitative information stated in section 1.2. of Annex I relevant to the disclosure in question.

In order to prepare the disclosure herein, the Company Management has therefore consulted the applicable legislation as specified above, in addition to the clarifications issued by the European Commission in the form of Q&A in the months of December 2021 and February 2022, as interpreted by the Management itself, adopting a prudential approach.

This disclosure is therefore to be understood as approximate and could be subject to further investigations and revisions on the occasion of the publication of the NFD relating to the financial year 2022, on the basis of additional regulatory interpretations that may occur in the coming months.

The first step of the methodology adopted was a screening to identify the economic activities of the Ascopiave Group and verify if they could be included among those currently eligible for the Taxonomy, on the basis of the descriptions provided in the Annexes to the Delegated Regulation 2021/2139, and with reference to the objectives of mitigation and adaptation to climate change. These analyses showed that, at present, almost none of the Group's economic activities are eligible, and therefore almost all turnover, investments and operating costs for the year 2021 are to be considered as ineligible, based on the following table:

	Revenues	Costs	Investments
Total	134,911	68,563	53,300
Eligible	0.2%	0.0%	0.3%
Ineligible	99.8%	100.0%	99.7%

Please note, however, that the Group has already initiated a process for expanding its business towards eligible activities, thanks to the acquisitions made at the end of 2021 and in the first months of 2022 in the renewable energy sector. Specifically, with the above-mentioned operations, the Group has actively entered the sector of electricity generation from hydroelectric and wind sources.

Consequently, an increase in the above percentages is expected for the year 2022.

Approach to taxation

The tax approach of the Ascopiave Group is inspired by the principles outlined in its Code of Ethics, which describes the behaviours to be adopted with reference to accounting, financial reporting and internal control, in order to ensure the timely fulfilment of all tax obligations and monitor and mitigate tax risks. The Group operates according to the principle of legality, respecting the tax laws and regulations in force in Italy, and establishes relationships of collaboration and transparency with the tax authorities, refraining from engaging in conducts that could hinder their inspection and control activities. Ascopiave acts with honesty and integrity, aware that taxes contribute to economic and social development.

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

The existence of an adequate internal control system is a value recognised by the Ascopiave Group because controls contribute to improving corporate efficiency. The task of ensuring the correct fulfilment of tax obligations and of providing support to the various corporate functions on tax issues is entrusted to the Board of Directors and the Corporate Governance structure, which defines the principles and guidelines for correct implementation. Top executives are duly informed on the most complex and important tax issues. The governance of the tax aspects can also be supported by the "Control and Risks" Committee, with consultative and propositional functions on decisions and assessments on the subject of risk management and approval of financial statements.

Tax risks are periodically monitored by the Parent Company during the year upon preparing the quarterly interim reports and are subject to assurance by the independent auditor; any evolution of the legislation in force is analysed; any tax audits in progress/concluded and the respective potential risks are analysed.

As far as the corporate income tax (IRES) is concerned, the subsidiaries of Ascopiave S.p.A. exercised the option for the national tax consolidation agreement pursuant to art. 117/129 of the Unified Law on Consolidated Income (T.U.I.R). Ascopiave S.p.A. acts as the consolidating company and determines a single tax base for the group of companies that joined the national tax consolidation.

In 2021, the taxes of the Ascopiave Group in Italy amounted to almost Euro 34 million, including local and state taxes.

Investments

Confirming the commitment to the creation of a sustainable business in the long run and in order to offer an excellent service to its customers, in 2021 the Ascopiave Group made investments totalling Euro 53.3 million (Euro 44.6 million in 2020), mainly in the development, maintenance and renovation of gas distribution networks and plants and in the installation of metering equipment.

<i>Type of investment</i>		
<i>Thousands of Euros</i>	2020	2021
Connections	11,817	13,488
Expansions, remediation and upgrades of the network	17,489	22,981
Metres	10,621	11,374
Reduction facilities	1,932	2,438
Methane investments	41,859	50,281
Land and buildings	461	813
Equipment	107	158
Furniture	15	17
Vehicles	276	322
Hardware and software	1,816	1,541
Other investments	43	168
Other investments	2,718	3,019
Total	44,577	53,300

Relations with the Regulatory Authority

The Ascopiave Group conducts its main activity in sectors subject to regulation. The directives and regulatory provisions issued on the matter by the European Union and the Italian Government, the ARERA Decisions and more generally the modification of the reference regulatory framework can have a significant impact on the operations, economic results and financial balance of the Group.

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

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

The regulation relating to the procedures for launching the Minimum Territorial Area tenders for awarding the service in concession, including the criteria for the evaluation of the bids, is primarily under the scope of the Ministries, with an important role exercised by the Ministry for Economic Development.

Ascopiave maintains a constructive dialogue with ARERA and the Ministry for Economic Development in order to contribute to the definition of a clear, transparent and stable regulatory framework, which safeguards the sustainable development of the gas system and ensures satisfactory conditions of profitability and financial balance for operators.

To this end, Ascopiave constantly monitors the regulatory evolution of the sector, assesses in advance its economic, financial, operational, organisational and strategic impacts, taking the necessary initiatives vis-à-vis the competent institutional subjects to promote its point of view and contribute to guiding the regulation towards sustainable choices compatible with the corporate objectives.

If it deems that the choices made are prejudicial to its legitimate interests, the Group considers the activation of the appropriate means of judicial protection.

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

Position of the Ascopiave Group in the gas supply chain

Upon performing its activities, the Ascopiave Group relies on numerous suppliers and/or contractors, and establishes collaborations on the basis of principles of fairness, equity, transparency and mutual cooperation. In addition to the suppliers of energy raw materials, the two main categories with which the Group maintains relationships are the suppliers of goods and services and contractors.

The primary aim of the Ascopiave Group is to achieve maximum efficiency, streamlining and speed in the contractual procedure, while ensuring at the same time high quality standards in the provision of the service. In order to achieve these objectives, the Group has set up a supplier approval process, through registration in the company's register, and a selection process based on objective criteria for entrusting the supply assignment.

Supplier qualification

Before establishing a contractual relationship with the Ascopiave Group, the supplier must qualify as a "supplier and/or contractor" by registering in the supplier register.

In order to be able to apply and become a partner of the Ascopiave Group, the supplier must fulfil and maintain the requirements established by the Procurement Code and other criteria set by the company, in line with Ascopiave's values:

- ✓ Respect for human rights, workers and the environment;
- ✓ Scrupulous observance of labour law, specifically as concerns the obligations regarding child labour and female employment, sanitary conditions and health and safety, trade union rights and employment of foreign workers, and the fight against and emergence of undeclared employment;
- ✓ The correct and timely fulfilment of remuneration, contributory, insurance and tax obligations;
- ✓ Compliance with the principles of legality, transparency and fairness in business;
- ✓ The highest degree of professionalism and diligence, as well as utmost honesty and good faith in relations with the Ascopiave Group.

Each supplier and contractor must ensure that the aforementioned requirements are maintained until the termination of the contract, observe the Code of Ethics of the Ascopiave Group, the prescriptions and procedures set out in the Organisation, Management and Control Model pursuant to Italian Legislative Decree 231/01, regularly fulfil all obligations concerning safety in the workplace and not engage in behaviours or practices that are anti-competitive or incompatible with laws, regulations and third-party rights.

Finally, the supplier approval system adopted is also based on the standards UNI EN ISO 9001 (quality certification), UNI EN ISO 14001 (environmental certification) and UNI EN ISO 45001 (former OHSAS 18001) (occupational health and safety), which provide the Ascopiave Group with a structured and complete system of procedures that the contractors must also respect.

Supplier selection

Suppliers and contractors are selected in compliance with the principles of competition and equality, on the one

hand, and on the basis of objective assessments regarding competitiveness, quality, usefulness and price, on the other hand. The Ascopiave Group does not maintain relationships with companies in relation to which situations of dubious legitimacy or conflict of interests arise and, where economically compatible, favours the use of local contractors, strengthening its bond with the territory and encouraging the economic development of the latter, as the Group believes that it is easier to interact with local businesses, which feel involved in the development of the offer of public services to the citizens.

With regard to the execution of works and in order to guarantee an adequate level of specialisation in the approval process, the types of assignments are grouped into Product Categories divided into critical levels. Each level corresponds to different criteria for evaluating candidates.

Any further checks can be conducted to investigate aspects of professionalism, reliability, solvency, etc. of the supplier being examined, for the purpose of ascertaining that the declarations given by the latter are true.

NUMBER OF CERTIFIED SUPPLIERS	2020	2021
ISO 9001	463	536
ISO 14001	176	236
ISO 45001 (former OH SAS 18001)	189	237

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

As concerns contractors in particular, also in 2021 all new suppliers were included in an assessment process according to the social and environmental criteria described above. As early as the selection stage, the supplier must certify the existence of any management systems adopted or commit to observing the principles thereof in the absence of specific certifications. In addition, for large-scale works (generally above Euro 500 thousand), the Group ascertains the correctness and authenticity of the suppliers' requirements and qualifications, especially with regard to compliance with laws and regulations, by applying directly to the relevant Authorities and/or bodies.

The systematic use of electronic procedures is aimed at better responding to market needs, at the same time increasing the degree of collaboration between the Group and its partners.

E-procurement Portal

During 2021, 105 invitations to tender were published on the e-procurement portal for the purchase of goods, services and works for a total amount of approximately Euro 54 million, in addition to numerous requests for quotations, relating to purchases of a less significant amount, which occur with "traditional" procedures.

The online supplier register has 1,593 registered and approved subjects to date.

The solutions of the On-line supplier register help the Ascopiave Group to identify - in a very extensive market - the best supply alternatives for its needs under sustainable conditions (in terms of time dedicated to research and assessment, risk management, cost etc.). The information can be collected, approved and evaluated on the basis of objective benchmarks and systematically updated almost automatically so as to guarantee the exchange of information both with the supply markets and with the various contact persons involved. The e-procurement system improves the company's performance also in terms of inventory management costs.

Value distributed to suppliers

In terms of purchase volume, in 2021 the Ascopiave group collaborated with 863 suppliers, for a total of 8,200 purchase orders and about Euro 52.6 million invoiced, excluding purchases of gas and electricity.

Number of suppliers and purchase orders	2020	2021
Number of suppliers	838	863
Number of purchase orders	4,637	8,200*

* The significant increase in the number of purchase orders in 2021 is due to the use of a new, more automated management system.

If we analyse the wealth distributed to suppliers in order to assess the impact on the local economy, we find that about half of the value invoiced in 2021 refers to local suppliers (i.e. based in North-Eastern Italy). Although Ascopiave does not intend to favour specific categories of suppliers (in terms of their geographical origin), the impact of the Group on the area where its presence is strongest is nevertheless apparent. In 2021, the Ascopiave Group in fact collaborated with 479 local suppliers, which account for 55.50% of the total, for a total invoiced value of approximately Euro 31.7 million.

Number of suppliers by geographical area	2020	2021
North-Eastern Italy	445	479
North-Western Italy	327	321
Central Italy	47	39
Southern Italy and islands	4	8
Foreign countries	15	16
Total	838	863

Purchases by geographical area (in thousands of €)	2020	2021
North-Eastern Italy	25,784	31,737
North-Western Italy	17,149	13,120
Central Italy	6,613	6,672
Southern Italy and islands	174	679
Foreign countries	232	408
Total	49,952	52,615

SOCIAL SUSTAINABILITY

Respect for and development of people

Ascopiave, aware that the main keys to success for every enterprise are its human resources, ensures that human rights are respected, promotes the involvement of staff in the achievement of the company's strategic objectives and recognises the professional contribution of people in a context of loyalty, mutual trust and collaboration, making the most of professional skills through training and development activities.

The people of Ascopiave

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

A fundamental element of the managerial approach is accountability at all levels, which takes concrete shape in respect for the roles, in the relationship between the supervisor and the worker and in the work of inter-functional teams. As stated in its Code of Ethics (delivered to all employees at the time of recruitment), Ascopiave undertakes to implement initiatives that make the most of and develop the skills, the creativity and the active participation of its employees, in order to increase their motivation and foster personal growth.

The Group believes that the work and the professional potential are the determining factors for pay and career progression. The selection, recruitment, training, management, development and remuneration policies are strictly based on merit and skills, and an exclusively professional evaluation, without any discrimination. The Group actively commits to ensuring equal opportunities for female employment by developing work-life balance projects.

The activities of the Ascopiave Group are managed in full compliance with the regulations in force on labour, social security contributions, salary, taxes and insurance obligations, and on the prevention of and protection from accidents and occupational safety.

The Group undertakes to disseminate and consolidate the culture of safety at work and to raise awareness of risks by using the resources required to guarantee the health and safety of the recipients, the customers and the communities in which it operates.

The employees, at every level, of Ascopiave and the Group companies are expected to collaborate in order to maintain within the company a climate of mutual respect for the dignity, honour and reputation of everyone.

Staff characteristics

As of 31st December 2021, the Ascopiave Group employed 471 people.

Group Total	2019		2020	
	Men	Women	Men	Women
Employees	360	105	362	109
Total	465		471	

99.8% of employees are employed under permanent contracts, confirming the Ascopiave Group's commitment to guaranteeing a stable working relationship and therefore making the most of the professional contribution of each person within the company. Furthermore, 89% of employees are employed full-time.

The Group does not resort to any atypical contractual forms as it greatly values the professional contribution of each person and commits to building long-lasting relationships based on the principles of loyalty, mutual trust and collaboration.

Group Total	2020		2021	
	TEMPORARY CONTRACT	PERMANENT CONTRACT	TEMPORARY CONTRACT	PERMANENT CONTRACT
Men	1	359	1	361
Women	1	104	0	109
Total	2	463	1	470

Based on the Group's operational areas, all the above figures refer to Italy.

As regards the geographical distribution of employees, 77.9% work at the Group's offices in Veneto (45.2% in the province of Treviso and 32.7% in the other provinces of Veneto), followed by Lombardy, Friuli-Venezia Giulia, Liguria, Emilia Romagna and Piedmont.

PROVINCE OF RESIDENCE/DOMICILE	No. of employees 2021
Province of Treviso	213
Province of Padua	82
Province of Vicenza	54
Province of Rovigo	18
Province of Piacenza	4
Province of Pordenone	9
Province of Udine	18
Province of Savona	10
Province of Bergamo	46
Province of Mantua	6
Province of Varese	6
Province of Biella	5
Total	471

As regards female presence within the Companies, about one-third of white-collar workers are women, whereas the small number of women (1) in blue-collar positions is explained by the specific nature of the sector and the activity performed.

Group Total	Men		Women		TOTAL	
	2020	2021	2020	2021	2020	2021
Executives	13	12	1	1	14	13
Managers	20	21	6	6	26	27
White-collar workers	176	179	97	101	273	280
Blue-collar workers	151	150	1	1	152	151
Total	360	362	105	109	465	471

The average age of the workforce is medium-high, between 30 and 50 years in 51.4% of cases; employees under the age of 30 account for 6.4% of the workforce while 42.2% are over 50.

Age groups	<30		30-50 included		>50	
	2020	2021	2020	2021	2020	2021
Executives	0	0	4	4	10	9
Managers	0	0	10	10	16	17
White-collar workers	16	21	160	154	97	106
Blue-collar workers	8	9	75	74	69	68

Total	24	30	249	242	192	200
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Staff recruitment and turnover rate

One element that highlights the solidity of the Group and its commitment to stable and on-going employment is the turnover rate that stands at low and physiological values. In 2021, the turnover rate was 4.4%.

In addition, the Ascopiave Group hired 28 people in 2021, reaching a recruitment rate of 5.9%. As far as age groups are concerned, people between 30 and 50 years and resources <30 years were hired in practically equal measure.

Group Total	Recruitments 2020			
Age groups*	M	F	Tot.	% tot.
<30 years	5	2	7	29,2%
30-50 years included	3	2	5	2,2%
>50	1	0	1	0,5%
Total	9	4	13	2,8%

Group Total	Recruitments 2021			
Age groups	M	F	Tot.	% tot.
<30 years	9	2	11	36.7%
30-50 years included	11	3	14	5.8%
>50	2	1	3	1.5%
Total	22	6	28	5.9%

Group Total	Terminations 2020			
Age groups	M	F	Tot.	% tot.
<30 years	0	0	0	0%
30-50 years included	9	2	11	4.8%
>50	16	2	18	8.5%
Total	25	4	29	6.2%

Group Total	Terminations 2021			
Age groups	M	F	Tot.	% tot.
<30 years	2	0	2	6.7%
30-50 years included	4	1	5	2.1%
>50	14	1	15	7.5%
Total	20	2	22	4.7%

Based on the Group's operational areas, all the above figures refer to Italy.

Portion of senior managers hired locally

84.6% of the senior managers (executives) of the entire Group are employed from the local community.

	2021
Total number of Group executives	13
Number of executives hired in the Italian region where they work	11
% of senior managers hired locally	84.6

Development and growth of human capital

The development of human resources is one of the fundamental objectives of the Ascopiave Group, which is achieved through the direct involvement of employees in the development of training plans upon:

- ✓ Recruitment;
- ✓ Transfers to other job positions;
- ✓ Organisational changes and/or technical/technological innovations that significantly modify the professional content;
- ✓ Paths of professional growth.

Training

TRAINING HOURS 2020	AVERAGE HOURS MEN	AVERAGE HOURS WOMEN	TOTAL AVERAGE HOURS
Executives	10.7	30	12.2
Managers	14.7	7.4	13
White-collar workers	19	9.5	15.6
Blue-collar workers	16	0	15.9
Total	17.2	9.5	15.5

TRAINING HOURS 2021	AVERAGE HOURS MEN	AVERAGE HOURS WOMEN	TOTAL AVERAGE HOURS
Executives	8.9	6	8.7
Managers	8.7	7.3	8.4
White-collar workers	19.2	13.4	17.1
Blue-collar workers	28.3	8	28.2
Total	22.00	12.9	19.9

Particular attention is paid to constant training and refresher courses for employees and figures specifically dedicated to safety management (persons appointed and supervisors).

In 2021, the total training hours (calculated as the sum of all the hours used by all workers) were around 9,370, with an average of 19.9 hours per worker. The courses covered various aspects of health prevention and protection.

Incentive and remuneration policies

The Ascopiave Group promotes the management and motivation of people through incentive and development policies and instruments. To this end, every year the Group defines and plans schemes complementing those deriving from organisational changes and/or contractual automatisms; such schemes are not envisaged in the contract but enhance individual professional skills.

Ascopiave has developed a streamlined and efficient assessment system through which most of the employees periodically receive an evaluation.

The Ascopiave Group has implemented an incentive system based on objectives (so-called MBO), which envisages a remuneration mechanism according to which the allocation of a variable bonus is dependent on the achievement of corporate and individual objectives. The system aims to consolidate the commitment of the entire organisation to the strategic lines and promote personal development, increasing the accountability and growth of all staff, according to objective and fair criteria.

Furthermore, long-term 3-year incentive plans have been approved since 2018, based on performance indicators and the trend of the Group's shares, in favour of executive directors and managerial staff. The adoption of the Plan,

called the “2021-2023 long-term incentive plan”, is aimed at encouraging and retaining the Ascopiave Group’s directors and employees who hold the positions of greater responsibility.

In order to strengthen the connection of remuneration with the sustainable growth of the Group and with the corporate strategy, long-term variable incentives are based not only on the achievement of the objectives set in the 2020-2024 strategic plan but also on the creation of sustainable value generated for the Group’s stakeholders through the inclusion of objectives linked to the Group’s sustainable strategy, the so-called “sustainable performance”, conditional on the attainment of the CO₂ reduction target in relation to the Group’s activities for 2024.

Equal opportunities and corporate welfare

EXCERPT 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 Group companies undertake to avoid and prosecute any type of harassment in the workplace, interpreting their entrepreneurial role both as the protection of working conditions and the protection of the psycho-physical integrity of the worker, respecting his/her moral personality, avoiding that the latter suffers illicit conditioning or unjustified nuisance.”

The Ascopiave Group does not discriminate in any way its employees and is sensitive to the issues of equal opportunities both as concerns personnel selection and management, and the organisation of work. The Code of Ethics of the Ascopiave Group, in fact, expressly states the Companies’ commitment to non-discrimination and equal opportunities; any violation of these rights is recognised as a breach of the Code of Ethics.

Ascopiave pays particular attention to the work-life balance of its workers: specifically, by virtue of a contract which provides for exceptions to the national collective bargaining agreement, the company ensures flexibility for the beginning and end of the working day and allows working mothers with children aged up to 11 to get a part-time job and/or benefit from a more convenient working time.

Employees can also apply for part-time contracts and, at 31st December 2021, 52 contracts had been activated (approximately 11% of total), requested in 86.5% of cases by women workers. The Group also offers the opportunity to benefit from the company canteen service even in the case of part-time working hours.

Group Total	FULL TIME		PART TIME	
	2020	2021	2020	2021
Men	354	355	6	7
Women	64	64	41	45
Total	418	419	47	52

Based on the Group’s operational areas, all the above figures refer to Italy.

In 2021, 15 parental leaves were granted, divided equally between the male and female population of the Group (60% women, 40% men). All employees returned to work at the expiration of the leave. 100% of those who returned to work were still employed by the company 12 months later.

PARENTAL LEAVES AND RE-ENTRY RATES			
AS OF 31 ST DECEMBER 2020			
NO. OF EMPLOYEES	M	F	T
No. of employees entitled to parental leave	360	105	465
No. of parental leaves granted	18	21	39
No. of workers who returned to work after benefitting from the parental leave	18	21	39

AS OF 31 ST DECEMBER 2021			
NO. OF EMPLOYEES	M	F	T
No. of employees entitled to parental leave	362	109	471
No. of parental leaves granted	6	9	15
No. of workers who returned to work after benefitting from the parental leave	6	9	15

Benefits granted to employees

The Ascopiave Group has defined, with the trade unions of the individual companies, 2nd level agreements according to which employees are granted a performance bonus, commensurate with the achievement of a system of indicators of profitability, efficiency, productivity and quality. The agreements envisage the possibility for the beneficiary of receiving the bonus in the form of Corporate Welfare services, benefitting from additional tax and social security advantages. Furthermore, in order to manage the delivery of the services more effectively, the Group has implemented an internal platform for taking advantage of the services. The platform offers a wide range of benefits, ranging from education and training, to social security and health services, to the purchase of other goods and services from suppliers accredited on the platform. In 2021, approximately 19% of staff converted a portion of their 2020 performance bonus into their Welfare account.

As additional corporate welfare measures, the Group offers its employees the possibility of benefitting from:

- ✓ Contractual Complementary Pension Schemes (Pegaso, Solidarietà Veneto, Previndai Negri);
- ✓ Complementary Healthcare Insurance, with the Group's contribution for the gas-water contract staff;
- ✓ Welfare plan for all companies according to which employees can use their 2021 performance bonus, increased by 15%, for welfare services (complementary pension scheme, healthcare services, cultural services, baby-sitting, etc.).

Covid-19

The health emergency caused by Covid-19, which involved the entire territory where the Ascopiave Group operates, entailed a complete review of the work organisation in order to adopt all the necessary prevention measures to ensure the safety of employees and the business continuity of all Group companies. After the first infection in Italy, on 21st February, which was followed by an urgent meeting of the Council of Ministers on 23rd February 2020 for a first important governmental intervention on the subject, on the same day, Sunday 23rd February 2020 at the Group's headquarters in Pieve di Soligo, a specific Crisis Unit was set up to handle the emergency; the unit began to operate immediately, favouring since the next day the implementation of all the precautionary measures dictated by the Authorities in order to avoid contacts between people and disseminating extensively, in the company offices and to the workers, the rules for social distancing and personal hygiene.

In compliance with art. 13 of the protocol signed on 15th March 2020 by the Government and the social partners, the so-called Central Committee, that is, concerning the Ascopiave Group as a whole, was established in agreement and with the participation of the trade unions (with equal representation) with the task of assessing and drafting the "shared regulatory protocol of measures to fight against and contain the spread of Covid-19 in the workplace"; sub-committees were also set up for subsidiaries.

With regard to employment levels, an exercise was started, starting from the "Distribution" area of the subsidiaries, to reschedule operations, and non-urgent activities were gradually minimised. In particular, all construction sites and operating activities not directly related to the safety and continuity of the service were gradually suspended; all essential services were therefore guaranteed, specifically emergency intervention, facility surveillance and the operations aimed at ensuring the use of the service, such as activations and reactivations of end customers and the creation of connections for the activation of supplies. Together with the competent doctor, the risks deriving from the possible presence of infected or quarantined people were analysed, and the correct precautions to be adopted were identified, which envisage the use of specific personal protective equipment, distributed to all operating personnel.

In general, the continuity of the company remained active in all areas, although the employees were encouraged in all ways to leave the workplaces and agile work was maximised where possible with implementation of technological equipment. At the offices, staff could only be present with the authorisation of their manager for emergency reasons. In total, this exodus has involved over 90% of the employees of the Pieve di Soligo headquarters, and an equal or higher percentage in other headquarters, through the use of work from home for white-collar workers or the decision not to have external distribution personnel work at the headquarters, or through the use of holidays, leaves or other measures. A voluntary “hour bank” was also established, with the contribution of the company and the employees, to support workers with a negative balance of holidays and with non-deferrable tasks.

In May 2020, a slow and planned return of almost all employees was coordinated, with the exception of the categories entitled to be absent from work pursuant to the Prime Minister Decrees or in the case of parents with children under the age of 14, who may request to work from home) with the obligation to comply with a rigid protocol that involves a series of responsibilities on the part of employees before accessing the office including, before leaving their home, the measurement of their body temperature in order to prevent any person with a temperature above 37.5° from accessing the workplace. In October 2020, on the other hand, with the new governmental restrictions adopted as a result of the second wave of the pandemic, the organisational measures approved at the beginning of the emergency were re-implemented in 2021, with the progressive planned leave of employees from the offices maximising the use the agile work by providing the appropriate technological equipment; in addition, the use of holidays or leaves or other possibilities given by the contractual instruments was encouraged.

As regards the measures adopted for handling the biological risk in the workplace, in addition to observing the regulations issued through the various Prime Ministerial Decrees and other provisions of the health authorities, through the specially established Committee, a “shared regulatory protocol of measures to fight against and contain the spread of Covid-19 in the workplace” was adopted, containing the guidelines and recommendations for companies and workers both in terms of prevention and containment of the pandemic. The main actions consisted of:

- adoption of all of the safety protocols,
- posting of the behavioural rules issued by the Ministry and the Italian Institute of Health and their diffusion to all workers through specific communications,
- transmission to all employees of communications, ordinances and Prime Minister Decrees,
- implementation of measures for distancing and avoiding the simultaneous presence of staff in offices and in common areas,
- activation of shifts for accessing the canteen with tables and chairs arranged in order to respect distances, initially, then the canteen service was suspended and subsequently resumed for fewer guests and with adequate distancing;
- minimisation of meetings and use of audio- or videoconferences,
- cancellation of meetings with third parties, consultants and collaborators and exclusion of their presence on site,
- reduction of all business trips and travels,
- review of criteria for accessing Group offices (the entrances were closed and access was limited to couriers for deliveries to the warehouse),
- rescheduling of operations for all technical, administrative and secretarial areas,
- strengthening of cleaning services,
- maximisation of agile work where possible with implementation of technological equipment,
- promotion of the use of holidays or other possibilities given by collective bargaining tools;
- purchase, distribution or placement in the various areas of material for personal hygiene and for cleaning;
- purchase of PPE stocks;
- installation of non-contact thermometers for measuring body temperature at the entrance to the headquarters and placement in all offices of infrared thermometers for measuring body temperature.

All this reduced the risk, so much so that no clusters or outbreaks occurred and the cases found (12% of total employees) were attributable to external situations.

To assess the state of well-being of employees and the judgments and suggestions regarding the initiatives

undertaken, the “Committee for the application and verification of the rules of the regulatory protocol” met regularly, with the participation of the company’s trade union representatives and the workers’ health and safety representative. During these meetings, the methods adopted in the anti-contagion safety regulations were implemented both through the adoption of remote work for most employees, and with regard to the prevention measures adopted in the company and the health and safety conditions in the workplace.

Also throughout 2021, operations were characterised by the incessant provisions regarding the epidemiological emergency to which the Company responded with a continuous series of measures aimed at contrasting the spread of the virus, by favouring remote work, reducing trips to other offices, except as strictly necessary, limiting contacts between people, adopting protective measures, and restricting access to common areas. With regard to the latter, every employee, collaborator, supplier or visitor who needed to enter the company for the most diverse reasons, had to sign a statement assuming certain obligations, primarily declaring that his/her body temperature was below 37.5° C. This statement had to be signed each day, both in hard copy and through a special “app”, downloadable to mobile phones, tablets or PCs, entered in the Zucchetti system, by all employees. Communications on compliance with regulations were also periodically sent by e-mail to the mailbox of each employee and, from an organisational point of view, each head of function constantly monitored remote work.

Since 15th October 2021, the company can only be accessed by those in possession of a “Green pass” (or negative swab test); 35 persons in charge of scanning green passes are present in all the offices and checks are conducted randomly, as well as using the portal made available by INPS. The introduction of the possibility of delivering spontaneously the green pass has simplified the checks. In order to protect privacy, vaccinated employees are not recorded, but data show that, in this period, the employees suspended from work due to unauthorised absence without pay were less than a dozen and several are already back to work.

The management of the Covid-19 emergency was very important both from an organisational point of view and in terms of participation, through a constant channel of communication with employees so as to notify them of the incessant regulatory changes and constantly invite them to comply with all preventive rules for avoiding infections.

Beyond the efforts made and the difficulties encountered in this absolutely new and very challenging, ever-changing scenario, the vast majority of employees showed a very responsible behaviour and the organisation proved to be efficient.

Occupational health and safety

Ascopiave and the Group companies believe that the protection of workers’ health and safety is a priority: therefore, the objective is not only to comply with the requirements of the specific applicable regulations, but also to implement actions aimed at the continuous improvement of the working conditions. Safety is promoted within all company activities.

For the Group, the prevention of accidents and occupational diseases is an essential objective of its business activity.

The key elements of the health and safety policy are:

- Measures aimed at increasing the economic value of the company, in full compliance with safety;
- Implementation of activities in full compliance with rules and regulations on the health and safety of workers;
- Continuous training of personnel, in order to raise awareness of the importance of working according to the laws and regulations in force, as well as of the consequences that may affect their own safety;
- Definition and review of quality, safety and environment targets, in order to maintain an adequate control system and provide resources for their achievement.

The prevention of hazards in the workplace that can pose risks of occupational diseases is pursued by Ascopiave in its operations. The specific occupational diseases attributable to the different tasks could be related to (by way of example) manual handling of loads affecting the musculoskeletal system, illnesses due to chemical agents and video terminals, psychosomatic disorders, etc..

Since these diseases can be generated by continuous exposure over time to the typical risks of the workplace, 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 risks of accidents.

No cases of occupational diseases were recorded in the last two years of reporting.

Occupational diseases	2020	2021
Number of deaths resulting from occupational diseases	0	0
Number of cases of recorded occupational diseases	0	0

ISO 45001 certification “Occupational health and safety management systems”

The Ascopiave Group has defined guidelines common to all the Group companies in order to promote a Safety Management System complying with the requirements of the ISO 45001 standard, increasingly effective and efficient, able to guarantee not only the observance of the mandatory rules but also a continuous improvement, in line with the objectives of the corporate safety policy. The system is fully integrated with those for Quality and the Environment, thus guaranteeing a shared working culture, based on professionalism and efficiency.

For the company Ascopiave S.p.A., the ISO 45001 certification was obtained in 2011 and reconfirmed also in 2021. In 2020, for the companies AP Reti Gas S.p.A. and AP Reti Gas Vicenza S.p.A., the transition to the management system compliant with the UNI ISO 45001 standard was successful (with confirmation of the certification in 2021), while the companies AP Reti Gas Nord Est S.r.l., AP Reti Gas Rovigo S.r.l. and Edigas Esigianato Distribuzione S.p.A. were ISO 45001 certified in the course of 2021.

Thanks to the certified Occupational Health and Safety Management System, the Ascopiave Group is able to monitor the risks related to work, improve performance, make the work environment safer, respect and apply correctly the relevant laws and ensure compliance in the event of inspection. The number of employees covered by an occupational health and safety management system at Group level in 2021 was 468 (99%).

The Ascopiave Group adopts a preventive approach envisaging the active involvement of all stakeholders and a scrupulous assessment of health and safety risks. Furthermore, the Group has set up a specific organisation to ensure the correct and adequate performance of activities aimed at eliminating or minimising risks, to guarantee the correct flow of information between employer and employee regarding risks in the workplace. Workers report any dangers to the person in charge of safety, who liaises with the Health and Safety department. In addition, each worker reports to the Workers’ Health and Safety Representative who can also collect reports on the occasion of the inspections conducted by virtue of his/her powers.

The Ascopiave Group pays particular attention to the analysis of accidents, detailing every type of activity that caused the event. In this regard, an accident management procedure governs all activities related to reporting and the subsequent stages of analysis and implementation of the improvement measures.

In 2021, there were 10 workplace accidents in total involving operational staff. The injuries were mainly due to accidents and consisted in bruises, sprains, impacts, muscle strains and road collisions. Two are commuting injuries.

The continuous commitment of the Ascopiave Group, combined with the search for continuous improvement, this year is reflected by the data that we derive from the indexes below: accidents remain basically constant.

Accidents at work*	2020	2021
Total number of deaths due to accidents at work	0	0
Total number of serious accidents at work (excluding deaths) which resulted in over 180 days of absence	0	0
Total number of recordable accidents at work	8	8
Hours worked	753,792	784,103
Multiplier for the calculation	1,000,000	1,000,000
Rate of deaths due to accidents at work	0.00	0.00
Rate of serious accidents at work (excluding deaths)	0.00	0.00
Rate of recordable accidents at work	10.61	10.20

* 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 serious work-related injuries (excluding deaths): (number of serious work-related injuries/number of hours worked) *1,000,000*
- *Rate of recordable occupational injuries: (number of recordable occupational injuries/number of hours worked) *1,000,000*

Data do not include commuting accidents.

Data do not include Asco Energy S.p.A..

The periodic safety meeting is held annually at Ascopiave and the Group companies: health and safety issues are discussed pursuant to art 35 of Italian Legislative Decree 81/2008. In addition, a process for reporting and managing near-misses and dangers makes it possible to promptly identify and solve issues that may expose workers to health and safety risks, improving occupational safety levels over time.

Ascopiave and the Group companies appointed a Coordination Competent Doctor who, in 2021, performed 331 medical examinations, finding 156 cases of complete suitability, 154 with prescriptions, 9 with limitations, 12 with limitations and prescriptions.

Particular attention is devoted to the constant training and refresher courses for employees and for positions specifically dedicated to safety management (managers and persons appointed). In 2021, the total training hours (calculated as the sum of all hours attended by all workers) were 1,986, with an average of about 4.22 hours per employee. The lessons covered various aspects of prevention and protection and health and safety in the workplace.

On-site safety for third-party companies

In order to also improve the safety conditions of the personnel of the supplier companies working in our offices and plants, the Ascopiave Group has established specific procedures that govern their access and operation. Third-party companies must inform the Ascopiave Group of any accidents in which their staff is involved during their work at the company's sites.

Work relationships with third parties not directly hired by the Ascopiave Group are governed by art. 26 of Italian Legislative Decree 81/08 covering obligations related to tender contracts or agreements with freelancers and employment agencies. Since 2016, the Contract Conditions require the parties to "open" contracts for connections, maintenance and network expansions to provide the statistics relating to the accidents occurred during the year on the sites under the responsibility of the Ascopiave Group.

In 2021, there were 3 accidents on site, a figure emerging from the 24 companies involved in the works.

Furthermore, the Ascopiave Group also involves the suppliers who work at its sites in safety training: courses, updates and meetings are addressed to the employers/managers when the work starts and whenever the specific nature of the work requires it.

Accidents at work of external workers operating in construction sites *	2020	2021
Total number of deaths due to accidents at work	0	0
Total number of serious work accidents (excluding deaths)	0	0
Total number of recordable work accidents	3	3

Accidents at work of external workers operating in construction sites *	2020	2021
Total number of deaths due to accidents at work	0	0
Total number of serious work accidents (excluding deaths)	0	0
Total number of recordable work accidents	3	3

* The temporal data for the calculation of accident rates are not available.

Covid-19 health and safety of workers

In early 2021, a second wave of the SARS-CoV-2 pandemic broke out in almost every country in the world, including Italy.

The state of health emergency, declared in 2020 and in force throughout 2021, has continued to involve measures aimed at combating and containing the spread of COVID-19 in the workplace.

To this end, Ascopiave and the Group companies continued in 2021 to implement the measures, adopted since the outbreak of the pandemic, in order to counter the spread of the virus in their workplaces.

Specifically, the Special Protocols for workers operating outdoors and at third-party premises (such as the homes of end users) remained in force in the Distribution business unit, in order to minimise the probability of transmission of the infection; the methods adopted were adapted and/or integrated over time in order to ensure consistency with legislative updates and scientific developments on the subject.

All employees were constantly informed by the Human Resources Department of any legislative updates and the progress of the pandemic, with the extensive use of e-mails. Consequently, the personnel was trained, both internally and through training bodies, and all employees were informed - and constantly made aware - of the preventive measures and hygiene and health rules to be respected in the workplace and the instructions for the correct use of personal protective equipment.

The Human Resources department was always ready to listen to and try to solve any issues related to the pandemic raised by the workers' health and safety representatives.

Until May 2021, most of staff with support and technical functions were able to work from home. Then, employees gradually returned to their workstation, a process which ended with the return of all workers excluding so-called "fragile persons" at the end of October 2021.

As required by the legislation in force, from 15th October 2021, access to the workplace, both for staff and for all suppliers, is conditional on the presentation of the Covid19 green certification.

CUSTOMERS AND CITIZENS SERVED

Customers and markets served

The Ascopiave Group is one of the main national operators in the natural gas distribution sector. The Group owns concessions and direct assignments for the management of distribution activities in 268 Municipalities, supplying the service to a market segment of 778,000 inhabitants, through a distribution network which spreads over 13,000 kilometres.

Ascopiave is also a partner of the Hera Group in the sale of gas and electricity, holding a 48% stake in EstEnergy, a leading operator in the sector with a portfolio of over 1 million sales contracts to end consumers, mainly in the regions of Veneto, Friuli Venezia-Giulia and Lombardy.

Ascopiave is also present in the renewable energy sector, with 28 hydroelectric plants and wind turbines with a rated power of 62.5 MW. Through the subsidiary Salinella Eolico S.r.l., moreover, it is about to start the construction of a new wind farm. Finally, in the water sector, the Group is a shareholder and technological partner of Cogeide, a company active in integrated urban water management in 15 municipalities, serving over 100 thousand inhabitants through a network of 880 km.

Thanks to its broad customer base and the quantity of gas sold, the Group is currently one of the main operators in the industry at a national level.

The Ascopiave Group continues working towards the achievement and maintenance of high quality standards of the service offered to customers and licensor Municipalities; these operations and services feature complex plant design, construction and management stages, which require high professionalism and careful monitoring of the conditions of service, as well as periodic maintenance to guarantee safety and efficiency over time in compliance with the applicable regulations.

The Ascopiave Group's primary objectives are:

- To maintain the highest level of quality of the services offered;
- To ensure an efficient and safe gas distribution network without service downtime.

These commitments are based on the desire to lead the company towards an excellent service in order to become a high quality partner. For this reason, the company's activity is constantly aimed at improving its business with investments based on innovative and pioneering services for the benefit of the community.

Thanks to shared values which are determining for its growth, the Ascopiave Group is close to the territory, to the municipal administrations and to local associations, contributing to their sustainable social and environmental development. With this set of intentions, the company wants to contribute to the growth of the surrounding area while respecting sustainability and implementing environmentally friendly solutions in order to make the community aware of energy saving, safety and respect for the environment. With a penchant for volunteering, the Group also supports socially valuable initiatives, bringing tangible aid to citizens and trying to assist the most disadvantaged categories through concrete tools for granting subsidies.

The Ascopiave Group is a major industrial company, attentive to people, social issues and local needs.

The development of technological innovation projects has also led the Company to evolve towards efficiency and saving, confirming an excellent service quality.

Quality, safety and continuity of service

Service quality indicators represent, in qualitative and quantitative terms, the performance levels of the service provided.

They concern:

- Commercial quality (mainly relating to the ability to perform rapidly activities such as the preparation of quotations and the execution of works at the end customers' premises, the activation and deactivation of the supply, timeliness in personalised appointments);
- Technical quality (emergency response times, number of checks performed for odorization and percentage of network inspected).

Below are the results considered satisfactory by the Ascopiave Group in 2020 and 2021 for each of the quality indicators established:

Service Quality Indicators	2020	2021
Compliance with the maximum time set for rendering services under specific commercial quality standards	99.18%	98.95%
Punctuality in appointments agreed with the end customer	99.70%	99.91%

Facility inspection plan

The Group's attention to plant safety and service continuity is demonstrated by the increasingly concrete commitment to prevention, through inspections on the distribution network as summarised in the following table:

Inspections and leakages of the gas network	2020	2021
No. of checks performed for odorization	1,726	1,766
% of high and medium pressure network inspected of total	80.5%	72.97%
% of low pressure network inspected of total	80.2%	72.40%

During 2021 there were no accidents related to the company facilities involving the population and the community.

Intervention plan

Since 1969, when the Ascopiave Group began equipping the territory with methane facilities and networks, a highly qualified team of engineers and technicians has been applying the most forward-looking technologies in order to guarantee high quality standards in the construction of distribution networks and systems. The design phase is characterised by the use of technologically advanced IT tools and state-of-the-art equipment for the simulation of fluid dynamics configurations in the entire network. This enables us to:

- ✓ Ensure the optimal use of the networks, through the correct configuration of the pressures and design the components of the entire network, so as to guarantee continuity of supply even in any "out of order" situations of some plants;
- ✓ Forecast the need to adjust the pipeline supply capacity;
- ✓ Plan effective network replacements so as to adapt them to the local emerging urban/industrial development needs.

Upon building the facilities, the Ascopiave Group has always adopted the most advanced construction solutions, technologies and equipment, and entrusted the construction to contractors with proven experience in the sector and proportionate skills. Supply continuity, by-pass works and no-dig techniques are just some of the measures taken to ensure an efficient and effective service and a safe management of the construction sites.

Emergency service

The Group offers an Emergency Service to solve problems related to the supply of gas on the networks managed, such as leaks or seepage, interruptions or irregularities in supply, and damage to the distribution facilities. The service is completely free both from the landline and mobile phones and is available 24 hours a day, every day of the year. All the calls received are recorded and their outcome is monitored.

Gas Emergency Service	2020	2021
% of answers within 120 sec.	99.28%	98.99%
% of calls with intervention compliant with the standard*	99.68%	99.03%
Average time taken to arrive on site (minutes)	39.17	38.12

* 60 minutes on average, but for some plants the standard envisages different deadlines

Emergency management plan

The Ascopiave Group has adopted a “Plan for handling gas emergencies and accidents” which defines the responsibilities, objectives, activities, organisational structure and methods for collecting, recording and transmitting the information needed to ensure a rapid and effective management of emergency situations or accidents involving the gas distribution service. An emergency is defined as any event that involves the gas distributed through a network, which may result in serious and/or extensive effects on safety and the continuity of the distribution service. The definition also applies to any event that causes the interruption of the gas supply to at least 250 end Customers without notice when the supply is not reactivated within 24 hours from the start of the interruption.

In 2021 there were no gas incidents or emergencies.

TERRITORY AND COMMUNITY

Social commitment

The Ascopiave Group has a company policy that expresses a strong focus on the territory and the local community with a vision based on social commitment, solidarity, support for non-profit groups and Associations which, in agreement with the Municipalities, work in favour of the community.

Distribution of sponsorships and donations by area

2021, like 2020, was again characterised by the pandemic caused by the Covid-19 virus and consequently fewer requests of support for local initiatives were received, as the virus prevention measures led to the cancellation of hundreds of events. Nevertheless, a response was given to some primary needs, in some cases also and precisely to try to bring back a climate of serenity and normality in social life, negatively affected and restrained subsequent to the pandemic. Particular attention was paid to the social and health sector, with the donation of two ultrasound scanners assigned to the geriatric and obstetrics and gynaecology wards of the Ca' Foncello Hospital in Treviso and with projects for the promotion of the sign language, for people with Asperger's Syndrome and for young people affected by disorders that arose as a consequence of the lockdown.

Many actions and initiatives are aimed at the above, supported by Ascopiave, but also by the other companies of the Group, with a view to cooperation with the community.

The Group contributes in many ways: involvement in projects for supporting the communities, also in partnership with local organisations, aimed at addressing significant issues both for the territory and for the Group; medium-long term actions related to community development and relations with associations operating in the social, welfare, environmental and cultural fields, with foundations and research institutes; support to municipalities to help low-income groups, support educational, cultural and sporting activities, children coming from disadvantaged families, help or assist the elderly or people with disabilities, contribute to the purchase of vehicles or equipment to promote the removal of architectural barriers or public health and more.

Ascopiave communicates with the territory through various means and the main areas of intervention at a social level are the following:

- **Health and prevention:** activities in support of health and prevention in general, including activities to foster medical and scientific research and training;
- **Community and assistance:** support for non-profit associations or organisations that work on social issues and initiatives aimed at assisting disadvantaged and financially struggling people; solidarity and interventions in the social and welfare field;
- **Culture:** cultural, artistic and musical initiatives with a strong educational focus, initiatives to promote local specialties and actions aimed at preserving and capitalising on the artistic, historical and cultural heritage of the territories in which the Group operates;
- **Sports:** support for sporting initiatives that embody universal values such as dedication and commitment to improve the physical condition, as an aid to socialisation, as an education factor, as an example of respect and loyalty;
- **Environment:** support for initiatives for the protection of the environment and to raise awareness of issues such as resource saving and the reduction of environmental impacts;
- **Emergencies:** contributions to support and aid populations that have suffered damages as a result of natural disasters, conflicts, etc..

Main campaigns and initiatives of the Ascopiave Group for the local community

Given the year characterised by the pandemic, the main initiatives supported in 2021 by the companies of the Ascopiave Group in favour of the territory and the local community concerned issues relating to health, prevention,

community and assistance, in addition of course to the Coronavirus emergency. Some actions were considered to be extremely important, especially in relation to the health emergency due to Covid-19, such as the launch of a pilot project for the introduction and promotion of the sign language through courses that responded to the need of families and institutions to strengthen and master the basics of this language in cases of verbal communication disorders of children with severe hearing impairment.

Culture

Several cultural initiatives were implemented in 2021, such as the sponsorship of Teatro Stabile del Veneto, or the celebration of the centenary of the birth of Poet Andrea Zanzotto, or the 5th edition of the Goffredo Parise Award, or the 17th edition of the Lago Film Fest.

The Ascopiave Group also participated in an endeavour covered by international media: a documentary titled *Le voyage d'or*, which recounts the renovation, completed last year, of the Brion Cemetery in San Vito di Altivole, designed by the great architect Carlo Scarpa 50 years ago. The well-known architect was commissioned to build the monumental cemetery in 1969 by the widow of Giuseppe Brion, a very famous businessman in the 60s/70s and founder of Brionvega, a radio and television factory. Scarpa worked on the project and construction for 10 years, until 1978 when he died and asked to be buried in the same mausoleum. The Brion Cemetery, after a few years of negligence, underwent a major renovation that lasted 5 years and its monumentality is now restored; the documentary, supported by the municipal administration of Altivole, tells this story.

This action, as well as others supported by the Ascopiave Group, is inspired by the desire to promote the territory and benefit the local community.

ENVIRONMENTAL SUSTAINABILITY

Fundamental values and Environmental policy

The set of values, the corporate ethical principles and the behavioural rules set out in the Code of Ethics inspire every day the activity of all of those who work, as employees or independent contractors, within the Group's sphere of action.

The Environmental Policy was adopted by the Parent Company and by the five distribution companies. In all six companies, it is always integrated into Quality and Safety in a single document.

It expresses the principles and values in the environmental area adopted by the Parent Company Ascopiave and consisting in:

- Sensitivity to ecological issues that limit the impact on the environment of activities and services;
- Research and development of technologies aimed at safeguarding resources and reducing the environmental impact and related risks.
- Deep respect for the environment in providing the service, by optimising the management of special waste and the consumption of the resources used (water, fuels and energy);
- Constant compliance with legal standards and requirements for the protection of the environment and risk prevention for the safeguard of the environment in direct processes (employees) and in indirect ones, entrusted to qualified suppliers and contractors;
- Continuous training of personnel, so that they are aware of the importance of working according to the laws and regulations in force, as well as of the consequences that may affect both their own safety and the surrounding environment;
- Definition and review of specific environmental objectives, maintaining an adequate control system and providing the resources needed to achieve them.

Environmental protection and rational use of energy

In accordance with a development model compatible with the territory and the environment, Ascopiave undertakes to manage its processes according to principles 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 enterprise operating on the national scale whose daily objective is to distribute energy, in addition to providing services to the community minimising the environmental impact of its activities also thanks to serious and careful research, technological developments and investments.

UNI EN ISO 14001 Certification “Environmental Management Systems”

The ISO 14001 Environmental Management System, integrated with Quality and Occupational Health and Safety, testifies to the organisation's firm commitment to improve environmental performance and constantly review the main documents for analysing and assessing environmental risks, both of the Parent Company and of the five Distribution companies.

Integrated QSE certification of the Gas Distribution Service

Our sensitivity to ecological issues, combined with the indirect economic benefits resulting from choices that limit the impact on the environment of the activities and services rendered, were decisive factors in the decision to adopt an Environmental Management System, primarily for the activity of methane gas distribution, now extended to five companies.

AP Reti Gas S.p.A.

The decade-long and considerable experience with the Quality Management System has motivated the Ascopiave Group in the pursuit of the Environmental Management System certification and the Occupational Health and Safety

certification: the joint certification of Ascopiave for the activity of methane gas distribution was obtained in October 2011. The Integrated Certification was then transferred to the subsidiary AP Reti Gas S.p.A. on 1st July 2016. On 24th June 2020, AP Reti Gas's ISO 14001 Certificate was renewed with expiration on 21st October 2023.

AP Reti Gas Vicenza S.p.A.

The management model of the Ascopiave Group motivated the sole shareholder Ascopiave to confirm the pre-existing Environmental and Safety certifications of the Pasubio Group (acquired in April 2017).

Such certifications are now held by the company renamed AP Reti Gas Vicenza S.p.A.

The company's ISO 14001 Certification was subsequently renewed and expires on 26th September 2022.

Edigas Esercizio Distribuzione Gas S.p.A.

In 2021, the two-year experience gained in the certification of the Quality System motivated the organisation to also adopt the certification of the Environmental Management System and the Management System for Occupational Health and Safety.

The ISO 14001 and ISO 45001 certificates were acquired in July 2021 and expire on 28th July 2024.

AP Reti Gas Nord Est S.r.l.

In the year 2021, the experience of the other Group companies motivated the new organisation of the Group to integrate the ISO 9001 certification, achieved in 09/2020, by adopting the certification of the Environmental Management System and the Management System for Occupational Health and Safety.

The ISO 14001 and ISO 45001 certificates were acquired in October 2021 and expire on 5th October 2024.

AP Reti Gas Rovigo S.r.l.

The positive experience of the other gas distribution companies of the Group also encouraged AP Reti Gas Rovigo, the smallest of the five companies, to acquire the triple integrated QSE certification: ISO 9001 (Quality), ISO 14001 (Environment), ISO 45001 (Occupational health and safety).

The triple certification was issued in December 2021; the individual certificates expire in December 2024.

Ascopiave Parent company integrated QHSE certification

On 12th March 2018, the Parent Company Ascopiave obtained the Certifications attesting that its Management Systems are compliant with the reference standards UNI EN ISO 9001 (Quality), BS OHSAS 18001 (Safety), UNI EN ISO 14001 (Environment), in relation to the following scope: "Provision of services for the Group companies Ascopiave".

For ISO 14001, Ascopiave has adopted a simplified Environmental Analysis, because of its reduced environmental impacts (soil, water, emissions, special waste, energy and fuel consumption).

In March 2021 it renewed the three certifications, with the adaptation of "Safety" to ISO 45001.

The three Integrated System Certificates are valid for three years and expire in March 2024.

Company's fleet

The Ascopiave Group has 290 corporate vehicles powered by diesel fuel, gasoline and methane.

Considering that Ascopiave operates locally, the impact on vehicular traffic linked to its fleet can be considered negligible: nevertheless, the Group constantly monitors fuel consumption.

FUEL CONSUMPTION	2020	2021
Gasoline (in thousands of litres)	19	24
Diesel fuel (in thousands of litres)	356	398
Methane (in thousands of kg)	4	10

As far as the Group's fleet is concerned, in 2021 the portion of vehicles in the efficiency category EURO 6 increased to 41.72%.

VEHICLE TYPE	NO. OF VEHICLES	% ON TOTAL	% EURO CATEGORY		
			% EURO 6	% EURO 5, EURO 4	% EURO 3, 2, 1 e 0
Diesel fuel	245	84.5%	40.9% (100 vehicles)	57.5% (141 vehicles)	1.6% (4 vehicles)
Gasoline	17	5.9%	52.9% (9 vehicles)	47.1% (8 vehicles)	
Bifuel	22	7.6%	54.5% (12 vehicles)	45.5% (10 vehicles)	
Electric	6	2%	N/A	N/A	N/A
Total	290				

Energy management and emissions

In the course of 2021, the construction of a new section of the photovoltaic system was completed. Commissioning occurred in January 2022. The new 180 kW/p section will supplement the electricity required to feed the new heat pump serving the headquarters.

Group Total	2020	2021
Natural Gas (Sm ³)	2,212,070	2,085,413
Car fuel - Diesel fuel (lt)	356,231	398,000
Car fuel - Gasoline (lt)	18,612	23,849
Car fuel - Methane (kg)	4,069	10,000
Electricity purchased (kWh)	2,947,808	3,087,621
Electricity produced by solar panels (kWh)	219,192	220,572

Group Total	2020	2021
Natural Gas (GJ)	78,093	73,621
Car fuel - Diesel fuel (GJ)	12,792	14,292
Car fuel - Gasoline (GJ)	598	766
Car fuel - Methane (GJ)	212	520
Electricity purchased (GJ)	10,612	11,115
Electricity produced by solar panels (GJ)	789	794
TOTAL ENERGY CONSUMPTION (GJ)	103,096	101,108

Electricity produced by solar panels

In line with its commitment to reducing environmental impacts, in June 2011 the Group put into service a photovoltaic station, integrated into the roof of the building used as a warehouse/archive for the exclusive use of the registered office.

In 2021, the amount of self-produced electricity was equal to 220 thousand kWh, an increase compared to 2020; electricity self-production will gradually increase in 2022, thanks to the commissioning in January 2022 of the new section of the photovoltaic system.

	2020 GJ	2021 GJ
Self-produced quantity	789	794
Self-consumed %	95%	95%

District heating/Cogenerators

In 2021, the total methane consumption for the Dolo/Mirano (VE) plant, amounted to 356,000 Sm³, producing 1,178,000 kWh_e of electricity in total, and a total thermal production of 1,631,000 kWh_t. Compared to the previous year, gas consumption decreased, with a consequent reduction in thermal and electrical production. These decreases are essentially linked to a decline in consumption associated with the users connected to the plants, while maintaining the overall efficiency ratio of gas consumed to energy produced $\geq 80\%$.

Methane consumption [thousands of Sm ³]	2020	2021
Cogenerators CA' TRON - Dolo (VE)	64	57
Cogenerators BELLA MIRANO - Mirano (VE)	60	52
Cogenerators LE CIME - Mirano (VE)	291	247
Electricity produced [thousands of kWh _e]	2020	2021
Cogenerators CA' TRON - Dolo (VE)	201	181
Cogenerators BELLA MIRANO - Mirano (VE)	192	166
Cogenerators LE CIME - Mirano (VE)	980	831
Thermal energy produced [thousands of kWh _t]	2020	2021
Cogenerators CA' TRON - Dolo (VE)	282	305
Cogenerators BELLA MIRANO - Mirano (VE)	332	284
Cogenerators LE CIME - Mirano (VE)	1,122	1,042

Methane consumption [GJ]	2020	2021
Cogenerators CA' TRON - Dolo (VE)	2,259	2,012
Cogenerators BELLA MIRANO - Mirano (VE)	2,118	1,836
Cogenerators LE CIME - Mirano (VE)	10,273	8,720
Total methane consumption	14,651	12,568
Electricity produced [GJ]	2020	2021
Cogenerators CA' TRON - Dolo (VE)	724	652
Cogenerators BELLA MIRANO - Mirano (VE)	691	598
Cogenerators LE CIME - Mirano (VE)	3,528	2,992
Total electricity production	4,943	4,241
Thermal energy produced [GJ]	2020	2021
Cogenerators CA' TRON - Dolo (VE)	1,015	1,098
Cogenerators BELLA MIRANO - Mirano (VE)	1,195	1,022
Cogenerators LE CIME - Mirano (VE)	4,039	3,751
Total thermal energy produced	6,250	5,872
Production efficiency [(kWh _e + kWh _t) / kWh comb.] %	2020	2021
Cogenerators CA' TRON - Dolo (VE)	78	88
Cogenerators BELLA MIRANO - Mirano (VE)	89	89
Cogenerators LE CIME - Mirano (VE)	75	78

The efficiency of the cogenerators combined with district heating has made it possible to save 43 TOEs (tons of oil equivalent).

Energy efficiency initiatives

As regards the enhancement of the efficiency of the headquarters, in addition to the expansion of the photovoltaic system with a new 180 kW/p section, the 172 kW/t methane gas direct-flame absorber was replaced with a 137 kW/t electric heat pump, powered directly by the new plant. The replacement will reduce significantly the consumption of methane gas, as the new heat pump will use self-produced electricity from a renewable source.

The Ascopiave Group has pursued the objectives set for energy savings through interventions on customers, initiatives within the company and the plants and through the purchase of Energy Efficiency Certificates (TEE), while continuing to promote efficiency.

2021 also benefitted from some existing energy efficiency projects:

- Efficiency improvement project relating to the renovation of the external envelope of two nursing homes, one in Treviso and one in Pieve di Soligo.
- Efficiency improvement project relating to the public lighting system in the Municipality of Vidor (TV)
- Efficiency improvement project relating to the public lighting system in the Municipality of Coseano (UD).

GROUP COMPANY	DESCRIPTION OF ACTION IMPLEMENTED IN 2021	QUANTIFIED SAVINGS OF TOEs and/or CO ₂ equivalent emissions	QUANTIFIED ADVANTAGE of energy consumption in joules or multiples
Ascopiave S.p.A.	Enhancement of the efficiency of nursing homes	60 TOEs /142 ton CO ₂ equivalent	2,354 GJ
Ascopiave S.p.A.	Enhancement of the efficiency of public lighting system	73 TOEs /105 ton CO ₂ equivalent	1,405 GJ
Ascopiave S.p.A.	Replacement of headquarters' heat pump	8 TOEs /12 ton CO ₂ equivalent	159 GJ
Asco Energy S.p.A.	Cogeneration	43 TOEs /116 ton CO ₂ equivalent	1,816 GJ

In 2021, Ascopiave continued to develop efficiency projects through the subsidiary Asco Energy S.p.A., proposing itself to third parties as a promoter of initiatives aimed at energy efficiency. Specifically, important efficiency projects were studied with a state-owned company that manages the integrated water and sewerage service, in order to obtain new energy efficiency certificates. Furthermore, an agreement was reached with a local factory, in order to develop a project for the recovery of some dairy by-products, for the final production of biomethane to be injected into the urban network. In 2021, Asco Energy performed energy efficiency certificates transactions in favour of the group's companies to which the obligation applies, for a quantity equal to 70,148 EEC.

The Research and Development Division was equipped with high-level technical staff, in particular figures specialising in the field of Energy Efficiency and Project Management, and EPC. The structure thus has several graduates in industrial engineering and economics, who are EGE certified according to the UNI CEI 11352 standard for the Industrial and civil sector, EMAS certified as "NACE code 84.11 Environmental Reviewer Consultant", Lead Auditor of Management Systems for the Environment UNI EN ISO 14001. The employees are guided by executives, graduates with proven experience, specialised in managerial engineering.

In 2021, the Research and Development Division supported the retention audits on behalf of Asco Energy of UNI UN ISO 9001:2015 and UNI CEI 11352 certifications for ESCO companies.

In 2021, in cooperation with the other structures of the group, a series of technical and economic assessments were launched for the acquisition of some hydroelectric plants and a wind farm. In addition to these, at the end of 2021, the acquisition of 6 active plants for the production of renewable electricity was finalised. A project, already authorised, for the construction of a wind farm in the next three years was also acquired in 2021. In total, in 2022, the group will have a rated power of around 62 MW, in order to produce renewable electricity to be fed into the grid.

Cogeneration/District Heating

The Group has managed cogeneration plants and the respective district heating networks serving around 700 civil, commercial and public customers and some thermal plants serving condominiums.

These plants contribute to the improvement of air quality in the urban centres in which they are located because, thanks to their construction, the installation of individual thermal facilities is avoided (the latter are certainly less efficient both in terms of consumption and CO₂ emissions). With district heating, heat production is centralised in more efficient and better controlled stations than domestic boilers. Control is continuous, both as concerns combustion processes and atmospheric emissions.

In 2021, the most significant plants managed by the Group, in terms of environmental friendliness, were four:

- The “Le Cime” plant in Mirano (Venice): this is a trigeneration plant, operating in winter for the supply of thermal energy for heating the connected customers and in summer to supply the absorber for the production of refrigeration energy for cooling the same customers. The plant benefited from the incentive deriving from the Green Certificates which in 2014, the last year of the incentives, produced 294 green certificates. At the end of 2016, another 51 customers of a new real estate complex built near the station were connected, allowing in 2020 the improvement of its overall efficiency, avoiding the installation of 51 new single-family boilers and their respective CO₂ emissions.
- The “Bella Mirano” plant in Mirano (Venice): it provides thermal energy in district heating and electricity to the grid. The plant in 2015 recorded an increase from 89% to 100% in the saturation of connected residential customers. During 2021, the saturation level remained unchanged. Thanks to the efficient management of the plant, in accordance with Italian Ministerial Decree dated 5th September 2011, the company obtained, as in 2020, 21 EECs (energy efficiency certificates) equal to 21 TOEs saved (tons of oil equivalent);
- The “Cà Tron” plant in Dolo (Venice): in the cogeneration station combined with the district heating grid, compared to last year, the degree of saturation of users remained unchanged. In 2021, thanks to the efficient management of the plant, in accordance with Italian Ministerial Decree dated 5th September 2011, 22 EECs (energy efficiency certificates) were achieved, equal to 22 TOEs saved (tons of oil equivalent), +7 TOEs saved compared to last year;
- The “S. Silvestro” plant in Vetrego di Mirano (Venice): in operation since 2014, it is our first thermal system, completely powered by renewable sources. In 2021, the plant produced about 135 MWh of thermal energy, allowing a saving of about 13 TOEs (tons of oil equivalent), thanks to the use of “renewable” fuel; the balance of CO₂ emissions is zero.

NAME OF PLANT MANAGED IN 2021	DESCRIPTION	QUANTITY OF ENERGY PRODUCED (kWh)	WHITE CERTIFICATES OBTAINED
CA' TRON - Dolo (VE)	Cogeneration plant combined with district heating	486,450	22
BELLA MIRANO - Mirano (VE)	Cogeneration plant combined with district heating	449,670	21
LE CIME - Mirano (VE)	Trigeneration plant combined with district heating	1,873,659	-
San Silvestro - Vetrego di Mirano (VE)	Pellet heating plant combined with district heating	135,770	-

Emissions

The following table shows the main CO₂ emissions generated in 2020 and 2021 by the Ascopiave Group:

Group Total	2020	2021
Direct and Indirect emissions		
Scope 1	Ton CO2 EQ	Ton CO2 EQ
Natural Gas	4,369	4,137
Diesel fuel	944	1,055
Gasoline	44	57
Methane	11	28
Total Scope 1	5,368	5,277
Scope 2 - Location Based		
Electricity purchased	830	829
Scope 2 - Market Based		
Electricity purchased	1,373	1,416

Sources used:

- The data relating to electricity and gas consumption in 2021 were extracted from the billing system of the energy sales companies. The indicators and sources of reference listed below referring to 2021 have not been published yet by the bodies in charge, so the 2020 indicators have been used temporarily.

- Data from MISE publication dated 28th January 2021 "Monitoring of greenhouse gas emissions for the period (2013-2020) for stationary plants" <http://www.minambiente.it/pagina/monitoraggio-dellemissioni-di-gas-ad-effetto-serra-il-periodo-2013-2020-gli-impianti>
- Figures contained in the publication in the monthly magazine *Quattroruote* of 11th January 2017 "Consumption and emissions: updated 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 2020: emission factor relating to Italy's national "residual mix" equal to 458.57 gCO₂/kWh (Source: European Residual Mixes 2019 Version 1.0, 2021-05-31).

Water withdrawals

In late 2020, Ascopiave decided to enter the water sector.

Cart Acqua S.r.l., fully owned by Ascopiave S.p.A., is a company providing technical services (design, construction, installation and management of systems) mainly aimed at improving the efficiency of integrated urban water management. The company is also a technological partner and owner of a stake in Cogeide S.p.A., an enterprise that operates under the protection scheme (i.e. for users who have not yet chosen a free market supplier) in integrated urban water management in 15 Municipalities in the Province of Bergamo, serving over 100,000 inhabitants.

Ascopiave is aware that overconsumption of water can lead to its depletion. For this reason, the Group manages water very carefully, monitoring withdrawals, promoting actions for a rational and responsible use, and repairing the infrastructure, where necessary.

The Ascopiave Group promotes a cautious and responsible use of water, and implements actions aimed at reducing and containing its consumption in the medium-long term, also through constant monitoring. The environmental management system adopted by the Group, in fact, requires continuous monitoring of consumption in order to detect any leaks due to possible ruptures of the pipelines/systems or to inaccurate use. In addition, for most of its consumption, the Group uses water for irrigation purposes, monitored and checked periodically, with suitable pressure sensors and field personnel. The remaining amount of water is used to replenish closed circuits dedicated to gas heating and preheating systems. With regard to sanitary water, the Group has launched awareness campaigns, and continually modernises the internal systems, with low-water consumption equipment.

In 2020, the water requirement was met by withdrawing 21% from the water main and 79% from groundwater. The total water withdrawal amounted to 30,118 cubic metres.

In 2021, the water requirement was met by withdrawing 22% from the water main, and the remaining 78% from groundwater. 27,820 cubic metres were withdrawn in total.

All the water withdrawn is freshwater, with a total concentration of dissolved solids of less than 1,000 mg/l.

A comparison of the two years shows a decrease of approximately 7.5% in consumption, mainly used in 2021 for irrigation.

In order to assess its impact in sensitive areas, the Group has identified the facilities located in water-stressed areas, according to the baseline water stress indicator provided by the Aqueduct Water Risk Atlas of the World Resources Institute, and has collected information on the types and locations of the public supplier's water sources. The investigation has shown that all the plants are in areas with medium-low water stress and that most of them are closed circuit systems, however monitored monthly with specific metres.

The water for civil use is exclusively discharged into the sewer system.

The water for civil use is drawn directly from the local integrated water main, and is therefore periodically tested by qualified external bodies for compliance with the applicable regulations.

Group's water withdrawals by source (megalitres)	2020		2021	
	All areas	Of which water-stressed areas*	All areas	Of which water-stressed areas *
Surface water	0	0	0	0
Groundwater	23.809	0	21.601	0
Seawater	0	0	0	0
Water produced	0	0	0	0
Third party water resources (water main)	6.309	0	6.22	0
Total water withdrawal (megaliters)	30.118	0	27.820	0

*The Aqeduct Atlas developed by the World Resources Institute (WRI) was used to identify water-stressed areas. The WRI tool is available online at: <https://www.wri.org/our-work/project/aqueduct>. The analysis factored in the results emerged in the "baseline water stress" column. Baseline water stress measures the ratio total water withdrawals to available renewable resources of surface and groundwater.

Waste management

Production and storage of Special Waste

The Ascopiave Group uses a specific IT programme to support and standardise the management of Special Waste for all Group companies that handle Special Waste (the Parent Company and the Methane gas distribution companies). This type of management has succeeded in standardising both document registration and filing practices and the annual MUD (unified form of environmental declarations).

The waste generated during the various production stages is collected in special containers, chosen according to their type (barrels, garbage bins, bags, boxes, etc.), adequately labelled and stored in areas specifically defined and identified in the relevant warehouse in order to avoid dispersion into the environment (Temporary Storage).

Agreements for the disposal of used toner cartridges

Used toner cartridges are disposed of through ECOBOX. The consolidated practice, used for over three years now, is supported by a specific Operating Instruction, included in the Ascopiave Integrated Management System and adopted by all Group companies that use rented printers contracted by the Parent Company. Two different periodic delivery methods have been defined, which have in common the supply of the ECOBOX and the deadline, at least annual:

- ✓ Agreements with the inter-municipal Centres for Differentiated Waste Collection (CERD): agreements with institutional centres for the ecological disposal of used toner cartridges of the company's photocopiers;
- ✓ Agreements with private companies in the absence of a public collection service: in the absence of such agreements the Ascopiave Group has defined a procedure according to which waste is collected by a private company authorised to transport waste, with the formalisation of a specific "private agreement"; unlike the procedure with local cooperatives, the collection involves the preparation of the form (FIR).

Thanks to ECOBOX, the Administrative Offices and the local offices do not have to manage the two EWC codes (080318 - 160216) as "Special waste", and the Loading and unloading register for this type of waste does not apply to the Parent Company and the Group subsidiaries.

Recovery and disposal of Special Waste

The waste is collected and sent to recovery or disposal operations within the expiration date of the Temporary Storage chosen by the waste producer (quarterly or annual frequency). Currently, for the Ascopiave Group, only the Warehouse of AP Reti Gas. Headquarters needs to respect a quarterly expiration for its Temporary Storage.

The other Storages, among which Ascopiave's, maintain an annual frequency.

The Group companies, namely Ascopiave and the gas distribution companies, deliver the special waste to the authorised disposal or recovery facility via accredited transporters: once the suppliers have been approved subsequent to the verification of the required qualifications, the periodic renewal of the Authorisations is monitored and updated by using software dedicated to special waste management.

Both AP Reti Gas and AP Reti Gas Vicenza are authorised by the Register of Environmental Managers to transport their own non-hazardous special waste to the Authorised Recovery Facility. In 2021, no special waste was transferred to the destination facilities with authorised owned vehicles.

In the two-year period 2020-2021, no complaints/reports were received about this environmental aspect from the parties involved, and no critical issues regarding the disposal of waste were recorded.

Group Total 2020					
kg	Recovered	Recycled	Disposed of	Total	%
Non-hazardous	222.305	0	1.469	223.774	99.5%
Hazardous	1.190	0	45	1.235	0.5%
Total	223,495	0	1,514	225,009	
%	99.3%	0%	0.7%	100%	
Group Total 2021					
kg	Recovered	Recycled	Disposed of	Total	%
Non-hazardous	256,689	0	460	257,149	98.2%
Hazardous	4735	0	94	4,829	1.8%
Total	261,424	0	554	261,978	
%	99.8%	0%	0.2%	100%	

The main categories of special waste produced by the Ascopiave Group, having a greater impact in terms of quantity, are shown in the Table below (kilograms produced and percentage of the total):

EWC Code	Type of Special Waste	2021 kg	2021 %
150106	Mixed materials packaging	12,867	4.9%
160213* - 160214	Waste of electrical/electronic equipment	25,557	9.8%
150101 - 200101	Paper and cardboard packages / paper and cardboard	26,850	10.2%
170402	Aluminium	81,365	31.1%
170405	Iron and steel	98,604	37.6%

Hazardous special waste deriving from the use of products and maintenance and/or resulting from disposal of equipment, is attributable to Ascopiave (EWC 160213*) and the five distribution companies (EWC 150111* - EWC 150202* - EWC 160601*) and accounts for 1.1% of the Group's total.

The table shows the special hazardous waste produced in the 2020/2021 two-year period:

EWC Code	Type of Special Waste (kg)	2020	2021
150111*	Mix of packaging containing dangerous substances	476	693
160213*	Electronic equipment containing hazardous components	159	151
150202*	Absorbents, filter materials, wiping cloths contaminated by hazardous substances	45	970
160601*	Lead batteries	555	995
160104*	End-of-life vehicles	-----	2020

The amount of “recovered” waste increased in 2021.

There are exceptions in “Disposal”, with respect to the “Recovery” of three types of waste deriving from maintenance. For these types, the “business practice” is to classify waste as “R13 Recovery”.

In 2021, the registered office of AP Reti Gas and some warehouses of the companies Ap Reti Gas Nord Est and Edigas produced, accounting for 24% of the total product, the three types of waste listed below:

- EWC 150111 * (mix of pressure containers of chemical products);
- EWC 150202 * (waste from maintenance);
- EWC 150203 (waste from maintenance).

Measures in favour of Circular Economy

The Parent Company and the Methane gas distribution companies only provide services and do not manufacture goods or products: consequently, they cannot adopt measures to foster the circular economy.

Specifically, the Parent Company generates categories of special waste which are irrelevant to the circular economy:

- receipt of goods from suppliers in Warehouse management (packaging);
- production of waste paper from documents periodically removed from the Archives;
- WEEE from divestment and/or replacement of computer parts, screens, smartphones.

The five Methane gas distribution companies also generate special waste which is irrelevant to the circular economy:

- receipt of goods from suppliers in Warehouse management (packaging);
- production of metal waste due to replacement of gas metres: activity governed by ARERA;
- production of waste from maintenance at the premises of end customers and the Workshop: consumable material;
- production of waste from maintenance at the Plants: reduction and metering stations and groups.

Environmental initiatives

Electric vehicle charging station

A charging station for the electric vehicles of the company was installed at the headquarters in Pieve di Soligo, with a power of 22 kW.

The charging station is located in the parking lot opposite the office open to the public, and is therefore also available to external users.

A second charging station was installed in December 2021. This station also has two 22KW sockets.

The charging station is located in the “visitors” parking, near the main entrance to the headquarters.

The EVSE can be used for company cars and by any visitors.

Reduction of plastic consumption

In order to reduce plastic waste deriving from the consumption of bottled water by employees, 12 drinking water dispensers were installed in 2020 at the offices of Pieve di Soligo and Treviso.

Furthermore, reusable bottles made of Tritan were distributed to employees, free of charge. Tritan is an ecological material, completely safe for health, which can be reused for a long time.

ANNEX: GRI STANDARD TABLES

Boundaries and impacts of material issues

The following chart shows the activities and/or group of activities that have been defined as material for the Ascopiave Group. For these aspects, the “Impact boundary” column shows the subjects that can generate an impact, whether inside or outside the Ascopiave Group. Furthermore, the “Type of impact” column indicates the role of the Group in relation to the impact generated with respect to each material aspect, i.e. if the organisation directly causes the impact, contributes to its generation or is directly connected to the impact through a business relationship.

Material Aspect	GRI Aspect	Impact boundary	Type of impact
Creation of value sustainable over time	Operating results	Ascopiave Group	Caused by the Group
Corporate Governance and risk management	Anti-bribery	Ascopiave Group	Caused by the Group
Innovation, Research and Development	-	Ascopiave Group	Caused by the Group
Consumption and energy management	Energy	Ascopiave Group	Caused by the Group
Emissions in the atmosphere	Emissions	Ascopiave Group	Caused by the Group
Emergency management	Consumer health and safety	Ascopiave Group	Caused by the Group and directly connected to its activities
Employment	Employment	Ascopiave Group	Caused by the Group and directly connected to its activities
Training and skills development	Training and education	Ascopiave Group	Caused by the Group
Contribution to the development of the territory	Presence on the market	Ascopiave Group	Caused by the Group and directly connected to its activities
Promotion of diversity and equal opportunities	Diversity and equal opportunities	Ascopiave Group	Caused by the Group
Health and safety of workers	Health and safety in the workplace	Ascopiave Group	Caused by the Group and directly connected to its activities

Responsible management of the supply chain	Procurement practices Social evaluation of suppliers Environmental evaluation of suppliers	Ascopiave Group, suppliers, contractors and business partners	Caused by the Group and directly connected to its activities
Corporate welfare	Employment	Ascopiave Group	Caused by the Group
Safety and reliability of services	Consumer health and safety	Ascopiave Group	Caused by the Group and directly connected to its activities
Relations with the regulatory authority	-	Ascopiave Group	Caused by the Group
Protection of human rights	Non-discrimination Assessment of respect for human rights	Ascopiave Group, suppliers, contractors and business partners	Caused by the Group and directly connected to its activities
Ethics and Integrity	Anticompetitive practices Environmental compliance Socio-economic compliance Taxes	Ascopiave Group	Caused by the Group

Chart connecting the scopes set out in Italian Legislative Decree 254 with the reference documents

Reference documents: Report on Operations (RO); Corporate Governance Report (CGR); Non-Financial Disclosure (NFD).

Scopes of Leg. Decree 254/2016	Requirements of Italian Legislative 254/2016	References to 2020 documents
Business management model	Art. 3.1, par. a) Description of the business model for the management and organisation of the company's activities, including any models adopted pursuant to Italian Legislative Decree 231/2001	<i>RO: Corporate Governance and Code of Ethics</i> <i>CGR: 11.3. ORGANISATION MODEL</i> <i>Pursuant to Italian Legislative Decree no. 231/2001</i> <i>NFD: IDENTITY AND RESPONSIBILITY</i>
Policies	Art. 3.1, par. b) Description of the policies implemented by the company, including those regarding due diligence	<i>RO: Corporate Governance and Code of Ethics</i> <i>CGR: 11.3. ORGANISATION MODEL</i> <i>Pursuant to Italian Legislative Decree no. 231/2001</i> <i>NFD: COMMENT ON THE METHODS ADOPTED, IDENTITY AND RESPONSIBILITY, SOCIAL SUSTAINABILITY, ENVIRONMENTAL SUSTAINABILITY</i> <i>Policy for quality, environment and occupational safety</i>
Risk management model	Art. 3.1, par. b) Description of the main risks, generated or suffered, and deriving from the company's activities	<i>CGR: 11. INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM</i> <i>NFD: IDENTITY AND RESPONSIBILITY</i>
People	Art 3.2, par. d) Information concerning the management of personnel, including gender equality, the implementation of conventions of international organisations and dialogue with the social partners	<i>RO: Human resources</i> <i>NFD: SOCIAL SUSTAINABILITY</i>
	Art 3.2, par. c) Information regarding the impact on health and safety	<i>NFD: SOCIAL SUSTAINABILITY</i>
Environment	Art 3.2, par. 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 polluting emissions into the atmosphere; impact on the environment	<i>NFD: ENVIRONMENTAL SUSTAINABILITY</i>
Social issues	Art 3.2, par. d) Information regarding social aspects	<i>NFD: SOCIAL SUSTAINABILITY, CUSTOMERS AND CITIZENS SERVED, TERRITORY AND COMMUNITY</i>
Respect for human rights	Art 3.2, par. e) Information regarding respect for human rights and measures taken to prevent violations thereof and discriminatory behaviour	<i>NFD: SOCIAL SUSTAINABILITY</i>
Fight against bribery	Art 3.2, par. f) Information concerning the fight against active and passive bribery	<i>RO: Corporate Governance and Code of Ethics</i> <i>CGR: 11.3. ORGANISATION MODEL</i> <i>Pursuant to Italian Legislative Decree no. 231/2001</i> <i>NFD: IDENTITY AND RESPONSIBILITY</i>

GRI Content Index

The approach to the management of the issues and the specific standard topics covered were prepared according to the reporting standards of the 2016 Global Reporting Initiative (GRI) Sustainability Reporting Standards, with the exception of the specific Standards: GRI 303 (Water and Effluents) and GRI 403 (Occupational Health and Safety) - published in 2018 -, GRI 207 (taxes) - published in 2019 - and GRI 306 (Waste) - published in 2020. In addition, the “Electric Utilities Sector Disclosures” published by the Global Reporting Initiative in 2013 were taken into consideration.

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103-2	Aspect management approach	68-69	

103-3	Assessment of the aspect management approach	68-69	
205-1	Operations assessed with respect to bribery risks	125	100% of the areas have been reviewed through the application of the 231 Model
UNFAIR COMPETITION			
103-1	Material aspect and boundary	84; 119-120	
103-2	Aspect management approach	68-69	
103-3	Assessment of the aspect management approach	68-69	
206-1	Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices and their outcomes	125	No legal action of this nature during the reporting period
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207-2	Tax governance, control and risk management	88	
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207-4	Country-by-country reporting	125	For more information, please consult the Annual Financial Statements; please note that the Group only operates in Italy.
CATEGORY: ENVIRONMENT			
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103-1	Material aspect and boundary	84; 119-120	
103-2	Aspect management approach	111-114	
103-3	Assessment of the aspect management approach	111-114	
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103-1	Material aspect and boundary	84; 119-120	
103-2	Aspect management approach	116-118	
103-3	Assessment of the aspect management approach	116-118	
306-1	Waste generation and significant waste-related impacts	116-118	
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ENVIRONMENTAL COMPLIANCE			
103-1	Material aspect and boundary	84; 119-120	
103-2	Aspect management approach	109	
103-3	Assessment of the aspect management approach	109	
307-1	Non-compliance with environmental laws or regulations	126	During the reporting period, the Group did not receive significant fines or non-monetary sanctions for non-compliance with environmental laws and regulations

ENVIRONMENTAL ASSESSMENT OF SUPPLIERS			
103-1	Material aspect and boundary	84; 119-120	
103-2	Aspect management approach	89-90	
103-3	Assessment of the aspect management approach	89-90	
308-1	New suppliers that were screened using environmental criteria	127	The indicator refers only to suppliers classifiable as contractors
CATEGORY: SOCIAL			
EMPLOYMENT			
103-1	Material aspect and boundary	84; 119-120	
103-2	Aspect management approach	92-94	
103-3	Assessment of the aspect management approach	92-94	
401-1	New employee hires and staff turnover	94	
401-2	Benefits offered to full-time employees which are not offered to temporary or part-time employees	127	There are no cases of differences in company benefits for part-time and fixed-term employees
401-3	Parental leave	97	
OCCUPATIONAL HEALTH AND SAFETY (2018)			
103-1	Material aspect and boundary	84; 119-120	
103-2	Aspect management approach	100-103	
103-3	Assessment of the aspect management approach	100-103	
403-1	Occupational health and safety management system	100-102	
403-2	Hazard identification, risk assessment, and incident investigation	100-102	
403-3	Occupational health services	100-102	
403-4	Worker participation, consultation, and communication on occupational health and safety	100-102	
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403-6	Promotion of worker health	100-102	
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	100-102	
403-9	Work-related injuries	101-102	With reference to third-party firms, disclosure is provided only as regards the number of accidents that occurred during work at the Ascopiave Group's sites.
403-10	Occupational health and safety	100	
EDUCATION AND TRAINING			
103-1	Material aspect and boundary	84; 119-120	
103-2	Aspect management approach	95	
103-3	Assessment of the aspect management approach	95	
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103-1	Material aspect and boundary	84; 119-120	
103-2	Aspect management approach	92-93	
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405-1	Diversity of government bodies and employees	67; 92-93	
NON-DISCRIMINATION			
103-1	Material aspect and boundary	84; 119-120	
103-2	Aspect management approach	96	
103-3	Assessment of the aspect management approach	96	
406-1	Incidents of discrimination and actions taken	129	During the reporting period, the Group did not record any episodes related to discriminatory practices

ASSESSMENT OF RESPECT FOR HUMAN RIGHTS			
103-1	Material aspect and boundary	84; 119-120	
103-2	Aspect management approach	62; 92	
103-3	Assessment of the aspect management approach	62; 92	
412-1	Activities that were reviewed or whose impact on human rights was assessed	129	100% of the areas have been reviewed through the application of the 231 Model.
SOCIAL ASSESSMENT OF SUPPLIERS			
103-1	Material aspect and boundary	84; 119-120	
103-2	Aspect management approach	90	
103-3	Assessment of the aspect management approach	90	
414-1	New suppliers that were screened using social criteria	129	The indicator refers only to suppliers classifiable as contractors
HEALTH AND SAFETY OF CONSUMERS			
103-1	Material aspect and boundary	84; 119-120	
103-2	Aspect management approach	105-106	
103-3	Assessment of the aspect management approach	105-106	
416-2	Cases of non-compliance with health and safety impacts of products and services	129	No cases of non-compliance
EU 25	Number of accidents related to corporate facilities	105-106	
SOCIAL AND ECONOMIC COMPLIANCE			
103-1	Material aspect and boundary	84; 119-120	
103-2	Aspect management approach	68-69	
103-3	Assessment of the aspect management approach	68-69	
419-1	Non-compliances with social and economic regulations and laws	130	No cases of non-compliance

MATERIAL ASPECTS NOT RELATED TO SPECIFIC DISCLOSURES OF GRI STANDARDS			
INNOVATION, RESEARCH AND DEVELOPMENT			
103-1	Material aspect and boundary	84; 119-120	
103-2	Aspect management approach	112-113	
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103-2	Aspect management approach	89	
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Ascopiave Group

Consolidated financial statements charts

as of 31st December 2021

Consolidated assets and liabilities statement

(Thousands of Euro)		31.12.2021	31.12.2020
Assets			
Non-current assets			
Goodwill	(1)	49,272	49,272
Other intangible assets	(2)	598,007	577,413
Tangible assets	(3)	58,012	33,443
Shareholdings in controlled companies	(4)	442,434	436,805
Shareholdings in other companies	(4)	78,925	78,925
Other non-current assets	(5)	3,604	4,153
Non current financial assets	(6)	2,864	2,226
Advance tax receivables	(7)	31,565	30,122
Non-current assets		1,264,683	1,212,359
Current assets			
Inventories	(8)	8,176	14,912
Trade receivables	(9)	26,786	33,587
Other current assets	(10)	25,575	75,965
Current financial assets	(11)	908	798
Tax receivables	(12)	1,621	3,583
Cash and cash equivalents	(13)	42,538	21,902
Current assets from derivative financial instruments	(14)	267	0
Current assets		105,871	150,747
Assets		1,370,554	1,363,106
Net equity and liabilities			
Total Net equity			
Share capital		234,412	234,412
Own shares		(55,423)	(55,628)
Reserves and result for the period		689,555	675,119
Net equity of the Group		868,544	853,903
Net equity of Others		(39)	0
Total Net equity	(15)	868,505	853,903
Non-current liabilities			
Provisions for risks and charges	(16)	1,474	2,412
Severance indemnity	(17)	4,491	4,770
Outstanding medium- and long-term bonds	(18)	24,181	0
Medium- and long-term bank loans	(19)	161,488	195,999
Other non-current liabilities	(20)	29,066	26,904
Non-current financial liabilities	(21)	6,777	563
Deferred tax payables	(22)	13,228	12,984
Non-current liabilities		240,706	243,632
Current liabilities			
Payables due to banks and financing institutions	(23)	199,631	165,747
Trade payables	(24)	34,401	66,774
Tax payables	(25)	1,284	5,174
Other current liabilities	(26)	24,042	26,263
Current financial liabilities	(27)	1,647	1,065
Current liabilities from derivative financial instruments	(28)	338	548
Current liabilities		261,343	265,571
Liabilities		502,049	509,203
Net equity and liabilities		1,370,554	1,363,106

In accordance with CONSOB resolution no. 15519 dated 27th July 2006, the effects of the transactions with related parties are shown in the specific representation contained in the paragraph "Transactions with related parties" of this annual financial report.

Comprehensive consolidated income statement

(Thousands of Euro)	Financial Year	
	2021	2020
Revenues	(29) 134,911	163,896
Total operating costs	68,564	100,280
Purchase costs for other raw materials	(30) 2,063	1,782
Costs for services	(31) 38,728	36,775
Costs for personnel	(32) 17,017	17,132
Other management costs	(33) 11,327	44,700
Other income	(34) 571	109
Amortization and depreciation	(35) 32,509	34,465
Operating result	33,838	29,151
Financial income	(36) 3,526	3,558
Financial charges	(36) 1,993	1,711
Evaluation of subsidiary companies with the net equity method	(36) 19,892	18,310
Earnings before tax	55,263	49,308
Taxes for the period	(37) (9,937)	9,393
Result for the period	45,326	58,701
Group's Net Result	45,326	58,701
Third parties Net Result	0	
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	708	398
Fair value of derivatives relating to associated companies, changes in the period net of tax	13,279	
2. Components that can not be reclassified to the income statement		
Actuarial (losses)/gains from remeasurement on defined-benefit obligation net of tax	84	9
Fair value valuation of investment in other companies		1,807
Total comprehensive income	59,397	56,505
Group's overall net result	59,397	56,505
Third parties' overall net result	0	0
Base income per share	0.209	0.271
Diluted net income per share	0.209	0.271

In accordance with CONSOB resolution no. 15519 dated 27th July 2006, the effects of the transactions with related parties are shown in the specific representation contained in the paragraph "Transactions with related parties" of this annual financial report.

Statement of changes in consolidated shareholders' equity

(Thousands of Euro)	Share capital	Legal reserve	Own shares	Reserves IAS 19 actuarial differences	Other reserves	Profits carried forward	Net result for the period	Group's net equity	Net result and net equity of others	Total net equity
Balance as of 1st January 2021	234,412	46,882	(55,628)	(527)	433,301	136,762	58,701	853,903	0	853,903
Result for the period							45,326	45,326		45,326
Other operations					708			708		708
Fair value of derivatives relating to associated companies					13,279			13,279		13,279
Severance indemnity IAS 19 discounting of the financial year				84				84		84
Total result of overall income statement				84	13,987	(0)	45,326	59,397	(0)	59,397
Allocation of 2020 result						58,701	(58,701)	(0)		(0)
Dividends distributed to Ascopiave S.p.A. shareholders						(34,663)		(34,663)		(34,663)
Long-term incentive plans			204		(164)	36		76		76
Change in equity investments in subsidiaries companies					(10,169)			(10,169)	(39)	(10,208)
Balance as of 31st December 2021	234,412	46,882	(55,424)	(443)	436,955	160,836	45,326	868,544	(39)	868,505

(Thousands of Euro)	Share capital	Legal reserve	Own shares	Reserves IAS 19 actuarial differences	Other reserves	Profits carried forward	Net result for the period	Group's net equity	Net result and net equity of others	Total net equity
Balance as of 1st January 2020	234,412	46,882	(26,774)	(535)	(10,470)	136,762	493,216	873,492	0	873,492
Result for the period							58,701	58,701		58,701
Other operations					(398)			(398)		(398)
Fair value valuation of investment in other company					(1,807)			(1,807)		(1,807)
Severance indemnity IAS 19 discounting of the financial year				9				9		9
Total result of overall income statement				9	(2,205)	(0)	58,701	56,505	(0)	56,505
Allocation of 2019 result					493,216		(493,216)	(0)		(0)
Dividends distributed to Ascopiave S.p.A. shareholders					(47,442)			(47,442)		(47,442)
Long-term incentive plans					108			108		108
Other operations					94			94		94
Purchase of own shares			(28,854)					(28,854)		(28,854)
Balance as of 31st December 2020	234,412	46,882	(55,628)	(526)	433,302	136,762	58,701	853,903	0	853,903

Consolidated statement of cash flows

(Thousands of Euro)	Financial Year	
	2021	2020*
Total comprehensive income	59,397	56,505
Cash flows generated (used) by operating activities		
Adjustments to reconcile net income to net cash		
Fair value of derivatives relating to associated companies, changes in the period net of tax	(15)	(13,279)
Fair value valuation of shareholdings in other companies	(15)	0
Changes in HA reserves for MTM derivatives	(15)	(708)
Changes in reserves on severance indemnity	(15)	(84)
Amortization	(35)	32,509
Bad debt provisions	(9)	34
Depreciation of fixed assets	(33)	1,255
Variations in severance indemnity	(17)	(195)
Current assets / liabilities on financial instruments	(14 ; 28)	5
Net variation of other funds	(16)	(1,155)
Evaluation of subsidiaries with the net equity method	(36)	(19,892)
Income from shareholdings	(36)	(3,495)
Other changes in the income statement that do not generate cash flows	(29)	(1,278)
Interest expense paid		(1,653)
Taxes paid		(12,607)
Interest expense for the period	(36)	1,704
Taxes for the period	(37)	9,937
Total adjustments	(8,902)	(4,305)
Variations in assets and liabilities		
Inventories	(8)	6,737
Accounts payable	(9)	7,249
Other current assets	(10)	27,246
Trade payables	(24)	(8,593)
Other current liabilities	(26)	(2,244)
Other non-current assets	(5)	(188)
Other non-current liabilities	(20)	2,035
Total variations in assets and liabilities	32,242	(10,044)
Cash flows generated (used) by operating activities	82,737	42,156
Cash flows generated (used) by investments		
Investments in intangible assets	(2)	(51,469)
Investments in tangible assets	(3)	(1,393)
Disposal / (acquisitions) in shareholdings and advances	(4)	(12,933)
Dividends collected from subsidiaries companies	(4)	20,862
Cash flows generated/(used) by investments	(44,933)	(91,776)
Cash flows generated (used) by financial activities		
Changes in non-current financial liabilities	(21)	0
Net changes in short-term bank borrowings	(23)	(55,047)
Ignitions outstanding medium- and long-term bonds	(18)	24,181
Net variation in current financial assets and liabilities	(11 ; 27)	22
Purchase of own shares	(15)	39
Ignitions loans and mortgages	(19)	288,000
Redemptions loans and mortgages	(19)	(239,700)
Dividends distributed to Ascopiave S.p.A. shareholders'	(15)	(34,663)
Cash flows generated (used) by financial activities	(17,168)	4,491
Variations in cash	20,636	(45,129)
Cash and cash equivalents at the beginning of the period	21,902	67,031
Cash and cash equivalents at the end of the period	42,538	21,902

In accordance with CONSOB resolution no. 15519 dated 27th July 2006, the effects of the transactions with related parties are shown in the specific representation contained in the paragraph "Transactions with related parties" of this annual financial report.

* At the end of 2020, the structure of the Group's statement of cash flows was modified in order to improve presentation. The statement of cash flows was consequently reclassified and aligned with the figures as at 31st December 2021.

EXPLANATORY NOTES

Company information

Ascopiave S.p.A. (hereinafter “Ascopiave”, the “Company” or the “Parent Company” and, jointly with its subsidiaries, the “Group” or the “Ascopiave Group”) is a legal entity under Italian law.

As of 31st December 2021 the majority share of the Company’s share capital, amounting to Euro 234,411,575, was held by Asco Holding S.p.A.; the remainder was distributed among other private shareholders. Ascopiave is listed since December 2006 on the Mercato Telematico Azionario - STAR Segment - organised and managed by Borsa Italiana S.p.A..

The registered office of the Company is in Pieve di Soligo (TV), via Verizzo, 1030, Italy.

The publication of the Financial report as of 31st December 2021 of the Ascopiave Group was authorised by resolution of the Board of Directors on 10th March 2022.

The Board of Directors has also authorised the publication of the consolidated financial statements in compliance with the provisions of ESMA and the ESEF taxonomy.

Activity of the Ascopiave Group

Ascopiave mainly operates in the sector of distribution of natural gas, as well as in other sectors related to the core business, such as heat management and co-generation.

The Group owns concessions and direct assignments for the management of the activity of gas distribution in 268 municipalities (268 municipalities as of 31st December 2020, has a distribution network extending for over 12,980 km (12,910 km as of 31st December 2020) and provides a service to a catchment area bigger than 1 million inhabitants.

The Ascopiave Group has a 48% stake in the share capital of Estenergy S.p.A., a company selling natural gas and electricity, and an 18% stake in the share capital of Cogeide S.p.A., a company that operates in the field of water services in the Lombardy region.

On 21st December 2021, an investment in the renewable energy sector, specifically in the hydroelectric segment, was finalised consistent with the 2020-2024 Strategic Plan. The transaction involved the purchase of the entire share capital of a special purpose vehicle of the EVA Group (subsequently renamed “Asco Renewables S.p.A.”), to which the equity investments of 3 companies that hold a total of six hydroelectric plants located in Lombardy and Piedmont were transferred.

General drafting criteria and compliance with IFRS

The Ascopiave Group Consolidated Financial Statements are prepared pursuant to IFRS, that is all the “International Financial Reporting Standards”, “International Accounting Standards” (IAS), all the interpretations of the “International Financial Reporting Committee” (IFRIC), previously “Standing Interpretations Committee” (SIC) approved at the reporting date by the European Union pursuant to the procedure set forth in EC Directive no. 1606/2002 issued by the European Parliament and Council on 19th July 2002.

The accounting principles adopted are consistent with those used as of 31st December 2020, except as described in the following paragraph “Accounting principles, amendments and interpretations effective from 1st January 2021”.

The consolidated financial statements are expressed in Euro, the currency used in the economy where the Group operates, and includes the Consolidated assets and liabilities statement, the Comprehensive consolidated income statement, the Consolidated statement of changes in shareholders’ equity, the Consolidated statement of cash flows and the Explanatory notes. All the values reported in the statements and explanatory notes are expressed in thousands of Euros, unless otherwise indicated.

The values used for consolidation were gathered from income statements and balance sheets prepared by the Directors of the individual subsidiaries. These data have been adjusted and reclassified, where necessary, to ensure compliance with international accounting standards and with the classification criteria applied throughout the Group. These financial statements as of 31st December 2021 were approved by the Board of Directors of the Company on 10th March 2022.

Financial statements representation

The items of the consolidated assets and liabilities statement are classified into “current” and “non-current”; those in the comprehensive consolidated income statement are classified by their nature in multi-step format.

The statement of changes in shareholders’ equity presents the opening and closing balances of each net equity item reconciling them through the profit or loss for the period, any operation with shareholders (if applicable) and other variations in the net equity.

The statement of cash flows has been defined according to the “indirect” method, by adjusting operating income of non-monetary components. We believe that these patterns adequately represent the economic situation and financial position.

IAS/IFRS accounting standards and related IFRIC interpretations approved and applicable to the financial statements of the years starting after 1st January 2021

At the reporting date, the competent bodies of the European Union approved the adoption of the following accounting standards and amendments, which were adopted for the first time by the Group.

The Group has adopted the following standards and amendments effective as of 1st January 2021.

The Group has adopted the amendments to IFRS 9 - Financial instruments, to IAS 39 - Financial instruments: Recognition and measurement, IFRS 7 - Financial instruments: Disclosures, IFRS 4 - Insurance contracts and IFRS 16 - Leases, in response to the reform, currently in progress, of Interbank Offered Rates (IBOR) and other interest rate benchmarks. The amendments are aimed at helping companies to provide investors with useful information on the effects of the reform in their financial statements. These amendments complement those issued in 2019 and focus on the effects on the financial statements when a company replaces the previous interest rate benchmark with an alternative reference rate as a result of the reform. The amendments concern:

- ✓ changes to contractual cash flows - a company will not be required to write off or adjust the book value of financial instruments due to the changes introduced by the interest rate benchmark reform, but shall update the actual interest rate in order to reflect the transition to the alternative reference rates;
- ✓ hedge accounting - a company will not have to stop its hedge accounting only because the changes introduced by the interest rate benchmark reform are implemented if the hedge satisfies other hedge accounting criteria; and
- ✓ information - a company will be required to disclose information about new risks arising from the interest rate benchmark reform and about how the company manages the transition to the alternative reference rates. The adoption of these amendments had no impact.

The Group has adopted the amendments to IFRS 4 - Insurance Contracts, which postponed the expiry date of the temporary exemption from the application of IFRS 9 to financial years starting from 1st January 2021 or later. The adoption of these amendments had no impact.

IFRS and IFRIC accounting standards, amendments and interpretations approved by the European Union, not yet mandatorily applicable and not adopted ahead of time as of 31st December 2021

At the reporting date, the competent bodies of the European Union approved the adoption of the following accounting standards and amendments, not yet adopted by the Group:

IFRS 17 – Insurance Contracts

In May 2017, the IASB issued IFRS 17 - Insurance Contracts, which establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts issued, as well as guidance on reinsurance contracts

held and investment contracts with discretionary participation features issued. In June 2020, the IASB issued some amendments to IFRS 17 aimed at helping companies to implement IFRS 17 and making it easier for them to explain their financial performance. The new standard and the amendments will take effect on 1st January 2023.

Amendments to IFRS 3 – Business combinations

In May 2020, the IASB issued amendments to IFRS 3 - Business combinations, in order to update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations. These changes are effective from 1st January 2022.

The Group does not expect significant impacts on the income statement and balance sheet with reference to the provisions deriving from the entry into force of the aforementioned standards. The Group has decided not to adopt ahead of time any accounting standards and amendments having an effective date in subsequent years.

IFRS accounting standards, amendments and interpretations not yet approved by the European Union

At the reporting date, the competent bodies of the European Union have not completed yet the approval process necessary for the adoption of the amendments and standards described below:

Amendments to IAS 1 – Presentation of Financial Statements: Classification of Liabilities as Current or Non-Current

In January 2020, the IASB issued amendments to IAS 1 - Presentation of financial statements: Classification of liabilities as current or non-current, in order to clarify how to classify payables and other liabilities as current or non-current, and specifically how to classify liabilities whose settlement date is uncertain and liabilities that can be settled through conversion into equity. These changes are effective from 1st January 2023.

Amendments to IAS 1 – Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies

In February 2021, the IASB issued amendments to IAS 1 - Presentation of Financial Statements, and to IFRS Practice Statement 2: Disclosure of Accounting Policies, which require companies to disclose their material accounting policy information rather than their significant accounting policy information and provide guidance on how to apply the concept of materiality to the disclosure of accounting standards. These changes are effective from 1st January 2023.

Amendments to 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 changes in accounting policies from changes in accounting estimates. These amendments are effective from 1st January 2023.

Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction

In May 2021, the IASB issued amendments to IAS 12 - Income Taxes: Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction, in order to specify how companies should report deferred tax on transactions such as leases and decommissioning obligations, transactions for which companies recognise both an asset and a liability. Specifically, it has been clarified that the exemption does not apply and that companies are required to recognise deferred taxation on such transactions. These changes are effective from 1st January 2023; early application is permitted.

Amendments to IFRS 17 – Insurance Contracts: Initial Application of IFRS 17 and IFRS 9 - Comparative Information

In December 2021, the IASB issued amendments to IFRS 17 - Insurance Contracts: Initial Application of IFRS 17 and IFRS 9 - Comparative Information, which introduces a transition option relating to comparative information on

financial assets presented upon initial adoption of IFRS 17. These amendments are aimed at helping companies to avoid temporary accounting mismatches between financial assets and liabilities from insurance contracts, thus improving the usefulness of the disclosure for the recipients of the financial statements. These changes are effective from 1st January 2023.

The Group will assess any potential impacts on the financial statements when these new standards are approved by the European Union.

Name and registered office of the company in charge of drafting the consolidated financial statements

With reference to the information required by Art. 2427, item 22-5 and-6 of the Italian Civil Code, we specify that 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 of which it is part as a subsidiary company. The entirety of this Consolidated Financial Report is available at its registered office. Furthermore, the Company Asco Holding S.p.A. with registered office in Via Verizzo 1030, Pieve di Soligo (TV) prepares the Consolidated Financial Statements of larger group of which it is part. The entirety of this Consolidated Financial Report is available at its registered office; the company closes the financial year on 31st July.

Business combinations

18th December 2021 was the first anniversary of the business combination which involved the purchase of the entire share capital of Cart Acqua S.r.l., whereby Ascopiave entered integrated urban water management. Cart Acqua S.r.l., in addition to being directly operational in the water sector, providing technical services, also has an 18.33% stake in the share capital of Cogeide S.p.A., a company which operates under the protection scheme (i.e. for users who have not yet chosen a free market supplier) in integrated urban water management in 15 Municipalities in the Province of Bergamo.

As the terms stated in IFRS 3 have expired, the originally consolidated book values are final.

Ascopiave enters the hydroelectric industry finalising the purchase of six hydroelectric plants

On 14th December 2021, Ascopiave announced the finalisation of an investment in the renewable energy sector, specifically in the hydroelectric field, as set out in the 2020-2024 Strategic Plan.

On 21st December 2021, the closing was finalised through the purchase of 100% of the share capital of a special purpose vehicle of the EVA Group, subsequently named "Asco Renewables S.p.A.", to which the equity investments of three companies that own a total of six hydroelectric plants, previously belonging to the EVA Group, with a rated power of 4.6 MW, were transferred. The plants, located in Lombardy and Piedmont, all operate under the incentive scheme, under a feed-in tariff mechanism having an average maturity beyond 2033.

The business combination was provisionally recognised on 31st December 2021 in accordance with the international accounting standard IFRS 3.62.

Consolidation area and principles

The consolidated financial statements include the financial statements of all the subsidiaries. The Group controls an entity (including the structured entities) when the Group is exposed, or is entitled, to the variability of results from such entities and has the possibility of influencing these outcomes through the exercise of power over the entity. The financial statements of the subsidiaries are included in the Consolidated financial statements commencing the date on which control is taken until the date on which such control ceases. The costs incurred in the acquisition process are recognised in the year they are incurred. The assets and liabilities, the charges and income of companies consolidated with the line-by-line method are fully included in the consolidated financial statements; the book value of

investments is eliminated against the corresponding share of equity of the investee companies. Receivables and payables, as well as the costs and revenues arising from transactions between companies included in the consolidation area are entirely eliminated; the capital gains and losses arising from transfers of assets between consolidated companies, the profits and losses deriving from transactions between consolidated companies related to the sale of assets that remain as inventories of the purchasing company, the write-downs and write-backs of investments in consolidated companies, as well as intercompany dividends are also eliminated.

At the date of acquisition of control, the net equity of the investee companies is determined by attributing to the individual assets and liabilities their current value. Any positive difference between the acquisition cost and the fair value of the net assets acquired is recognised as “Goodwill”; if negative, it is recognised in the income statement.

The equity and profit shares attributable to minority interests are recorded in specific items of the shareholders' equity and income statement. In the case of acquisition of partial control, the equity share of minority interests is determined on the basis of the share of the current values assigned to assets and liabilities at the date of acquisition of control, excluding any goodwill attributable to them (so-called partial goodwill method); in relation to this, the minority interests are measured at their total fair value, also including the goodwill (negative goodwill) attributable to them. The choice of the methods for determining the goodwill (negative goodwill) is made based on each individual business combination operation.

In the case of shares acquired subsequent to the acquisition of control (purchase of minority interests), any positive difference between the acquisition cost and the corresponding portion of equity acquired is recognised in equity; similarly, the effects arising from the sale of minority interests without loss of control are recognised in equity.

If the acquisition value of the shares is higher than the net equity pro-quota value of the investees, the positive difference is attributed, where possible, to the net assets acquired based on their fair value while the remainder is recorded in an item of assets, “Goodwill”.

The value of goodwill is not amortised but is subject to, at least on an annual basis, an impairment test when facts or changes in the circumstances indicate that the carrying value cannot be realised. Goodwill is booked at cost, net of impairment losses. If the carrying value of the investments is lower than the net equity pro-quota value of the investees, the negative difference is recognised in the income statement. The acquisition costs are booked in the income statement.

Affiliates are companies over which a significant influence is exercised, which is presumed to exist when the shareholding is between 20% and 50% of the voting rights, or, if lower, when there are elements that confirm the existence of a significant influence. Investments in affiliates are initially recorded at cost and subsequently recognised using the equity method. The carrying value of these investments is in line with the Shareholders' equity and includes the entry of the higher values attributed to assets and liabilities and any goodwill identified upon acquisition. The unrealised gains and losses generated on transactions between the Parent Company/Subsidiaries and the investee valued with the equity method are eliminated based on the value of the stake held by the Group in the investee; the unrealised losses are eliminated, except when they represent an impairment.

The financial statements of subsidiaries used for the purpose of preparing the Consolidated Financial Statements are those approved by the respective Boards of Directors. The data of the companies consolidated on a line-by-line basis or with the equity method are adjusted, where necessary, to harmonise them with the accounting standards used by the Parent company, which are in accordance with the IFRSs adopted by the European Union.

The companies included in the consolidation area as of 31st December 2021 and consolidated through the line-by-line or equity method are the following:

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%	0%
AP Reti Gas Rovigo S.r.l.	Rovigo (RO)	7.000.000	100.00%	100%	0%
Edigas Esercizio Distribuzione Gas S.p.A.	Pieve di Soligo (TV)	3.000.000	100.00%	100%	0%
Asco Energy S.p.A.	Pieve di Soligo (TV)	1.000.000	100.00%	100%	0%
AP Reti Gas Vicenza S.p.A.	Pieve di Soligo (TV)	10.000.000	100.00%	100%	0%
AP Reti Gas Nord Est S.r.l.	Padova (PD)	15,000,000	100.00%	100%	0%
Cart Acqua S.r.l.	Nembro (BG)	50,000	100.00%	100%	0%
Asco Renewables S.p.A.	Pieve di Soligo (TV)	100,000	100.00%	100%	0%
Sanginetto Energie S.r.l.	(1) Pertica Alta (BS)	20,000	100.00%	0%	100%
Morina S.r.l.	(1) Pezzaze (BS)	10,000	75.00%	0%	75%
Eosforo S.r.l.	(1) Gavardo (BS)	95,000	100.00%	0%	100%
Affiliated Companies					
Estenergy S.p.A.	Trieste (TS)	299,925,761	48.00%	48.00%	49%
Cogeide S.p.A.	(2) Mozzanica (BG)	16,945,026	18.33%	0.00%	18.33%

(1) Investees through Asco Renewables S.p.A.

(2) Investees through Cart Acqua S.r.l.

Subsequent to the finalisation of the purchase of 100% of the share capital of a special purpose vehicle of the EVA Group, subsequently renamed “Asco Renewables S.p.A.”, the Group consolidated on a line-by-line basis the balance sheet data of the Company, as well as of its subsidiaries: Sanginetto Energie S.r.l., Morina S.r.l., Eosforo S.r.l..

Synthesis data 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.	72,795	53,252	827,666	284,073	IFRS
100% consolidated companies					
AP Reti Gas Nord Est S.r.l.	27,212	6,904	136,662	(1,491)	IFRS
AP Reti Gas S.p.A.	64,878	15,189	313,944	3,278	IFRS
Cart Acqua S.r.l.	432	78	3,905	(314)	Ita Gaap
Edigas Esercizio Distribuzione Gas S.p.A.	19,218	3,009	63,445	14,754	Ita Gaap
AP Reti Gas Vicenza S.p.A.	14,851	(102)	17,366	21,261	Ita Gaap
AP Reti Gas Rovigo S.r.l.	4,928	1,401	20,244	6,351	Ita Gaap
Asco Energy S.p.A.	19,625	1	750	1,535	Ita Gaap
Asco Renewables S.p.A.		1	183	12,537	Ita Gaap
Morina S.r.l.	248	(124)	(152)	1,674	Ita Gaap
Sanginetto Energie S.r.l.	1,019	(40)	3,589	(362)	Ita Gaap
Eosforo S.r.l.	856	213	8,533	3,607	Ita Gaap

Information on consolidated subsidiaries with minority interests

The company Ascopiave S.p.A. holds a stake in a consolidated subsidiary in which third parties hold minority interests. Please consult the table contained in the previous paragraph for an indication of the controlling interest relating to each consolidated company. The minority interests in the assets and financial flows of the Ascopiave Group are considered irrelevant by the Management.

Measurement criteria

The accounting principles adopted by the Group are reported below:

Goodwill: the goodwill obtained from the acquisition of business units operating in gas distribution is initially booked at cost and represents the excess of the purchase price compared to the portion pertaining to the purchaser of the net fair value referred to identifiable values of the current and potential assets and liabilities.

After initial booking, goodwill can no longer be amortised and is reduced by any impairment.

Goodwill is analysed for recoverability on a yearly basis, or more frequently if events or changes in circumstances can lead to possible impairments.

For the purpose of such recoverability analysis, the goodwill acquired through business combinations is allocated, upon acquisition, to each of the Group's cash generating units (or groups of units) that are deemed to benefit from the synergy effects of the acquisition, without regard to the allocation of other assets or liabilities to these units (or groups of units).

Cash generating units:

- (i) represent the lowest level, within the Group, where goodwill is monitored for internal management purposes;
- (ii) are no greater than one sector, as defined in the primary or secondary indication scheme of the Group pursuant to IFRS 8 "Operating segments".

Impairment is determined by defining the recoverable amount of a cash generating unit (or groups of units) to which goodwill is allocated. When the recoverable amount of a cash generating unit (or group of units) is less than the book value, an impairment is recognised. In cases in which the goodwill is attributed to a cash generating unit (or group of units) whose assets are partially divested, the goodwill associated with the transferred assets is considered in order to determine any capital gain/loss deriving from the transaction. Goodwill transferred in such cases is calculated based on the values of the asset transferred with respect to the assets still held regarding the same unit.

Other intangible fixed assets: intangible assets mainly include assets pertaining to concession agreements between the public and the private sectors (so-called service concession agreements) related to the development, financing, management and maintenance of infrastructures in concession, of which:

- (i) the lessor controls or governs the services supplied by the operator through the infrastructure and their prices;
- (ii) the lessor controls through property, ownership of benefits or in other ways, any significant remaining profit-sharing in the infrastructure at the end of the concession.

Other intangible assets also include the recognition of the fair value of charges paid to the awarding entities (Municipalities) and/or the outgoing operators subsequent to the assignment and/or the renewal of the relevant invitation to tender to award the service of natural gas distribution.

As concerns the amortisation period:

- (i) the concessions for the service of natural gas distribution are amortised on a straight-line basis, based on the duration of the concession period. The amortisation period of the concessions acquired by the Ascopiave Group is equal to twelve years pursuant to the regulatory framework.

After initial recognition, intangible assets with a definite useful life are booked net of accumulated amortisation and net of any impairments, determined as indicated below for tangible assets. The useful life is then re-examined on an annual basis, and any changes, if necessary, made prospectively.

Assets acquired under leases are booked at fair value, net of charges due by the lessee or, if lower, at the current value of the minimum lease payments, including any sum payable for exercising the lease option, in intangible assets offsetting the financial debt to the lessor.

Any profits or losses deriving from the sale of an intangible asset are determined as the difference between the disposal value and the book value of the asset, and are reported in the income statement at the time of the sale.

Duration and residual value of assets under concession: The gas distribution activity is performed as a concession, i.e. the local public bodies entrust the supply of the service to the company. Regarding the duration of concessions, Legislative Decree no. 164/00 (so-called “Letta Decree”) stated that all concessions should be put out to tender by the end of the “transitional period” (for the Ascopiave Group, after 31st December 2012 or in the following years in the event of extension of the original deadline) and that the new term of the concessions shall not exceed twelve years. On expiry of the concessions, the operator, upon the sale of its distribution networks, except for assets to be relinquished, receives compensation as defined based on the criteria of the industrial estimate.

In relation to the estimates made by the Management for determining the depreciation method, the net book value of assets at the expiration of the concession should not be higher than the above mentioned industrial value.

Tangible fixed assets: tangible assets are booked at purchase cost, including any ancillary costs directly ascribable to the commissioning of the asset for the use for which it was acquired.

Lands - both free of constructions and annexed to civil and industrial buildings - are booked separately and are not depreciated since they have an indefinite useful life.

Maintenance and repair costs which do not increase the value and/or extend the residual useful life of the assets are entered in the year in which they are incurred. Otherwise, they are capitalised.

Tangible assets are presented net of the relevant accumulated depreciation, and any impairments determined according to the basis described below. Depreciation is calculated with the straight-line method based on the estimated useful life of the asset for the company, which is re-examined annually, and any changes, if necessary, are made prospectively.

The main economical-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 book value of tangible fixed assets is verified in order to recognise any impairments, should new events or circumstances suggest that the book value may not be recovered. In the presence of such an indication and in the event that the book value exceeds the presumed recoverable amount, the assets are depreciated until they reach their realisable value. The recoverable amount of the tangible fixed assets is the greater of the net selling price and the value in use.

Impairments are reported in the Income Statement in the costs for depreciations and write downs. Such reductions in value are written back should the reasons for their cause cease to exist.

When the asset is sold or if there are no future economic benefits expected from the use of the asset, it is eliminated from the financial statements and any loss or profit (calculated as the difference between the selling price and the book value) is entered in the Income Statement of the year of the above-mentioned elimination.

Leases

The accounting standard IFRS 16 “Leases” defines a single model for the recognition of lease agreements, eliminating the distinction between operating and financial leases, and envisaging the entry of an asset for the right to use the good and a liability for the lease. An agreement is, or contains, a lease if, in exchange for consideration, it grants the right to control the use of a specified asset for a period of time. Assets for the right to use leased goods are initially

valued at cost, and subsequently depreciated over the duration of the lease agreement defined in the analysis, taking into account the reasonably exercisable extension or termination options. The cost of the assets for the right to use includes the value initially recognised of the lease liability, the initial direct costs incurred, the estimate of any restoration costs to be incurred at the end of the agreement and the down payments relating to the lease made on the date of the first transaction net of leasing incentives received. The related liabilities for leased goods are initially valued at the present value of the payments due for the fixed instalments to be paid on the date of signing the lease and for the exercise price of the lease option and the redemption option if reasonably exercisable, discounted using the implicit interest rate of the lease, if readily determinable, or the incremental borrowing rate on that date. Liabilities for leased goods are subsequently increased by the interest accruing on said liabilities and decreased in correlation with the payments of lease instalments. Liabilities for leased assets are in any case redetermined to take into account the changes made to the payments due for the lease, adjusting the asset consisting in the right of use by an equal value. However, if the book value of the asset consisting in the right of use is zero and there is a further reduction in the evaluation of the lease liability, this difference is recognised in profit or loss.

In the event of changes in the lease agreement, such changes are recorded as a separate lease, when rights of use on one or more underlying assets are added and the lease consideration increases by an amount that reflects the stand-alone price for the increase in the subject of the lease. In relation to the changes that are not recognised as a separate lease, the lease liability is recalculated by discounting the payments due for the lease revised using a revised discount rate, based on the new duration of the contract. These adjustments to liabilities are recognised by changing accordingly the asset consisting in the right of use, recognising any profit or loss relating to the partial or total termination of the agreement in the profit and loss account.

No rights-of-use assets are recognised in relation to: i) short-term leases; ii) leases where the underlying asset is of modest value. Payments due for these types of lease agreements are recognised as operating costs on a straight-line basis.

The depreciation of the rights-of-use asset is recognised under operating costs in the profit and loss account, and the interest expense accrued on the lease liability, if not capitalised, in the financial section. The income statement also includes: i) the payments relating to short-term and low-value lease agreements, as permitted in a simplified way by IFRS 16; and ii) the variable lease payments, not included in the determination of the lease liability (e.g. rents based on the use of the leased asset).

Shareholdings:

The shareholdings recognised in this item relate to long-term investments deriving from:

- shareholdings recognised using the equity method;
- other shareholdings measured at fair value.

Shareholdings in affiliate companies, i.e. in which the Group has a significant influence, are recognised using the net equity method. The profit and loss account shows the share of the Group in the operating profit of the affiliate. If an affiliate company recognises adjustments directly attributable to the net equity, the Group recognises its share and includes it, where applicable, in the statement of changes in the net equity.

In the event the loss attributable to the Group exceeds the book value of the shareholding, the latter is cancelled and any excess is recognised in a special fund to the extent that the Group has legal or constructive obligations towards the subsidiary to cover its losses or, however, to make payments on its behalf.

Subsequent to the application of the equity method, the Group assesses whether it is necessary to recognise a further impairment of its investment in the affiliate. Regardless of the presence of impairment indicators, the Group assesses at each reporting date whether there is objective evidence that the equity investment in the affiliate has suffered an impairment. In this event, the Group calculates the amount of the loss as the difference between the recoverable amount of the affiliate and its book value in its financial statements, entering this difference in the profit (loss) account for the year and classifying it in the “share of the result of affiliate companies”.

Shareholdings in other companies: financial assets consisting of investments in companies other than affiliates and joint ventures (generally with a percentage of ownership of less than 20%) are called investments in other companies and fall within the category of financial assets measured at fair value which, normally, corresponds in the stage of the first recognition to the consideration of the transaction including directly attributable transaction costs. Any

subsequent changes in fair value are recognised in the income statement (FVPL) or, if the option stated in the standard is exercised, in the comprehensive income statement (FVOCI) under the item “Reserve of instruments at FVOCI”. For equity investments valued at FVOCI, impairments and the accumulated profits or losses in the event of sale of the equity investment are never recognised in the income statement; only dividends distributed by the investee are recognised in the income statement when:

- ✓ the Group becomes entitled to receive the dividend;
- ✓ it is probable that the economic benefits deriving from the dividend will flow to the Group;
- ✓ the amount of the dividend can be reliably measured.

The Group has opted for representation in the comprehensive income statement (FVOCI).

Other non-current assets: are booked at their nominal value adjusted for any impairment, corresponding to the amortised cost.

Financial assets

The Group classifies its financial assets into the following categories identified by IFRS 9:

- ✓ financial assets measured at amortised cost;
- ✓ assets at fair value with the contra-item “Other components of comprehensive income” (FVOCI);
- ✓ assets at fair value with the contra-item “Profit or loss for the year” (FVTPL).

Financial assets measured at amortised cost: this category includes the financial assets for which the following conditions are met: (i) the asset is held within a business model whose objective is the possession of the asset aimed at the collection of contractual financial flows; and (ii) the contractual terms of the asset envisage cash flows represented solely by payments of principal and interest on the amount of the principal to be returned. These mainly refer to receivables 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 related transaction. Subsequent measurements of the assets belonging to this category are valued at amortised cost, using the effective interest rate. Any provisions for the write-down of such receivables are determined with the forward looking approach using a three-stage model: 1) recognition of expected losses in the first 12 months upon 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 as compared to the initial recognition; interest is recognised on a gross basis; 3) recognition of the additional losses expected over the life of the receivable as the losses occur; interest is recognised on a net basis.

Assets at fair value with the contra-item “Other components of comprehensive income” (FVOCI): financial assets with the following characteristics are classified in this category: (i) the asset is held within a business model whose objective is achieved both through the sale of the asset itself and through the collection of contractual cash flows; and (ii) the contractual terms of the asset include cash flows represented solely by payments of principal and interest on the amount of the principal to be returned. Any write-downs for impairment and interest income are recognised in profit or loss for the year.

Assets at fair value with the contra-item “Profit or loss for the year” (FVTPL): this category includes all the financial assets that do not meet the conditions, in terms of business model or characteristics of the flows generated, for the purposes of measurement at amortised cost or at fair value with a contra-entry in the comprehensive income statement. The assets belonging to this category are classified under current or non-current assets according to their natural maturity and recorded at fair value upon initial recognition. During the subsequent measurement, the profits and losses deriving from changes in fair value are reported in the income statement in the period in which they are detected.

Value adjustments: the impairment of financial assets measured at amortised cost is evaluated by applying a model based on expected credit losses. The Group has decided to assess the credit risk assuming a total write-down of receivables past due by over 365 days and a partial write-down of those overdue by more than 180 days already in the past. The predictive process is supported by the monthly use of the provision for doubtful accounts set aside based on the execution of cycles of reminders and recovery of outstanding receivables. The historical series relating to past

years have shown that the write-down made in predictive terms is a reasonable overestimate of the actual losses that the Group incurs due to its end customers.

Inventories: inventories are booked at whichever of the following is lower: purchase and/or manufacturing cost, determined pursuant to the weighted average cost basis, or the estimated realisable net value. The net realisable value is determined based on the estimated sales price in normal market conditions, net of direct sales costs.

Obsolete and/or slow to realise inventories are written down in relation to their presumed possibility of use or future realisation. The write down is eliminated in the following years, should the reasons for its cause cease to exist.

Inventories of energy efficiency certificates: inventories of energy efficiency certificates are entered at purchase cost, determined according to the weighted average cost method.

Trade receivables and other current assets: trade receivables and other current assets, whose expiry is within normal commercial trading terms, are not discounted and are booked at amortised cost net of the relevant impairment. They are adjusted to their presumed realisable value through reporting in a specific adjustment fund, which is established when there is objective evidence that the Group will be unable to collect receivables for the original value. Provisions to the reserve for doubtful accounts are reported in the income statement. Additionally, the Group sells a portion of its trade receivables through credit assignment (“factoring”). Factoring transactions are without recourse.

Cash and cash equivalents: they include cash values, values available at sight and other short-term financial investments. They are booked 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 cancelled from the financial statements when:

- ✓ the rights to receive financial flows from the asset are extinguished;
- ✓ the Group retains the right to receive financial flows from the asset, but has assumed the contractual obligation to transfer them entirely and without delay to a third party;
- ✓ the Group has transferred the right to receive the financial flows from the asset and (a) has substantially transferred all the risks and benefits of ownership of the financial asset or (b) has not transferred or retained substantially all the risks and benefits of the asset, but has transferred control of the same.

In cases where the Group has transferred the rights to receive financial flows from an asset and has neither transferred or retained substantially all the risks and benefits or has not lost control over the asset, the asset is recognised in the Group’s financial statements to the extent of its continuing involvement in the asset itself. The continuing involvement that takes the form of a guarantee on the transferred asset is valued at the lower of the initial book value of the asset and the maximum value of the consideration that the Group may be required to pay.

In cases where the continuing involvement takes the form of an option issued and/or purchased on the transferred asset (including cash-settled options or similar), the extent of the Group’s involvement corresponds to the amount of the transferred asset that the Group will be able to repurchase; however, in the case of a put option issued on an asset measured at fair value (including cash-settled options or similar), the extent of the Group’s continuing 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 cancelled from the financial statements when the obligation underlying the liability is extinguished, cancelled or fulfilled.

In cases where an existing financial liability is replaced by another one of the same lender, under substantially different conditions, or the conditions of an existing liability are substantially changed, such exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, with recognition in the income statement of any differences between the book values.

Treasury shares: Re-acquired treasury shares are taken as a decrease in the assets. The original cost of treasury shares, benefits from sales and any other subsequent variation are recognised under the net equity.

Benefits for employees: benefits granted to employees, paid upon or subsequent to termination of employment, by means of schemes with defined benefits or contributions (Employees' severance indemnities) or with other long-term benefits are recognised in the period when the right accrues. The liability related to defined benefit/contribution plans, net of any plan assets, is determined based on actuarial assumptions and is recognised on an accrual basis consistent with the employment period required to obtain the benefits. Defined benefit plans also include severance indemnity (TFR) owed to the employees of the Group companies pursuant to Article 2120 of the Italian Civil Code, accrued prior to the reform of this regulation occurred in 2007 (Finance Act dated 27th December 2006 no. 296), subsequent to which, for companies employing more than 50 persons and for quotas accrued commencing 1st January 2007, the Severance indemnity is classified as a defined contribution plan.

The Group's obligations are separately determined for each plan, by estimating the present value of future benefits that employees have accrued during the current year and in previous financial periods. This calculation is performed using the projected unit credit method.

The components of the defined benefits are recognised as follows:

- (i) the re-measurement components of liabilities, which include actuarial gains and losses, are recognised immediately in Other comprehensive income (loss);
- (ii) costs related to the provision of services are recognised in the profit and loss statement;
- (iii) net financial charges in the defined benefit liability are recognised in the income statement.

The re-measurement components recognised in Other comprehensive income (loss) are never reclassified to the profit and loss account of the following years.

For the Severance indemnity accrued after 1st January 2007, the company is only required to pay contributions to the State (so-called Fondo INPS) or to a trust fund or a legally separate entity (so-called Fund) and is determined based on contributions due.

Moreover, the Group has signed compensation plans partly based on Ascopiave S.p.A. shares and settled 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 payment (approval of 2017 financial statements). Any subsequent change in fair value is recognised in the profit and loss statement.

The remaining part of the plan is paid in the form of options that can only be sold for cash. The cost of cash operations is evaluated initially at the fair value as of the date of allocation. In particular, the plans adopted by the Group envisage rights including an extraordinary bonus in favour of the beneficiaries linked to the achievement of pre-set objectives, the financial settlement of which is based on the trend of the share trend. This fair value is booked in the period until maturation, recognising a corresponding liability. The liability is re-calculated upon each reporting date, until the date of settlement, with all changes made to the fair value reported in the income statement.

In 2021, the compensation plans relating to the 2021-2023 three-year period accrued in part; as a consequence, reserves for the portions to be settled by share-based payments were established. Pursuant to the rules governing the plan, there were no other allocations in the period, since the benefits will accrue at the end of the financial year. These compensation plans are recognised in compliance with the requirements set out in IFRS 2.

For more details on the compensations paid during the year, please refer to "Section II" of the Remuneration Report, prepared pursuant to Art. 123-ter, Legislative Decree no. 58/1998 (TUF).

Provisions for risks and charges: The provisions for risks and charges concern costs and charges of a given type, and of certain or probable existence, which on the closing date of the financial year are undetermined in terms of amount or due date.

Provisions are reported when:

- i) There likely is a current obligation (legal or implicit) that derives from a past event;
- ii) An outlay of resources is likely in order to meet the obligation;
- iii) A reasonable estimate can be made as to the amount of the obligation.

On the other hand, where it is not possible to make a probable estimate as to the obligation, or alternatively, it is deemed that the outlay of financial resources is only possible and not probable, the relevant potential liability is not entered in the financial statements, but rather mentioned appropriately in the explanatory notes.

Provisions are reported at the value representing the best estimate of the amount that the company would pay to fulfil the obligation, or to transfer it to third parties at the reporting date. If the effect of discounting is significant, the allocations are determined by discounting back the expected future financial flows at a pre-tax rate which reflects the market's current valuation in relation to time. When discounting is performed, the increase in the allocation due to the passing of time is reported as a financial charge.

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 delegated directors in exchange for stock grants ("units"). The fair value of the services received is recognised as a cost of labour. The total amount of the cost is determined on the basis of the fair value of the units granted and its offsetting item is an equity reserve.

The overall cost is recognised over the vesting period, when all the service conditions envisaged for vesting the rights must be satisfied. At each reporting date, the Group reviews the estimates based on the number of options expected to vest based on vesting conditions, not market conditions. The effect of any changes compared to the original estimates is recognised in the consolidated income statement with an offsetting item in equity.

Financial liabilities: financial liabilities, other than derivative financial instruments, include the medium and long-term loans recorded initially 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.

When a condition of a long-term loan agreement is violated, on or before the date of the financial statements, causing the liability to become payable on demand, the liability is classified as current, even if the lender has agreed - after the reporting date and before the authorisation to publish the financial statements - not to require the payment because of the breach. The liability is classified as current because, as of the date of the financial statements, the entity does not have an unconditional right to defer its settlement for at least twelve months after that date.

Trade payables and other payables: trade payables, whose expiry is within normal commercial trading terms, refer to liabilities resulting from trade transactions and are recognised at amortised cost.

Payables in a currency other than the accounting currency are booked at the exchange rate of the day of the transaction and, subsequently, are converted at the exchange rate as of the date of financial statements. Any profit or loss deriving from conversion is reported in the income statement.

Derivative financial instruments: the Group holds derivative instruments for the purposes of hedging its exposure to the risk of changes in interest rates. The transactions which, pursuant to risk management policies, satisfy the requirements of the international accounting standards for hedge accounting, are classified as "hedging transactions" (and recognised as set out below). On the contrary, those which, despite having hedging purposes, do not meet the requirements envisaged by the international standards, are classified as "trading transactions". In this event, the changes in fair value of derivatives are recognised in the profit and loss account in the period in which they occur. The fair value is determined based on the reference market value.

Derivatives embedded in financial assets/liabilities are separated and assessed at fair value, except for cases where the strike price of the derivative at the starting date is close to the value determined based on the amortised cost of the reference asset/liability. In this event, the valuation of the embedded derivative is absorbed in the valuation of the asset/financial liability.

The fair value measurement of the above-mentioned contracts is performed by using pricing models and based on market data as at 31st December 2021.

Fair value hierarchy

Financial assets and liabilities measured at fair value are classified in a three-level hierarchy based on the methods for determining the fair value itself, or based on the relevance of the information (input) used in determining their value:

- (i) **Level 1**, financial instruments whose fair value is determined on the basis of a price listed in an active market;
- (ii) **Level 2**, financial instruments whose fair value is determined using valuation techniques that use benchmarks which can be observed directly or indirectly on the market. This category includes instruments valued on the basis of market forward curves and short-term contracts for difference;
- (iii) **Level 3**, financial instruments whose fair value is determined using valuation techniques that use benchmarks which cannot be observed on the market, that is using exclusively internal estimates.

The Group, as of 31st December 2021 has only one type of financial instruments on interest rates falling within the scope of level 1 and a second type attributable to the level 3 hierarchy on the fair value measurement of equity investments in other companies - ACSM AGAM S.p.A. and Hera Comm S.p.A..

Revenues and costs: revenues and costs are booked on an accrual basis.

The recognition of revenue from contracts with customers is based on the following five steps: (i) identification of the contract with the customer; (ii) identification of the performance obligations, represented by the contractual promises to transfer goods and/or services to a customer; (iii) determination of the transaction price; (iv) allocation of the transaction price to the performance obligations identified on the basis of the stand-alone selling price of each good or service; (v) recognition of the revenue when the relevant performance obligation is fulfilled, i.e. when the promised good or service is transferred to the customer; the transfer is considered completed when the customer obtains control of the good or service, which can occur continuously (*over time*) or at a specific time (*at a point in time*).

Depending on the type of operation, revenues are entered based on the following specific criteria:

- (i) the revenues from natural gas transportation are recognised at the time when the supply or the service are provided - although not yet invoiced - and are determined by combining estimates with the values recorded during the financial year based on the so-called reference tariffs, in order to determine the restriction on total revenues as set out in the regulations issued by the ARERA;
- (ii) the contributions received from users for connection services or for parcelling works, if not in relation to costs incurred for network extension, are reported in the income statement;
- (iii) revenues for services are recognised according to the level of completion of the activity, based on the same criteria applied to contract work in progress. If their value cannot be reliably determined, revenues are recognised up to the amount of costs incurred which are reasonably expected to be recovered;
- (iv) Revenues are entered net of all returns, discounts, rebates and premiums, as well as the taxes directly connected.

Public contributions: public contributions are reported when there is a reasonable certainty that they will be received and all applicable conditions are met. When public contributions are linked to cost components, they are reported as income, but are systematically allocated to the relevant financial periods, so that they are commensurate with the costs they are intended to offset. If the contribution is related to an asset, the asset and the contribution are recorded at their nominal value and recognised in the income statement progressively along the useful life of the relevant asset, by the straight-line method.

Private contributions: private contributions received up to 31st December 2013 for the construction of user connections were fully entered in the income statement when the costs for their construction were incurred and the work was commissioned. The contributions received for the construction of these works that were not related to the costs incurred for their construction were suspended in liabilities and recognised in the income statement when the conditions were fulfilled. The private contributions received for the construction of user connections are recorded since 1st January 2014 in liabilities upon collection and recorded in the income statement when the connection is completed, consistent with the recognition of the costs of the works and their useful life.

Financial income and expenses: income and expenses are booked on an accrual basis according to the interest accrued on the net value of the relevant financial assets and liabilities, using the effective interest rate.

Income taxes: current taxes are calculated based on an estimate of the income before tax and are entered at the amount that is expected to be recovered from or paid to the tax authorities. The rates and tax regulations used to calculate the amount are those issued or basically issued upon year end. Current taxes relating to elements recognised directly under assets are reported directly as net equity and under the other items of the comprehensive income statement.

As far as the Tax on Company Revenue is concerned (IRES), Ascopiave S.p.A.'s 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 Distribuzione Gas S.p.A., Asco Energy S.p.A.) exercised the option for the national tax consolidation regime pursuant to art. 117/129 of the Unified Law on Revenue Taxes (TUIR) for the 2019 - 2021 three-year period. This option enables the calculation of IRES based on a taxable amount equalling to the mathematical sum of the positive and negative taxable amounts of the single companies that comprise the consolidation. Ascopiave S.p.A. acts as consolidating company and determines a single taxable amount for the entire group of companies that are part of the national consolidation regime.

Each of the participating companies transfers its income tax (taxable income or tax loss) to the consolidating company recognising therefore in the income statement the item "tax consolidation charges" or "tax consolidation income" for an amount equal to the current IRES rate for the financial year (or the loss transferred), that will be paid or used by the parent company Ascopiave S.p.A..

Deferred tax assets are reported against all deductible temporary differences and for tax assets and liabilities brought forward, to the extent that the existence of suitable future tax income that enables the use of deductible temporary differences and tax assets and liabilities brought forward is probable, except for the following:

- (i) when deferred payable tax assets connected with deductible temporary differences derive from the initial recognition of an asset or liability in a transaction that is not a company merger and that, at the time of the transaction itself, has no effect on the profit of the year calculated for the purposes of the statements, nor on the profit or loss calculated for tax purposes;
- (ii) regarding taxable temporary differences associated with holdings in subsidiaries, affiliates and joint ventures, the deferred tax assets are reported only to the extent that it is probable that the deductible temporary differences will reverse in the immediate future and that there is suitable tax income against which the temporary differences can be used.

Earnings per share: Earnings per share are calculated by dividing the net income for the period attributable to the Company's shareholders by the weighted average number of shares net of treasury shares. For the purposes of the calculation of the basic earnings per share, we specify that the numerator is the economic result for the period less the share attributable to third parties. There are no preference dividends, conversions of preferred shares or similar effects that would adjust the results attributable to the holders of ordinary shares in the Company. Diluted profits for shares result as equal to those for shares in that ordinary shares that could have a dilutive effect do not exist and no shares or warrants exist that could have the same effect.

Use of estimates

The preparation of the financial statements requires the directors to make accounting estimates based on complex and/or subjective judgments and on past experience and assumptions deemed to be reasonable and realistic based on information available at the time of the estimate. This affects the values of the assets and liabilities reported in the consolidated financial statements, as well as costs and revenues and information relating to potential assets and liabilities as of that date. If, in the future, such estimates and assumptions, which are based on the Management's best assessment, differ from the actual circumstances, they shall be modified so as to be appropriate in the period in which the circumstances arise.

Estimates are used to report:

- Duration and residual value of the assets under concession: the gas distribution activity is performed as a concession, i.e. the local public bodies entrust the supply of the service to the company. Regarding the duration of concessions, Legislative Decree no. 164/00 ("Letta Decree") stated that all concessions should be put out to tender by the end of the "transitional period" (for the Ascopiave Group, between 31st December 2010 and 31st

December 2012) and that the new term of the concessions will not exceed twelve years. On expiry of the concessions, the operator, upon the sale of its distribution networks, except for assets to be relinquished, receives compensation as set out in the criteria of the industrial estimate. In relation to the estimates made by the Management for determining the depreciation method, the net book value of assets at the expiration of the concession should not be higher than the above-mentioned industrial value. Estimates are also used to assess the effects of disputes on the application of distribution and/or sale tariffs, and those with the municipalities for the payment of the redemption value of assets under the concession, returned upon expiry;

- Impairment of non-financial assets: at each reporting date, the Group assesses whether there are indicators of impairment of all non-financial assets. Goodwill is tested for possible impairment at least annually and during the year if such indicators exist; this requires an estimate of the value in use of the cash-generating unit to which goodwill is allocated, in turn based on the estimated cash flows expected from the unit and their discounting based on a suitable discount rate. As of 31st December 2021, the book value of goodwill amounted to Euro 49,272 thousand (2020: Euro 49,272 thousand). Further details can be found under Note 1;
- Provisions for doubtful accounts, inventory obsolescence, useful lives of intangible and tangible fixed assets and related amortisation and depreciation, employee benefits and payment plans based on stock options (so-called phantom stock option), taxes and provisions for risks and charges.

The estimates and assumptions are reviewed periodically, and any changes are immediately reflected in the income statement. Upon applying the Group's accounting principles, the Directors have taken decisions based on the above-mentioned discretionary evaluations, with a significant effect on the values reported in the financial statements. However, the uncertainty surrounding these assumptions and estimates may determine results that, in the future, will need to be significantly adjusted to the book value of such assets and/or liabilities.

Impairment of assets

The Group performs at least once a year an impairment test on tangible and intangible assets if their useful lives are indefinite or, more often, in the presence of indicators suggesting that their carrying amount may not be recoverable. Goodwill is tested for possible impairment at least annually and during the year if such indicators exist; this test requires an estimate of value in use of the cash-generating unit to which goodwill is allocated, in turn based on the estimated cash flows expected from the unit and their discounting based on a suitable discount rate.

Energy Efficiency Certificates

The Energy Efficiency Certificates purchased during the year are recognised in the income statement at the cost incurred. The portion of certificates not yet purchased but needed to achieve the target of the financial year is recognised at the current market value of the price of the certificates themselves. The relevant contribution that will be paid by CSEA upon the cancellation of the certificates is entered in the item "revenues" at the current value of the contribution itself determined on the basis of the repayment price expected at the end of the year.

Amortisation and depreciation

Amortisation and depreciation are calculated based on the estimated useful life of the asset or the remaining term of the concession; the useful life is determined by the directors, with the assistance of technical experts, when the asset is entered in the financial statements; the assessments about the duration of the useful lives are based on historical experience, market conditions and expectations of future events that could affect the useful life, including technological innovations. On a regular basis, the company evaluates technological and sector changes, dismantling and close-down charges and the recovery value in order to update the asset's remaining useful life. This periodic update may lead to a change in the depreciation/amortisation period and thus the depreciation/amortisation of future periods.

Duration and residual value of assets under concession: The gas distribution activity is performed as a concession, i.e. the local public bodies entrust the supply of the service to the company. Regarding the duration of concessions, Legislative Decree no. 164/00 (so-called "Letta Decree") stated that all concessions should be put out to tender by the end of the "transitional period" (for the Ascopiave Group, between 31st December 2010 and 31st December 2012) and that the new term of the concessions will not exceed twelve years. On expiry of the concessions, the operator, upon the sale of its distribution networks, except for assets to be relinquished, receives compensation as defined by the criteria of the industrial estimate. In relation to the estimates made by the Management for determining the

depreciation method, the net book value of the assets at the expiration of the concession should not be higher than the above mentioned industrial value. Estimates are also used to assess the effects of disputes on the application of distribution and/or sale tariffs, and those with the municipalities for the settlement of the redemption value of the assets under concession, returned upon expiry.

Provisions for risks

These provisions have been devised by adopting the same procedures as in the previous years and by referring to the updated reports prepared by the lawyers and consultants who are examining the disputes, as well as based on the procedural developments of the latter.

Provision for doubtful accounts

The provision for doubtful accounts reflects the estimated losses connected with the receivables of the company. Provisions have been established to cover specific cases of insolvency, as well as in relation to expected bad debts estimated based on experience with respect to receivables with a similar risk profile.

COMMENTS ON THE MAIN CONSOLIDATED BALANCE SHEET ITEMS

Non-current assets

1. Goodwill

Goodwill, equal to Euro 49,272 thousand as of 31st December 2021, is unchanged since 31st December 2020.

This amount refers in part to the surplus value created by the delivery, in the period between 1996 and 1999, of the gas distribution networks by the municipalities which were shareholders of Azienda Speciale Consorziata del Piave, and in part to the surplus value paid upon the acquisition of some business units related to the distribution of natural gas. Among these, there is the goodwill recognised subsequent to the merger through acquisition of Unigas Distribuzione S.r.l. into Ascopiave S.p.A., for Euro 9,368 thousand, and the goodwill from the purchase of the entire share capital of the newly established company AP Reti Gas Nord Est S.r.l., for Euro 15,508 thousand (of which Euro 14,149 thousand recorded at the end of the previous year 2019 and Euro 1,359 thousand related to the adjustment in 2020).

The balance of goodwill recorded at the end of the periods considered is shown in the following table:

(Thousands of Euro)	31.12.2021	31.12.2020
Distribution of natural gas	49,272	49,272
Total goodwill	49,272	49,272

Pursuant to the International Accounting Standard 36, goodwill is not amortised, but is verified at least annually for any impairment.

In order to determine the recoverable amount, goodwill is allocated to the following Cash Generating Units: natural gas distribution (gas distribution CGU), activities managed by the company Asco Energy (energy services CGU) and activities managed by Cart Acqua (water services CGU).

The impairment test on goodwill has been conducted by comparing the recoverable amount of the assets with their book value, including the goodwill allocated to them. As no reliable criteria exist to evaluate the selling value between informed and willing parties in the activity of gas distribution, other than the criteria set out in literature to evaluate business units, the recoverable amount of the tested assets is determined by using the value in use.

The recoverable amounts of the gas distribution CGU, energy services CGU and water services CGU have been estimated using the Discounted Cash Flow method, discounting the operating cash flows generated by the assets themselves at a discount rate representative of the cost of capital.

The cash flows used to calculate the recoverable amount implement the economic-financial projections formulated by the Management with regard to the assets currently held by the Group and assuming that it will continue to hold them. The economic-financial projections used were inferred from the strategic plan approved by Resolution of the Board of Directors on 31st January 2022.

As the acquisition date of the investment in Asco Renewables (Renewable Energy CGU) is very close to the test date, and given that the operation was performed between independent parties and the absence of unfavourable events, the price paid qualifies as fair value and therefore its recoverable amount is equal to its book value.

Regarding the activity of gas distribution, the current sector legislation establishes that the natural gas distribution service is awarded by means of tender procedures in the minimum territorial areas within pre-established time limits. The tenders for the award of the service in the territorial areas where the Group currently holds most of its municipal concessions have not been published yet. Considering that the date of the possible start of future territorial tenders is uncertain, the assessment methods adopted to determine the value in use of the gas distribution CGU assumes that the Group, during the 2021-2024 five-year period, will maintain the management of the current portfolio of concessions, as envisaged in the first scenario (scenario A) of the strategic plan.

The assumption is that, in the 2022-2025 period, operations will generate cash flows in line with those envisaged in the scenario while, considering the uncertainty around the renewal of concessions, the final value of the gas distribution CGU has been assessed by assuming two alternative scenarios:

- scenario 1: The Group obtains in 2025 the renewal of all the concessions and assignments existing on 31st December 2021;
- scenario 2: The Group ends the activity of gas distribution in 2025, realising the reimbursement value of the plants as per Art. 15 of Legislative Decree no 164/2000.

Regarding scenario 1, the terminal value has been determined as an estimate of perpetuity as from the last year specified in the financial forecasts, and considering the economic terms and conditions of the renewals.

The growth factor (g) used for the purpose of calculating the terminal value, has been estimated at 1.55% (1.3% as of 31st December 2020), in line with the long-term inflation rate forecast for Italy by the Economist Intelligence Unit (EIU).

The cost of capital (WACC) of the gas distribution CGU was calculated assuming:

- a) a levered beta coefficient determined with reference to the unlevered betas of companies active in comparable sectors;
- b) a level of financial leverage (ratio financial debt to own means) derived from the analysis of the structure of the financing sources of listed companies active in comparable sectors;
- c) a market risk premium equal to 5.5% (5.5% as of 31st December 2020), defined as the (long-term historical) yield spread between shares and bonds on mature financial markets;
- d) a risk-free rate equal to the average daily yield of long-term Italian government bonds (10-year BTP) in the 12 months preceding 31st December 2021;
- e) the cost of debt equal to the 12-month average of the spread of 10-year corporate bonds of companies with a BAA rating;
- f) an additional risk premium for the calculation of the cost of equity (Ke) equal to 1.22% (1.6% as of 31st December 2020) due to the different scale with respect to comparables.

Based on these elements, the weighted average cost of the post-tax capital is equal to 4.56% (4.76% as of 31st December 2020). This rate has been used for discounting cash flows in the 2022-2025 Plan period.

The cost of capital used to determine the value of the perpetuity and the rate of discounting of the terminal value is equal to 5.14% (5.29% as of 31st December 2020) and was calculated based on the above parameters and including an additional risk premium for the calculation of the cost of equity (Ke) of 2.22% (2.6% as of 31st December 2020) to reflect the uncertainty on the possible renewal of the concessions and their conditions of extension.

Considering the assumptions described, both in scenario 1 and in scenario 2, the recoverable amount of the gas distribution CGU is higher than the accounting values and therefore it is not necessary to write down the goodwill for impairment.

The estimate of the recoverable amount of the cash generating units requires discretion and the use of estimates by the Management. Several factors related to the evolution of the regulatory context could require a reassessment of any impairment losses. The circumstances and events that could cause a further verification of impairment losses are constantly monitored by the Company.

Ascopiave S.p.A. is holding company that performs direction and strategic coordination activities in the Ascopiave Group. Pursuant to the accounting standard IAS 36, we have verified the recoverability of the so-called "corporate assets" of Ascopiave S.p.A. i.e. the assets and liabilities related to Ascopiave S.p.A.'s core business that have not been allocated to the CGUs during the first-level impairment tests. The test has been conducted on a consolidation level (second-level test) as prescribed by IAS 36. We have verified the consolidated net invested capital of Ascopiave, net of share interests not consolidated on a line-by-line basis. Specifically, the recoverable amount was calculated as the sum of the recoverable amounts of (i) the gas distribution CGU, the energy services CGU and the water services CGU, (ii) other shareholdings, determined in the first-level impairment test, and the recoverable amount (iii) of the corporate CGU.

About the recoverable amount of the Company Ascopiave, the cash flows used are consistent with the forecasts set forth by the Management for the years 2021-2025. The terminal value has been determined as an estimate of a perpetuity based on results expected for 2025.

The weighted average cost of capital (WACC) was estimated as the average of WACC amounts calculated for the gas distribution CGU, the energy services CGU, the water services CGU and the renewable energy CGU, weighted by the incidence of the related revenues.

In conclusion, the recoverable amount is higher than the accounting values and therefore it is not necessary to write down Goodwill for impairment.

The test performed in order to verify any impairment of the tangible fixed assets held by the company Asco Energy S.p.A. showed that no write-downs of assets under construction were necessary and that the conditions for writing back the plants written down in previous years were not met.

2. Other intangible fixed assets

The changes in the historical cost and accumulated amortisation of other intangible assets at the end of the periods under examination are shown in the following table:

(Thousands of Euro)	31.12.2021			31.12.2020		
	Historic cost	Accumulated depreciation	Net value	Historic cost	Accumulated depreciation	Net value
Industrial patent and intellectual property rights	9,346	(5,976)	3,370	6,915	(5,813)	1,103
Concessions, licences, trademarks and similar rights	15,860	(12,564)	3,296	15,860	(11,537)	4,324
Other intangible assets	10,201	(4,664)	5,537	9,685	(4,420)	5,265
Tangible assets under IFRIC 12 concession	1,077,891	(527,523)	550,367	1,035,350	(491,578)	543,771
Tangible assets in progress under IFRIC 12 concession	34,701	0	34,701	20,783	0	20,783
Intangible assets in progress	735	0	735	2,167	0	2,167
Other intangible assets	1,149,162	(551,155)	598,007	1,090,760	(513,348)	577,413

The changes in intangible assets in the year under examination and the previous one are shown in the following table:

(Thousands of Euro)	31.12.2020						31.12.2021
	Net value	Change for the period	Enlargement of the consolidation perimeter	Decrease	Amortizations during the period	Depreciations	Net value
Industrial patent and intellectual property rights	1,103	2,415	0		147		3,370
Concessions, licences, trademarks and similar rights	4,324	0	0		1,027		3,296
Other intangible assets	5,265	(0)	484		212		5,537
Tangible assets under IFRIC 12 concession	543,771	36,502	0	2,236	28,761	(1,091)	550,367
Tangible assets in progress under IFRIC 12 concessio	20,783	13,987	0	69	0		34,701
Intangible assets in progress and advances payments	2,167	(1,432)	0		0		735
Other intangible assets	577,413	51,472	484	2,306	30,148	(1,091)	598,007

(Thousands of Euro)	31.12.2019						31.12.2020	
	Net value	Change for the period	Enlargement of the consolidation perimeter	Decrease	Reclassifications	Amortizations during the period	Depreciations	Net value
Industrial patent and intellectual property rights	900	254	5			55		1,103
Concessions, licences, trademarks and similar rights	4,798	604	0			1,078		4,324
Other intangible assets	5,486	0	0			220		5,265
Tangible assets under IFRIC 12 concession	541,495	33,603	0	2,078		30,388	(1,139)	543,771
Tangible assets in progress under IFRIC 12 concessio	13,649	7,135	0	1		0		20,783
Intangible assets in progress and advances payments	868	1,821	0		(522)	0		2,167
Other intangible assets	567,194	43,417	5	2,078	(522)	31,742	(1,139)	577,413

The extension of the scope of consolidation, which took effect on 21st December 2021 with the acquisition of Asco Renewables S.p.A. and its investees, determined the recognition of intangible assets for Euro 484 thousand.

With the same scope of consolidation, the investments made during the financial year amount to Euro 51,472

thousand and mainly refer to costs incurred for the construction of the infrastructures for natural gas distribution.

Industrial patents and intellectual property rights

During the period considered, the item “Industrial patents and intellectual property rights” registered investments for Euro 2,415 thousand, mainly related to the purchase of software licences for the management of the natural gas distribution service. Depreciation for the year amounts to Euro 147 thousand.

Concessions, licences, trademarks and similar rights

This item includes costs paid to awarding entities (Municipalities) and/or outgoing operators after the award and/or the renewal of the relevant tenders for the assignment of the natural gas distribution service, as well as costs incurred for the acquisition of licences. During the year, the item did not register changes and the variation is mainly explained by amortisation. The assignments obtained, subsequent to the implementation of Legislative Decree no. 164/00 (Letta Decree), are amortised with a useful life of 12 years in compliance with the period stated in the decree.

Other intangible fixed assets

The extension of the scope of consolidation resulted in an increase in the item equal to Euro 484 thousand. With the same scope of consolidation, during the year, the item did not record investments and the change is explained by amortisation.

Leased plants and machinery

The item reports the costs incurred for the construction of natural gas facilities and distribution network, the related connections as well as for the installation of metering and reduction groups. At the end of the year, the overall net positive change amounts to Euro 6,596 thousand, mainly explained by investments made in the period, partly offset by amortisation. The investments, including the reversals of assets under construction, totalled Euro 36,883 thousand.

The infrastructures located in Municipalities in which the invitation to tender for the distribution of natural gas has not been launched, are depreciated by applying the lower amount between the technical life of plants and the useful life indicated by the ARERA in tariff regulations. The technical life of plants has been assessed by an independent expert who has determined the technical obsolescence of the infrastructures.

Intangible assets under construction under concession

The item includes the costs incurred for the construction of the natural gas distribution plants and systems constructed partially on a time and materials basis and not completed at the end of the period. The item increased by Euro 13,987 thousand.

Intangible assets under construction

The item includes the costs incurred for the purchase and development of management software not completed at the end of the year and related to the core business of natural gas distribution. The negative change recorded is mainly related to the reclassification of investments made in previous years in software installed during the period in question.

3. Tangible assets

The changes in the historical cost and accumulated depreciation of tangible assets at the end of the periods under examination are shown in the following table:

(Thousands of Euro)	31.12.2021				31.12.2020			
	Historic cost	Accumulated depreciation	Provision for impairment	Net value	Historic cost	Accumulated depreciation	Provision for impairment	Net value
Lands and buildings	45,363	(17,242)	(265)	27,856	43,545	(15,983)	(265)	27,297
Plant and machinery	19,681	(4,109)	(1,059)	14,512	4,042	(1,798)	(1,059)	1,184
Industrial and commercial equipment	4,645	(3,996)		649	4,488	(3,798)		689
Other tangible assets	21,353	(18,707)		2,646	20,692	(17,954)		2,738
Tangible assets in progress and advance paym	351	0	(55)	297	650	0	(55)	595
Rights of use	13,183	(1,132)		12,051	1,668	(728)		940
Other tangible assets	104,577	(45,186)	(1,379)	58,012	75,083	(40,262)	(1,379)	33,443

The changes in tangible assets in the year under examination and the previous one are shown in the following table:

(Thousands of Euro)	31.12.2020						31.12.2021
	Net value	Change for the period	Enlargement of the consolidation perimeter	Decrease	Amortizations during the period	Depreciations	Net value
Lands and buildings	27,297	604	1,151		1,195		27,856
Plant and machinery	1,184	598	12,812		81		14,512
Industrial and commercial equipment	689	158	0		198		649
Other tangible assets	2,738	326	0	39	385	(7)	2,646
Tangible assets in progress and advance payments	595	(293)	0	5	0		297
Rights of use	940	1,900	9,714	75	502	(75)	12,051
Other tangible assets	33,443	3,292	23,676	119	2,361	(81)	58,012

(Thousands of Euro)	31.12.2019						31.12.2020
	Net value	Change for the period	Enlargement of the consolidation perimeter	Decrease	Provision for impairment	Amortizations during the period	Net value
Lands and buildings	28,709	102	0	8	(265)	1,240	27,297
Plant and machinery	1,089	258	0		(64)	99	1,184
Industrial and commercial equipment	693	60	0			64	689
Other tangible assets	2,988	259	36			545	2,738
Tangible assets in progress and advance payments	499	151	0		(55)	0	595
Rights of use	716	616	0			392	940
Other tangible assets	34,694	1,445	36	8	(384)	2,340	33,443

The extension of the scope of consolidation, which took effect on 21st December 2021 with the acquisition of Asco Renewables S.p.A. and its investees, determined the recognition of tangible fixed assets for Euro 23,676 thousand, consisting in six hydroelectric plants located in Lombardy and Piedmont.

With the same scope of consolidation, the investments made during the year amounted to Euro 3,292 thousand and are mainly related to the value of the rights of use subscribed.

Land and buildings

This item is mainly made up of the buildings owned in relation to company offices, secondary offices and warehouses. With the same scope of consolidation, the investments made during the year amounted to Euro 604 thousand and are mainly related to the purchase of a property located in the province of Rovigo as well as extraordinary maintenance of company headquarters and/or secondary warehouses.

The extension of the scope of consolidation resulted in an increase in the item of Euro 1,151 thousand.

Plants and machinery

With the same scope of consolidation, during the year the item "Plants and machinery" registered investments for Euro 598 thousand and depreciation for Euro 81 thousand.

The extension of the scope of consolidation resulted in an increase in the item of Euro 12,812 thousand. The amount is mainly explained by the investments made by the newly acquired companies in hydroelectric plants.

Industrial and commercial equipment

The item “Industrial and commercial equipment” registered investments equal to Euro 158 thousand. It includes costs incurred for the purchase of equipment for the maintenance of distribution plants and metering.

Other assets

The investments made during the financial year are equal to Euro 326 thousand and mainly relate to costs incurred for the purchase of hardware and phones and company vehicles.

Tangible assets under construction and advance payments

The item mainly includes costs incurred for extraordinary maintenance of company headquarters and/or secondary warehouses and not completed at the reporting date. During the year, the item recorded investments for Euro 168 thousand, connected with the construction of a photovoltaic system at the Pieve di Soligo headquarters. The overall negative change recorded is related to the reclassification of the investments made in previous years in extraordinary maintenance of properties whose works were completed in 2021.

Rights of use

The item includes the rights of use related to the application of IFRS 16. The effect of the application of the new standard mainly concerned operating leases relating to tangible fixed assets: lease of buildings and rental of vehicles and trucks.

The extension of the scope of consolidation resulted in an increase in the item of Euro 9,714 thousand, mainly related to an hydroelectric plant for the construction of which a lease agreement was signed.

With the same scope of consolidation, the change amounted to Euro 1,900 thousand, mainly explained by the execution of a 5-year operating lease agreement related to a cutting-edge leak detection technology which determined an increase in the rights of use to the tune of Euro 1,485 thousand. The residual increase is mainly explained by new agreements, or extensions of existing agreements, for the rental of company vehicles.

4. Equity investments

The following table shows the changes in shareholdings in jointly controlled companies and in other companies at the end of each period considered:

(Thousands of Euro)	31.12.2020			31.12.2021
	Net value	Decrease	Measurement with the equity method	Net value
Shareholdings in associated companies	436,805	(17,244)	22,873	442,434
Shareholdings in other companies	78,925			78,925
Shareholdings	515,729	(17,244)	22,873	521,359

During the year, the item “Equity investments” recorded an overall increase of Euro 5,629 thousand due to investments in affiliates.

The table below shows the details of the equity investments recognised at the end of the financial years considered:

(Thousands of Euro)	31.12.2021	31.12.2020
Shareholdings in Estenergy S.p.A.	434,368	428,998
Shareholdings in Cogeide S.p.A.	8,066	7,806
Shareholdings in associated companies	442,434	436,805
Shareholdings in Hera Comm S.p.A.	54,000	54,000
Shareholdings in ACSM AGAM S.p.A.	24,923	24,923
Shareholdings in Banca Prealpi SanBiagio Credito Cooperativo - Soc. Coop.	1	1
Shareholdings in BVR Banca - Banche Venete Riunite Credito Cooperativo di Schio, Pedemonte, Roana e Vestenanova - Società Cooperativa	1	1
Shareholdings in other companies	78,925	78,925
Shareholdings	521,359	515,729

Equity investments in subsidiary and affiliate companies

At the end of the year, investments in affiliate companies were recorded for a total of Euro 442,434 thousand, an amount related to the 48% stake held in EstEnergy S.p.A. and the stake in Cogeide S.p.A..

The stake in Estenergy, equal to Euro 434,368 thousand, recorded an increase of Euro 5,369 thousand during the year due to the distribution of dividends for Euro 17,244 thousand and the valuation with the equity method of the consolidated results accrued during the year for Euro 22,873 thousand. The Company, in which Ascopiave S.p.A. holds a 48% stake and Hera S.p.A. a 52% stake, sells natural gas and electricity.

During the year, the investment in Cogeide, to the tune of Euro 8,066 thousand, recorded an increase of Euro 260 thousand, explained by the valuation with the equity method of the results accrued during the year for Euro 388 thousand net of the dividend of Euro 128 thousand.

The table below shows the operating results, financial position and cash flows of the Estenergy Group at the reporting date and at the end of the previous year:

Values inclusive of consolidation entries and expressed in millions of Euro)	Financial Year 2021 pro rata	Financial Year 2021	Financial Year 2020 pro rata	Financial Year 2020
Non-current assets	322.9	672.7	326.1	679.3
Current assets	230.3	479.8	170.6	355.5
Net equity of the Group	351.4	732.1	346.8	722.4
Net equity of Others	0.5	1.1	2.1	4.4
Non-current liabilities	28.0	58.3	53.3	111.0
Current liabilities	173.3	361.0	94.5	197.0
Revenues	459.4	957.1	363.1	756.0
Costs	416.7	868.1	324.0	675.1
Gross operative margin	42.7	89.0	39.0	81.4
Amortization and depreciation	17.1	35.6	14.0	29.2
Operating result	25.6	53.4	25.0	52.2
Group's Net Result	19.5	40.6	18.4	38.4
Third parties Net Result	0.2	0.5	1.3	2.6
NFP	(50.8)	(105.9)	(13.6)	(28.4)

Other investments

At the end of the year, other equity investments amounted to Euro 78,925 thousand. The item includes investments already recorded at and unchanged since the end of the previous year, consisting of 3% of the share capital of Hera

Comm for Euro 54,000 thousand, acquired upon signing the commercial partnership with the Hera Group, completed on 19th December 2019, of 5.00% of the share capital of Acsm Agam S.p.A. for Euro 24,923 thousand, whose value was written down for Euro 1,806 thousand in the year 2020, and the residual equity investments, equal to Euro 2 thousand, relating to the stakes in Banca Prealpi SanBiagio Credito Cooperativo - Soc. Coop. for Euro 1 thousand and in Banca Alto Vicentino S.p.A. for Euro 1 thousand.

Ascopiave S.p.A. has put options on the equity investment held in the affiliate company EstEnergy and on the stake in Hera Comm which, at the end of the year, showed a nil fair value.

5. Other non-current assets

The following table shows the breakdown of “Other non-current assets” at the end of each period considered:

(Thousands of Euro)	31.12.2021	31.12.2020
Security deposits	1,394	1,353
Other receivables	2,210	2,800
Other non-current assets	3,604	4,153

The extension of the scope of consolidation, subsequent to the purchase of Asco Renewables S.p.A. and its investees, resulted in the recognition of Euro 11 thousand of other non-current assets related to security deposits.

With the same scope of consolidation, non-current assets recorded an overall decrease compared to the previous year of Euro 561 thousand. This is mainly explained by the reclassification of the receivable from the municipality of Santorso, with which a settlement agreement was signed, as better explained in the paragraph “Non-current financial assets” herein. The receivable was reclassified into non-current and current financial assets, resulting in a decrease of Euro 748 thousand in the item “Other receivables”.

Non-current receivables recognised at the end of the year refer to guarantee deposits for Euro 1,394 thousand and other receivables for Euro 2,210 thousand.

6. Non-current financial assets

The table below shows the balance of non-current financial assets at the end of each reporting period:

(Thousands of Euro)	31.12.2021	31.12.2020
Other financial receivables after 12 months	2,864	2,226
Non-current financial assets	2,864	2,226

Non-current financial assets increased from Euro 2,226 thousand in 2020 to Euro 2,864 thousand in the period in question, up Euro 639 thousand. The change recorded during the year mainly relates to the recognition of the receivable deriving from the execution of the settlement agreement for assessing the value of the natural gas distribution infrastructure signed on 9th April 2021 with the Municipality of Santorso. The parties agreed on an amount of Euro 1,250 thousand to be paid in 12 annual instalments having the same amount, of which the first on the date of execution of the agreement. The plants were delivered on 31st December 2006. The value entered under non-current financial assets represents the portion due beyond 12 months from the reporting date and, due to the duration of the agreed instalments, the item was discounted.

Furthermore, the item includes the receivable from the Municipalities of Costabissara and Creazzo, with which a settlement agreement was signed in order to assess the value of the natural gas distribution infrastructure.

7. Deferred tax assets

The following table highlights the balance of Deferred tax assets at the end of each period considered:

(Thousands of Euro)	31.12.2021	31.12.2020
Advance tax receivables	31,565	30,122
Advance tax receivables	31,565	30,122

The extension of the scope of consolidation, subsequent to the purchase of Asco Renewables S.p.A. and its investees, resulted in an increase in the item of Euro 449 thousand.

With the same scope of consolidation deferred tax assets increased from Euro 30,122 thousand in 2020 to Euro 31,116 thousand in the period in question, up Euro 994 thousand. In calculating the taxes, reference was made to the IRES rate and, where applicable, to the IRAP rate in force, in relation to the tax period which includes the date of 31st December 2021 and at the time when it is estimated that any temporary differences will be carried forward.

The item is broken down as follows in the years shown for comparison purposes:

Description	31.12.2021			31.12.2020		
	Temporary differences	Tax rate	Total effect	Temporary differences	Tax rate	Total effect
Allocation of bad debt provisions	928	24.0%	223	928	24.0%	223
Allocation of inventory write-down	39	28.2%	11	39	28.2%	11
Amortizations IRES 24% + IRAP 4.2%	4,605	28.2%	1,299	4,605	28.2%	1,299
Risks fund	923	24.0%	221	923	24.0%	221
Exceeding amortizations over 2013	5,751	28.2%	1,622	13,503	28.2%	3,808
Amortizations from postage	24,012	24.0%	5,763	24,012	24.0%	5,763
Other IRES 24% + IRAP 4.2%	5,582	28.2%	1,574	5,050	28.2%	1,424
LTI - Phatom stock option - risks fund	546	24.0%	131	1,875	24.0%	450
Risks fund	174	27.9%	49	174	27.9%	49
Other IRES 24%	3,114	24.0%	747	3,106	24.0%	746
IRES 24% exceeding amortizations	82,952	24.0%	19,908	62,932	24.0%	15,104
Other - IRES 24% + 3.9%	6	27.9%	2	6	27.9%	2
Other - gas distribution IRES 24% + IRAP 4.2%	55	28.2%	16	55	28.2%	16
Total advance taxes	128,686		31,565	117,208		30,122

Current assets

8. Inventories

The following table shows how the item is broken down for each period considered:

(Thousands of Euro)	31.12.2021			31.12.2020		
	Gross value	Bad debt provision	Net value	Gross value	Bad debt provision	Net value
Fuels and warehouse materials	6,780	(39)	6,741	9,254	(39)	9,215
Energy efficiency certificates	1,434		1,434	5,697		5,697
Inventories	8,214	(39)	8,176	14,951	(39)	14,912

As of 31st December 2021, inventories are equal to Euro 8,176 thousand, marking a decrease of Euro 6,737 thousand as compared to 31st December 2020. This is mainly explained by the decrease of Euro 4,263 thousand in the stock of energy efficiency certificates purchased by the Group's ESCO and not sold at the reporting date.

Goods in stock are used for maintenance works or for the construction of distribution plants. In the latter case materials are reclassified as Tangible Fixed Assets once installation is complete. At the end of the year, the item decreased by Euro 2,474 thousand, from Euro 9,215 thousand on 31st December 2020, to Euro 6,741 thousand in the period in question.

Inventories are entered net of the provision for obsolete inventory, equal to Euro 39 thousand, in order to adapt their value to the opportunities for their clearance or use.

9. Trade receivables

The following table shows how the item is broken down for each period considered:

(Thousands of Euro)	31.12.2021	31.12.2020
Receivables from customers	5,716	8,463
Receivables for invoices to be issued	21,769	25,816
Bad debt provisions	(698)	(692)
Trade receivables	26,786	33,587

Trade receivables, from Euro 33,587 thousand in 2020 to Euro 26,786 thousand in the period in question, mark a decrease of Euro 6,800 thousand.

The extension of the scope of consolidation, subsequent to the purchase of Asco Renewables S.p.A. and its investees, resulted in an increase in the item of Euro 483 thousand of which: Euro 211 thousand of receivables for invoices issued and Euro 272 thousand related to invoices to be issued.

With the same scope of consolidation, the change in trade receivables is Euro 7,283 thousand.

At the end of 2021, as in 2020, trade receivables were assigned by the Group distribution companies to factoring companies without recourse. The total assignment of receivables amounts to Euro 13,312 thousand, substantially in line with the amounts assigned at the end of the previous year which were equal to Euro 13,383 thousand.

Receivables from customers are expressed net of billing down payments and are payable within the following 12 months.

The provision for doubtful accounts, equal to Euro 698 thousand, represents the risks to which the Group's distribution companies are exposed and in 2021 required additional amounts to the tune of Euro 34 thousand as an adjustment of the existing provisions.

The changes in the provision for doubtful accounts during the year are shown in the following table:

(Thousands of Euro)	31.12.2021	31.12.2020
Initial bad debt provision	692	506
Provisions	34	189
Use	(28)	(3)
Final bad debt provision	698	692

The following table highlights the composition of accounts receivables for invoices issued based on maturity, highlighting the capacity of the provision for doubtful accounts with respect to the maturity of receivables:

(Thousands of Euro)	31.12.2021	31.12.2020
Gross trade receivable invoices issued	5,716	8,463
- allowance for doubtful accounts	(698)	(692)
Net trade receivables for invoices issued	5,018	7,771
Aging of trade receivables for invoices issued		
- to expire	3,745	6,410
- expired within 6 months	1,104	1,243
- overdue by 6 to 12 months	49	23
- expired more than 12 months	818	787

10. Other current assets

The following table shows the breakdown of the item at the end of each period considered:

(Thousands of Euro)	31.12.2021	31.12.2020
Tax consolidation receivables	184	694
Annual pre-paid expenses	998	323
Advance payments to suppliers	4,608	3,196
Annual accrued income	19	19
Receivables due from CSEA	17,414	68,169
VAT Receivables	127	1,124
UTF and Provincial/Regional Additional Tax receiva	40	40
Other receivables	2,186	2,399
Other current assets	25,575	75,964

The extension of the scope of consolidation, occurred with the acquisition of Asco Renewables S.p.A. and its subsidiaries, resulted in an increase in other assets of Euro 2,380 thousand. Net of the effects described, the item showed a decrease of Euro 52,769 thousand, from Euro 75,965 thousand to Euro 23,195 thousand, mainly attributable to the lower receivables from Cassa Servizi Energetici ed Ambientali in relation to energy efficiency certificates for Euro 50,755 thousand.

The decrease in receivables from Cassa Servizi Energetici ed Ambientali is explained by the postponement, in 2020, of the natural deadline set for the cancellation of efficiency certificates, normally scheduled for 31st May, and extended to November 2020 due to the Covid-19 health emergency. The certificates delivered on 30th November 2020 were collected in January 2021, resulting in a decrease in the item equal to Euro 20,326 thousand. Subsequent to the enactment of the Ministerial Decree dated 21st May 2021, the energy efficiency and saving objectives for the 2021-2024 four-year period were determined. The internal estimates made in accordance with the provisions of the decree showed a significant reduction in the quantities of the certificates assigned to the companies of the Group to which the obligation applies. The same decree also redefined the 2020 objectives, reducing the overall amount, for all the Group companies, to 58,412 certificates (from 145,846 originally envisaged). In order to adjust the value of the receivables recorded to the new quantities that will be or have been delivered, such receivables have been decreased by Euro 21,859 thousand.

At the end of the year, the receivables from Cassa Servizi Energetici e Ambientali (CSEA), due to the achievement of the energy saving objectives, equal to Euro 11,272 thousand, are calculated based on the quantities of energy

efficiency certificates delivered, net of the down payments received, and the quantities accrued until 31st December 2021 but not delivered on the same date. The unit contribution used for the economic quantification of the fulfilment is equal to the final contribution set for objectives related to closed regulatory periods, and equal to the fair value of the forecast contribution for the contributions being accrued and, as of 31st December 2021, equal to Euro 250 (Euro 250 as of 31st December 2020; source STX).

11. Current financial assets

The following table shows the composition of current financial assets at the end of each period considered:

(Thousands of Euro)	31.12.2021	31.12.2020
Other financial current assets	908	798
Current financial assets	908	798

Current financial assets mark an increase of Euro 110 thousand, from Euro 798 thousand as of 31st December 2020 to Euro 908 thousand in the period in question. The increase is mainly explained by the recognition of the receivable amounting to Euro 112 thousand from the municipality of Santorso, described in the paragraph “Non-current financial assets” of this financial report, for the amounts to be collected within twelve months.

At the end of the period, the item also included the short-term portion of the receivables from Hera S.p.A. relating to the settlement agreement on excise duties for Euro 400 thousand, the receivables from the municipality of Creazzo for Euro 139 thousand and the short-term portion of the receivables from the municipality of Costabissara for Euro 167 thousand, subsequent to the settlement agreement reached with the Local Body in 2019.

12. Tax receivables

The following table shows the composition of tax receivables at the end of each period considered:

(Thousands of Euro)	31.12.2021	31.12.2020
Receivables related to IRAP	494	583
Receivables related to IRES	926	2,922
Other tax receivables	202	78
Tax receivables	1,621	3,583

The extension of the scope of consolidation, subsequent to the purchase of Asco Renewables S.p.A. and its investees, resulted in an increase in the item of Euro 151 thousand. With the same scope of consolidation, the item decreased by Euro 2,113 thousand, from Euro 3,583 thousand to Euro 1,470 thousand in the period in question.

The item includes the residual credit, minus the taxes for 2021, of the IRAP advances paid and the IRES advances.

13. Cash and cash equivalents

The following table shows how the item is broken down for each period considered:

(Thousands of Euro)	31.12.2021	31.12.2020
Bank and post office deposits	42,518	21,889
Cash and cash equivalents on hand	20	14
Cash and cash equivalents	42,538	21,902

The extension of the scope of consolidation, subsequent to the purchase of Asco Renewables S.p.A. and its investees, resulted in an increase in the item of Euro 1,428 thousand. With the same scope of consolidation, cash and cash equivalents increased by Euro 19,208 thousand, from Euro 21,902 thousand in 2020 to Euro 41,110 thousand in the period in question.

Cash and cash equivalents mainly refer to bank accounting balances and company funds. For a better understanding of the changes in cash flows during the year, please refer to the statement of cash flows.

Net financial position

At the end of the periods considered, the net financial position of the Group is as follows:

(Thousands of Euro)	31.12.2021	31.12.2020
Cash and cash equivalents	42,538	21,902
Current financial assets	1,175	798
Current financial liabilities	(1,985)	(1,065)
Payables due to banks and financing institutions	(199,631)	(165,747)
Net short-term financial position	(157,903)	(144,111)
Non current financial assets	2,864	2,226
Medium- and long-term bank loans	(161,488)	(195,999)
Outstanding medium- and long-term bonds	(24,181)	0
Non-current financial liabilities	(6,777)	(563)
Net medium and long-term financial position	(189,582)	(194,336)
Net financial position	(347,485)	(338,447)

For comments on the main dynamics that caused changes in the net financial position, please refer to the analysis of the Group's financial data reported under the paragraph "Comments on the economic and financial results of the year 2021" and paragraph "Medium- and long-term loans" herein.

14. Current assets from derivative financial instruments

The following table shows how the item is broken down for each period considered:

(Thousands of Euro)	31.12.2021	31.12.2020
Assets on interest rates derivatives	267	
Current assets from derivative financial instruments	267	

Current assets from derivative financial instruments relate to interest rate hedging agreements executed by the Parent Company Ascopiave. With regard to the assets and liabilities related to derivatives, please refer to the paragraph "Hedging policies" herein, which illustrates their effects.

Assets from derivatives connected with the loans signed by the Parent Company are represented by the fair value of the following derivatives existing as of 31st December 2021, whose financial manifestation will be divided based on the duration of the underlying loan:

#	Counterpart	Type of instrument	Underlying Commodity	Trade date	Effective date	Expiry date	Position	Contractual notion	MtM (€/000)
1	Intesa Sanpaolo	Interest Rate Swap	Euribor 6M	30-Nov-20	30-Nov-20	30-nov-23	Vanilla: Fixed - Float	50,000,000 €	106
2	Mediobanca	Interest Rate Swap	Euribor 3M	02-Dec-20	02-Dec-20	2-dic-25	Vanilla: Fixed - Float	26,666,667 €	127
3	Mediobanca	Interest Rate Swap	Euribor 3M	23-Dec-21	23-Dec-21	23-dic-26	Vanilla: Fixed - Float	20,000,000 €	32
Total								96,666,667 €	265

The financial instruments measured at fair value belong to Level 1 of the hierarchy.

Consolidated shareholders' equity

15. Shareholders' equity

Ascopiave S.p.A.'s share capital as of 31st December 2021 is made up of 234,411,575 ordinary shares, fully subscribed and paid, with a par value of Euro 1 each.

The shareholders' equity at the end of the periods considered is analysed in the following table:

(Thousands of Euro)	31.12.2021	31.12.2020
Share capital	234,412	234,412
Legal reserve	46,882	46,882
Own shares	(55,423)	(55,628)
Reserves and profit carried forward	597,347	569,536
Group's Net Result	45,326	58,701
Net equity of the Group	868,544	853,903
Net equity of Others	(39)	0
Total Net equity	868,505	853,903

Consolidated shareholders' equity at 31st December 2021 amounted to Euro 868,505 thousand, marking an increase of Euro 14,602 thousand compared to 2020. Changes in the consolidated shareholders' equity during the period, excluding the result achieved, are mainly explained by the distribution of dividends for Euro 34,663 thousand, the changes in hedge accounting reserves connected with derivative instruments for Euro 571 thousand and other changes related to the discounting of severance indemnity for Euro 84 thousand, in addition to payments based on treasury shares under long-term incentive plans for Euro 165 thousand.

With regard to the latter change, please note that treasury shares were granted to employees and directors under long-term incentive plans (2018-2020 three-year period) for Euro 239 thousand. In relation to the new long-term incentive plan for the 2021-2023 three-year period, a change of Euro 74 thousand was recorded.

At the end of the year, the company held treasury shares for a total value of Euro 55,423 thousand.

As of 31st December 2021, Ascopiave S.p.A. held 17,701,578 shares, equal to 7.551% of the share capital, for the value indicated above.

The hedge accounting reserve recorded at the end of the year represents the current value of the derivative financial instruments signed by Ascopiave S.p.A. and the recently acquired companies operating in the hydroelectric sector, in order to hedge against any interest rate fluctuations related to the loans taken out. Such reserve, as at 31st December 2021, shows a negative balance of Euro 213 thousand.

With regard to the assets and liabilities related to derivatives, please refer to the paragraph "Risk and uncertainty factors" herein which highlights their effects.

The Group's shareholders' equity also recorded an increase of Euro 3,818 thousand related to the changes in the shareholders' equity of affiliates, specifically the trend in the hedge accounting reserve recognised in relation to the derivative agreements signed to hedge against fluctuations in the price of commodities. This increase was partially offset by the decrease in equity recognised subsequent to the acquisition of minority interests.

Non-current liabilities

16. Provisions for risks and charges

The following table shows how the item is broken down for each period considered:

(Thousands of Euro)	31.12.2021	31.12.2020
Provisions for pension for gas sector employees	700	1,853
Other reserves for risks and charges	775	559
Provisions for risks and charges	1,474	2,412

Provisions for risks and charges decreased from Euro 2,412 thousand in the previous year to Euro 1,474 thousand in the period in question, down Euro 938 thousand. The extension of the scope of consolidation resulted in the recognition of provisions for risks and charges to the tune of Euro 552 thousand of Asco Renewables S.p.A. and its investees. With the same scope of consolidation, the reduction is consequently equal to Euro 1,490 thousand. The change is mainly explained by the use of the provision for pensions and similar obligations subsequent to the disbursement of long-term incentives accrued in the 2018-2020 three-year period. The total amount was calculated upon the approval of the 2020 financial statements and resulted in the use of the provision for Euro 1,523 thousand. Such decrease was partially offset by the recognition of the amounts accrued in the reference period in relation to the long-term incentive plan for the 2021-2023 three-year period, which resulted in a provision equal to Euro 411 thousand.

The decrease in provisions for other risks and charges, equal to Euro 337 thousand, with the same scope of consolidation, is mainly explained by the restatement of the provision registered at the end of 2020 by the subsidiary AP Reti Gas Nord Est S.r.l. due to the charges that the company could incur because of the energy efficiency objectives set for 2020. The obligation related to the Company's facilities has not been formally reassigned by the Regulatory Authority for Energy, Networks and the Environment (ARERA) but, due to its size and volumes managed, the Company is supposed to achieve energy saving objectives. As of 31st December 2020 The company had consequently recorded the net charge that it could accrue in relation to the purchase of the necessary certificates and their transfer to the Authority or to the transferor company of the business unit. The redefinition of the efficiency and energy saving objectives for 2020 and the 2021-2024 four-year period, subsequent to the enactment of the Ministerial Decree dated 21st May 2021, consequently determined a new measurement of the possible objectives applicable to the subsidiary AP Reti Gas Nord Est S.r.l.. The provision recorded was adjusted to reflect the lower objectives, requiring a decrease in the previous provision of Euro 335 thousand. This reduction was partially offset by the Euro 81 thousand provision connected with the charges that the company could incur due to the quota accrued for the 2021 objective.

The changes in the period under examination are shown in the following table:

(Thousands of Euro)	
Reserves for risks and charges as of 1 st January 2021	2,412
Enlargement of the consolidation perimeter	552
Provisions for risks and charges	81
Use of provisions for risks and charges	(1,571)
Provisions for risks and charges as of 31st December 2021	1,474

The following table shows the composition of provisions for risks and charges by type:

(Thousands of Euro)	31.12.2021	31.12.2020
Provisions for cost of energy efficiency certificates	223	559
Provisions for retirement fund and similar obligations	700	1,853
Enlargement of the consolidation perimeter	552	0
Provisions for risks and charges	1,474	2,412

The “retirement fund and similar obligations” item includes commitments to employees and directors regarding long-term incentive plans for the cash portion.

17. Severance indemnity

Severance indemnity decreases from Euro 4,770 thousand as of 1st January 2021 to Euro 4,491 thousand as of 31st December 2021, down Euro 279 thousand.

The following table shows the changes in the item in the period considered:

(Thousands of Euro)	
Severance indemnity as of 1 st January 2021	4,770
Retirement allowance	(1,801)
Payments for current services and work	1,572
Actuarial loss/(profits) of the period (*)	(50)
Severance indemnity as of 31st December 2021	4,491

* including the interest cost booked in the income statement.

The liabilities for employee severance indemnities are measured using an actuarial method; their value is therefore sensitive to changes in assumptions. The main assumptions used in the measurement of severance indemnities are the discount rate, the annual average percentage of outgoing employees and the maximum retirement age of employees. The discount rate used for the measurement of the liability resulting from employee severance indemnity is determined based on the market yields of high quality fixed-income securities whose due dates and amounts correspond to the due dates and amounts of future payments envisaged. For this plan, the average discount rate that reflects the estimated due dates and amounts of future payments relating to the 2021 plan is 0.98% (0.33% as of 31st December 2020).

The other main assumptions of the model are:

- mortality rate: survival table IPS55
- invalidity rate: INPS tables year 2000
- personnel turnover rate: 3.00%
- increase in remuneration rate: 1.50%
- inflation rate: 1.0%
- anticipation rate: 2.00%

The sensitivity analysis on the actuarial value of the provision did not highlight significant discrepancies compared to the value reported in the statement.

The cost of work has been included in the costs of personnel, while the interest cost, equal to Euro 15 thousand, is booked in “Other financial costs”.

18. Outstanding medium- and long-term bonds

The following table shows how the item is broken down for each period considered:

(Thousands of Euro)	31.12.2021	31.12.2020
Outstanding medium- and long-term bonds	24,181	
Outstanding medium- and long-term bonds	24,181	

On 14th October 2021 the Parent Company finalised a USD 200 million Private Placement “Shelf” uncommitted programme, and concurrently issued and placed unsecured senior non-convertible bond notes for Euro 25 million with Pricoa Capital Group, part of the US group Prudential Financial Inc., with a 10-year maturity and an average life of 8 years.

The bond notes issued have no rating and are not listed on regulated markets. The issue is not backed by collateral guarantees. Ascopiave is required to comply with certain financial covenants, in line with standard market practice, to be checked every six months, which as of 31st December 2021 meet the limits set out in the agreement.

19. Medium- and long-term loans

The following table shows how the item is broken down for each period considered:

(Thousands of Euro)	31.12.2021	31.12.2020
Loans from Cassa Centrale Banca	6,234	7,041
Loans from European Investment Bank	7,250	12,000
Loans from ICCREA	6,120	
Loans from INTESA SAN PAOLO SPA	70,000	80,000
Loans from BPER	3,356	
Loans from BNL	18,750	42,250
Loans from CREDIT AGRICOLE FRIULADRIA	12,000	18,000
Loans from UBI BANCA SPA		10,041
Loans from MEDIOBANCA	37,778	26,667
Medium and long-term bank loans	161,488	195,999
Current portion of medium and long-term bank loans	60,631	40,024
Medium and long-term bank loans	222,119	236,023

Medium and long term loans, mainly represented as of 31st December 2021 by the payables of the Parent Company to Intesa Sanpaolo for Euro 80,000 thousand, Mediobanca for Euro 46,667 thousand, BNL for Euro 42,250 thousand, Crédit Agricole Friuladria for Euro 18,000 thousand, the European Investment Bank for Euro 12,000 thousand, BPER for Euro 10,041 thousand, Cassa Centrale Banca for Euro 7,040 thousand, and payables to Iccrea of the recently acquired companies operating in the renewable energy sector for Euro 6,120 thousand, decrease from Euro 236,023 thousand as of 31st December 2020 to Euro 222,119 thousand, down Euro 13,904 thousand, mainly explained by the payment of the instalments, the new loan with Mediobanca and the consolidation of the payables of the companies acquired during the year.

Specifically:

- The loan with Intesa Sanpaolo, disbursed in November 2020 for a total amount of Euro 50,000 thousand, equal to the residual debt as at 31st December 2021, has no amounts in due to banks and short-term loans; The contract envisages the fulfilment of certain financial covenants to be checked each year on the Group’s consolidated data prepared in compliance with the IFRS, which at the reporting date were fulfilled;

- The loan with Intesa Sanpaolo, disbursed in November 2019 for a total amount of Euro 50,000 thousand, as of 31st December 2021 has a residual debt of Euro 30,000 thousand, with the entry of Euro 10,000 thousand in due to banks and short-term loans. The contract envisages the fulfilment of certain financial covenants to be checked each year on the Group's consolidated data prepared in compliance with the IFRS, which at the reporting date were fulfilled;
- The loan with Mediobanca, disbursed in December 2020 for a total amount of Euro 30,000 thousand, as of 31st December 2021 has a residual debt of Euro 26,667 thousand, with the recognition of Euro 6,667 thousand in due to banks and short-term loans; the contract envisages the fulfilment of certain financial covenants to be checked every six months on the Group's consolidated data prepared in compliance with the IFRS, which at the reporting date were fulfilled;
- the loan with BNL, granted in 2017 for an amount equal to Euro 30,000 thousand, as of 31st December 2021 has a residual debt of Euro 21,250 thousand, with the recognition of Euro 2,500 thousand in due to banks and short-term loans; the contract envisages the fulfilment of certain financial covenants to be checked each year on the Group's consolidated data prepared in compliance with the IFRS;
- the loan with BNL, granted in August 2019 for an amount equal to Euro 30,000 thousand, 31st December 2021 has a residual debt entirely entered in due to banks and short-term loans; the contract envisages the fulfilment of certain financial covenants to be checked each year on the Group's consolidated data prepared in compliance with the IFRS;
- the loan with Mediobanca, disbursed in December 2021 for a total amount of Euro 20,000 thousand, equal to the residual debt as of 31st December 2021, with the entry of Euro 2,222 thousand in due to banks and short-term loans; the contract envisages the fulfilment of certain financial covenants to be checked every six months on the Group's consolidated data prepared in compliance with the IFRS, which at the reporting date were fulfilled;
- the loan with Crédit Agricole Friuladria, disbursed in October 2019 for an amount equal to Euro 30,000 thousand, as of 31st December 2021 has a residual debt of Euro 18,000 thousand, with the recognition of Euro 6,000 in due to banks and short-term loans; the contract envisages the fulfilment of certain financial covenants to be checked every six months on the Group's consolidated data prepared in compliance with the IFRS, which at the reporting date were fulfilled;
- the loan with the European Investment Bank, paid in two tranches in 2013 equalling Euro 45,000 thousand, as of 31st December 2021 has a residual debt of Euro 12,000 thousand, with the recognition of Euro 4,750 thousand in due to banks and short-term loans; the contract envisages the fulfilment of certain financial covenants to be checked every six months on the Group's consolidated data prepared in compliance with the IFRS, which at the reporting date were fulfilled;
- the loan with BPER, originally disbursed in May 2020 by UBI Banca for an amount equal to Euro 20,000 thousand and transferred to BPER subsequent to the reorganisation of the bank, has a residual debt as of 31st December 2021 of Euro 10,041 thousand, with the recognition of Euro 6,685 in due to banks and short-term loans;
- the loan with Cassa Centrale Banca, granted at the beginning of 2018 for an amount equal to Euro 10,000 thousand, as of 31st December 2021 has a residual debt of Euro 7,041 thousand, with the recognition of Euro 807 thousand in due to banks and short-term loans;
- the loans with Iccrea taken out by the recently acquired companies, operating in the renewable energy sector, have a residual debt of Euro 6,120 thousand as of 31st December 2021, with the recognition of Euro 3,143 thousand in due to banks and short-term loans.

As a guarantee of the fulfilment of the obligations associated with the loan agreements with BNL (only the one taken out in 2017) and the European Investment Bank, the Parent Company has transferred to the banks a share of future receivables arising from the reimbursement of the value of assets related to gas distribution concessions of the subsidiary AP Reti Gas S.p.A..

The following table shows the due dates of medium- and long-term loans:

(Thousands of Euro)	31.12.2021
Financial Year 2022	60,631
Financial Year 2023	90,378
Financial Year 2024	32,643
Financial Year 2025	16,545
Beyond 31 st December 2025	21,922
Medium- and long-term bank loans	222,119

20. Other non-current liabilities

The following table shows how the items are broken down for each period considered:

(Thousands of Euro)	31.12.2021	31.12.2020
Security deposits	1,666	823
Multi-annual passive prepayments	27,401	26,081
Other non-current liabilities	29,067	26,904

Other non-current liabilities increased from Euro 26,904 thousand in the previous year to Euro 29,067 thousand in the period in question, up Euro 2,163 thousand.

The item increased by Euro 1,317 thousand due to the performance of long-term deferred income, which was recognised against revenues for contributions received from private and public entities for the construction of the distribution network or connections to the gas network and related to the useful life of the gas distribution plants. The suspension of revenues is explained by the content of Law no. 9/2014 which envisages the full deduction of contributions from private individuals from the value of technical assets held under concession within the scope of gas distribution.

Security deposits recorded at the end of the year increased by Euro 843 thousand and refer to deposits received from the natural gas sales companies that work in the area where the gas distribution network managed by the Group companies is located, for the transport of the raw material.

21. Non-current financial liabilities

The following table shows how the item is broken down at the end of each period considered:

(Thousands of Euro)	31.12.2021	31.12.2020
Debts for rights of use beyond 12 months	6,777	563
Non-current financial liabilities	6,777	563

Non-current liabilities increased from Euro 563 thousand in the previous year to Euro 6,777 thousand in the period in question, up Euro 6,214 thousand. The increase is mainly explained by the extension of the scope of consolidation and the consequent recognition of financial payables related to a financial lease agreement of the new subsidiary Sangineto Energie S.r.l. which showed, at the end of the financial year, a debit balance of Euro 4,946 thousand.

With the same scope of consolidation, the item increased by Euro 1,268 thousand, totalling Euro 1,831 thousand. The increase is mainly explained by the execution of a new operating lease agreement relating to a gas leak detection vehicle amounting to Euro 1,500 thousand net of the payment of the operating lease instalments for rentals of company offices and vehicles.

22. Deferred tax payables

The following table shows the balance of the item at the end of each period considered:

(Thousands of Euro)	31.12.2021	31.12.2020
Deferred tax payables	13,228	12,984
Deferred tax payables	13,228	12,984

Payables for deferred taxation increase from Euro 12,984 thousand in the previous year to Euro 13,228 thousand in the period in question, up Euro 244 thousand.

Deferred tax payables mainly include the tax effects deriving from the dynamics of amortisation of gas distribution networks. In calculating the taxes, reference was made to the IRES rate and, where applicable, to the IRAP rate in force, in relation to the tax period which includes the date of 31st December 2021 and at the time when it is estimated that any temporary differences will be carried forward.

Description	31.12.2021			31.12.2020		
	Temporary differences	Tax rate	Total effect	Temporary differences	Tax rate	Total effect
Exceeding amortizations (IRES 24%)	5	24.0%	1	5	24.0%	1
Severance indemnity	19	24.0%	5	19	24.0%	5
Exceeding amortizations (IRES 24% + IRAP 4.2%)	46,791	28.2%	13,195	45,861	28.2%	12,933
Other	113	24.0%	27	188	24.0%	45
Total deferred tax payables	46,928		13,228	46,073		12,984

Current liabilities

23. Amounts due to banks and current portion of medium- / long-term loans

The following table shows how the item is broken down for each period considered:

(Thousands of Euro)	31.12.2021	31.12.2020
Payables due to banks	139,000	125,723
Current portion of medium- long-term loans	60,631	40,024
Payables due to banks and financing institutions	199,631	165,747

Payables to banks increase from Euro 165,747 thousand in the previous year to Euro 199,631 thousand in the period in question, up Euro 33,884 thousand and include debtor accounting balances to credit institutions and the short-term quota of loans.

The following table shows the allocation of Group's credit lines used and available and related rates applied as of 31st December 2021:

Bank	Type of line of credit	Credit line at 31.12.2021	Rate at 31.12.2021	Use of credit line at 31.12.2021
Unicredit	Endorsement loan	14,000	n.a.	200
Unicredit	Endorsement loan	5,000	n.a.	-
Unicredit	Endorsement loan	1,000	n.a.	-
Banca Alto Vicentino	Endorsement loan	1,527	n.a.	1,527
Intesa SanPaolo	Cash loan	50	n.a.	-
Intesa SanPaolo	Endorsement loan	2,457	n.a.	2,457
Unicredit	Endorsement loan	3,000	n.a.	85
Banca Nazionale del Lavoro	Endorsement loan	75	n.a.	75
Unicredit	Endorsement loan	1,000	n.a.	-
Banca di Credito Cooperativo delle Prealpi	Long-term mortgage	3,521	1.83%	3,521
European Investment Bank	Long-term mortgage	5,000	0.27%	5,000
European Investment Bank	Long-term mortgage	7,000	0.51%	7,000
Banca Nazionale del Lavoro	Cash loan	24,000	0.20%	24,000
Banca Nazionale del Lavoro	Long-term mortgage	21,000	0.56%	21,000
Banca Nazionale del Lavoro	Long-term mortgage	21,250	1.92%	21,250
Banca Nazionale del Lavoro	Endorsement loan	1,000	n.a.	140
Banca Popolare dell'Emilia Romagna	Cash loan	10,000	0.22%	10,000
Banca Popolare dell'Emilia Romagna	Long-term mortgage	10,041	0.55%	10,041
Banca Sella	Cash loan	5,000	0.20%	-
Banco BPM	Cash loan	20,000	0.05%	20,000
Banco BPM	Endorsement loan	5,000	n.a.	1,287
Cassa Centrale Banca	Long-term mortgage	3,521	1.83%	3,521
Cassa Depositi e Prestiti	Endorsement loan	9,943	n.a.	9,943
Credit Agricole Corporate	Long-term mortgage	9,000	0.54%	9,000
Credit Agricole Friuladria	Long-term mortgage	9,000	0.54%	9,000
Credit Agricole Friuladria	Derivatives line	5,000	n.a.	-
Credito Emiliano	Cash loan	30,000	0.02%	30,000
Intesa SanPaolo	Cash loan	55,000	0.02%	55,000
Intesa SanPaolo	Long-term mortgage	30,000	0.41%	30,000
Intesa SanPaolo	Long-term mortgage	50,000	0.36%	50,000
Mediobanca	Long-term mortgage	26,667	0.35%	26,667
Mediobanca	Long-term mortgage	20,000	0.61%	20,000
Unicredit	Cash loan	30,700	0.10%	-
Unicredit	Endorsement loan	29,210	n.a.	4,405
Unicredit	Endorsement loan	3,000	n.a.	109
Pricoa	Bond loan	176,585	1.38%	25,000
Banca Popolare dell'Emilia Romagna	Endorsement loan	107	n.a.	107
Iccrea	Long-term mortgage	411	1.85%	411
Iccrea	Long-term mortgage	1,030	1.85%	1,030
Iccrea	Long-term mortgage	2,926	2.30%	2,926
Iccrea	Long-term mortgage	1,752	2.05%	1,752
Total		654,774		406,455

Note: the total uses do not correspond to the total due to banks because the use of the line for the issue of bank guarantees does not generate due to banks.

24. Trade payables

The following table shows how the item is broken down at the end of each period considered:

(Thousands of Euro)	31.12.2021	31.12.2020
Payables to suppliers	6,553	4,773
Payables to suppliers for invoices not yet received	27,848	62,041
Trade payables	34,401	66,774

Trade payables decreased from Euro 66,774 thousand in the previous year to Euro 34,401 thousand in the period in question, down Euro 32,373 thousand, mainly due to energy efficiency targets.

The extension of the scope of consolidation resulted in an increase in the item of Euro 207 thousand, related to the trade payables recorded by Asco Renewables S.p.A. and its investees.

The item includes the payables to suppliers of materials and services for the extension or maintenance of the natural gas distribution network, the purchase of the energy efficiency certificates needed to achieve the objectives set as well as for consultancy services received during the period in question.

The decrease in payables recorded for the purchase of energy efficiency certificates is mainly explained by the effects of Ministerial Decree dated 21st May 2021, described in the paragraph “other current assets” of this financial report. The decree also caused the reduction in the quantities of certificates envisaged by the objectives, which resulted in the need to adjust the value of the payables recorded for the purchase of the certificates with a consequent decrease in such payables of Euro 22,733 thousand.

The payables connected with the purchase of the energy efficiency certificates, needed to achieve the energy saving objectives that the Group distribution companies must fulfil, are calculated by evaluating the amounts of certificates accrued until the reporting date. The unit cost of certificates not purchased at the reporting date is the fair value of the prices recorded in the relevant market, calculated on 31st December 2021 and amounting to Euro 260 (Euro 260 on 31st December 2020).

25. Payables to tax authorities

The following table shows how the item is broken down at the end of each period considered:

(Thousands of Euro)	31.12.2021	31.12.2020
IRAP payables	138	801
IRES payables	1,059	4,373
Other tax payables	87	0
Tax payables	1,284	5,174

Tax payables, from Euro 5,174 thousand in the previous year to Euro 1,284 thousand in the period in question, mark a decrease of Euro 3,890 thousand.

The extension of the scope of consolidation, subsequent to the purchase of Asco Renewables S.p.A. and its investees, resulted in an increase in the item of Euro 178 thousand. With the same scope of consolidation, the item consequently decreased by Euro 4,068 thousand.

Tax payables include payables accrued on the results achieved during the year towards the tax authorities for IRES and IRAP.

26. Other current liabilities

The following table shows how the item is broken down for each period considered:

(Thousands of Euro)	31.12.2020	31.12.2019
Advance payments from customers	823	514
Amounts due to parent companies for tax consolidation	(0)	20
Amounts due to social security institutions	1,238	1,495
Amounts due to employees	4,390	3,921
VAT payables	1,898	315
Payables to revenue office for withholding tax	1,047	850
Annual passive prepayments	787	743
Annual passive accruals	838	680
Payables due to CSEA	11,717	16,082
Other payables	1,304	1,643
Other current liabilities	24,042	26,263

Other current liabilities decreased from Euro 26,263 thousand in 2020 to Euro 24,042 thousand in the period in question, down Euro 2,221 thousand. The extension of the scope of consolidation led to the recognition of payables of Asco Renewables S.p.A. and in its subsidiaries, for Euro 47 thousand.

With the same scope of consolidation, on the other hand, the item decreased by Euro 2,268 thousand compared to the previous year. The change is mainly explained by the decrease in payables to Cassa per i Servizi Energetici e Ambientali (CSEA) for Euro 4,365 thousand as regards the tariff components related to natural gas transport, partly offset by the increase in payables for VAT amounting to Euro 1,583 thousand.

The item "Payables to Cassa per i Servizi Energetici e Ambientali" has been isolated with effect from 2021. This item was included in the "Other payables" until the end of FY 2020 and consequently, for the sake of comparability, the data shown for comparative purposes were restated accordingly.

Advances from customers

Advances from customers represent the amounts paid by users as a contribution for works of allotments and connection and construction of thermal plants in progress as of the reporting date.

Welfare payables

The item includes the payables for welfare obligations to social security institutions for company employees and directors, accrued as of 31st December 2021 but not yet paid on that date.

Payables to personnel

The amounts due to employees include holidays not taken, deferred remuneration and bonuses earned as of 31st December 2021 but not paid out on that date and the relevant social security contributions. The item increased by Euro 470 thousand, from Euro 3,921 thousand in 2020 to Euro 4,390 thousand in the period in question.

VAT payables

Payables to the tax authorities for VAT at the end of the period amount to Euro 1,898 thousand and record an increase compared to the previous year of Euro 1,583 thousand mainly related to the dynamics of the VAT advances paid at the end of the year and the payables accrued.

Annual deferred income

Other deferred income is mainly attributable to the grants received for the construction of the natural gas distribution network and the relevant connections.

Annual accrued liabilities

Accrued liabilities refer mainly to State fees and the fees granted to local licensing bodies for the extension of the concession for the distribution of natural gas, awaiting the territorial calls for tenders.

Payables to Cassa Servizi Energetici Ambientali

At the end of the year, the payables to Cassa per i Servizi Energetici e Ambientali amounted to Euro 11,717 thousand. The item consists of payables to Cassa per i Servizi Energetici e Ambientali relating to the tariff components charged to the sales companies operating in the area in which the natural gas distribution network of the Group's distribution companies is located and which are paid every two months to such entity as decided by ARERA.

They decreased by Euro 4,365 thousand compared to the previous year, when they amounted to Euro 16,082 thousand.

Other payables

At the end of the year 2021 the item showed a balance of Euro 1,304 thousand, down Euro 339 thousand compared to the previous year.

27. Current financial liabilities

The following table shows how the item is broken down for each period considered:

(Thousands of Euro)	31.12.2021	31.12.2020
Financial payable within 12 months	685	685
Financial payables related to IFRS 16 within 12 months	960	380
Current financial liabilities	1,647	1,065

Current financial liabilities increase from Euro 1,065 thousand in 2020 to Euro 1,647 thousand in the period in question, up Euro 582 thousand.

Financial payables related to the application of the international accounting standard IFRS 16 recorded a change equal to Euro 582 thousand during the year mainly due to the extension of the scope of consolidation. The expansion, with the consolidation of the payables recorded by Asco Renewables S.p.A. and its investee companies, resulted in an increase in the item of Euro 389 thousand.

With the same scope of consolidation, the item showed an increase of Euro 191 thousand due to the reclassification of the amounts beyond the year, net of the fees paid and a new agreement for a gas leak detection vehicle. They represent financial payables expiring within twelve months for operating lease agreements signed for rentals of company offices and vehicles.

28. Current liabilities from derivative financial instruments

The following table shows how the item is broken down for each period considered:

(Thousands of Euro)	31.12.2021	31.12.2020
Liabilities on interest rates derivatives	338	548
Current liabilities from derivative financial instruments	338	548

The extension of the scope of consolidation resulted in an increase in the item of Euro 229 thousand, related to interest rate hedging derivatives pertaining to the financial payables recognised by Asco Renewables S.p.A. and its

investees. With the same scope of consolidation, the item recorded a decrease of Euro 438 thousand, from Euro 548 thousand in 2020 to Euro 109 thousand in the period in question.

Current liabilities on derivative financial instruments relate to interest rate hedging contracts executed by the Parent Company Ascopiave in 2019 and 2020 and by the recently acquired companies, active in the renewable energy sector. With regard to the assets and liabilities related to assets from derivatives, please refer to the paragraph “Risk and uncertainty factors” herein, which illustrates their effects.

Liabilities on derivatives connected with the loans taken out by the Parent Company and by the recently acquired companies are represented by the fair value of the following derivatives existing as of 31st December 2021.

The fair values of the derivatives signed, with the same scope of consolidation, are summarised in the table below:

#	Counterpart	Type of instrument	Underlying Commodity	Trade date	Effective date	Expiry date	Position	Contractual notion	MtM (€/000)
1	BNL	Interest Rate Swap	Euribor 6M	09-Aug-19	09-Feb-20	9-feb-25	Vanilla: Fixed - Float	21,000,000 €	69
2	Credit Agricole	Interest Rate Swap	Euribor 6M	27-Sep-19	01-Oct-19	27-set-24	Vanilla: Fixed - Float	18,000,000 €	40
Total								39,000,000 €	109

The financial instruments measured at fair value belong to the 1st evaluation hierarchical level.

COMMENTS ON THE MAIN CONSOLIDATED PROFIT AND LOSS ACCOUNT ITEMS

Revenues

29. Revenues

The following table shows the composition of the item by type of activity in the fiscal periods considered:

(Thousands of Euro)	Financial Year	
	2021	2020
Revenues from gas transportation	110,378	110,631
Revenues from connections	571	468
Revenues from heat supply	7	(0)
Revenues from distribution services	4,283	4,527
Revenues from services supplied to Group companies	9,082	8,237
Revenues from ARERA contributions	6,129	36,373
Other revenues	4,461	3,659
Revenues	134,911	163,896

Revenues are substantially entirely generated in Italy. At the end of the period considered, revenues amounted to Euro 134,911 thousand, down Euro 28,985 thousand compared to the previous year (Euro 163,896 thousand), mainly explained by the reduction in revenues associated with energy efficiency obligations, which decreased by Euro 30,244 thousand. They were partially offset by the increase in revenues from services rendered to other Group companies and by the increase in other revenues.

The *transportation of natural gas on the distribution network* generated revenues for Euro 110,378 thousand, down Euro 253 thousand compared to the previous year. The Restriction on total revenues is determined, year after year, based on the number of redelivery points the Company served during the reference period, as well as on the reference price, whose values are established and published by ARERA. The item "revenues from gas transport" includes a negative equalisation amount of Euro 6,599 thousand, a decrease as compared to the same period in the previous year of Euro 8,106 thousand. The equalisation amount varies according to the season and the temperature trend as it results from the difference between the revenues charged to the sales companies for the natural gas transport service (contracts due to lower consumption) and the Restriction on Total Revenues recognised in the period in question.

The revenues derived from *services provided by distributors*, being equal to Euro 4,283 thousand, decreased compared to the same period in the previous year by Euro 244 thousand.

Revenues for *services provided to Group companies* show an increase of Euro 845 thousand compared to the previous year amounting, as of 31st December 2021, to Euro 9,082 thousand.

The *contributions granted by the Regulatory Authority for Energy, Networks and the Environment* at the end of the period amount to Euro 6,129 thousand, down Euro 30,244 thousand compared to the same period in the previous year. The contributions are paid for the achievement of objectives set by the Authority itself in terms of energy saving and published by resolution, which defines the specific obligations of primary energy savings by the distributors to which such obligations apply. The contributions recognised as of 31st December 2021 are calculated by evaluating the quantities of energy efficiency certificates accrued as compared to the 2021 target (regulatory period June 2021 - May 2022). The unit contribution used for the economic quantification of the fulfilment of the obligation is equal to the fair value of the forecast contribution for the contributions being accrued and, as of 31st December 2021, equal to Euro 250 (source: STX), in line with the figure as of 31st December 2020.

The item "*Other revenues*" increased from Euro 3,659 thousand in 2020, to Euro 4,461 thousand in the period in question, up Euro 801 thousand.

30. Cost of other raw materials

The following table shows the costs relating to the purchase of other raw materials during the relevant financial periods:

(Thousands of Euro)	Financial Year	
	2021	2020
Purchase of other raw material	2,063	1,782
Purchase costs for other raw materials	2,063	1,782

At the end of the period, the costs incurred for the purchase of other raw materials are equal to Euro 2,063 thousand, up Euro 281 thousand compared to the previous year. The increase is mainly explained by the higher costs incurred for the purchase of natural gas for the operation of the cogeneration and heat supply plants managed by the Group. This item mainly includes costs related to the purchase of materials for the maintenance of the natural gas distribution infrastructure and odorization.

31. Costs for services

Costs for services for the relevant periods are analysed in the following table:

(Thousands of Euro)	Financial Year	
	2021	2020
Costs for counting meters reading	1,020	1,032
Mailing and telegraph costs	553	508
Maintenance and repairs	3,317	3,382
Consulting services	4,607	3,834
Commercial services and advertisement	112	98
Sundry suppliers	1,858	1,794
Directors' and Statutory Auditors' fees	1,810	1,682
Insurances	762	662
Personnel costs	520	518
Other managing expenses	1,283	1,376
Costs for use of third-party assets	22,887	21,889
Costs for services	38,728	36,775

The costs for services incurred during the financial year amount to Euro 38,728 thousand, up Euro 1,953 thousand compared to the previous year. The change is mainly explained by the higher costs incurred for the use of third-party assets and consultancy services, which increased.

The costs incurred for metre reading, amounting to Euro 1,020 thousand, are substantially in line with the previous year (Euro 1,032 thousand as of 31st December 2020).

The costs for postal and telegraph expenses increased from Euro 508 thousand in the previous year, to Euro 552 thousand in 2021, up Euro 44 thousand.

The costs for maintenance and repairs decreased from Euro 3,382 thousand in the previous year, to Euro 3,317 thousand in 2021, down Euro 64 thousand. The item mainly includes costs related to software fees and expenses incurred for routine facility maintenance.

At the end of the period in question, the costs incurred for consultancy amounted to Euro 4,607 thousand, up Euro 774 thousand compared to the previous year.

Utility costs increased by Euro 65 thousand compared to the previous year, from Euro 1,794 thousand as of 31st

December 2020 to Euro 1,858 thousand as of 31st December 2021.

The item costs for use of third-party assets mainly includes the fees paid to the Local Authorities for the management of natural gas distribution concessions and recorded an increase of Euro 998 thousand compared to the previous year.

32. Costs for staff

The following table shows the breakdown of personnel costs in the periods considered:

(Thousands of Euro)	Financial Year	
	2021	2020
Wages and salaries	19,968	19,368
Social security contributions	6,260	6,146
Severance indemnity	1,523	1,357
Other costs	59	38
Total personnel costs	27,810	26,909
Capitalized personnel costs	(10,793)	(9,777)
Personnel costs	17,017	17,132

The cost for staff is net of costs capitalised by the companies of natural gas distribution as against increases in intangible assets for works performed on a time and material basis, which are directly attributed to the implementation of facilities for the distribution of natural gas and recorded as an asset.

Costs for staff increase from Euro 26,909 thousand in 2020, to Euro 27,810 thousand in the period in question, up Euro 901 thousand.

As of 31st December 2021, costs for long-term incentive plans were recognised totalling Euro 380 thousand and costs for short-term incentive plans were recognised totalling Euro 380 thousand. In accordance with IFRS 2, the cost of the long-term incentive plans had an offsetting item in the shareholders' equity reserves for Euro 43 thousand for the portion to be paid in shares and in the retirement funds for Euro 337 thousand for the cash portion. The amounts recorded for long-term incentive plans refer to the first year of the 2021-2023 period, as set out in the plans for the accrual of the bonus.

Capitalised personnel cost registered an increase of Euro 1,016 thousand, from Euro 9,777 thousand in 2020 to Euro 10,793 thousand in the period in question.

Personnel costs consequently decreased by Euro 115 thousand.

The table below shows the average number of Group employees by category at the end of the indicated periods:

Description	31.12.2021	31.12.2020	Variation
Managers (average)	13	13	0
Office workers (average)	302	304	(2)
Manual workers (average)	152	158	(6)
No. of staff employed (average)	467	475	(8)

33. Other operating costs

The following table shows the breakdown of other operating costs in the periods considered:

(Thousands of Euro)	Financial Year	
	2021	2020
Provision for risks on credits	34	189
Other provisions	(255)	559
Membership and ARERA fees	678	709
Capital losses	1,246	942
Extraordinary losses	804	647
Other taxes	1,220	2,077
Other costs	776	883
Costs of contracts	1,592	1,116
Energy efficiency certificates	5,232	37,578
Other management costs	11,327	44,700

Other operating costs decreased from Euro 44,700 thousand in 2020 to Euro 11,327 thousand in the period in question, down Euro 33,373 thousand. This change is mainly due to the lower costs incurred for the purchase of Energy efficiency certificates (Euro -32,346 thousand) related to the lower energy efficiency and saving objectives applicable to the Group companies.

The item “other provisions” records a negative balance of Euro 255 thousand. The balance at the end of the period in question is explained by the reversal of the provision for risks made on 31st December 2020 due to the decrease in the 2020 objectives set out in the Ministerial Decree dated 21st May 2021. At the end of the previous year, the subsidiary AP Reti Gas Nord Est S.r.l. had in fact recognised the potential charges but, as a result of the decrease introduced by the decree, part of the provision recorded became unfounded, and was consequently adjusted to reflect the modified objectives.

The costs recognised at the end of the period for the purchase of energy efficiency certificates are calculated by evaluating the amounts of certificates accrued as compared to the 2021 target (regulatory period June 2021 - May 2022). The unit cost for certificates not purchased at the reporting date is the fair value of the prices recorded in the relevant market, calculated as of 31st December 2021 and amounting to Euro 260 (in line with 31st December 2020).

At the end of the year provisions equal to Euro 81 thousand were allocated. Energy efficiency obligations, in fact, should apply to the subsidiary AP Reti Gas Nord Est S.r.l. also in consideration of its size and plants managed. The Regulatory Authority for Energy, Networks and the Environment (ARERA) has not modified the objectives previously assigned for 2020 and 2021, leaving the amount of certificates that derives from the plants managed by the new company to the transferor. Pursuant to the agreements between the parties involved in the commercial partnership between the Ascopiave Group and the Hera Group, the objectives for 2020 and 2021 are attributable to the newly established company AP Reti Gas Nord Est S.r.l. which manages the plants and which consequently has allocated a provision for risks representative of the probable charges that the company will incur in relation to the finding and purchase of the certificates needed to fulfil its part of the objective, during 2021, and their transfer to AcegasApsAmga S.p.A.. The provision recorded represents the quantity related to the year 2021, estimated at 6,564 certificates.

34. Other operating revenues

The following table shows a breakdown of other operating income in the periods considered:

(Thousands of Euro)	Financial Year	
	2021	2020
Other income	571	109
Other income	571	109

At the end of the period considered, the item “other operating income” shows an increase of Euro 462 thousand, from Euro 109 thousand as of 31st December 2020, to Euro 571 thousand in the period in question. The increase is mainly explained by the recognition of the capital gain generated by the transfer of the natural gas distribution plants of the municipality of Santorso for Euro 389 thousand. The settlement agreement with the Local Body, signed on 9th April 2021, was aimed at defining the transfer value of such plants.

35. Amortisation, depreciation and write-downs

Amortisation and depreciation for the relevant periods are analysed in the following table:

(Thousands of Euro)	Financial Year	
	2021	2020
Intangible fixed assets	30,148	31,742
Tangible fixed assets	1,859	1,948
Amortization of rights of use	502	392
Impairment losses and reversals assets	0	383
Amortization and depreciation	32,509	34,465

Amortisation and depreciation show a decrease as compared to the same period in the previous year of Euro 1,956 thousand, from Euro 34,465 thousand as of 31st December 2020, to Euro 32,509 thousand in the period in question. Please note that the test conducted at the end of the previous year highlighted the need to proceed with the write-down for impairment of the entire value of the tangible assets held by the company Asco Energy S.p.A. for Euro 383 thousand.

Financial income and charges

36. Financial income and charges

The following table shows a breakdown of financial income and charges in the periods considered:

(Thousands of Euro)	Financial Year	
	2021	2020
Interest income on bank and post office accounts	0	1
Other interest income	36	67
Distribution of dividends from controlled companies	3,489	3,489
Financial income	3,526	3,558
Interest expense on banks	160	180
Interest expense on loans	1,416	1,363
Other financial expenses	418	169
Financial charges	1,994	1,711
Evaluation of subsidiary companies with net equity method	19,892	18,310
Evaluation of subsidiary companies with the net equity method	19,892	18,310
Total net financial expenses	21,424	20,157

At the end of the year, the balance between financial income and charges showed a gain of Euro 21,424 thousand, an increase as compared to the previous year of Euro 1,268 thousand. The increase is mainly explained by the higher result achieved by the affiliates measured using the equity method.

At the end of the year, financial income decreased by Euro 32 thousand compared to the previous year, while the dividends received from the equity investments held in HERA COMM S.p.A. for Euro 2,700 thousand, and ACSM - AGAM S.p.A. for Euro 789 thousand, are unchanged.

At the end of the reference period, financial charges amounted to Euro 1,994 thousand, up Euro 282 thousand compared to 2020. The increase in financial charges is mainly explained by the interest accrued on the loans that the Parent Company took out during the previous year and the bonds issued in the year in question.

The item *“profit/(loss) of companies measured using the equity method”* includes the consolidated profits achieved by the affiliate EstEnergy S.p.A., a company in which the Ascopiave Group holds a 48% stake subsequent to the completion of the business partnership with the Hera Group on 19th December 2019, and Cogeide S.p.A.. At the end of the period in question, the consolidated results of the affiliate Estenergy showed profits amounting to Euro 19,504 thousand, while the consolidated results of the affiliate Cogeide showed profits amounting to Euro 388 thousand.

Taxes

37. Taxes in the reference period

The table below shows the breakdown of income taxes over the periods considered, distinguishing between current taxes and deferred tax assets and liabilities:

(Thousands of Euro)	Financial Year	
	2021	2020
IRES current taxes	(8,265)	(8,050)
IRAP current taxes	(1,908)	(1,407)
(Advance)/Deferred taxes	775	19,725
Substitute tax	(30)	(1,568)
Taxes previous years	(508)	693
Taxes for the period	(9,937)	9,393

Taxes accrued increased from a positive balance of Euro 9,393 thousand in the previous year to Euro 9,937 thousand in the period in question, up Euro 19,330 thousand. The change is mainly explained by the non-recurring variations in receivables and payables for temporary tax differences recognised at the end of 2020. Normalising these effects, which will be described below, the taxes for the previous year are equal to Euro 6,254 thousand and, consequently, the change recorded at the end of 2021 amounts to Euro 3,682 thousand. The change recorded in 2020 in receivables and payables for temporary tax differences is mainly explained by the effects deriving from the tax relief on the revaluations of fixed assets and goodwill as well as the realignment of tax values to civil values performed by some Group companies. These operations resulted in: the recognition in the income statement of the substitute tax that will be paid to the tax authorities in accordance with the decree (Euro 1,568 thousand) and the registration of the deferred tax assets related to the increase in depreciation and amortisation that these companies will be able to deduct in future years, determining a positive effect equal to Euro 8,806 thousand. Similarly, the realignment of tax values resulted in the cancellation, for Euro 8,410 thousand, of the payables recorded for deferred taxes on these temporary differences. The overall positive net effect on the tax item show for comparison purposes is consequently equal to Euro 15,648 thousand.

The table below shows the incidence of tax on the result before tax for the periods considered:

(Thousands of Euro)	Financial Year	
	2021	2020
Earnings before tax	55,263	49,308
Taxes for the period	(9,937)	9,394
Percentage of income before taxes	18.0%	(19.1)%

The tax-rate as of 31st December 2021 is 18.0%, compared to -19.2% in the previous year. The change is mainly explained by the non-recurring effects of receivables and payables for temporary tax differences described in the previous paragraph.

The tax rate normalised of these effects is 27.9%, up 7.8% compared to 20.2% in 2020.

Non-recurrent components

Pursuant to CONSOB communication no. 15519/2005, we announce that no non-recurrent economic components exist in the annual financial report as of 31st December 2021.

Transactions deriving from unusual and/or atypical operations

Pursuant to CONSOB communication N. DEM/6064296 dated 28th July 2006, we report that during 2021 no unusual and/or atypical operations occurred.

Business combinations

Acquisition of six hydroelectric plants

On 21st December 2021, Ascopiave S.p.A. finalised the purchase of six hydroelectric plants from the EVA Group, divided into four special purpose vehicles, subsequent to the agreement signed on 14th December 2021, entailing the purchase of 100% of the share capital of Fotovoltaica S.r.l., now renamed Asco Renewables S.p.A., to which the investments held in the companies Eosforo S.r.l., Morina S.r.l. and Sangineto Energie S.r.l., owners of the hydroelectric plants involved in the transaction, had been previously transferred.

The price paid for the acquisition of the investment was Euro 434 thousand and, upon completion of the transaction, Ascopiave S.p.A. acquired a receivable owed by Fotovoltaica S.r.l. to the EVA Group to the tune of Euro 13,896 thousand.

The business combination was provisionally recognised on 31st December 2021 in accordance with the international accounting standard IFRS 3.62.

In particular, the fair values provisionally attributed to the assets and liabilities identifiable in the companies Fotovoltaica S.r.l. (now Asco Renewables S.p.A.), Eosforo S.r.l., Morina S.r.l. and Sangineto Energie S.r.l. at the acquisition date were as follows:

(Thousands of Euro)	Book values					Fair values found in the aggregation				
	Asco Renewables S.p.A.	Sangineto Energie S.r.l.	Morina S.r.l.	Eosforo S.r.l.	Aggregate	Asco Renewables S.p.A.	Sangineto Energie S.r.l.	Morina S.r.l.	Eosforo S.r.l.	Aggregate
	100%	100%	75%	100%		100%	100%	75%	100%	
Assets										
Non-current assets										
Other intangible assets	0	3,981	27	450	4,458	0	0	27	450	477
Tangible assets	0	1	2,094	11,169	13,264	0	9,714	2,094	11,169	22,978
Shareholdings in controlled companies	11,722	0	0	0	11,722	0	0	0	0	0
Other non-current assets	0	3	0	7	11	0	3	0	7	11
Advance tax receivables	0	339	66	22	427	0	340	66	22	428
Non-current assets	11,722	4,324	2,187	11,649	29,883	0	10,057	2,187	11,649	23,894
Current assets										
Trade receivables	0	156	139	142	436	0	156	139	142	436
Other current assets	1,000	37	81	1,234	2,353	1,000	37	81	1,234	2,353
Current financial assets	1,688	0	0	0	1,688	1,688	0	0	0	1,688
Tax receivables	3	29	6	111	149	3	29	6	111	149
Cash and cash equivalents	0	447	95	854	1,396	0	447	95	854	1,396
Current assets from derivative financial instruments	0	2	0	0	2	0	2	0	0	2
Current assets	2,692	670	321	2,341	6,024	2,692	670	321	2,341	6,024
Assets	14,414	4,994	2,508	13,990	35,907	2,692	10,727	2,508	13,990	29,918
Non-current liabilities										
Provisions for risks and charges	0	0	90	0	90	0	0	90	0	90
Medium- and long-term bank loans	0	0	1,314	4,368	5,682	0	0	1,314	4,368	5,682
Non-current financial liabilities	0	0	0	0	0	0	4,946	0	0	4,946
Non-current liabilities	0	0	1,404	4,368	5,773	0	4,946	1,404	4,368	10,719
Current liabilities										
Trade payables	1	73	70	41	184	1	73	70	41	184
Tax payables	0	9	0	169	178	0	9	0	169	178
Other current liabilities	5	1,237	1,111	786	3,139	5	1,237	1,111	786	3,139
Current financial liabilities	14,225	0	0	0	14,225	14,225	389	0	0	14,614
Current liabilities from derivative financial instruments	0	87	37	94	217	0	87	37	94	217
Current liabilities	14,231	1,405	1,218	1,089	17,943	14,231	1,794	1,218	1,089	18,332
Liabilities	14,231	1,405	2,622	5,457	23,716	14,231	6,740	2,622	5,457	29,051
Total assets / liabilities of the acquired companies										867
Difference between the assets and the acquisition price										433
Credit acquired										13,896
Total cost of the operation										14,329
Net liquidity of the company										1,396
Payments										14,329
Net liquidity absorbed by the acquisition										12,933

Due diligence was conducted on the acquisition and the difference found between the price paid and the net book value was entered in provisions for risks and charges, for Euro 431 thousand. For more information on the acquisition, please read the paragraph “Significant events during FY 2021” of this Annual Financial Report.

Commitments and risks

Guarantees given

As of 31st December 2021, the Group provided the following guarantees:

Guarantees to companies within the consolidation area:

(Thousands of Euro)	31 st December 2021	31 st December 2020
On credit lines	6,307	5,849
On execution of works (letter of comfort)	1,776	1,623
On distribution concession (letter of comfort)	6,468	6,485
On purchase/sale of shares (letter of comfort)	500	500
On participation in the tender	75	75
Total	15,127	14,533

Guarantees issued by Ascopiave S.p.A. in favour of affiliates:

(Thousands of Euro)	31 st December 2021	31 st December 2020
On credit lines	9,999	34,799
Patronage on derivative financial instruments	0	23,400
Patronage to cover the obligations deriving from the related relationships	31,463	0
On purchase of on electricity agreements (letter of comfort)	0	3,000
On UTF offices and regions for taxes on gas (letter of comfort)	1,850	1,850
Total	43,312	63,049

The letters of comfort on lines of credit and gas purchase contracts issued in favour of the subsidiary Sinergie Italiane S.r.l. in liquidation, a stake sold to the Hera Group, amount as of 31st December 2021 to Euro 9,999 thousand, a decrease compared to 31st December 2020, when they amounted to Euro 23,799 thousand. With regard to the latter, please note that, during the financial year, the Parent Company Ascopiave received a guarantee of Euro 5,199 thousand from Hera S.p.A. (equal to 52% of the guarantees given by Ascopiave S.p.A. in favour of Sinergie italiane S.r.l.). Ascopiave also received a guarantee from Hera S.p.A., to the tune of Euro 962 thousand, in relation to the sureties issued by the associate Blue Meta S.p.A. to Uffici Tecnici di Finanza and the Regions for consumption taxes on natural gas.

Net of the guarantees received, the letters of comfort and sureties issued by Ascopiave in favour of affiliate companies amount to Euro 5,688 thousand.

Risk and uncertainty factors

Information on agreements not disclosed in the balance sheet

Pursuant to art. 2427, first paragraph, point 22-ter, Italian Civil Code, introduced by Legislative Decree 173 on 23rd November 2008, please note that the company has not entered into agreements not disclosed in the balance sheet.

Management of financial risk: objectives and criteria

The operations of the Group are mainly financed through short-term and medium/long-term bank loans, bond issue, lease agreements with the possibility of purchase and short-term bank deposits at sight. The recourse to such forms of financing, which are in part at variable rates, exposes the Group to the risk connected with fluctuations in interest rates, that successively determine possible variations in financial costs.

Operations expose the Group to possible credit risks with the counterparties.

The Group, furthermore, is subject to liquidity risks because the available financial resources may not be sufficient to

meet its financial obligations, in accordance with the terms and deadlines forecast.

The Board of Directors re-examines and approves the policies for risk management, described hereinafter.

Interest rate risk

The Group manages its liquidity needs both through temporary credit lines and short-term loans at variable rates which, due to their continuous fluctuation, do not make it easy to hedge against interest rate risk, through medium/long-term loans with fixed and variable rates and the issue of fixed-rate bonds.

The medium-long term loans managed by the Group, with variable and fixed rates, have a residual debt as of 31st December 2021 of Euro 222,119 thousand and due dates between 1st January 2022 and 14th October 2031.

Medium and long-term loans at variable rate envisage reimbursement between 2022 and 2031, and as of 31st December 2021 had a residual debt of Euro 153,787 thousand (Euro 147,750 thousand as of 31st December 2020), of which Euro 141,787 thousand hedged by a financial derivative instrument, and therefore with neutralised interest rate risk.

As of 31st December 2021, the derivative instruments to hedge against the risk of changes in interest rates, relating to the loans taken out with BNL, Crédit Agricole - Friuladria, Intesa Sanpaolo, Mediobanca and Iccrea, detailed in paragraphs 14 “Current assets from derivative financial instruments” and 28 “Current liabilities from derivative financial instruments”, and whose mark to market is negative for Euro 71 thousand, are effective.

The following loans are not exposed to interest rate risks, as they envisage the application of a fixed rate: BNL, BPER (originally signed with UBI Banca, then transferred to BPER subsequent to the reorganisation of the bank), Cassa Centrale Banca and Intesa Sanpaolo, with a residual debt at the end of the year of Euro 68,332 thousand, in addition to the bond issue, with a residual debt of Euro 25,000 thousand at the end of the year.

The loans above are subjected to financial covenants.

Please refer to Paragraph 18 “Medium and Long Term Loans” for additional details.

Sensitivity analysis of the interest rate risk

The following table shows the impacts on the Group’s Pre-tax result of the possible variations in interest rates in a reasonably possible interval.

	I qtr 2021	II qtr 2021	III qtr 2021	IV qtr 2021	
Net Financial Position 2021	(317,602)	(306,994)	(325,888)	(347,485)	
Borrowing rates of interest	0.003%	0.001%	0.002%	0.001%	
Lending rates of interest	0.47%	0.46%	0.44%	0.46%	
Borrowing rate of interest plus 200 basis points	2.00%	2.00%	2.00%	2.00%	
Lending rates of interest plus 200 basis points	2.47%	2.46%	2.44%	2.46%	
Borrowing rate of interest reduced of 50 basis points	0.00%	0.00%	0.00%	0.00%	
Lending rates of interest reduced of 50 basis points	0.00%	0.00%	0.00%	0.00%	
Net Financial Position recalculated with the increase of 200 basis points	(319,168)	(308,524)	(327,531)	(349,237)	
Net Financial Position recalculated with decrease of 50 basis points	(317,210)	(306,611)	(325,477)	(347,047)	Total
Effect on pre-tax result of the increase of 200 basis points	(1,566)	(1,531)	(1,643)	(1,752)	(6,492)
Effect on pre-tax result of the decrease of 50 basis points	392	383	411	438	1,623

The sensitivity analysis, obtained by simulating a variation on interest tax rates applied on the credit lines of the Group equal to 50 basis points in decrease (with a minimum limit of zero basis points) and 200 basis points in increase, maintaining unchanged all the other variables, leads to an estimation of an effect on the result before taxes which is negative for Euro 6,492 thousand or positive for Euro 1,623 thousand.

Credit risk

Because of the sale of the equity investments in the gas and electricity sales business, the Group’s operating activity is no longer exposed to credit risks caused by the failure to fulfil commercial obligations by the end customers.

The Group provides its business services to a limited number of players in the gas sector; if compensation for such services is not received or overdue, this could negatively affect the operating results and the financial balance, but credit protection is supported by the application of the safeguards set forth in the Grid Code.

Liquidity risk

The liquidity risk consists in the lack of available and sufficient financial resources in order to meet the Group's financial obligations, within the terms and deadlines set, due to the impossibility of raising new funds or selling assets on the market, affecting the income statement if the Group is forced to incur additional costs to meet its obligations, or in case of insolvency entailing risks for the business.

The Group constantly aims at highest balance and flexibility of financing sources and uses, minimising that risk. The two main factors influencing Group liquidity are on the one hand the resources generated or absorbed by operations or investments, and on the other hand the due dates and renewal of debt.

Specific risks of the business sectors in which the Group operates

Regulations

The activities performed by the Ascopiave Group in the gas sector are subject to regulations. Directives and regulatory measures adopted by the European Union and by the Italian Government, as well as the resolutions of the Regulatory Authority for Energy, Networks and the Environment, can have a significant impact on the operations, the operating results and the financial balance. Future changes in the regulatory policy adopted by the European Union or at the national level could have unexpected effects on the applicable regulatory framework and, consequently, on the activity and results of the Group.

Public grants received

With reference to the changes introduced by Law no. 124 dated 4th August 2017 “Annual competition act”, art. 1 par. 125-129, the following contributions were received from Public entities in 2021, mainly concerning works on user connections and the natural gas distribution network.

Beneficiary institution	Grantor Entities		Amount (Euro)
	Name / Company name	Type of operation	
AP RETI GAS Nord Est S.r.l.	A.T.E.R. OF THE PROVINCE OF PADUA	Interventions on gas derivations	3,490
AP RETI GAS Nord Est S.r.l.	MUNICIPALITY OF CADONEGHE	Interventions on gas derivations	4,520
AP RETI GAS Nord Est S.r.l.	MUNICIPALITY OF CORNO DI ROSAZZO	Gas distribution network	1,413
AP RETI GAS Nord Est S.r.l.	MUNICIPALITY OF GONARS	Interventions on gas derivations	82
AP RETI GAS Nord Est S.r.l.	MUNICIPALITY OF GRADO	Interventions on gas derivations	1,108
AP RETI GAS Nord Est S.r.l.	MUNICIPALITY OF PADOVA	Gas distribution network	17,893
AP RETI GAS Nord Est S.r.l.	MUNICIPALITY OF RIVIGNANO TEOR	Interventions on gas derivations	2,416
AP RETI GAS Nord Est S.r.l.	MUNICIPALITY OF S GIORGIO DELLA RICHINVELDA	Gas distribution network	5,128
AP RETI GAS Nord Est S.r.l.	MUNICIPALITY OF SAONARA	Gas distribution network	4,466
AP RETI GAS Nord Est S.r.l.	MUNICIPALITY OF VALVASONE ARZENE	Gas distribution network	5,280
AP RETI GAS S.p.A.	MUNICIPALITY OF BREDA DI PIAVE	Gas distribution network	7,948
AP RETI GAS S.p.A.	MUNICIPALITY OF BREDA DI PIAVE	Interventions on gas derivations	5,154
AP RETI GAS S.p.A.	MUNICIPALITY OF BRUSIMPIANO	Gas distribution network	9,730
AP RETI GAS S.p.A.	MUNICIPALITY OF CASTELFRANCO VENETO	Gas distribution network	25,274
AP RETI GAS S.p.A.	MUNICIPALITY OF CASTELFRANCO VENETO	Interventions on gas derivations	3,921
AP RETI GAS S.p.A.	MUNICIPALITY OF CAVASO DEL TOMBA	Interventions on gas derivations	739
AP RETI GAS S.p.A.	MUNICIPALITY OF CORDOVADO	Interventions on gas derivations	522
AP RETI GAS S.p.A.	MUNICIPALITY OF CUGLIATE FABIASCO	Interventions on gas derivations	1,006
AP RETI GAS S.p.A.	MUNICIPALITY OF FARRA DI SOLIGO	Gas distribution network	2,159
AP RETI GAS S.p.A.	MUNICIPALITY OF MAROSTICA	Gas distribution network	7,946
AP RETI GAS S.p.A.	MUNICIPALITY OF MOTTA DI LIVENZA	Interventions on gas derivations	2,607
AP RETI GAS S.p.A.	MUNICIPALITY OF PAESE	Gas distribution network	2,500
AP RETI GAS S.p.A.	MUNICIPALITY OF SAN VENDEMIANO	Interventions on gas derivations	10,382
AP RETI GAS S.p.A.	MUNICIPALITY OF SUSEGANA	Interventions on gas derivations	6,263
AP RETI GAS S.p.A.	MUNICIPALITY OF TARZO	Interventions on gas derivations	1,393
AP RETI GAS S.p.A.	MUNICIPALITY OF VILLORBA	Gas distribution network	9,549
AP RETI GAS S.p.A.	MUNICIPALITY OF VILLORBA	Interventions on gas derivations	2,039
AP RETI GAS S.p.A.	PROVINCE OF TREVISO	Gas distribution network	14,643
EDIGAS ESERCIZIO DISTRIBUZIONE GAS S.p.A.	MUNICIPALITY OF ALZANO LOMBARDO	Interventions on gas derivations	985
AP RETI GAS VICENZA S.p.A.	MUNICIPALITY OF SAN PIETO IN GU'	Interventions on gas derivations	2,772

Management of Capital

The primary objective of the management of the Group's capital is to guarantee that a solid credit rating is maintained, as well as suitable levels of the capital indicator. The Group can adapt the dividends paid to shareholders, reimburse capital or issue new shares.

The Group checks its capital by means of a debt/capital ratio.

The Group includes loans and other payables in its net debt, net of liquid funds and equivalents.

(Thousands of Euro)	31.12.2021	31.12.2020
Financial position in the short term	157,903	144,111
financial position in the medium-long term	189,582	194,336
Net Financial Position	347,485	338,447
Share capital	234,412	234,412
Own shares	(55,423)	(55,628)
Reserves	644,191	616,418
Undistributed net profit	45,326	58,701
Total Net equity	868,505	853,903
Total sources of funding	1,215,991	1,192,350
Net financial position / Net equity ratio	0.40	0.40

The debt/capital ratio as of 31st December 2021 is 0.40, in line with to 31st December 2020.

The trend of this indicator is related to the combined effect of the change in the Net financial position, which worsened by Euro 9,039 thousand in 2021, and the Shareholders' equity, which increased by Euro 14,602 thousand, changes due in part to the profit for the period, the distribution of dividends and investments made and in part to the normal flow of the year.

Representation of financial assets and liabilities by category

The breakdown of financial assets and liabilities by categories and their fair value (IFRS 13) as of 31st December 2021 and 31st December 2020 is as follows:

(Thousands of Euro)					31.12.2021	
	A	B	C	D	Total	Fair value
Other non-current assets			2,662		2,662	2,662
Non-current financial assets			2,864		2,864	2,864
Trade receivables and Other current assets			46,756		46,756	46,756
Current financial assets			908		908	908
Cash and cash equivalents			42,538		42,538	42,538
Current assets from derivative financial instruments		267			267	267
Outstanding medium- and long-term bonds				24,181	24,181	24,181
Medium- and long-term bank loans				161,488	161,488	161,488
Other non-current liabilities				1,666	1,666	1,666
Non-current financial liabilities				6,777	6,777	6,777
Payables due to banks and financing institutions				199,631	199,631	199,631
Trade payables and Other current liabilities				54,242	54,242	54,242
Current financial liabilities				1,647	1,647	1,647
Current liabilities from derivative financial instruments		338			338	338

(Thousands of Euro)					31.12.2020	
	A	B	C	D	Total	Fair value
Other non-current assets			3,191		3,191	3,191
Non-current assets from derivative financial instruments					0	0
Non-current financial assets			2,226		2,226	2,226
Trade receivables and Other current assets			104,519		104,519	104,519
Current financial assets			798		798	798
Cash and cash equivalents			21,902		21,902	21,902
Medium- and long-term bank loans				195,999	195,999	195,999
Other non-current liabilities				823	823	823
Non-current financial liabilities				563	563	563
Payables due to banks and financing institutions				165,747	165,747	165,747
Trade payables and Other current liabilities				91,780	91,780	91,780
Current financial liabilities				1,065	1,065	1,065
Current liabilities from derivative financial instruments		548			548	548

Legend

- A - Assets and liabilities at fair value directly recognised in the Profit and Loss Account
- B - Assets and liabilities at fair value directly recognised in Equity (including hedging derivatives)
- C - Assets for granted loans and receivables (including cash equivalents)
- D - Financial liabilities recognised at amortised cost

Remuneration of Auditing Company

Pursuant to Art. 149-duodecies of Consob Issuers' Regulation, the fees paid to the Auditing Company in 2021 for the auditing service and additional services are detailed below.

Type of services	Entity providing the service	Recipient	Fees (Thousand of Euro)
Audit	PricewaterhouseCoopers S.p.A.	Ascopiave S.p.A.	126
	PricewaterhouseCoopers S.p.A.	Controlled companies	137
Statutory audit of separate accounts	PricewaterhouseCoopers S.p.A.	Ascopiave S.p.A.	7
	PricewaterhouseCoopers S.p.A.	Controlled companies	32
Other services	PricewaterhouseCoopers S.p.A.	Ascopiave S.p.A.	34
	PricewaterhouseCoopers S.p.A.	Controlled companies	0
Total			336

Business segment reporting

Segment information is provided with reference to the business sectors in which the Group operates. Business sectors are identified as primary segments of activities. The criteria used for identifying business segments have been inspired by the methods whereby the Management runs the Group and assigns managerial responsibilities.

Based on the information required by the IFRS 8 “Business Segment Reporting, Operating segments”, the company has identified as segments to be reported the activities of gas distribution and other. Specifically, the segment “Other” includes cogeneration and heat supply and the results of the parent company.

Information by geographic areas is not provided, since the Group does not conduct any business outside the national territory.

The following tables show the information on revenues concerning the business segments of the Group in 2021 and 2020.

			31.12.2021		
	Distribution	Other	values from new companies acquisitions	Cancellations and adjustments	Total
Financial year 2021					
(Thousands of Euro)					
Net revenues of third-party customers	126,582	8,329	0		134,911
Intra-group revenues among the segment	4,505	10,952	0	(15,457)	0
Segment revenues	131,087	19,281	0	(15,457)	134,911
Operating result before amortization	70,215	(3,868)	0		66,348
Amortization	30,993	1,516	0		32,509
Operating result	39,222	(5,384)	0		33,838
Result before taxes	39,042	16,221	0		55,263
Assets	686,329	593,828	9,117	81,281	1,370,554
Liabilities	(89,580)	(322,898)	(8,290)	(81,281)	(502,049)

			31.12.2020		
	Distribution	Other	values from new companies acquisitions	Cancellations and adjustments	Total
Financial year 2020					
(Thousands of Euro)					
Net revenues of third-party customers	131,526	7,156	25,214		163,896
Intra-group revenues among the segment	3,185	33,808	448	(37,442)	0
Segment revenues	134,711	40,965	25,662	(37,442)	163,896
Operating result before amortization	52,998	(6,033)	16,651		63,616
Amortization	23,313	1,962	9,190		34,465
Operating result	29,685	(7,995)	7,460		29,151
Result before taxes	29,517	12,335	7,456		49,308
Assets	530,342	555,055	202,560	75,149	1,363,106
Liabilities	(97,655)	(316,317)	(20,082)	(75,149)	(509,203)

Earnings per share

As required by the IAS 33 accounting standard, the following information is provided about the calculation of basic and diluted earnings per share.

Earnings per share are calculated by dividing the net profit attributable to the Company's shareholders by the number of shares, net of treasury shares.

For the purposes of calculating basic earnings per share, the numerator is the operating result of the period less the portion attributable to minority interests.

There are no preference dividends, conversions of preferred shares or similar effects that would adjust the results attributable to the holders of ordinary shares in the Company.

Diluted earnings per share are equal to those per share in that ordinary shares that could have a dilutive effect do not exist and no shares or warrants exist that could have the same effect.

The result and the number of ordinary shares used to calculate base earnings per share, identified according to the method set out in IAS 33 are reported below:

(Thousands of Euro)	Amount at 31 st December 2021	Amount at 31 st December 2020
Net profit attributable to parent company shareholders	45,326	58,701
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	17,766,858
Weighted average number of ordinary share excluding own share, for the purpose of net income per share	216,709,997	216,644,717
Earning per share (in Euro)	0.209	0.271

Transactions with related parties

The transactions with related parties in the financial period considered are detailed in the following table:

(Thousands of Euro)	Trade receivables	Other receivables	Trade payables	Other payables	Cost			Revenues		
					Goods	Services	Other	Goods	Services	Other
<i>Parent company</i>										
Asco Holding S.p.A.	41	185	11	0	0	71	0	0	154	0
Total parent company	41	185	11	0	0	71	0	0	154	0
<i>Affiliated companies</i>										
Asco TLC S.p.A.	121	0	60	0	0	718	0	0	68	0
Total affiliated companies	121	0	60	0	0	718	0	0	68	0
<i>Subsidiary companies</i>										
Ascotrade S.p.A.	9,089	0	326	0	0	0	0	0	38,315	0
Blue Meta S.p.A.	2,672	0	147	0	0	95	0	0	10,708	0
Etra Energia S.r.l.	88	0	13	0	0	0	0	0	445	0
Ascopiave Energie S.p.A.	1,684	0	614	0	0	104	0	0	7,455	0
Estenergy S.p.A.	3,825	0	0	0	0	0	0	0	13,166	0
ASM Set S.r.l.	759	0	10	0	0	138	0	0	3,081	0
Total subsidiary companies	18,117	0	1,110	0	0	337	0	0	73,168	0
Total	18,279	185	1,180	0	0	1,126	0	0	73,391	0

Relationships deriving 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 joined the consolidation of tax relations held by the Parent company Asco Holding S.p.A.. The tax consolidation ceased due to the change of the reporting date of the latter, which no longer coincides with 31st December. Consequently, the current assets and liabilities recorded refer only to previous positions.

Relationships deriving from the tax consolidation with Ascopiave S.p.A.:

In 2019, the companies AP Reti Gas S.p.A., AP Reti Gas Rovigo S.r.l., Edigas Esercizio Distribuzione Gas S.p.A., AP Reti Gas Vicenza S.p.A. and Asco Energy S.p.A. and in 2021 the company AP Reti Gas Nord Est S.r.l. joined the national tax consolidation with the parent company Ascopiave S.p.A.. The contract is valid for three years.

As concerns parent companies

The revenues recorded vis-à-vis the parent company Asco Holding S.p.A. pertain to administration, treasury management and staff services.

As concerns subsidiaries of the parent company

Costs for services to the associate Asco TLC S.p.A. refer to a rental fee for the servers. Revenues for the aforementioned subsidiary derive from the contract to supply gas and electricity and from service contracts signed between the parties.

As regards affiliates:

- with Estenergy S.p.A.:
 - o Trade receivables refer to the natural gas transportation service on the distribution network recorded by AP Reti Gas Nord Est S.r.l.;
 - o Trade payables relate to natural gas and electricity supplies incurred by AP Reti Gas Nord Est S.r.l.;
 - o Costs for goods concern the purchase of gas and electricity incurred by AP Reti Gas Nord Est S.r.l.;
 - o Revenues for services are connected to revenues for gas transportation and distribution services recorded by AP Reti Gas Nord Est S.r.l.;
- with Ascotrade S.p.A.:
 - o Trade receivables refer to the natural gas transportation service on the distribution network recorded by AP Reti Gas S.p.A. and to administrative, IT, personnel and facility services provided by Ascopiave S.p.A.;
 - o Trade payables relate to natural gas and electricity supplies incurred by Ascopiave S.p.A. and AP Reti

- Gas S.p.A.;
 - Costs for goods concern the purchase of gas and electricity incurred by AP Reti Gas S.p.A. and Ascopiave S.p.A.;
 - Revenues for services are connected to revenues for gas transportation and distribution services recorded by AP Reti Gas S.p.A. and to administrative, IT, personnel and facility services provided by Ascopiave S.p.A..
- with Blue Meta S.p.A.:
 - Trade receivables refer to the natural gas transportation service on the distribution network with Edigas Distribuzione Gas S.p.A. and to administrative, IT, personnel and facility services provided by Ascopiave S.p.A.;
 - Trade payables relate to natural gas and electricity supplies incurred by Edigas Distribuzione Gas S.p.A.;
 - Costs for goods concern the purchase of gas and electricity incurred by Edigas Distribuzione Gas S.p.A.;
 - Revenues for services are connected to revenues for gas transportation and distribution services recorded by Edigas Distribuzione Gas S.p.A. and to administrative, IT, personnel and facility services provided by Ascopiave S.p.A..
- with Etra Energia S.r.l.:
 - Trade receivables refer to the natural gas transportation service on the distribution network recorded by AP Reti Gas S.p.A. and to administrative, IT, personnel and facility services provided by Ascopiave S.p.A.;
 - Revenues for services are connected to revenues for gas transportation and distribution services with AP Reti Gas S.p.A. and AP Reti Gas Vicenza S.p.A. and to administrative, IT, personnel and facility services provided by Ascopiave S.p.A..
- with Ascopiave Energie S.p.A.:
 - Trade receivables refer to the natural gas transportation service on the distribution network with AP Reti Gas S.p.A. and AP Reti Gas Vicenza S.p.A. and to administrative, IT, personnel and facility services provided by Ascopiave S.p.A.;
 - Trade payables relate to supplies of natural gas and electricity with Ascopiave S.p.A. and AP Reti Gas S.p.A.;
 - Costs for goods concern the purchase of gas and electricity incurred by AP Reti Gas S.p.A. and Ascopiave S.p.A.;
 - Revenues for services are connected to revenues for gas transportation and distribution services with AP Reti Gas S.p.A. and AP Reti Gas Vicenza S.p.A. and to administrative, IT, personnel and facility services provided by Ascopiave S.p.A..
- with ASM Set S.r.l.:
 - Costs for goods are related to the purchase of gas with AP Reti Gas Rovigo S.r.l.;
 - Costs for services refer to administrative services provided to Ascopiave S.p.A.;
 - Revenues for services are connected to revenues for gas transportation and distribution services with AP Reti Gas Rovigo S.r.l..

Please note that the letters of comfort on lines of credit and on gas purchase contracts issued in favour of the subsidiary Sinergie Italiane S.r.l in liquidation amount as of 31st December 2021 to Euro 9,999 thousand, a decrease compared to 31st December 2020, when they amounted to Euro 23,799 thousand.

Furthermore:

- the economic relations between the companies of the Group and subsidiaries and associates occur at market prices and are eliminated in the process of consolidation;
- the operations performed by the companies of the Group with related parties are part of normal business and are settled at market prices;

- with reference to the provisions of art. 150, paragraph 1 of Italian Legislative Decree no. 58 of 24th February 1998, no operations have been carried out that could potentially represent a conflict of interest with companies of the Group, by members of the Board of Directors.

On 24th November 2010, the Board of Directors approved a procedure for transactions with related parties (the "Procedure"). Said Procedure governs the transactions with related parties by the Company, directly or by proxy of subsidiary companies, as set forth in Art. 2391-*bis* of the Italian Civil Code pursuant to the National Commission for Publicly Traded Companies (CONSOB) Decision no. 17221 dated 12th March 2010 and subsequent amendments.

The Procedure was implemented on 1st January 2011 and replaced the previous regulation regarding transactions with related parties, approved by the Board of Directors of the Company on 11th September 2006 (and subsequent amendments).

For the contents of the Procedure, please refer to the document, available online on the Company website at the following URL: <http://www.gruppoascopiave.it/wp-content/uploads/2015/01/Procedura-per-le-operazioni-con-parti-correlate-GruppoAscopiave-20101124.pdf>.

In order to implement correctly the Procedure, a map of all the so-called Related Parties, to which the controls and the content of the document apply, is drafted periodically. Company Directors are required to declare, when applicable, possible conflicts of interest in the performance of the afore-mentioned transactions.

Financial statements representation pursuant to Consob resolution 15519/2006

Please find below the Financial statements representation showing the effects of the transactions with related parties pursuant to Consob resolution no. 15519 dated 27th July 2006:

Consolidated assets and liabilities statement

(Thousands of Euro)	31.12.2021	of which related parties						31.12.2020	of which related parties					
		A	B	C	D	Total	%		A	B	C	D	Total	%
ASSETS														
Non-current assets														
Goodwill	49,272						49,272							
Other intangible assets	598,007						577,413							
Tangible assets	58,012						33,443							
Shareholdings in controlled company	442,434			442,434		442,434	100.0%	436,805		436,805		436,805	100.0%	
Shareholdings in other company	78,925						78,925							
Other non-current assets	3,604						4,153							
Non current financial assets	2,864						2,226							
Advance tax receivables	31,565						30,122							
Non-current assets	1,264,683			442,434		442,434	35.0%	1,212,359		436,805		436,805	36.0%	
Current assets														
Inventories	8,176						14,912							
Trade receivables	26,786	41	121	18,117		18,279	68.2%	33,587	19	240	10,202	10,461	31.1%	
Other current assets	25,575	185				185	0.7%	75,965	612			612	0.8%	
Current financial assets	908						798							
Tax receivables	1,621						3,583							
Cash and cash equivalents	42,538						21,902							
Current assets from derivative financial instruments	267						0							
Current assets	105,872	226	121	18,117		18,464	17.4%	150,747	631	240	10,202	11,073	7.3%	
Assets	1,370,554	226	121	460,551		460,898	33.6%	1,363,106	631	240	447,007	447,877	32.9%	
NET EQUITY AND LIABILITIES														
Total Net equity														
Share capital	234,412						234,412							
Own shares	(55,423)						(55,628)							
Reserves and result for the period	689,555						675,119							
Net equity of the Group	868,544						853,903							
Net equity of Others	39													
Total Net equity	868,505						853,903							
Non-current liabilities														
Provisions for risks and charges	1,474						2,412							
Severance indemnity	4,491						4,770							
Outstanding medium- and long-term bonds	24,181						0							
Medium- and long-term bank loans	161,488						195,999							
Other non-current liabilities	29,067						26,904							
Non-current financial liabilities	6,777						563							
Deferred tax payables	13,228						12,984							
Non-current liabilities	240,707						243,632							
Current liabilities														
Payables due to banks and financing institutions	199,631						165,747							
Trade payables	34,401	11	60	1,110		1,180	3.4%	66,774	34	72	310	416	0.6%	
Tax payables	1,284						5,174							
Other current liabilities	24,043						26,263							
Current financial liabilities	1,647						1,065							
Current liabilities from derivative financial instruments	338						548							
Current liabilities	261,343	11	60	1,100		1,180	0.5%	265,570	34	72	310	416	0.2%	
Liabilities	502,050	11	60	1,100		1,180	0.2%	509,203	34	72	310	416	0.1%	
Net equity and liabilities	1,370,554	11	60	1,100		1,180	0.1%	1,363,106	34	72	310	416	0.0%	

Legend for the Related parties column heading:

A Parent companies

B Associates

C Affiliates and Jointly controlled companies

D Other related parties

Comprehensive consolidated income statement

(Thousands of Euro)	FY	of which related parties						FY	of which related parties					
	2021	A	B	C	D	Total	%	2020	A	B	C	D	Total	%
Revenues	134,911	154	68	73,168		73,391	54.4%	163,896	65	368	83,631		84,064	51.3%
Total operating costs	68,564	71	718	337	1,959	3,085	4.5%	100,280	27	770	278	2,153	3,228	3.2%
Purchase costs for other raw materials	2,063							1,782						
Costs for services	38,728	71	718	337	1,837	2,963	7.7%	36,775	27	770	278	1,682	2,757	7.5%
Costs for personnel	17,017				122	122	0.7%	17,132				471	471	2.7%
Other management costs	11,327							44,700						
Other income	571							109						
Amortization and depreciation	32,509							34,465						
Operating result	33,838	84	(650)	72,831	(1,959)	70,306	207.8%	29,151	38	(402)	83,353	(2,153)	80,836	277.3%
Financial income	3,526							3,558				3,489	3,489	98.1%
Financial charges	1,993							1,711						
Evaluation of subsidiary companies with the net equity method	19,892			19,892		19,892	100.0%	18,310			18,310		18,310	100.0%
Earnings before tax	55,263	84	(650)	92,723	(1,959)	90,198	163.2%	49,308	38	(402)	101,663	1,336	102,635	208.2%
Taxes for the period	(9,937)							9,393						
Result for the period	45,326							58,701						
Group's Net Result	45,326							58,701						
Third parties Net Result	0							0						
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	708							(398)						
Fair value of derivatives relating to associated companies, changes in the period net of tax	13,279													
2. Components that can not be reclassified to the income statement														
Actuarial (losses)/gains from remeasurement on defined-benefit obligations net of tax	84							9						
Fair value valuation of investment in other companies	0							(1,807)						
Total comprehensive income	59,397							56,505						
Group's overall net result	59,397							56,505						
Third parties' overall net result	0							0						
Base income per share	0.209							0.271						
Diluted net income per share	0.209							0.271						

Legend for the Related parties column heading:

A Parent companies

B Associates

C Affiliates and Jointly controlled companies

D Other related parties

Consolidated statement of cash flows

(Thousands of Euro)	FY	of which related parties					FY	of which related parties				
	2021	A	B	C	D	Total	2020*	A	B	C	D	Total
Total comprehensive income	59,397						56,505					
Cash flows generated (used) by operating activities												
Adjustments to reconcile net income to net cash												
Fair value of derivatives relating to associated companies, changes in the period net of tax	(13,279)					0	0					0
Fair value valuation of shareholdings in other companies	0					0	1,807					0
Changes in HA reserves for MTM derivatives	(708)					0	398					0
Changes in reserves on severance indemnity	(84)					0	(9)					0
Amortization	32,509					0	34,082					0
Bad debt provisions	34					0	189					0
Depreciation of fixed assets	1,255					0	1,322					0
Variations in severance indemnity	(195)					0	(109)					0
Current assets / liabilities on financial instruments	5					0	52					0
Net variation of other funds	(1,155)					0	1,068					0
Evaluation of subsidiaries with the net equity method	(19,982)			(19,982)		(19,982)	(18,310)		(18,310)			(18,310)
Income from shareholdings	(3,495)					0	(3,489)					0
Other changes in the income statement that do not generate cash flows	(1,278)					0	0					0
Interests expense paid	(1,653)					0	(1,396)					0
Taxes paid	(12,607)					0	(12,110)					0
Interest expense for the period	1,704					0	1,594					0
Taxes for the period	9,937					0	(9,394)					0
Total adjustments	(8,902)						(4,305)					
Variations in assets and liabilities												
Inventories	6,737					0	(6,780)					0
Accounts payable	7,249	(22)	119	(7,915)		(7,818)	9,396	(9)	221	13,393	0	13,605
Other current assets	27,246	427				427	(29,333)	(34)	0	0		(34)
Trade payables	(8,593)	(24)	(12)	800		764	14,604	34	68	(202)		(100)
Other current liabilities	(2,244)					0	574					0
Other non-current assets	(188)					0	(858)					0
Other non-current liabilities	2,035					0	2,352					0
Total variations in assets and liabilities	32,242	380	107	(7,115)	0	(6,627)	(10,044)	(9)	289	13,191	0	13,471
Cash flows generated (used) by operating activities	82,737	380	107	(27,007)	0	(26,519)	42,156	(9)	289	5,119	0	4,839
Cash flows generated (used) by investments												
Investments in intangible assets	(51,469)					0	(43,417)					0
Investments in tangible assets	(1,393)					0	(1,015)					0
Disposal/(acquisitions) in shareholdings and advances	(12,933)					0	(68,598)					0
Dividends collected from subsidiaries companies	20,862					0	21,254					0
Cash flows generated/(used) by investments	(44,933)						(91,776)					0
Cash flows generated (used) by financial activities												
Changes in non-current financial liabilities	0					0	374					0
Net changes in short-term bank borrowings	(55,047)					0	(29,840)					0
Ignitions outstanding medium- and long-term bonds	24,181					0	0					0
Net variation in current financial assets and liabilities	22					0	(9,447)		(6,521)			(6,521)
Purchase of own shares	39					0	(28,854)					0
Ignitions loans and mortgages	288,000					0	336,700					0
Redemptions loans and mortgages	(239,700)					0	(217,000)					0
Dividends distributed to Ascopiave S.p.A. shareholders'	(34,663)					0	(47,442)					0
Cash flows generated (used) by financial activities	(17,168)						4,491					0
Variations in cash	20,636	0	0	0	0	0	(45,129)	0	0	(6,521)	0	(6,521)
Cash and cash equivalents at the beginning of the period	21,902					0	67,031					0
Cash and cash equivalents at the end of the period	42,538					0	21,902					0

* At the end of 2020, the structure of the Group's statement of cash flows was modified in order to improve presentation. The statement of cash flows was consequently reclassified and aligned with the figures as at 31st December 2021.

Legend for the Related parties column heading:

A Parent companies

B Associates

C Affiliates and Jointly controlled companies

D Other related parties

Consolidated net debt

(Thousands of Euro)	31.12.2021	of which related parties						31.12.2020	of which related parties						
		A	B	C	D	Total	%		A	B	C	D	Total	%	
A Cash and cash equivalents	42,538							21,902							
B Equivalent to cash and cash equivalents	0							0							
C Other current financial assets	1,175							798							
- of which related parties	0							0							
D Liquid assets (A) + (B) + (C)	43,713							22,701							
E Current financial liabilities (including debt instruments, but excluding the current portion of non-current financial debt)	(140,985)							(126,788)							
- of which related parties	0							0							
- of which debt instruments current part	0							0							
F Current portion of non-current financial debt	(60,631)							(40,024)							
- of which related parties	0							0							
G Current financial indebtedness (E) + (F)	(201,616)							(166,812)							
H Net current financial indebtedness (D) + (G)	(157,903)							(144,111)							
I Non-current financial debt (excluding the current portion and debt instruments)	(192,447)							(196,562)							
J Debt instruments	0							0							
K Trade payables and other non-current payables	0							0							
L Non-current financial indebtedness (I) + (J) + (K)	(192,447)							(196,562)							
M Net financial indebtedness (H) + (L)	(350,350)							(340,672)							

Legend for the Related parties column heading:

A Parent companies

B Associates

C Affiliates and Jointly controlled companies

D Other related parties

The values reported in the tables above refer to the related parties listed below:

Group A - Parent companies:

- Asco Holding S.p.A.

Group B - Associates:

- Asco TLC S.p.A.

Group C - Affiliates and Jointly controlled companies:

- Estenergy S.p.A. (Group), affiliate

Group D - Other related parties:

- Board of Directors
- Auditors
- Strategic managers

Significant events subsequent to the end of 2021

Shareholders' Agreement - amendment to voting rights

On 5th January 2022, pursuant to current laws and regulations, Ascopiave announced that an updated version of the essential information relating to the Shareholders' Agreement signed on 16th March 2020 was published in the Corporate Governance section of the website www.gruppoascopiave.it. Only the number of the voting rights held by some signatory shareholders was updated due to the introduction of increased voting rights, as notified by Ascopiave on 7th October 2021 and 5th November 2021. Pursuant to Articles 65-*quinquies*, 65-*sexies* and 65-*septies* of the Issuers' Regulation, the document was made available to the public at the registered office, at Borsa Italiana S.p.A., on the authorised storage mechanism "eMarket Storage" (www.emarketstorage.com) provided by Spafid Connect S.p.A., as well as in the Corporate Governance section of the website www.gruppoascopiave.it.

The Ascopiave Group enters the wind power generation sector

On 21st January 2022, the Ascopiave Group announced that it had acquired, through the subsidiary Asco Renewables S.p.A., a 60% stake in the capital of Salinella Eolico S.r.l., belonging to Renco S.p.A.. Salinella Eolico S.r.l., whose remaining 40% stake is held by Renco S.p.A., plans to build a wind farm in the Province of Catanzaro with a rated capacity of up to 21 MW; the competent authorities have already granted part of the authorisations, while the pending permits are well underway. The wind farm will be erected by Renco S.p.A. and entail a total investment of approximately Euro 30 million.

Acquisition of the majority stake in Eusebio Energia S.r.l., a company operating in the energy field

On 28th January 2022, Ascopiave S.p.A. announced the finalisation of an additional investment in the renewable energy sector, specifically in the hydroelectric and wind power segments, as stated in the 2020-2024 Strategic Plan.

The investment consisted in the acquisition by Ascopiave of the 79.74% majority stake held by Supermissile S.r.l. in the share capital of Eusebio Energia S.r.l. ("Eusebio"), a company operating in the energy sector.

Eusebio has 22 plants for the production of electricity from renewable sources, of which 21 hydroelectric plants, for a total capacity of 44 MW, located in Lombardy and Veneto, and a wind farm, consisting of 14 turbines of 1 MW each, located in Campania.

The price paid upon closing for the acquisition of the above-mentioned majority stake is Euro 44.8 million, featuring an earn-out clause. Eusebio's estimated net financial position at 31st December 2021 is Euro 18.5 million. The company's preliminary EBITDA for 2021 is estimated at approximately Euro 13 million. In 2022, a profit in line with the figures of the previous year is expected, gross of the compensations introduced in recent regulations.

Ascopiave was assisted in the transaction by Lazard, financial advisor, and BonelliErede, law firm, while the seller availed itself of the services provided by Brera Financial Advisory, a Clearwater International partner, and Losa, law firm.

2021-2025 strategic plan

On 31st January 2022, the Board of Directors approved the Group's 2021-2025 strategic plan.

The plan confirms the strategic guidelines drawn up last year, outlining a process of sustainable growth both in the core business of gas distribution and in new areas, specifically in the renewable energy sector - which the Group has recently penetrated through the M&A operations finalised in the past two months - and in the green gas segment.

The Company announced that such development will not affect the balance of the financial structure, ensuring a stable and profitable distribution of dividends.

Economic and financial highlights:

- EBITDA in 2025: Euro 102 million (+Euro 36 million compared to 2021 preliminary figures)
- Net profit in 2025: Euro 46 million (+Euro 2 million compared to 2021 preliminary figures)
- Net investments in 2021-2025: Euro 599 million
- Net debt in 2025: Euro 608 million
- Financial leverage (Net financial position / Shareholder's equity) in 2025: 0.68
- Forecast of dividends distributed: 16.5 cents per share in 2021, with an increase of 0.5 cents per share in subsequent years until 2025.

The plan develops a scenario that will leverage the tenders won by the Group, if any, for the gas distribution service in the relevant minimum territorial areas. This opportunity, which depends, among other things, on the actual

publication schedule of the calls for tenders, involves a further estimated growth in EBITDA of Euro 16 million by 2025 and an increase in investments of Euro 59 million.

Goals and policies of the Group

As for the natural gas distribution segment, the Group intends to enhance its portfolio of concessions, aiming to maintain the management of the service in the territorial areas in which it boasts a significant presence, and to expand its activities to other fields, with the goal of increasing its market share and strengthening its local leadership. As for the gas and electricity sale segment, at the end of 2019 Ascopiave launched a business partnership with the Hera Group through joint participation in Estenergy, the parent company of a Group boasting over one million energy customers, a primary entity in Northern-Eastern Italy. Ascopiave intends to continue the partnership, while relying on the possibility of exercising the sale option on its stakes should it need to finance new investment opportunities in sectors that the Group considers more interesting, as indicated in the 2021-2025 strategic plan approved and presented to the market on 31st January 2022.

Pieve di Soligo, 10th March 2022

The Chairman of the Board of Directors
Nicola Ceconato

EMPTY ON PURPOSE



Ascopiave S.p.A.

ANNUAL FINANCIAL REPORT

as of 31st December 2021

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Foreword

Pursuant to the provisions set forth in Legislative Decree no. 32 dated 2nd February 2007, implementing EU Directive 2003/51/EC, the Company exercises the possibility of drawing up and preparing a single document for both the Report on Operations of the Parent Company Ascopiave S.p.A. and the Report on Consolidated Operations, to be included in the Consolidated Financial Statements.

Therefore, the Report on Consolidated Operations also contains all information relating to the financial statements of Ascopiave S.p.A., as required by article 2428 of the Italian Civil Code.

Activities performed by the Company

The Company only conducts one type of business, consisting in the management of investments and the provision of services to the investees.

ASCOPIAVE S.p.A.

Statement of assets and liabilities

(Euro)		31.12.2021	31.12.2020
ASSETS			
Non-current assets			
Other intangible assets	(1)	10,192	10,013
Tangible assets	(2)	25,344,465	26,186,921
Shareholdings in controlled company	(3)	1,002,949,698	1,002,516,181
Shareholdings in other company	(3)	78,923,328	78,923,305
Other non-current assets	(4)	508,481	1,264,439
Non current financial assets	(5)	2,864,272	2,225,705
Advance tax receivables	(6)	1,194,068	1,540,669
Non-current assets		1,111,794,503	1,112,667,232
Current assets			
Trade receivables	(7)	3,402,239	4,425,863
Other current assets	(8)	6,362,457	10,050,951
Current financial assets	(9)	59,835,424	46,252,984
Tax receivables	(10)	591,428	2,588,366
Cash and cash equivalents	(11)	39,489,427	20,568,118
Current assets from derivative financial instruments	(12)	264,933	
Current assets		109,945,909	83,886,282
ASSETS		1,221,740,412	1,196,553,515
NET EQUITY AND LIABILITIES			
Share capital		234,411,575	234,411,575
Own shares		(55,423,270)	(55,627,661)
Reserves and result for the period		648,677,298	629,502,581
Total Net equity	(13)	827,665,603	808,286,495
Non-current liabilities			
Provisions for risks and charges	(14)	320,119	1,142,073
Severance indemnity	(15)	261,459	258,110
Outstanding medium/long-term bonds	(16)	24,181,367	
Medium- and long-term bank loans	(17)	155,368,135	195,998,756
Other non-current liabilities	(18)	10,690	8,800
Non-current financial liabilities	(19)	110,424	88,345
Deferred tax payables	(20)	5,588	5,588
Non-current liabilities		180,257,782	197,501,673
Current liabilities			
Payables due to banks and financing institutions	(21)	199,630,621	165,741,781
Trade payables	(22)	2,559,797	2,391,613
Other current liabilities	(23)	4,390,383	2,954,898
Current financial liabilities	(24)	7,127,030	19,129,522
Current liabilities from derivative financial instruments	(25)	109,196	547,533
Current liabilities		213,817,027	190,765,347
Liabilities		394,074,809	388,267,020
Net equity and liabilities		1,221,740,412	1,196,553,515

In accordance with CONSOB resolution no. 15519 dated 27th July 2006, the effects of the transactions with related parties are shown in the specific representation contained in the paragraph "Financial statement representation provided in accordance with CONSOB resolution 15519/2006" of this annual financial report.

Comprehensive income statement

(Euro)		Financial Year	
		2021	2020
Revenues	(26)	72,794,827	53,413,259
Distribution of dividends from controlled companies		58,957,802	41,078,595
Other revenues		13,837,025	12,334,664
Total operating costs		17,717,020	18,477,514
Purchase costs for other raw materials	(27)	0	12,468
Costs for services	(28)	10,603,439	9,693,390
Costs for personnel	(29)	6,511,294	6,781,747
Other management costs	(30)	997,037	2,041,573
Other income	(31)	394,750	51,665
Amortization and depreciation	(32)	1,498,114	1,542,417
Operating result		53,579,693	33,393,328
Financial income	(33)	202,869	266,935
Financial charges	(33)	1,954,553	1,681,108
Earnings before tax		51,828,008	31,979,155
Taxes for the period	(34)	1,424,425	3,952,531
Net result for the period		53,252,433	35,931,686
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		708,385	(397,652)
2. Components that can not be reclassified to the income statement			
Actuarial (losses)/gains from remeasurement on defined-benefit obligation net of tax		6,144	8,556
Fair value valuation of investment in other companies		(0)	(1,806,983)
Total comprehensive income		53,966,962	33,735,607

In accordance with CONSOB resolution no. 15519 dated 27th July 2006, the effects of the transactions with related parties and the effects of non-recurring income and charges are shown in the specific representation contained in the paragraph "Financial statement representation provided in accordance with CONSOB resolution 15519/2006" of this annual financial report.

Statement of changes in shareholders' equity

	Share capital	Legal reserve	Own shares	Other reserves	Reserves IAS 19 actuarial differences	Net result for the period	Total net equity
Balance as of 1 st January 2021	234,411,575	46,882,315	(55,627,661)	546,731,444	(42,864)	35,931,686	808,286,495
Result for the period						53,252,433	53,252,433
Severance indemnity IAS 19 discounting of the financial year					6,144		6,144
Other operations				708,385			708,385
Total result of overall income statement				708,385	6,144	53,252,433	53,966,962
Allocation of 2020 result				35,931,686		(35,931,686)	-
Dividends distributed to Ascopiave S.p.A. shareholders				(34,663,155)			(34,663,155)
Long-term incentive plans			204,390.00	(129,089)			75,301
Balance as of 31 st December 2021	234,411,575	46,882,315	(55,423,270)	548,579,270	(36,720)	53,252,433	827,665,603

	Share capital	Legal reserve	Own shares	Other reserves	Reserves IAS 19 actuarial differences	Net result for the period	Total net equity
Balance as of 1 st January 2020	234,411,575	46,882,315	(26,773,538)	75,004,152	(51,419)	521,265,698	850,738,782
Result for the period						35,931,686	35,931,686
Severance indemnity IAS 19 discounting of the financial year					8,556		8,556
Fair value Shareholdings in other companies				(1,806,983)			(1,806,983)
Other operations				(397,652)			(397,652)
Total result of overall income statement				(2,204,635)	8,556	35,931,686	33,735,607
Allocation of 2019 result				521,265,698		(521,265,698)	-
Dividends distributed to Ascopiave S.p.A. shareholders				(47,441,540)			(47,441,540)
Long-term incentive plans				107,769			107,769
Purchase of own shares			(28,854,122)				(28,854,122)
Balance as of 31 st December 2020	234,411,575	46,882,315	(55,627,661)	546,731,444	(42,864)	35,931,686	808,286,495

Statement of cash flows

(Euro)	Financial Year	
	2021	2020 *
Total comprehensive income	53,966,962	33,735,607
Cash flows generated (used) by operating activities		
Adjustments to reconcile net income to net cash		
Changes in HA reserves for MTM derivatives	(13) (708,385)	397,652
Changes in reserves on severance indemnity	(13) (6,144)	(8,556)
Fair value shareholdings in other companies	(13) 0	1,806,983
Amortization	(33) 1,498,114	1,542,417
Depreciation of fixed assets and losses	(30) 5,330	0
Bad debt provisions	(30) 1,445	0
Variations in severance indemnity	(15) 9,492	(22,601)
Current assets / liabilities on financial instruments	(12 ; 25) 5,115	51,709
Net variation of other funds	(14) (951,043)	575,242
Interests paid	(1,643,998)	(1,391,678)
Interest expense for the period	(33) 1,681,231	1,561,710
Taxes paid	(3,984,314)	11,279,559
Taxes for the period	(34) (1,424,425)	(3,952,531)
Total adjustments	(5,517,583)	11,839,907
Variations in assets and liabilities		
Accounts payable	(7) 1,022,180	6,541,453
Other current assets	(8) 3,688,494	(1,675,072)
Trade payables	(22) 168,184	(2,427,785)
Other current liabilities	(23) 9,152,898	(17,984,095)
Other non-current assets	(4) 755,958	(7,078)
Other non-current liabilities	(18) 1,890	0
Total variations in assets and liabilities	14,789,604	(15,552,577)
Cash flows generated (used) by operating activities	63,238,983	30,022,936
Cash flows generated (used) by investments		
Investments in intangible assets	(1) (3,150)	(7,550)
Investments in tangible assets	(2) (658,016)	(818,009)
Disposal/(acquisitions) in shareholdings and avances	(3) (14,329,405)	(68,598,197)
Cash flows generated/(used) by investments	(14,990,571)	(69,423,757)
Cash flows generated (used) by financial activities		
Net changes in debts due to other financiers	(24) 22,079	24,264
Net changes in short-term bank borrowings	(21) (55,041,781)	(29,070,022)
Net variation in current and non-current financial assets and liabilities	(5 ; 9 ; 19 ; 24) (325,143)	(8,529,678)
Net variation in current financial assets and liabilities vs subsidiary companies	(9 ; 24) (12,004,861)	(11,603,812)
Net change in (Purchase) / Disposal of own shares	(13) 204,390	(28,854,122)
Ignitions outstanding medium/long-term bonds	(16) 24,181,367	0
Ignitions loans and mortgages	(17) 288,000,000	336,700,000
Redemptions loans and mortgages	(17) (239,700,000)	(217,000,000)
Dividends distributed to Ascopiave S.p.A. shareholders'	(13) (34,663,155)	(47,441,540)
Cash flows generated (used) by financial activities	(29,327,103)	(5,774,910)
Variations in cash	18,921,309	45,175,731
Cash and cash equivalents at the beginning of the period	20,568,118	65,743,849
Cash and cash equivalents at the end of the period	39,489,427	20,568,118

In accordance with CONSOB resolution no. 15519 dated 27th July 2006, the effects of the transactions with related parties are shown in the specific representation contained in the paragraph "Financial statement representation provided in accordance with CONSOB resolution 15519/2006" of this annual financial report.

* At the end of 2020, the structure of the statement of cash flows was modified in order to improve presentation. The statement of cash flows was consequently reclassified and aligned with the figures as at 31st December 2021.

IAS/IFRS ACCOUNTING STANDARDS ADOPTED IN THE PREPARATION OF THE FINANCIAL STATEMENTS AS OF 31ST DECEMBER 2021

Drafting criteria and compliance with IFRS

The Ascopiave S.p.A. Financial Statements as of 31st December 2021 were prepared in accordance with the IFRS, that is all the “International Financial Reporting Standards”, “International Accounting Standards” (IAS), all the interpretations of the “International Financial Reporting Committee” (IFRIC), previously “Standing Interpretations Committee” (SIC) adopted by the European Commission in accordance with the procedure set forth in EC Directive no. 1606/2002 issued by the European Parliament and Council on 19th July 2002 as well as with the provisions issued for the implementation of Art. 9 of Legislative Decree no. 38/2005.

The annual financial report was prepared based on the principle of going concern and historical cost, considering the adjustments as appropriate, except for the budget items that under the IFRSs must be recognised at fair value as described in the evaluation criteria.

The accounting principles used are consistent with those used for the Report of the year ended 31st December 2020, except for the instances set forth in the paragraph on Accounting Standards, amendments and interpretations applicable from 1st January 2021 onward. For comparative purposes, the data are presented with the income data of the Report for the year ended 31st December 2020.

The Auditing company PricewaterhouseCoopers S.p.A. performed the independent audit of the Financial Statements as the company in charge of reviewing the accounts of the main Group companies.

These Financial Statements are drafted in Euro, as the currency of the country where the company operates. They include the Balance Sheet, Comprehensive Income Statement, Statement of Changes in Equity and Cash Flow Statement and Explanatory Notes. All values stated in the tables and in explanatory notes are expressed as thousands of Euro, unless otherwise specified.

These Financial Statements as of 31st December 2021 were approved by the Board of Directors of the Company on 10th March 2022.

Financial statements representation

The items of the balance sheet are classified into “current” and “non-current”; those in the comprehensive income statement are classified by their nature according to the multi-step format.

The statement of changes in Shareholders’ equity presents the opening and closing balances of each net equity item reconciling them through the profit or loss for the period, any operation with shareholders (if applicable) and other variations in the net equity.

The Statement of cash flows has been defined according to the “indirect” method, by adjusting the overall operating income of non-monetary components. We believe that these patterns adequately represent the operating results, financial position and cash flows.

IAS/IFRS accounting standards and related IFRIC interpretations approved and applicable to the financial statements of the years starting after 1st January 2021

At the reporting date, the competent bodies of the European Union approved the adoption of the following accounting standards and amendments, which were adopted for the first time by the Group.

The Group has adopted the following standards and amendments effective as of 1st January 2021.

The Group has adopted the amendments to IFRS 9 - Financial instruments, to IAS 39 - Financial instruments: Recognition and measurement, IFRS 7 - Financial instruments: Disclosures, IFRS 4 - Insurance contracts and IFRS 16 - Leases, in response to the reform, currently in progress, of Interbank Offered Rates (IBOR) and other interest rate benchmarks. The amendments are aimed at helping companies to provide investors with useful information on the effects of the reform in their financial statements. These amendments complement those issued in 2019 and focus on the effects on the financial statements when a company replaces the previous interest rate benchmark with an alternative reference rate as a result of the reform. The amendments concern:

- ✓ changes to contractual cash flows - a company will not be required to write off or adjust the book value of financial instruments due to the changes introduced by the interest rate benchmark reform, but shall update the actual interest rate in order to reflect the transition to the alternative reference rates;
- ✓ hedge accounting - a company will not have to stop its hedge accounting only because the changes introduced by the interest rate benchmark reform are implemented if the hedge satisfies other hedge accounting criteria; and
- ✓ information - a company will be required to disclose information about new risks arising from the interest rate benchmark reform and about how the company manages the transition to the alternative reference rates. The adoption of these amendments had no impact.

The Group has adopted the amendments to IFRS 4 - Insurance Contracts, which postponed the expiry date of the temporary exemption from the application of IFRS 9 to financial years starting from 1st January 2021 or later. The adoption of these amendments had no impact.

IFRS and IFRIC accounting standards, amendments and interpretations approved by the European Union, not yet mandatorily applicable and not adopted ahead of time as of 31st December 2021

At the reporting date, the competent bodies of the European Union approved the adoption of the following accounting standards and amendments, not yet adopted by the Group:

IFRS 17 – Insurance Contracts

In May 2017, the IASB issued IFRS 17 - Insurance Contracts, which establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts issued, as well as guidance on reinsurance contracts held and investment contracts with discretionary participation features issued. In June 2020, the IASB issued some amendments to IFRS 17 aimed at helping companies to implement IFRS 17 and making it easier for them to explain their financial performance. The new standard and the amendments will take effect on 1st January 2023.

Amendments to IFRS 3 – Business combinations

In May 2020, the IASB issued amendments to IFRS 3 - Business combinations, in order to update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations. These changes are effective from 1st January 2022.

The Group does not expect significant impacts on the income statement and balance sheet with reference to the provisions deriving from the entry into force of the aforementioned standards. The Group has decided not to adopt ahead of time any accounting standards and amendments having an effective date in subsequent years.

IFRS accounting standards, amendments and interpretations not yet approved by the European Union

At the reporting date, the competent bodies of the European Union have not completed yet the approval process necessary for the adoption of the amendments and standards described below:

Amendments to IAS 1 – Presentation of Financial Statements: Classification of Liabilities as Current or Non-Current

In January 2020, the IASB issued amendments to IAS 1 - Presentation of financial statements: Classification of liabilities as current or non-current, in order to clarify how to classify payables and other liabilities as current or non-current, and specifically how to classify liabilities whose settlement date is uncertain and liabilities that can be settled through conversion into equity. These changes are effective from 1st January 2023.

Amendments to IAS 1 – Presentation of Financial Statements, and IFRS Practice Statement 2: Disclosure of Accounting policies

In February 2021, the IASB issued amendments to IAS 1 - Presentation of Financial Statements, and to IFRS Practice Statement 2: Disclosure of Accounting Policies, which require companies to disclose their material accounting policy information rather than their significant accounting policy information and provide guidance on how to apply the concept of materiality to the disclosure of accounting standards. These changes are effective from 1st January 2023.

Amendments to 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 changes in accounting policies from changes in accounting estimates. These amendments are effective from 1st January 2023.

Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction

In May 2021, the IASB issued amendments to IAS 12 - Income Taxes: Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction, in order to specify how companies should report deferred tax on transactions such as leases and decommissioning obligations, transactions for which companies recognise both an asset and a liability. Specifically, it has been clarified that the exemption does not apply and that companies are required to recognise deferred taxation on such transactions. These changes are effective from 1st January 2023; early application is permitted.

Amendments to IFRS 17 – Insurance Contracts: Initial Application of IFRS 17 and IFRS 9 - Comparative Information

In December 2021, the IASB issued amendments to IFRS 17 - Insurance Contracts: Initial Application of IFRS 17 and IFRS 9 - Comparative Information, which introduces a transition option relating to comparative information on financial assets presented upon initial adoption of IFRS 17. These amendments are aimed at helping companies to avoid temporary accounting mismatches between financial assets and liabilities from insurance contracts, thus improving the usefulness of the disclosure for the recipients of the financial statements. These changes are effective from 1st January 2023.

The Group will assess any potential impacts on the financial statements when these new standards are approved by the European Union.

Use of estimates

The preparation of the financial statements requires the directors to formulate accounting estimates based on complex and/or subjective suppositions, on experience and assumptions that are considered reasonable and realistic and that are known at the time of the estimate. The use of these estimates affects the values of the assets and liabilities reported in the financial statements as well as the amounts of costs and revenues and the disclosure relating to contingent assets and liabilities in the period considered. If, in the future, such estimates and assumptions, which are based on the Management's best assessment, differ from the actual circumstances, they shall be modified so as to be appropriate in the period in which the circumstances arise.

Estimates are used to report:

- Impairment of non-financial assets: the Company assesses whether there are permanent reductions in the value of all non-financial assets. In particular, goodwill is tested for impairment at least annually and during the year if such indicators exist; this requires an estimate of the value in use of the cash-generating unit to which goodwill is allocated, in turn based on the estimated cash flows expected from the unit and their discounting based on a suitable discount rate.
- Provisions for doubtful accounts, inventory obsolescence, useful lives of tangible and intangible fixed assets and their amortisation and depreciation.
- Employee benefits and share-based payment plans (so-called phantom stock option).
- Taxes and provisions for risks and charges.

Such estimates and assumptions are reviewed periodically, and the effects of each change are immediately reflected in the income statement. Upon applying the accounting principles, the Directors have made decisions based on the above-mentioned discretionary evaluations, with a significant effect on the values reported in the financial statements. However, the uncertainty surrounding these assumptions and estimates may determine results that, in the future, will need to be significantly adjusted to the book value of such assets and/or liabilities.

Measurement criteria

The accounting standards adopted by Ascopiave S.p.A. are reported below:

Other intangible fixed assets: intangible assets mainly include assets pertaining to patent and software rights.

After initial recognition, as they have a definite useful life, intangible assets are booked net of the accumulated amortisation and net of any impairments, determined with the same basis indicated below for tangible assets. The useful life is then re-examined on an annual basis, and any changes, if necessary, made prospectively.

Any profits or losses deriving from the sale of an intangible asset are determined as the difference between the divestment value and the book value of the asset, and are reported in the income statement at the time of the sale.

Tangible fixed assets: tangible assets are booked at purchase cost, including any ancillary costs directly ascribable to the commissioning of the asset for the use for which it was acquired.

Lands - both free of constructions and annexed to civil and industrial buildings - are booked separately and are not depreciated since they have an indefinite useful life.

Maintenance and repair costs which do not increase the value and/or extend the residual useful life of the assets are entered in the year in which they are incurred. Otherwise, they are capitalised.

Tangible assets are presented net of the relevant accumulated depreciation, and any impairments determined according to the basis described below. Depreciation is calculated with the straight-line method based on the estimated useful life of the asset for the company, which is re-examined annually, and any changes, if necessary, are made prospectively.

The main economical-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 book value of tangible fixed assets is verified in order to recognise any impairments, should new events or circumstances suggest that the book value may not be recovered. In the presence of such an indication and in the event that the book value exceeds the presumed recoverable amount, the assets are depreciated until they reach their realisable value. The recoverable amount of the tangible fixed assets is the greater of the net selling price and the value in use.

Impairments are reported in the Income Statement in the costs for depreciations and write downs. Such reductions in value are written back should the reasons for their cause cease to exist.

When the asset is sold or if there are no future economic benefits expected from the use of the asset, it is eliminated from the financial statements and any loss or profit (calculated as the difference between the selling price and the book value) is entered in the Income Statement of the year of the above-mentioned elimination.

Leases

The accounting standard IFRS 16 “Leases” defines a single model for the recognition of lease agreements, eliminating the distinction between operating and financial leases, and envisaging the entry of an asset for the right to use the good and a liability for the lease. An agreement is, or contains, a lease if, in exchange for consideration, it grants the right to control the use of a specified asset for a period of time. Assets for the right to use leased goods are initially valued at cost, and subsequently depreciated over the duration of the lease agreement defined in the analysis, taking into account the reasonably exercisable extension or termination options. The cost of the assets for the right to use includes the value initially recognised of the lease liability, the initial direct costs incurred, the estimate of any restoration costs to be incurred at the end of the agreement and the down payments relating to the lease made on the date of the first transaction net of leasing incentives received. The related liabilities for leased goods are initially valued at the present value of the payments due for the fixed instalments to be paid on the date of signing the lease and for the exercise price of the lease option and the redemption option if reasonably exercisable, discounted using the implicit interest rate of the lease, if readily determinable, or the incremental borrowing rate on that date. Liabilities for leased goods are subsequently increased by the interest accruing on said liabilities and decreased in correlation with the payments of lease instalments. Liabilities for leased assets are in any case redetermined to take into account the changes made to the payments due for the lease, adjusting the asset consisting in the right of use by an equal value. However, if the book value of the asset consisting in the right of use is zero and there is a further reduction in the evaluation of the lease liability, this difference is recognised in profit or loss.

In the event of changes in the lease agreement, such changes are recorded as a separate lease, when rights of use on one or more underlying assets are added and the lease consideration increases by an amount that reflects the stand-alone price for the increase in the subject of the lease. In relation to the changes that are not recognised as a separate lease, the lease liability is recalculated by discounting the payments due for the lease revised using a revised discount rate, based on the new duration of the contract. These adjustments to liabilities are recognised by changing accordingly the asset consisting in the right of use, recognising any profit or loss relating to the partial or total termination of the agreement in the profit and loss account.

No rights-of-use assets are recognised in relation to: i) short-term leases; ii) leases where the underlying asset is of modest value. Payments due for these types of lease agreements are recognised as operating costs on a straight-line basis.

The depreciation of the right-of-use asset is recognised under operating costs in the profit and loss account, and the interest expense accrued on the lease liability, if not capitalised, in the financial section. The income statement also includes: i) the payments relating to short-term and low-value lease agreements, as permitted in a simplified way by IFRS 16; and ii) the variable lease payments, not included in the determination of the lease liability (e.g. rents based on the use of the leased asset).

Shareholdings: The shareholdings recognised in this item relate to long-term investments deriving from:

- Shareholdings in subsidiaries
- Shareholdings in jointly controlled companies
- Shareholdings in affiliates;
- Other Shareholdings

Shareholdings in subsidiaries, Shareholdings in jointly controlled companies and Shareholdings in affiliates:

The comparison between the book value of the investments in subsidiaries, jointly controlled companies and affiliates and the share pertaining to the Company could give rise to situations in which the value recorded in the financial statements differs from the total shareholders' equity of the investee at the reporting date.

For the purposes of the annual verification of the possible impairment of the carrying amounts of investments in subsidiaries, jointly controlled companies and affiliates, the Directors determine the value in use for each of them.

The value in use is calculated by using the projection of the cash flows contained in the economic and financial plans of the individual subsidiaries that have been approved by the Board of Directors. After examining the results of the impairment test on the individual shareholdings, any value adjustments are recorded.

The main benchmarks adopted upon evaluating the value in use, both in terms of growth rates for the periods subsequent to those illustrated in the plans and in terms of the discount rate, are consistent with those considered in the impairment tests of the goodwill allocated to the CGUs in the consolidated financial statements, to which reference should be made for further details.

Shareholdings in other companies: investments in companies other than subsidiaries, affiliates and joint ventures (generally with a stake of less than 20%) are classified as non-current financial assets and are measured at fair value, if it can be determined; if the fair value cannot be determined at the reporting date, they are measured through:

- 1) valuation techniques based on unobservable inputs (level 3);
- 2) the principle of purchase or subscription cost, from which any repayments in principal are deducted, and which is adjusted for any impairment determined in the same way as indicated above for tangible assets.

Any subsequent changes in fair value are recognised in the income statement (FVPL) or, if the option stated in the standard is exercised, in the comprehensive income statement (FVOCI) under the item "Reserve of instruments at FVOCI". The Company has opted for representation in the comprehensive income statement (FVOCI).

Other non-current assets: are booked at their nominal value adjusted for any impairment, corresponding to the amortised cost.

Financial assets: the Company classifies its financial assets into the following categories identified by IFRS 9:

- financial assets measured at amortised cost;
- assets at fair value with the contra-item "Other components of comprehensive income" (FVOCI);
- assets at fair value with the contra-item "Profit or loss for the year" (FVTPL).

Financial assets measured at amortised cost: this category includes the financial assets for which the following conditions are met: (i) the asset is held within a business model whose objective is the possession of the asset aimed at the collection of contractual financial flows; and (ii) the contractual terms of the asset envisage cash flows

represented solely by payments of principal and interest on the amount of the principal to be returned. These mainly refer to receivables 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 related transaction. Subsequent measurements of the assets belonging to this category are valued at amortised cost, using the effective interest rate. Any provisions for the write-down of such receivables are determined with the forward looking approach using a three-stage model: 1) recognition of expected losses in the first 12 months upon 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 as compared to the initial recognition; interest is recognised on a gross basis; 3) recognition of the additional losses expected over the life of the receivable as the losses occur; interest is recognised on a net basis.

Assets at fair value with the contra-item “Other components of comprehensive income” (FVOCI): financial assets with the following characteristics are classified in this category:

- 1) the asset is held within a business model whose objective is achieved both through the sale of the asset itself and through the collection of contractual cash flows; and
- 2) the contractual terms of the asset include cash flows represented solely by payments of principal and interest on the amount of the principal to be returned.

Any write-downs for impairment and interest income are recognised in profit or loss for the year.

Assets at fair value with the contra-item “Profit or loss for the year” (FVTPL): this category includes all the financial assets that do not meet the conditions, in terms of business model or characteristics of the flows generated, for the purposes of measurement at amortised cost or at fair value with a contra-entry in the comprehensive income statement. The assets belonging to this category are classified under current or non-current assets according to their natural maturity and recorded at fair value upon initial recognition. During the subsequent measurement, the profits and losses deriving from changes in fair value are reported in the income statement in the period in which they are detected.

Value adjustments: the impairment of financial assets measured at amortised cost is evaluated by applying a model based on expected credit losses. The Company has decided to assess the credit risk assuming a total write-down of receivables past due by over 365 days and a partial write-down of those overdue by more than 180 days already in the past. The predictive process is supported by the monthly use of the provision for doubtful accounts set aside based on the execution of cycles of reminders and recovery of outstanding receivables. The historical series relating to past years have shown that the write-down made in predictive terms is a reasonable overestimate of the actual losses that the Company incurs due to its end customers.

Trade receivables and other current assets: trade receivables and other current assets, whose expiry is within normal commercial trading terms, are not discounted and are booked at amortised cost net of the relevant impairment. They are adjusted to their presumed realisable value through reporting in a specific adjustment fund, which is established when there is objective evidence that the Company will be unable to collect receivables for the original value. Provisions to the reserve for doubtful accounts are reported in the income statement.

Cash and cash equivalents: they include cash values, values available at sight and other short-term financial investments. They are booked at nominal value.

Derivative financial instruments: the Company holds derivative instruments for the purposes of hedging its exposure against the risk of changes in interest rates. The transactions which, pursuant to risk management policies, satisfy the requirements of the international accounting standards for hedge accounting, are classified as “hedging transactions” (and recognised as set out below). On the contrary, those which, despite having hedging purposes, do not meet the requirements set out in the international standards, are classified as “trading transactions”. In this event, the changes

in fair value of derivatives are recognised in the profit and loss account in the period in which they occur. The fair value is determined based on the reference market value.

Derivatives embedded in financial assets/liabilities are separated and assessed at fair value, except for cases where the strike price of the derivative at the starting date is close to the value determined based on the amortised cost of the reference asset/liability. In this event, the valuation of the embedded derivative is absorbed in the valuation of the financial asset/liability.

The fair value measurement of the above-mentioned contracts is performed by using pricing models and based on market data as at 31st December 2021.

Fair value hierarchy

Financial assets and liabilities measured at fair value are classified in a three-level hierarchy based on the methods for determining the fair value itself, or based on the relevance of the information (input) used in determining their value:

- **Level 1**, financial instruments whose fair value is determined on the basis of a price listed in an active market;
- **Level 2**, financial instruments whose fair value is determined using valuation techniques that use benchmarks which can be observed directly or indirectly on the market. This category includes instruments valued on the basis of market forward curves and short-term contracts for difference;
- **Level 3**, financial instruments whose fair value is determined using valuation techniques that use benchmarks which cannot be observed on the market, that is using exclusively internal estimates.

The Company, as of 31st December 2021 has only one type of financial instruments on interest rates falling within the scope of level 1 and a second type attributable to the level 3 hierarchy on the fair value measurement of equity investments in other companies - ACSM AGAM S.p.A. and Hera Comm S.p.A..

Derecognition of financial assets and liabilities

Financial assets

A financial asset (or, where applicable, part of a financial asset or parts of a group of similar financial assets) is cancelled from the financial statements when:

- the rights to receive financial flows from the asset are extinguished;
- the Group retains the right to receive financial flows from the asset, but has assumed the contractual obligation to transfer them entirely and without delay to a third party;
- the Group has transferred the right to receive the financial flows from the asset and (a) has substantially transferred all the risks and benefits of ownership of the financial asset or (b) has not transferred or retained substantially all the risks and benefits of the asset, but has transferred control of the same.

In cases where the Group has transferred the rights to receive financial flows from an asset and has neither transferred or retained substantially all the risks and benefits or has not lost control over the asset, the asset is recognised in the Group's financial statements to the extent of its continuing involvement in the asset itself. The continuing involvement that takes the form of a guarantee on the transferred asset is valued at the lower of the initial book value of the asset and the maximum value of the consideration that the Group may be required to pay.

In cases where the continuing involvement takes the form of an option issued and/or purchased on the transferred asset (including cash-settled options or similar), the extent of the Group's involvement corresponds to the amount of the transferred asset that the Group will be able to repurchase; however, in the case of a put option issued on an asset measured at fair value (including cash-settled options or similar), the extent of the Group's continuing 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 cancelled from the financial statements when the obligation underlying the liability is extinguished, cancelled or fulfilled.

In cases where an existing financial liability is replaced by another one of the same lender, under substantially different conditions, or the conditions of an existing liability are substantially changed, such exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, with recognition in the income statement of any differences between the book values.

Treasury shares: Re-acquired treasury shares are subtracted from equity. The original cost of treasury shares, benefits from sales and any other subsequent variations are recognised as changes in net equity.

Benefits for employees: benefits granted to employees, paid upon or subsequent to termination of employment, by means of schemes with defined benefits or contributions (Employees' severance indemnities) or with other long-term benefits are recognised in the period when the right accrues. The liability related to defined benefit/contribution plans, net of any plan assets, is determined based on actuarial assumptions and is recognised on an accrual basis consistent with the employment period required to obtain the benefits. Defined benefit plans also include severance indemnity (TFR) owed to the employees of the Company pursuant to Article 2120 of the Italian Civil Code, accrued prior to the reform of this regulation occurred in 2007 (Finance Act dated 27th December 2006 no. 296), subsequent to which, for companies employing more than 50 persons and for quotas accrued commencing 1st January 2007, the Severance indemnity is classified as a defined contribution plan.

The Company's obligations are separately determined for each plan, by estimating the present value of future benefits that employees accrued during the current year and in previous financial periods. This calculation is performed using the projected unit credit method.

The components of the defined benefits are recognised as follows:

- (i) the re-measurement components of liabilities, which include actuarial gains and losses, are recognised immediately in Other comprehensive income (loss);
- (ii) costs related to the provision of services are recognised in the income statement;
- (iii) net financial charges from the defined benefit liability are recognised in the income statement.

The re-measurement components recognised in Other comprehensive income (loss) are never reclassified to the income statement of the subsequent years.

For the Severance indemnity accrued after 1st January 2007, the company is only required to pay contributions to the State (so-called Fondo INPS) or to a trust fund or a legally separate entity (so-called Fund) and is determined based on contributions due. Moreover, the Company has signed compensation plans partly based on Ascopiave S.p.A. shares and settled 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 payment (approval of 2017 financial statements). Any subsequent change in fair value is recognised in the income statement. The remaining part of the plan is paid in the form of options that can only be settled in cash. The cost of cash operations is evaluated initially at the fair value as of the date of allocation. In particular, the plans adopted by the Company envisage rights including an extraordinary bonus in favour of the beneficiaries linked to the achievement of pre-set objectives, the financial settlement of which is based on the share trend. This fair value is booked in the period until maturation, recognising a corresponding liability. The liability is re-calculated upon each reporting date, until the date of settlement, with all changes made to the fair value reported in the income statement. In 2021, the compensation plans relating to the 2021 - 2023 three-year period accrued in part; as a consequence, reserves for the portions to be settled by share-based payments were established. Pursuant to the rules governing the plan, there were no other allocations in the period, since the benefits will accrue at the end of the financial year. These compensation plans are recognised in compliance with the requirements set out in IFRS 2.

For more details on the compensations paid during the year 2021, please refer to "Section II" of the Remuneration Report, prepared pursuant to Art. 123-ter, Legislative Decree no. 58/1998 (TUF).

Provisions for risks and charges: The provisions for risks and charges concern costs and charges of a given type, and of certain or probable existence, which on the closing date of the financial year are undetermined in terms of amount or due date.

Provisions are reported when:

- There likely is a current obligation (legal or implicit) that derives from a past event;
- An outlay of resources is likely in order to meet the obligation;
- A reasonable estimate can be made as to the amount of the obligation.

On the other hand, where it is not possible to make a reliable estimate as to the obligation, or alternatively, it is deemed that the outlay of financial resources is only possible and not probable, the relevant potential liability is not entered in the financial statements, but rather mentioned appropriately in the explanatory notes.

Provisions are reported at the value representing the best estimate of the amount that the company would pay to fulfil the obligation, or to transfer it to third parties at the reporting date. If the effect of discounting is significant, the allocations are determined by discounting back the expected future financial flows at a pre-tax rate which reflects the market's current valuation in relation to time. When discounting is performed, the increase in the allocation due to the passing of time is reported as a financial charge.

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 delegated directors in exchange for stock grants ("units"). The fair value of the services received is recognised as a cost of labour. The total amount of the cost is determined on the basis of the fair value of the units granted and its offsetting item is an equity reserve.

The overall cost is recognised over the vesting period, when all the service conditions envisaged for vesting the rights must be satisfied. At each reporting date, the Group reviews the estimates based on the number of options expected to vest based on vesting conditions, not market conditions. The effect of any changes compared to the original estimates is recognised in the consolidated income statement with an offsetting item in equity.

Financial liabilities: financial liabilities include the medium- and long-term loans recorded initially 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.

When a condition of a long-term loan agreement is violated, on or before the date of the financial statements, causing the liability to become payable on demand, the liability is classified as current, even if the lender has agreed - after the reporting date and before the authorisation to publish the financial statements - not to require the payment because of the breach. The liability is classified as current because, as of the date of the financial statements, 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 expiry is within normal commercial terms, refer to liabilities resulting from trade transactions and are recognised at amortised cost.

Payables in a currency other than the accounting currency are booked at the exchange rate of the day of the transaction and, subsequently, are converted at the exchange rate as of the date of financial statements. Any profit or loss deriving from conversion is reported in the income statement.

Revenues and costs: revenues and costs are booked on an accrual basis.

The recognition of revenue from contracts with customers is based on the following five steps: (i) identification of the contract with the customer; (ii) identification of the performance obligations, represented by the contractual promises to transfer goods and/or services to a customer; (iii) determination of the transaction price; (iv) allocation of the transaction price to the performance obligations identified on the basis of the stand-alone selling price of each good or service; (v) recognition of the revenue when the relevant performance obligation is fulfilled, i.e. when the promised good or service is transferred to the customer; the transfer is considered completed when the customer

obtains control of the good or service, which can occur continuously (over time) or at a specific time (at a point in time).

Revenues are entered net of all discounts, rebates and premiums, as well as the taxes directly connected.

Financial income and expenses: income and expenses are booked on an accrual basis according to the interest accrued on the net value of the relevant financial assets and liabilities, using the effective interest rate.

Income taxes: current taxes are calculated based on an estimate of the income before tax and are entered at the amount that is expected to be recovered from or paid to the tax authorities. The rates and tax regulations used to calculate the amount are those issued or basically issued upon year end. Current taxes relating to elements recognised directly under assets are reported directly as net equity and under the other items of the comprehensive income statement.

As far as the Tax on Company Revenue (IRES) is concerned, AP Reti Gas Nord Est S.r.l. exercised the option for the national tax consolidation regime pursuant to art. 117/129 of the Unified Law on Revenue Taxes (TUIR) for the 2020 - 2022 three-year period, while the other Ascopiave S.p.A. subsidiaries for the 2019 - 2021 three-year period. This option enables the calculation of IRES based on a taxable amount equal to the mathematical sum of the positive and negative taxable amounts of the single companies that comprise the consolidation. Ascopiave S.p.A. acts as consolidating company and determines a single taxable amount for the Group of companies that are part of the national consolidation regime.

Each of the participating companies transfers its income tax (taxable income or tax loss) to the consolidating company recognising therefore in the income statement the item “tax consolidation charges” or “tax consolidation income” for an amount equal to the current IRES rate for the financial year (or the loss transferred), that will be paid or used by the parent company Ascopiave S.p.A..

Deferred tax assets are reported against all deductible temporary differences and for tax assets and liabilities brought forward, to the extent that the existence of suitable future tax income that enables the use of deductible temporary differences and tax assets and liabilities brought forward is probable, except for the following:

- when deferred tax assets connected with deductible temporary differences derive from the initial recognition of an asset or liability in a transaction that is not a company merger and that, at the time of the transaction itself, has no effect on the profit of the year calculated for the purposes of the statements, nor on the profit or loss calculated for tax purposes;
- regarding taxable temporary differences associated with holdings in subsidiaries, affiliates and joint ventures, the deferred tax assets are reported only to the extent that it is probable that the deductible temporary differences will reverse in the immediate future and that there is suitable tax income against which the temporary differences can be used.

Earnings per share: Earnings per share are calculated by dividing the net income for the period attributable to the Company’s shareholders by the weighted average number of shares net of treasury shares. For the purposes of the calculation of the basic earnings per share, we specify that the numerator is the profit for the period. There are no preference dividends, conversions of preferred shares or similar effects that would adjust the results attributable to the holders of ordinary shares in the Company. Diluted profit per share is equal to that per share in that ordinary shares that could have a dilutive effect do not exist and no shares or warrants exist that could have the same effect.

Impairment of assets: the Company performs at least once a year an impairment test on tangible and intangible assets if their useful lives are indefinite or, more often, in the presence of events suggesting that their carrying amount may not be recoverable.

Amortisation and depreciation: amortisation and depreciation are calculated based on the estimated useful life of the asset or the remaining term of the concession; the useful life is determined by the directors, with the assistance of technical experts, when the asset is entered in the financial statements; the assessments about the duration of the

useful lives are based on historical experience, market conditions and expectations of future events that could affect the useful life, including technological innovations. On a regular basis, the company evaluates technological and sector changes, dismantling and shutdown charges and the recoverable amount in order to update the asset's remaining useful life. This periodic update may lead to a change in the depreciation/amortisation period and thus the depreciation/amortisation for future periods.

Provisions for risks: these provisions have been devised by adopting the same procedures as in the previous years and by referring to the updated reports prepared by the lawyers and consultants who are examining the disputes, as well as based on the procedural developments of the latter.

Provision for doubtful accounts: the provision for doubtful accounts reflects the estimated losses connected with the receivables of the company. Provisions have been established to cover specific cases of insolvency, as well as in relation to expected bad debts estimated based on experience with respect to receivables with a similar risk profile.

INFORMATION ON MANAGEMENT AND COORDINATION ACTIVITIES

Ascopiave S.p.A. is not subject to management and coordination activities by Asco Holding S.p.A. since it operates in conditions of corporate and entrepreneurial autonomy with respect to its parent company. Asco Holding S.p.A. avails itself of some services offered by Ascopiave S.p.A. and other subsidiary companies of the latter, on an arm's length basis, for organisational and economic reasons.

EXPLANATORY NOTES AND COMMENTS ON THE MAIN ITEMS OF THE STATEMENT OF ASSETS AND LIABILITIES

Non-current assets

1. Other intangible fixed assets

The changes in the historical cost and accumulated amortisation of intangible assets at the end of each period considered are shown in the following table:

(Thousands of Euro)	31.12.2021			31.12.2020		
	Historic cost	Accumulated depreciation	Net value	Historic cost	Accumulated depreciation	Net value
Industrial patent and intellectual property rights	3,279	(3,270)	10	3,276	(3,267)	9
Concessions, licences, trademarks and similar rights	52	(51)	0	52	(51)	1
Other intangible assets	12	(12)	0	12	(12)	0
Tangible assets in progress under IFRIC 12 concession	0	0	0	0	0	0
Other intangible assets	3,343	(3,333)	10	3,340	(3,330)	10

The following table highlights the changes in other intangible fixed assets during the periods considered:

(Thousands of Euro)	31.12.2020					31.12.2021
	Net value	Change for the period	Decrease	Amortizations during the period	Depreciations	Net value
Industrial patent and intellectual property rights	9	3		2		10
Concessions, licences, trademarks and similar rights	1	0		1		0
Other intangible assets	0	0		0		0
Tangible assets in progress under IFRIC 12 concession	0	0		0		0
Other intangible assets	10	3	0	3	0	10

(Thousands of Euro)	31.12.2019					31.12.2020
	Net value	Change for the period	Decrease	Amortizations during the period	Depreciations	Net value
Industrial patent and intellectual property rights	2	8		0		9
Concessions, licences, trademarks and similar rights	1	0		1		1
Tangible assets in progress under IFRIC 12 concession	9	(9)		0	0	0
Other intangible assets	12	(2)	0	1	0	10

Industrial patents and intellectual property right

During the year, the item “Industrial patents and intellectual property rights” changed by Euro 3 thousand and amortisation amounts to Euro 2 thousand.

Concessions, licences, trademarks and similar rights

The item did not change during the year except for amortisation equal to Euro 1 thousand.

2. Tangible fixed assets

The changes in the historical cost and accumulated depreciation of tangible assets at the end of each period considered are shown in the following table:

(Thousands of Euro)	31.12.2021			31.12.2020		
	Historic cost	Accumulated depreciation	Net value	Historic cost	Accumulated depreciation	Net value
Lands and buildings	37,931	(15,204)	22,727	37,716	(14,147)	23,568
Plant and machinery	2,614	(1,372)	1,242	2,017	(1,292)	724
Industrial and commercial equipment	178	(170)	8	173	(166)	7
Other tangible assets	10,554	(9,429)	1,125	10,422	(9,187)	1,235
Tangible assets in progress and advance payments	0	0	0	466	0	466
Rights of use	478	(236)	243	407	(222)	185
Other tangible assets	51,756	(26,411)	25,344	51,201	(25,014)	26,187

The following table highlights the changes in the tangible fixed assets item during the year under consideration:

(Thousands of Euro)	31.12.2020					31.12.2021
	Net value	Change for the period	Decrease	Amortizations during the period	Depreciations	Net value
Lands and buildings	23,568	215		1,057		22,727
Plant and machinery	724	598		80		1,242
Industrial and commercial equipment	7	4		4		8
Other tangible assets	1,235	132		243		1,125
Tangible assets in progress and advance payments	466	(461)	5	0		0
Rights of use	185	169	98	112	98	243
Other tangible assets	26,187	657	103	1,495	98	25,344

(Thousands of Euro)	31.12.2019					31.12.2020
	Net value	Change for the period	Decrease	Amortizations during the period	Depreciations	Net value
Lands and buildings	24,575	93		1,100		23,568
Plant and machinery	530	258		64		724
Industrial and commercial equipment	13	2		7		7
Other tangible assets	1,306	159		229		1,235
Tangible assets in progress and advance payments	364	103		0		466
Rights of use	140	203		140		185
Other tangible assets	26,927	818	0	1,542	0	26,187

Land and buildings

This item is mainly made up of the buildings owned in relation to company headquarters, offices and secondary warehouses. At the end of the year, the item registered investments for Euro 215 thousand and depreciation amounted to Euro 1,057 thousand.

Plants and machinery

The item "Plants and machinery" increased from Euro 724 thousand in the previous year, to Euro 1,242 thousand in the year considered, recording investments for Euro 598 thousand. Depreciation amounted to Euro 80 thousand.

Industrial and commercial equipment

The item "Industrial and commercial equipment" registered investments for Euro 4 thousand and depreciation amounted to Euro 4 thousand.

Other assets

In the period considered, the item “other assets” registered investments for Euro 132 thousand, mainly related to costs for hardware and telephone equipment.

Tangible assets in progress and advance payments

The item mainly includes costs incurred for extraordinary maintenance of company headquarters and/or secondary warehouses. During the year, the item changed by -Euro 466 thousand.

Rights of use

The item includes the rights of use related to the first application of IFRS 16. The effect of the application of the standard mainly concerns operating leases relating to tangible fixed assets such as rental of property and vehicles. During the year, the change recorded by the item is Euro 169 thousand and depreciation amounted to Euro 112 thousand.

3. Equity investments

The following table summarises the investments held by Ascopiave S.p.A. as of 31st December 2021:

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	313,943,905	15,189,291	100%	298,740,636
AP Reti Gas Nord Est S.r.l.	Padova (PD)	15,000,000	136,662,317	6,904,244	100%	169,358,530
Cart Acqua S.r.l.	Nembro (BG)	50,000	3,905,449	77,767	100%	8,000,000
Edigas Esercizio Distribuzione Gas S.p.A.	Pieve di Soligo (TV)	3,000,000	63,445,437	3,008,946	100%	66,090,648
AP Reti Gas Vicenza S.p.A.	Pieve di Soligo (TV)	10,000,000	17,366,324	(102,336)	100%	16,300,000
AP Reti Gas Rovigo S.r.l.	Rovigo (RO)	7,000,000	20,244,050	1,400,879	100%	14,964,474
Asco Renewables S.p.A.	Pieve di Soligo (TV)	100,000	183,014	1,172	100%	433,517
Asco Energy S.p.A.	Pieve di Soligo (TV)	1,000,000	750,146	980	100%	609,220
Total Controlled companies						574,497,025
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	607,717,459	(39,995,213)	48%	428,452,673
Total joint companies						428,452,673
Name	Location	Paid-up capital	Total net equity	Result for the year	%	Book value
Other companies						
Hera Comm S.p.A.	Imola (BO)	53,595,899			3%	54,000,000
Acsm Agam S.p.A.	Monza (MB)	197,343,805			5%	24,922,800
Banca Prealpi SanBiagio Credito Cooperativo - Soc. Coop.	Tarzo (TV)					528
Total Other companies						78,923,328

At the end of the year, investments in subsidiary and affiliate companies were recorded for a total of Euro 1,002,950 thousand, an increase compared to the previous year of Euro 433 thousand. The item includes equity investments in subsidiaries for Euro 574,497 thousand and affiliates for Euro 428,453 thousand.

Equity investments in subsidiaries recorded an increase compared to the previous year equal to Euro 433 thousand related to the purchase of Asco Renewables S.p.A..

Equity investments in affiliates represent the 48% stake held in EstEnergy S.p.A., in its new configuration.

The item “Shareholdings in other companies” amounts to Euro 78,923 thousand.

The item includes other equity investments, already recorded at and unchanged since the end of the previous year, consisting for Euro 54,000 thousand of 3% of the share capital of Hera Comm, for Euro 24,922 of 5% of the share capital of Acsm Agam S.p.A., whose value was reduced by Euro 1,806 thousand in FY 2020, and the residual equity investments, equal to Euro 1 thousand, relating to the stakes in Banca Prealpi SanBiagio Credito Cooperativo - Soc. Coop..

Ascopiave S.p.A. has put options on the equity investment held in the affiliate company EstEnergy and on the stake in Hera Comm which, at the end of the year, showed a nil fair value.

The shareholders’ equity and operating result of the subsidiaries or affiliates shown in the tables above relate to the draft financial statements for the year ended 31st December 2021 and approved by the Boards of Directors of the investee companies.

The comparison between the book value of the investments in subsidiaries and affiliates and the share pertaining to the Company gives rise to situations in which the value recorded in the financial statements is higher than the total shareholders’ equity of the investee at the reporting date.

Ascopiave S.p.A. is a share interest holding that performs direction and strategic coordination activities in the Ascopiave Group. Pursuant to IAS 36, we have verified the recoverability of the so-called “corporate assets” of Ascopiave S.p.A. i.e. the assets and liabilities related to the main Ascopiave S.p.A. assets that have not been allocated to the CGUs during the first-level impairment tests. The test has been conducted on a consolidation level (second-level test) as prescribed by IAS 36. We have verified the net invested capital of Ascopiave, net of share interests not consolidated on a line-by-line basis. Specifically, the recoverable amount has been calculated as the sum of the recoverable amounts of (i) the gas distribution CGU, the “other activities” CGU, (ii) other shareholdings, determined in the first-level impairment test, and the recoverable amount (iii) of the corporate CGU.

About the recoverable amount of Ascopiave, the cash flows used are consistent with the forecasts set forth by company management for the years 2022-2025. The terminal value has been determined as an estimate of a perpetuity based on results expected for 2025.

The weighted cost of capital (WACC) has been estimated as the weighted average of WACC amounts calculated for the gas distribution CGU and the “other activities” CGU, weighted by the incidence of the related revenues.

In conclusion, the recoverable amount is higher than the accounting values and therefore it is not necessary to write down goodwill.

Please note that the test conducted in order to verify any impairment of the tangible fixed assets held by the company Asco Energy S.p.A. did not suggest the need to write down the assets under construction and that the conditions required to write back the plants written down in previous years were not met.

4. Other non-current assets

The following table shows the breakdown of “Other non-current assets” at the end of each period considered:

(Thousands of Euro)	31.12.2021	31.12.2020
Security deposits	508	516
Other receivables		748
Other non-current assets	508	1,264

Other non-current assets decreased from Euro 1,264 thousand in 2020, to Euro 508 thousand in 2021, down Euro 756 thousand.

This is mainly explained by the reclassification of the receivable from the municipality of Santorso, with which a settlement agreement was signed, as better explained in the paragraph “Non-current financial assets” herein. The receivable was reclassified into non-current and current financial assets, resulting in a decrease of Euro 748 thousand in the item “Other receivables”.

At the end of the year, the item relates to security deposits for Euro 508 thousand.

5. Non-current financial assets

Non-current financial assets amount to Euro 2,864 thousand, as shown in the following table:

(Thousands of Euro)	31.12.2021	31.12.2020
Other financial receivables after 12 months	2,864	2,226
Non current financial assets	2,864	2,226

The change recorded during the year mainly relates to the recognition of the receivable deriving from the execution of the settlement agreement for assessing the value of the natural gas distribution infrastructure signed on 9th April 2021 with the Municipality of Santorso. The parties agreed on an amount of Euro 1,250 thousand to be paid in 12 annual instalments having the same amount, of which the first on the date of execution of the agreement. The plants were delivered on 31st December 2006. The value entered under non-current financial assets represents the portion due beyond 12 months from the reporting date and, due to the duration of the agreed instalments, the item was discounted.

Furthermore, the item includes the receivable from the Municipality of Costabissara, with which a settlement agreement was signed in order to assess the value of the natural gas distribution infrastructure.

6. Deferred tax assets

Deferred tax assets decrease from Euro 1,541 thousand, to Euro 1,194 thousand, down Euro 347 thousand as highlighted in the table below which shows the balances in the two years under comparison:

(Thousands of Euro)	31.12.2021	31.12.2020
Advance tax receivables	1,194	1,541
Advance tax receivables	1,194	1,541

The Company has performed a full accounting of deferred tax assets concerning temporary differences between taxable values and book values, as the Company supposes that future tax bases could absorb all temporary differences that generated them. In determining deferred tax assets, we referred to IRES (taxes on company income) and, where applicable, to the IRAP in force when the temporary differences are expected to be carried forward. In particular, a 24% IRES tax rate and a 3.9 % IRAP rate were applied.

The total value of the temporary differences and the amounts on which deferred tax assets were calculated are as follows:

Description	31 st December 2021			31 st December 2020		
	Temporary differences	Tax rate	Total effect	Temporary differences	Tax rate	Total effect
Allocation of bad debt provisions	464	24.0%	111	464	24.0%	111
Amortizations Exceeding IRES	4,180	24.0%	1,003	4,593	24.0%	1,102
Personnel incentives	339	24.0%	81	1,363	24.0%	327
Total advance taxes			1,194			1,541

Current assets

7. Trade receivables

The following table shows how the item is broken down for each period considered:

(Thousands of Euro)	31.12.2021	31.12.2020
Receivables from customers	2,766	2,513
Receivables for invoices to be issued	637	1,913
Bad debt provisions	(1)	
Trade receivables	3,402	4,426

Trade receivables are entered net of advance payments and mainly relate to invoicing of the various administration, financial, legal and IT services that Ascopiave S.p.A. maintains with other companies of the Ascopiave Group. The item decreased from Euro 4,426 thousand in the previous year, to Euro 3,402 thousand in the year considered, down Euro 1,024 thousand.

All receivables from customers are entirely owed by Italian debtors.

At the end of the year, no doubtful accounts that would require further provisions were identified.

Trade receivables will be collectable within the following year and currently there are no significant outstanding expired receivables.

(Thousands of Euro)	31.12.2021	31.12.2020
Gross trade receivables for invoices issued	2,766	2,513
(allowance for doubtful accounts)	(1)	0
Net trade receivables for invoices issued	2,765	2,513
Aging of trade receivables for invoices issued:		
- to expire	2,626	2,390
- expired within 6 months	137	112
- overdue by 6 to 12 months	2	0
- expired more than 12 months	0	10
- expired more than 5 years	1	1

8. Other current assets

The following table shows how the item is broken down for each period considered:

(Thousands of Euro)	31.12.2021	31.12.2020
Tax consolidation receivables	467	3,546
Annual pre-paid expenses	563	184
Advance payments to suppliers	197	193
VAT Receivables		988
UTF and Provincial/Regional Additional Tax receivables	40	40
Other receivables	5,095	5,100
Other current assets	6,362	10,051

Other current assets showed a decrease of Euro 3,689 thousand, from Euro 10,051 thousand in 2020, to Euro 6,362 thousand in 2021. The decrease is mainly explained by lower tax consolidation receivables for Euro 3,078 thousand, lower VAT receivables for Euro 988 thousand and other receivables for Euro 5 thousand.

Other receivables are mainly explained by the receivable from Edigas Esercizio Distribuzione Gas S.p.A. relating to the differential between the transferred accounting items and the value attributed for the purposes of the transfer equal to Euro 4,986 thousand, occurred in 2019.

9. Current financial assets

The following table shows how the item is broken down for each period considered:

(Thousands of Euro)	31.12.2021	31.12.2020
Financial receivables from subsidiaries and associates	45,129	45,552
Current financial assets	14,706	701
Current financial assets	59,835	46,253

Current financial assets are in the tune of Euro 59,835 thousand, marking an increase of Euro 13,582 thousand compared to the previous year. The item mainly includes the credit balances of the cash pooling current accounts through which the company manages the Group Treasury, granting the necessary funding to its subsidiaries in order to meet their financial requirements.

The breakdown of the credit balances of current accounts with subsidiaries and affiliates in the two financial years is shown below:

(Thousands of Euro)	31.12.2021	31.12.2020
Intercompany current account AP Reti Gas Rovigo S.r.l.	6,384	3,005
Intercompany current account Edigas Esercizio Distribuzione Gas S.p.A.	15,810	15,379
Intercompany current account AP Reti Gas Vicenza S.p.A.	21,401	21,731
Intercompany current account Asco Energy S.p.A.	1,535	5,438
Financial receivables from subsidiaries	45,129	45,552

The change in receivables from subsidiaries highlights a decrease in loans granted at the end of the year equal to Euro 423 thousand.

The increase in other current financial assets is mainly explained by the registration of financial receivables amounting to Euro 13,895 thousand from Asco Renewables S.p.A.. Such receivables were acquired by Ascopiave S.p.A. as part of the purchase of Asco Renewables S.p.A., and its investees, whose finalisation also entailed the acquisition of the receivables of the previous shareholder from the acquired company.

The residual amount is partly explained by the recognition of the receivable amounting to Euro 112 thousand from the municipality of Santorso, described in the paragraph “Non-current financial assets” of this financial report, for the amounts to be collected within twelve months.

At the end of the period, the item also included the receivable from the municipality of Creazzo for Euro 139 thousand and the short-term portion of the receivables from the municipality of Costabissara for Euro 167 thousand, subsequent to the settlement agreement reached with the Local Body in 2019.

10. Tax receivables

The following table shows the composition of tax receivables at the end of each period considered:

(Thousands of Euro)	31.12.2021	31.12.2020
Receivables related to IRAP	283	283
Receivables related to IRES	272	2,301
Other tax receivables	37	5
Tax receivables	591	2,588

Tax receivables amount to Euro 591 thousand, down Euro 1,997 thousand compared to 2020. The item includes the residual credit, minus the taxes for 2021, of the IRAP and IRES advances paid.

11. Cash and cash equivalents

The following table shows how the item is broken down for each period considered:

(Thousands of Euro)	31.12.2021	31.12.2020
Bank and post office deposits	39,486	20,565
Cash and cash equivalents on hand	3	3
Cash and cash equivalents	39,489	20,568

The item includes bank accounts and the cash equivalents in the company funds. Cash equivalents at the end of the fiscal year amounted to Euro 39,489 thousand, up Euro 18,921 thousand compared to the previous year. For a better understanding of changes in the cash flows occurred during the year, please refer to the statement of cash flows.

12. Current assets from derivative financial instruments

The following table shows how the item is broken down for each period considered:

(Thousands of Euro)	31.12.2021	31.12.2020
Current assets on interest rates derivatives	265	
Current assets from derivative financial instruments	265	

At the reporting date, the item amounted to Euro 265 thousand.

Current assets from derivative financial instruments relate to interest rate hedging contracts executed by the Company in 2020 and 2021. With regard to the assets and liabilities related to derivatives, please refer to the paragraph “Hedging policies” herein, which illustrates their effects.

Assets from derivatives connected with the loans signed by the Company are represented by the fair value of the following derivatives existing as of 31st December 2021, whose financial manifestation will be divided based on the duration of the underlying loan:

#	Counterpart	Type of instrument	Underlying Commodity	Trade date	Effective date	Expiry date	Position	Contractual notion	MtM (€/000)
1	Intesa Sanpaolo	Interest Rate Swap	Euribor 6M	30-Nov-20	30-Nov-20	30-nov-23	Vanilla: Fixed - Float	50,000,000 €	106
2	Mediobanca	Interest Rate Swap	Euribor 3M	02-Dec-20	02-Dec-20	2-dic-25	Vanilla: Fixed - Float	26,666,667 €	127
3	Mediobanca	Interest Rate Swap	Euribor 3M	23-Dec-21	23-Dec-21	23-dic-26	Vanilla: Fixed - Float	20,000,000 €	32
Total								96,666,667 €	265

The financial instruments measured at fair value belong to Level 1 of the hierarchy.

Equity

13. Equity

The shareholders’ equity at the end of the periods considered is analysed in the following table:

(Thousands of Euro)	31.12.2021	31.12.2020
Share capital and reserves	774,413	772,355
Net result for the period	53,252	35,932
Total Net equity	827,666	808,286

The composition of the net shareholders’ equity is reported below:

(Thousands of Euro)	31.12.2021	31.12.2020
Share capital	234,412	234,412
Legal reserve	46,882	46,882
Own shares	(55,423)	(55,628)
Reserves	548,579	546,731
Reserve for severance pay discount ias 19	(37)	(43)
Net result for the period	53,252	35,932
Total Net equity	827,666	808,286

Shareholders' equity as of 31st December 2021 amounted to Euro 827,666 thousand, up Euro 19,380 thousand compared to 31st December 2020.

Changes in the consolidated shareholders' equity during the period, excluding the result achieved, are mainly explained by the distribution of ordinary dividends approved by the Shareholders' Meeting held on 29th April 2021. In ordinary session, the Shareholders' Meeting resolved to distribute an ordinary dividend of Euro 0.16 per share. This ordinary dividend was paid on 5th May 2021, with ex-dividend date on 3rd May 2021 and record date on 4th May 2021.

Pursuant to Article 40, Legislative Decree 127 2 d), as of 31st December 2021 the Company owned 17,701,578 treasury shares for a value of Euro 55,423 thousand (Euro 55,628 thousand as of 31st December 2020), recognised as a reduction in other reserves as can be seen in the Net Equity changes. The reduction recorded during the year is explained by the allocation to employees and directors of the shares stated in the long-term incentive plan calculated in 2021 and relating to the 2018-2020 three-year period.

The hedge accounting reserve recorded at the end of the year represents the current value of the derivative financial instruments signed by Ascopiave S.p.A. in order to hedge against any interest rate fluctuations. Such reserve, as at 31st December 2021, showed a positive balance of Euro 213 thousand. At the reporting date, effects totalling Euro 272 thousand were recorded in the income statement.

With regard to the assets and liabilities related to assets from derivatives, please refer to the paragraph "Hedging policies" herein which highlights their effects.

The changes in the shareholders' equity in FY 2021 are reported in the following tables:

Shares in circulation as of 31st December 2021 and 31st December 2020		
(Number of shares)	31.12.2021	31.12.2020
Number of shares from shareholders' capital	234,412	234,412
Number of shares in portfolio	(17,702)	(17,767)
Total number of shares in circulation	216,710	216,645
Value of the shares in circulation (Thousands of Euro)		
	31.12.2021	31.12.2020
Ordinary shares	234,412	234,412
Own shares in portfolio	(55,423)	(55,628)
Total value of shares in circulation	178,988	178,784

Profits (losses) entered directly in the Shareholders' Equity

As of 31st December 2021, losses for Euro 1,844 thousand were entered directly in the Shareholders' Equity.

This reserve gathers actuarial gains and losses deriving from the assessment of current defined-benefit plans that will never be reclassified to the profit and loss account, for Euro 37 thousand related to severance indemnity and for Euro 1,807 thousand related to the fair value measurement of the equity investment in ACSM-AGAM S.p.A. described in the paragraph "Shareholdings" of this annual financial report.

Pursuant to article 2427-bis of the Italian Civil Code, the origin, possibility of use and distribution of net equity items are reported 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	-		
Extraordinary reserve					
Free reserve					
Other reserve	579,888,514	A, B, C	579,888,514		
Reserve for revaluation balances		A, B, C			
Extraordinary reserve from contribution		A, B, C			
Advance on dividend		A, B, C			
Profit/(loss) carried forward	(31,517,576)	A, B, C	(31,517,576)		
Total	774,413,170		548,542,550		
Portion non available					
Residual value of available portion			548,542,550		

Note: "A" = capital increase "B" = coverage of losses, "C" = distribution to shareholders

The share premium fund is available considering that the legal reserve reached a value equal to one fifth of the share capital, in accordance with statutory provisions.

Non-current liabilities

14. Provisions for risks and charges

The following table shows how the item is broken down for each period considered:

(Thousands of Euro)	31.12.2021	31.12.2020
Provisions for pension for gas sector employees	320	1,142
Provisions for risks and charges	320	1,142

The decrease in the provision for risks and charges amounting to Euro 822 thousand is mainly explained by the use of the provision for "retirement and similar obligations" subsequent to the disbursement of long-term incentives accrued in the 2018-2020 three-year period. The final balance of the total amount, calculated upon the approval of the 2020 financial statements, resulted in the use of the fund for Euro 1,053 thousand. This decrease was partially offset by the recognition of the amounts accrued in the reference period in relation to the long-term incentive plan for the 2021-2023 three-year period which resulted in a provision equal to Euro 232 thousand.

15. Severance indemnity

The changes in severance indemnity in the year considered are shown in the following table:

(Thousands of Euro)	
Severance indemnity as of 1 st January 2021	258
Retirement allowance	(319)
Payments for current services and work	329
Actuarial loss/(profits) recorded	(7)
Severance indemnity as of 31st December 2021	261

The liability for severance indemnity is calculated with the actuarial method. Its value therefore depends on changes in the various assumptions. The main assumptions used for the measurement of severance indemnity are the discount rate, the average yearly employee turnover and the maximum retiring age of employees.

The discount rate used to measure the liability deriving from severance indemnity is determined from the market trend of high quality bonds (AA rating or better) with due dates and amounts corresponding to the due dates and amounts of the expected future payments. For this plan, the average discount rate reflecting the due dates and amounts of the future payments for 2021 amounts to 0.98% (0.33% as of 31st December 2020).

The main additional assumptions of the model are:

- Mortality rate: IPS55 survival table
- Inability rates: INPS tables year 2000
- Personnel turnover rate: 3.00%
- Annual probability rate of severance indemnity down payment: 2.00%
- Remuneration increase rate: 1.50 %
- Inflation rate: 1%

The sensitivity analysis on the actuarial evaluation of the provision did not highlight substantial discrepancies compared to the value entered in the financial statements.

The current cost related to work performance is included as personnel costs, while the interest cost is recorded under financial income and expenses for Euro 1 thousand.

16. Outstanding medium/long-term bonds

The following table shows the composition of outstanding medium/long-term bonds at the end of the financial years considered:

(Thousands of Euro)	31.12.2021	31.12.2020
Outstanding medium/long-term bonds	24,181	
Outstanding medium/long-term bonds	24,181	

On 14th October 2021 the Company finalised a USD 200 million Private Placement “Shelf” uncommitted programme, and concurrently issued and placed unsecured senior non-convertible bond notes for Euro 25 million with Pricoa Capital Group, part of the US group Prudential Financial Inc., with a 10-year maturity and an average life of 8 years. The bond notes issued have no rating and are not listed on regulated markets. The issue is not backed by collateral guarantees. The Company is required to comply with certain financial covenants, in line with standard market

practice, to be checked every six months, which as of 31st December 2021 were compliant with the limits set out in the agreement.

17. Medium- and long-term loans

The following table shows how the item is broken down for each period considered:

(Thousands of Euro)	31.12.2021	31.12.2020
Loans from Cassa Centrale Banca	6,234	7,041
Loans from European Investment Bank	7,250	12,000
Loans from INTESA SAN PAOLO SPA	70,000	80,000
Loans from BPER	3,356	
Loans from BNL	18,750	42,250
Loans from CREDIT AGRICOLE FRIULADRIA	12,000	18,000
Loans from UBI BANCA SPA		10,041
Loans from MEDIOBANCA	37,778	26,667
Medium- and long-term bank loans	155,368	195,999
Current portion of medium- and long-term bank loans	60,631	40,024
Medium- and long-term bank loans	215,999	236,023

Medium and long term loans, mainly represented as of 31st December 2021 by the payables of the Parent Company to Intesa Sanpaolo for Euro 80,000 thousand, Mediobanca for Euro 46,667 thousand, BNL for Euro 42,250 thousand, Crédit Agricole Friuladria for Euro 18,000 thousand, the European Investment Bank for Euro 12,000 thousand, BPER for Euro 10,041 thousand, Cassa Centrale Banca for Euro 7,040 thousand, decreased from Euro 236,023 thousand at 31st December 2020 to Euro 215,999 thousand, down Euro 20,024 thousand, mainly explained by the payment of the instalments and the new loan with Mediobanca.

Specifically:

- The loan with Intesa Sanpaolo, disbursed in November 2020 for a total amount of Euro 50,000 thousand, equal to the residual debt as at 31st December 2021, has no amounts in due to banks and short-term loans; The contract envisages the fulfilment of certain financial covenants to be checked each year on the Group's consolidated data prepared in compliance with the IFRS, which at the reporting date were fulfilled;
- The loan with Intesa Sanpaolo, disbursed in November 2019 for a total amount of Euro 50,000 thousand, as of 31st December 2021 had a residual debt of Euro 30,000 thousand, with the entry of Euro 10,000 thousand in due to banks and short-term loans. The contract envisages the fulfilment of certain financial covenants to be checked each year on the Group's consolidated data prepared in compliance with the IFRS, which at the reporting date were fulfilled;
- The loan with Mediobanca, disbursed in December 2020 for a total amount of Euro 30,000 thousand, as of 31st December 2021 had a residual debt of Euro 26,667 thousand, with the recognition of Euro 6,667 thousand in due to banks and short-term loans; the contract envisages the fulfilment of certain financial covenants to be checked every six months on the Group's consolidated data prepared in compliance with the IFRS, which at the reporting date were fulfilled;
- the loan with BNL, granted in 2017 for an amount equal to Euro 30,000 thousand, as of 31st December 2021 had a residual debt of Euro 21,250 thousand, with the recognition of Euro 2,500 thousand in due to banks and short-term loans; the contract envisages the fulfilment of certain financial covenants to be checked each year on the Group's consolidated data prepared in compliance with the IFRS;
- the loan with BNL, granted in August 2019 for an amount equal to Euro 30,000 thousand, 31st December 2021 had a residual debt entirely entered in due to banks and short-term loans; the contract envisages the

fulfilment of certain financial covenants to be checked each year on the Group's consolidated data prepared in compliance with the IFRS;

- the loan with Mediobanca, disbursed in December 2021 for a total amount of Euro 20,000 thousand, equal to the residual debt as of 31st December 2021, with the entry of Euro 2,222 thousand in due to banks and short-term loans; the contract envisages the fulfilment of certain financial covenants to be checked every six months on the Group's consolidated data prepared in compliance with the IFRS, which at the reporting date were fulfilled;
- the loan with Crédit Agricole Friuladria, disbursed in October 2019 for an amount equal to Euro 30,000 thousand, as of 31st December 2021 had a residual debt of Euro 18,000 thousand, with the recognition of Euro 6,000 in due to banks and short-term loans; the contract envisages the fulfilment of certain financial covenants to be checked every six months on the Group's consolidated data prepared in compliance with the IFRS, which at the reporting date were fulfilled;
- the loan with the European Investment Bank, paid in two tranches in 2013 equalling Euro 45,000 thousand, as of 31st December 2021 had a residual debt of Euro 12,000 thousand, with the recognition of Euro 4,750 thousand in due to banks and short-term loans; the contract envisages the fulfilment of certain financial covenants to be checked every six months on the Group's consolidated data prepared in compliance with the IFRS, which at the reporting date were fulfilled;
- the loan with BPER, originally disbursed in May 2020 by UBI Banca for an amount equal to Euro 20,000 thousand and transferred to BPER subsequent to the reorganisation of the bank, had a residual debt as of 31st December 2021 of Euro 10,041 thousand, with the recognition of Euro 6,685 in due to banks and short-term loans;
- the loan with Cassa Centrale Banca, granted at the beginning of 2018 for an amount equal to Euro 10,000 thousand, as of 31st December 2021 had a residual debt of Euro 7,041 thousand, with the recognition of Euro 807 thousand in due to banks and short-term loans.

As a guarantee of the fulfilment of the obligations associated with the loan agreements with BNL (only the one taken out in 2017) and the European Investment Bank, the Company has transferred to the banks a share of future receivables arising from the reimbursement of the value of assets related to gas distribution concessions of the subsidiary AP Reti Gas S.p.A..

The following table shows the due dates of medium- and long-term loans:

(Thousands of Euro)	31.12.2021
Financial year 2022	60,631
Financial year 2023	88,539
Financial year 2024	31,698
Financial year 2025	15,713
After 31 st December 2025	19,418
Total medium and long-term bank loans	215,999

18. Other non-current liabilities

The following table shows how the items are broken down for each period considered:

(Thousands of Euro)	31.12.2021	31.12.2020
Security deposits	11	9
Other non-current liabilities	11	9

Other non-current liabilities increased from Euro 9 thousand in 2020 to Euro 11 thousand in the reference period.

19. Non-current financial liabilities

The following table shows how the item is broken down at the end of each period considered:

(Thousands of Euro)	31.12.2021	31.12.2020
Other's non-current financial liabilities	110	88
Non-current financial liabilities	110	88

Non-current financial liabilities increased from Euro 88 thousand in 2020 to Euro 110 thousand in the year considered, up Euro 22 thousand. The item includes the financial payable that will be disbursed beyond twelve months in relation to operating lease agreements for property and company vehicles recognised in accordance with IFRS 16.

20. Deferred tax payables

The following table shows the balance of the item at the end of each period considered:

(Thousands of Euro)	31.12.2021	31.12.2020
Deferred tax payables	6	6
Deferred tax payables	6	6

Deferred tax payables amount to Euro 6 thousand, unchanged compared to the previous year.

The Company has recognised in full deferred taxes on temporary differences between taxable values and book values. In determining deferred tax payables, we referred to IRES (taxes on company income) and, where applicable, to the IRAP in force when the temporary differences are expected to be carried forward. In particular, a 24% IRES tax rate, and a 3.9% IRAP tax rate were applied.

The total value of the temporary differences and the related amounts on which liabilities for deferred taxes were recognised are detailed below:

Description	31 st December 2021			31 st December 2020		
	Temporary differences	Tax rate	Total effect	Temporary differences	Tax rate	Total effect
Exceeding amortizations IRES	5	24.0%	1	5	24.0%	1
Severance indemnity	19	24.0%	5	19	24.0%	5
Total deferred tax payables			6			6

Current liabilities

21. Amounts due to banks and current portion of medium/ long-term loans

The following table shows how the items are broken down at the end of each period considered:

(Thousands of Euro)	31.12.2021	31.12.2020
Payables due to banks	139,000	125,718
Current portion of medium-long-term loans	60,631	40,024
Payables due to banks and financing institutions	199,631	165,742

At the end of FY 2021, short-term bank payables consist of short-term bank loans and negative bank account balances for Euro 139,000 thousand and short-term loan instalments for Euro 60,631 thousand. The total increase, amounting to Euro 33,889 thousand, is mainly explained by greater use of the credit lines available.

The following table shows the detail of Ascopiave S.p.A. credit lines used and available and the respective rates applied as of 31st December 2021:

Banks	Type	Credit line at 31 Dec 2021	Interest rate at 31 Dec 2021	Debt at 31 Dec 2021
Banca di Credito Cooperativo delle Prealpi	Bank loan	3,521	1.83%	3,521
Banca Europea per gli Investimenti	Bank loan	5,000	0.27%	5,000
Banca Europea per gli Investimenti	Bank loan	7,000	0.51%	7,000
Banca Nazionale del Lavoro	Guarantees	24,000	0.20%	24,000
Banca Nazionale del Lavoro	Bank loan	21,000	0.56%	21,000
Banca Nazionale del Lavoro	Bank loan	21,250	1.92%	21,250
Banca Nazionale del Lavoro	Cash loans	1,000	n.a.	140
Banca Popolare dell'Emilia Romagna	Guarantees	10,000	0.22%	10,000
Banca Popolare dell'Emilia Romagna	Bank loan	10,041	0.55%	10,041
Banca Sella	Guarantees	5,000	0.20%	-
Banco BPM	Guarantees	20,000	0.05%	20,000
Banco BPM	Cash loans	5,000	n.a.	1,287
Cassa Centrale Banca	Bank loan	3,521	1.83%	3,521
Cassa Depositi e Prestiti	Cash loans	9,943	n.d.	9,943
Credit Agricole Corporate	Bank loan	9,000	0.54%	9,000
Credit Agricole Friuladria	Bank loan	9,000	0.54%	9,000
Credit Agricole Friuladria	Guarantees	5,000	n.a.	-
Credito Emiliano	Guarantees	30,000	0.02%	30,000
Intesa SanPaolo	Guarantees	55,000	0.02%	55,000
Intesa SanPaolo	Bank loan	30,000	0.41%	30,000
Intesa SanPaolo	Bank loan	50,000	0.36%	50,000
Mediobanca	Bank loan	26,667	0.35%	26,667
Mediobanca	Bank loan	20,000	0.61%	20,000
Unicredit	Guarantees	30,700	0.10%	-
Unicredit	Cash loans	29,210	n.a.	4,405
Pricoa	Bond loan	176,585	1.38%	25,000
Banca Popolare dell'Emilia Romagna	Cash loans	107	n.a.	107
Total		617,545		395,882

Note: the total uses do not correspond to the total "due to banks", because the use of the line for the issue of sureties does not entail any bank debts.

22. Trade payables

The following table shows how the item is broken down at the end of each period considered:

(Thousands of Euro)	31.12.2021	31.12.2020
Payables to suppliers	1,659	1,116
Payables to suppliers for invoices not yet received	901	1,275
Trade payables	2,560	2,392

Trade payables increased from Euro 2,392 thousand in the previous year to Euro 2,560 thousand in the year considered, up Euro 168 thousand. The increase is mainly explained by the higher balances recorded for payables for invoices received for Euro 543 thousand, which was partially offset by the lower invoices to be received recorded at the end of the year for Euro 374 thousand.

Trade payables are due within the following fiscal year.

23. Other current liabilities

The following table shows how the item “Other current liabilities” is broken down for each period considered:

(Thousands of Euro)	31.12.2021	31.12.2020
Amounts due to parent companies for tax consolidation	942	0
Amounts due to social security institutions	340	341
Amounts due to employees	1,397	1,323
VAT payables	277	(0)
Payables to revenue office for withholding tax	301	263
Annual passive accruals	799	643
Other payables	335	385
Other current liabilities	4,390	2,955

At the end of the fiscal year, other current liabilities amounted to Euro 4,390 thousand, up Euro 1,435 thousand as compared to 2020.

The increase is mainly explained by the higher payables recorded for the tax consolidation, which increased by Euro 942 thousand, payables for VAT amounting to Euro 277 thousand and higher payables to personnel for Euro 74 thousand.

“Payables to welfare institutions” refer to payables for social security contributions for the months of November and December that were paid during the first months of 2022. “Amounts due to employees” include holidays not taken, deferred remuneration and bonuses earned as of 31st December 2021 but not paid out on that date.

24. Current financial liabilities

The following table shows the breakdown of the item “Current financial liabilities” at the end of each period considered:

(Thousands of Euro)	31.12.2021	31.12.2020
Shareholders dividends	2	(0)
Financial payables within 12 months	7,021	19,061
Payables to leasing companies within 12 months	104	69
Current financial liabilities	7,127	19,130

Current financial liabilities amount to Euro 7,127 thousand, down Euro 12,003 thousand compared to the previous year, mainly due to the balances recorded in cash pooling current accounts with subsidiaries and affiliates, through which the company manages the Group Treasury.

The item is composed of financial payables to AP Reti Gas S.p.A. for Euro 4,855 thousand and AP Reti Gas Nord Est S.r.l. for Euro 1,481 thousand.

The financial payables related to the application of IFRS 16 changed by Euro 35 thousand during the year. They represent financial payables expiring within twelve months for operating lease agreements signed for rentals of company offices and vehicles.

25. Current liabilities from derivative financial instruments

The following table shows how the item is broken down for each period considered:

(Thousands of Euro)	31.12.2021	31.12.2020
Current liabilities on interest rates derivatives	109	548
Current liabilities from derivative financial instruments	109	548

Current liabilities from derivative financial instruments at the end of the year amounted to Euro 109 thousand.

The item relates to interest rate hedging agreements signed by the Company in 2019. As regards the assets and liabilities related to derivatives, please consult the section “Hedging policies” of this report which highlights the effects related to them.

Liabilities from derivatives connected with the loans taken out are represented by the fair value of the following derivatives existing as of 31st December 2021, whose financial manifestation will be allocated based on the duration of the underlying loan:

#	Counterpart	Type of instrument	Underlying Commodity	Trade date	Effective date	Expiry date	Position	Contractual notion	MtM (€/000)
1	BNL	Interest Rate Swap	Euribor 6M	09-Aug-19	09-Feb-20	9-feb-25	Vanilla: Fixed - Float	21,000,000 €	69
2	Credit Agricole	Interest Rate Swap	Euribor 6M	27-Sep-19	01-Oct-19	27-set-24	Vanilla: Fixed - Float	18,000,000 €	40
Total								39,000,000 €	109

The financial instruments measured at fair value belong to the 1st evaluation hierarchical level.

Net financial position

The table below shows the composition of the net financial position as requested in Consob communication no. DEM/6064293 dated 28th July 2006. The table and the disclosure provided have been adapted in order to reflect the amendments to the ESMA document 32-382-1138 dated 4th March 2021:

(Thousands of Euro)	31.12.2021	31.12.2020
A Cash and cash equivalents	39,489	20,568
B Equivalent to cash and cash equivalents	0	0
C Other current financial assets	60,100	46,253
- of which related parties	59,025	45,552
D Liquid assets (A) + (B) + (C)	99,590	66,821
E Current financial liabilities (including debt instruments, but excluding the current portion of non-current financial debt)	(146,236)	(145,395)
- of which related parties	(6,336)	(18,376)
- of which debt instruments current part	0	0
F Current portion of non-current financial debt	(60,631)	(40,024)
- of which related parties	0	0
G Current financial indebtedness (E) + (F)	(206,867)	(185,419)
H Net current financial indebtedness (D) + (G)	(107,277)	(118,598)
I Non-current financial debt (excluding the current portion and debt instruments)	(179,660)	(196,087)
J Debt instruments	0	0
K Trade payables and other non-current payables	0	0
L Non-current financial indebtedness (I) + (J) + (K)	(179,660)	(196,087)
M Net financial indebtedness (H) + (L)	(286,937)	(314,685)

Ascopiave S.p.A.'s Net Financial Position decreased by Euro 27,748 thousand compared to the previous year, and amounts to Euro 286,937 thousand.

No covenants or negative pledges are set out in short-term bank loans, while the loans granted by the European Investment Bank, Banca Nazionale del Lavoro, Crédit Agricole Friuladria, Intesa Sanpaolo and Mediobanca envisage covenants - to be verified based on the results of the consolidated financial statements - described in the paragraph "Medium-long term loans" herein.

Pursuant to Consob resolution no. 15519 dated 27th July 2006, the effects of the relations with related parties are illustrated in the specific scheme shown in paragraph "Financial statements representation pursuant to Consob resolution 15519/2006" herein.

The following table shows the reconciliation between the ESMA Net financial position and the Net financial position monitored by the Company:

(Thousands of Euro)	31.12.2021	31.12.2020
Net financial position ESMA	(286,937)	(314,685)
Non-current financial assets	2,864	2,226
Net financial position monitored by the Group	(284,073)	(312,459)

COMMENTS ON THE MAIN INCOME STATEMENT ITEMS

Revenues

26. Revenues

The following table shows the revenues in the periods considered:

(Thousands of Euro)	Financial Year	
	2021	2020
Revenues from services supplied to Group companies	12,863	11,819
Other revenues	975	504
Distribution of dividends from controlled companies	58,958	41,079
Revenues	72,795	53,413

At the end of the period, the item amounted to Euro 72,795 thousand, up Euro 19,382 thousand compared to the previous year.

Revenue from general services to Group companies increased by Euro 1,044 thousand, from Euro 11,819 thousand in the previous year, to Euro 12,863 thousand in the year considered.

Revenues from distribution of dividends of investees increased by Euro 17,879 thousand, from Euro 41,079 thousand in the previous year, to Euro 58,958 thousand in the period considered. The change is mainly explained by higher dividends from the investee companies.

The item "other revenues" increased from Euro 515 thousand in 2020 to Euro 975 thousand in the year considered, with an increase of Euro 460 thousand.

Operating costs

27. Cost of raw materials

The following table reports the costs relating to the purchase of raw materials during the financial periods considered:

(Thousands of Euro)	Financial Year	
	2021	2020
Purchase of other raw material		12
Purchase costs for other raw materials		12

In 2021, no costs were entered for the purchase of other raw materials; on 31st December 2020, they amounted to Euro 12 thousand.

28. Costs for services

Costs for services for the relevant periods are analysed in the following table:

(Thousands of Euro)	Financial Year	
	2021	2020
Mailing and telegraph costs	552	506
Maintenance and repairs	2,033	2,168
Consulting services	3,793	2,763
Commercial services and advertisement	112	96
Sundry suppliers	394	396
Directors' and Statutory Auditors' fees	1,279	1,247
Insurances	727	615
Personnel costs	464	390
Other managing expenses	689	842
Costs for use of third-party assets	562	672
Costs for services	10,603	9,693

At the reporting date, costs for services amounted to Euro 10,603 thousand, recording an increase compared to the previous year of Euro 910 thousand. This is mainly due to the increase in costs for consultancy services, postal and telegraphic expenses, insurance costs and costs incurred for staff, partially offset by the decrease in expenses for maintenance and repairs, sundry operating expenses and costs for use of third-party assets.

Personnel costs include travel and mission expenses, costs for the canteen service and for training and education and record an increase of Euro 74 thousand compared to the previous year.

The item "Costs for the use of third-party assets" includes costs for software rights and licences as well as the rental fees of company offices. At the end of the reference period, the item decreased by Euro 110 thousand.

29. Personnel costs

Personnel costs for the relevant periods are analysed in the following table:

(Thousands of Euro)	Financial Year	
	2021	2020
Wages and salaries	4,809	4,959
Social security contributions	1,360	1,486
Severance indemnity	329	320
Other costs	12	17
Total personnel costs	6,511	6,782

Personnel costs are reported net of capitalised costs in relation to increases in intangible assets for works carried out partially on a time and material basis, which are directly attributed to the construction and extraordinary maintenance of company offices.

The item decreased from Euro 6,782 thousand in the previous year, to Euro 6,511 thousand in 2021, down Euro 271 thousand. As of 31st December 2021, costs accrued during the year for long-term incentive plans were recognised totalling Euro 275 thousand and short-term incentive plans for Euro 434 thousand. In accordance with IFRS 2, the cost of the long-term incentive plans had an offsetting item in the shareholders' equity reserves for Euro 74 thousand for

the portion to be paid in shares and in the retirement funds for Euro 232 thousand for the cash portion. The amounts recorded for long-term incentive plans refer to the first year of the 2021-2023 period, as set out in the plans for the accrual of the bonus.

The table below shows the average number of employees, divided by category, at the end of 2021 and at the end of 2020:

Type	31.12.2021	31.12.2020	Variation
Managers	9	9	0
Office workers	76	79	(3)
Manual workers	2	2	0
No. of personnel employed	87	90	(3)

Some employees of the company benefit from a long-term incentive scheme.

30. Other operating costs

The following table shows the breakdown of other operating costs in the periods considered:

(Thousands of Euro)	Financial Year	
	2021	2020
Provision for risks on credits	1	
Membership and ARERA fees	245	233
Capital losses	5	
Extraordinary losses	390	116
Other taxes	134	1,211
Other costs	220	395
Costs of contracts	2	87
Other management costs	997	2,042

The item “Other operating costs” marks a decrease of Euro 1,045 thousand compared to the previous year, from Euro 2,042 thousand to Euro 997 thousand in the year considered, mainly due to the decrease in other taxes. With regard to the latter, please note that at the end of the previous year the item included the effects connected with the non-deductibility of the value added tax (VAT) applied to the costs incurred for finalising the partnership concluded with the Hera Group in December 2019.

31. Other operating revenues

The following table shows a breakdown of other operating income in the periods considered:

(Thousands of Euro)	Financial Year	
	2021	2020
Other income	395	52
Other income	395	52

At the end of the period considered, the item amounted to Euro 395 thousand, up Euro 343 thousand compared to the previous year. The increase is mainly explained by the recognition of the capital gain generated by the transfer of the natural gas distribution plants of the municipality of Santorso for Euro 389 thousand. The settlement agreement with the Local Body, signed on 9th April 2021, concerns the transfer value of such plants.

32. Amortisation, depreciation and write-downs

Amortisation and depreciation for the relevant periods are analysed in the following table:

(Thousands of Euro)	Financial Year	
	2021	2020
Intangible fixed assets	3	1
Tangible fixed assets	1,383	1,401
Amortization of rights of use	112	140
Amortization and depreciation	1,498	1,542

Amortisation and depreciation at the end of the period considered amounted to Euro 1,498 thousand, down Euro 44 thousand compared to the previous year.

The recognition method of operating leases led to the entry of higher amortisation and depreciation costs totalling Euro 112 thousand for the rental of company cars and property.

33. Net financial income and expenses

Financial income and expenses in the years considered are analysed in the following table:

(Thousands of Euro)	Financial Year	
	2021	2020
Interest income on bank and post office accounts	0	1
Other interest income	203	266
Financial income	203	267
Interest expense on banks	146	179
Interest expense on loans	1,416	1,359
Other financial expenses	393	143
Financial charges	1,955	1,681
Total net financial expenses/(revenues)	1,752	1,414

The item “Financial income and expenses” is negative and amounts to Euro 1,752 thousand, an increase as compared to the previous year of Euro 338 thousand. The change is mainly explained by the increase in medium-term loans taken out by the company.

Subsequent to the application of IFRS 16, financial charges amounting to Euro 3 thousand were recorded.

34. Taxation for the period

The table below shows the breakdown of income taxes over the periods considered, distinguishing the current component from the deferred and advanced ones:

(Thousands of Euro)	Financial Year	
	2021	2020
IRES current taxes	(2,193)	(2,992)
(Advance)/Deferred taxes	345	(156)
Taxes previous years	424	(804)
Taxes for the period	(1,424)	(3,953)

Taxes for the period decreased from Euro 3,953 thousand in the previous year, to Euro 1,424 thousand in the year considered, down Euro 2,529 thousand.

The table below shows the incidence of income tax:

(Thousands of Euro)	Financial Year	
	2021	2020
Earnings before tax	51,828	31,979
Taxes for the period	1,424	3,953
Percentage of income before taxes	2.7%	12.4%

The actual tax rate decreased from 12.4% in 2020 to 2.7% in the year considered, marking a decrease of 9.7%.

(Thousands of Euro)	Financial Year			
	2020		2021	
Applicable ordinary rate	24.0%		24.0%	
Earnings before tax	31,978		51,828	
Theoretical tax burden	7,675	24.0%	12,439	24.0%
Dividend taxation	(9,366)	-29.3%	(13,442)	-25.9%
Non-taxable costs / (income) (vehicles, telephones)	(1,301)	-4.1%	(1,094)	-2.1%
Advance / deferred taxes	(156)	-0.5%	345	0.7%
IRES effective tax charge	(3,148) -9.8%		(1,753) -3.4%	
IRAP (current and deferred)	0	0.0%	0	0.0%
Total effective tax burden	(3,148) -9.8%		(1,753) -3.4%	
Actual rate	-9.8%		-3.4%	

OTHER COMMENTS

Non-recurring components

Pursuant to CONSOB communication no. 15519/2005, we announce that no non-recurrent economic components exist in the financial report as of 31st December 2021.

Information on related parties

The Company is controlled by Asco Holding S.p.A. which holds 51.157% of the shares.

All transactions with the Group companies are part of ordinary business and are performed on an arm's length basis. In 2021, no other transactions were conducted with companies or entities belonging to Shareholders or directors of the Company, of the parent companies and of the subsidiary companies.

Companies	Trade receivables	Other receivables	Trade payables	Other payables	Costs			Revenues		
					Goods	Services	Other	Goods	Services	Other
<i>Parent company</i>										
Asco Holding S.p.A.	41	185	11			71			154	
Total parent company	41	185	11			71			154	
<i>Affiliated company</i>										
Asco TLC S.p.A.	122								68	
Total affiliated company	122								68	
<i>Controlled companies</i>										
AP Reti Gas Nord Est S.r.l.	70	245	62	1,481		207	3		668	3,014
AP Reti Gas S.p.A.	1,031		1	5,361		20	6		2,942	5,529
Asco Energy S.p.A.	78	1,567	457			58	11		195	51
ASCO Renewables S.p.A.		13,896								
Cart Acqua S.r.l.				11					36	0
Edigas Esercizio Distribuzione Gas S.p.A.	181	20,796	28	271		110			551	1,568
AP Reti Gas Vicenza S.p.A.	145	21,401	20	163		79	131		412	86
AP Reti Gas Rovigo S.r.l.	209	6,412	20			47	496		195	510
Total controlled companies	1,713	64,317	599	7,277		521	648		4,999	10,758
<i>Associated companies</i>										
Ascotrade S.p.A.	734		240						4,289	
Blue Meta S.p.A.	192		114			95			1,025	
Etra Energia S.r.l.	50		14						186	
Ascopiave Energie S.p.A.	218		84			104			1,132	
ASM Set S.r.l.			8			138			214	
Total associated companies	1,194		460			337			6,846	
Total	3,071	64,502	1,069	7,277		928	648		12,068	10,758

Ascopiave S.p.A. has the following related-party transactions with the other Group companies:

- ✓ debit of some insurance costs by the parent company Asco Holding S.p.A.;
- ✓ purchase of some administrative services, call centre, credit management;
- ✓ sale of front-office services, personnel management, IT service, real estate service management, optical storage, staff services such as quality, privacy and safety of workers;
- ✓ sale of accounting service and management of regulatory compliance;
- ✓ sale of administration and finance services;
- ✓ debit to Group companies of accounting and information technology services, and of any external expenses incurred;
- ✓ Agreement for governing treasury relations designed to offset cash surpluses and deficiencies among the group companies;
- ✓ Group consolidation agreement with the subsidiaries AP Reti Gas S.p.A., Edigas Esercizio Distribuzione Gas S.p.A., AP Reti Gas Vicenza S.p.A., AP Reti Gas Rovigo S.r.l., AP Reti Gas Nord Est S.r.l. and Asco Energy S.p.A..

On 24th November 2010, the Board of Directors approved a procedure for transactions with related parties (the "Procedure"). Said Procedure governs the transactions with related parties performed by the Company, directly or by proxy of subsidiary companies, as set forth in Art. 2391-*bis* of the Italian Civil Code pursuant to the National Commission for Publicly Traded Companies (CONSOB) Decision no. 17221 dated 12th March 2010 and subsequent

amendments.

The Procedure took effect on 1st January 2011 and replaced the previous regulation regarding transactions with related parties, approved by the Board of Directors of the Company on 11th September 2006 (and subsequent amendments).

For the contents of the Procedure, please refer to the document, available online on the Company's website at the following URL: <http://www.gruppoascopiave.it/wp-content/uploads/2015/01/Procedura-per-le-operazioni-con-parti-correlate-GruppoAscopiave-20101124.pdf>.

In order to implement correctly the Procedure, all the so-called Related Parties are identified. The control tools and the contents of the document apply to them. Company Directors are required to declare any conflicts of interest in the performance of the aforementioned transactions.

Financial statements representation pursuant to Consob resolution 15519/2006

Please find below the Financial statements representation showing the effects of the transactions with related parties and the effects of non-recurring income and expenses shown pursuant to Consob resolution no. 15519 dated 27th July 2006.

Assets and liabilities statement

(Thousands of Euro)	31.12.2021	of which related parties						31.12.2020	of which related parties						
		A	B	C	D	Total	%		A	B	C	D	Total	%	
Assets															
Non-current assets															
Other intangible assets	10						10								
Tangible assets	25,344						26,187								
Shareholdings in controlled company	1,002,950	574,497	428,453			1,002,950	1,002,516	574,064	428,453				1,002,517	100.0%	
Shareholdings in other company	78,923			78,923	78,923	78,923	78,923				78,923	78,923	78,923	100.0%	
Other non-current assets	508						1,264								
Non current financial assets	2,864						2,226								
Advance tax receivables	1,194						1,541								
Non-current assets	1,111,795	574,497	428,453	78,923	1,081,873	97.3%	1,112,667	574,064	428,453	78,923	1,081,440	97.2%			
Current assets															
Trade receivables	3,402	41	1,713	1,194	122	3,070	4,426	19	1,683	1,240	241	3,183	71.9%		
Other current assets	6,362	185	5,292			5,477	10,051	612	7,920	11		8,543	85.0%		
Current financial assets	59,835		59,025			59,025	46,253		45,552			45,552	98.5%		
Tax receivables	591						2,588								
Cash and cash equivalents	39,489						20,568								
Current assets from derivative financial instruments	265														
Current assets	109,946	226	66,030	1,194	122	67,573	61.5%	83,886	631	55,155	1,251	241	57,278	68.3%	
Assets	1,221,740	226	640,527	429,647	79,045	1,149,446	94.1%	1,196,554	631	629,219	429,704	79,164	1,138,718	95.2%	
Net equity and liabilities															
Total Net equity															
Share capital	234,412						234,412								
Own shares	(55,423)						(55,628)	(20,806)					(20,806)	37.4%	
Reserves and result for the period	648,677						629,503								
Total Net equity	827,666						808,286	(20,806)					(20,806)	-2.6%	
Non-current liabilities															
Provisions for risks and charges	320						1,142								
Severance indemnity	261						258								
Outstanding medium/long-term bonds	24,181														
Medium- and long-term bank loans	155,368						195,999								
Other non-current liabilities	11						9								
Non-current financial liabilities	110						88								
Deferred tax payables	6						6								
Non-current liabilities	180,258						197,502								
Current liabilities															
Payables due to banks and financing institutions	199,631						165,742								
Trade payables	2,560	11	599	460		1,070	2,392	34	70	184	68	356	14.9%		
Other current liabilities	4,390		470			470	2,955								
Current financial liabilities	7,127		6,336			6,336	19,130		18,376			18,376	96.1%		
Current liabilities from derivative financial instruments	109						548								
Current liabilities	213,817	11	7,405	460		7,876	4.0%	190,765	34	18,446	184	68	18,732	9.8%	
Liabilities	394,075	11	7,405	460		7,876	2.0%	388,267	34	18,446	184	68	18,732	4.8%	
Net equity and liabilities	1,221,740	11	7,405	460		7,876	0.6%	1,196,554	(20,772)	18,446	184	68	(2,074)	-0.2%	

Legend for the Related parties column heading:

A Parent companies and shareholders

B Subsidiaries

C Affiliates and Jointly controlled companies

D Associates and other related parties

The values reported in the tables above refer 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.
- Asco Energy S.p.A.

Group C - Affiliates and Jointly controlled companies:

- Ascotrade S.p.A.
- ASM Set S.r.l.
- Blue Meta S.p.A.
- Estenergy S.p.A.
- Etra Energia S.r.l.
- Ascopiave Energie S.p.A.
- Sinergie Italiane S.r.l. in liquidation
- Hera Comm Nord Est S.r.l.

Group D - Other related parties:

- Asco TLC S.p.A.
- Hera Comm S.p.A.
- Board of Directors
- Auditors
- Strategic managers

Income statement

(Thousands of Euro)	FY	of which related parties						FY	of which related parties					
	2021	A	B	C	D	Total	%	2020	A	B	C	D	Total	%
Revenues	72,795	154	4,968	6,847	68	12,037	16.5%	53,413	65	4,415	6,601	366	11,447	21.4%
Total operating costs	17,717	71	541	337		948	5.4%	18,478	27	155	278	19	478	2.6%
Purchase costs for other raw materials								12						
Costs for services	10,603	71	521	337		928	8.8%	9,693	27	155	278	19	478	4.9%
Costs for personnel	6,511							6,782			2,411		2,411	35.6%
Other management costs	997		20			20	2.0%	2,042						
Other income	395							52						
Amortization and depreciation	1,498							1,542						
Operating result	53,580	84	4,427	6,510	68	11,089	20.7%	33,393	38	4,260	6,323	347	10,969	32.8%
Financial income	203		168			168	82.7%	267		204			204	76.4%
Financial charges	1,955		9			9	0.5%	1,681		19			19	1.2%
Earnings before tax	51,828	84	4,604	6,510	68	11,266	21.7%	31,979	38	4,444	6,323	347	11,153	34.9%
Taxes for the period	1,424		10,553			10,553		3,953		8,233			8,233	
Net result for the period	53,252	84	15,157	6,510	68	21,819		35,932	38	12,677	6,323	347	19,386	

Legend for the Related parties column heading:

A Parent companies and shareholders

B Subsidiaries

C Affiliates and Jointly controlled companies

D Associates and other related parties

The values reported in the tables above refer 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.
- Asco Energy S.p.A.
- Ascotrade S.p.A.
- Blue Meta S.p.A.
- Etra Energia S.r.l.
- Ascopiave Energie S.p.A.

Group C - Affiliates and Jointly controlled companies:

- ASM Set S.r.l.
- Estenergy S.p.A.
- Sinergie Italiane S.r.l. in liquidation
- Hera Comm Nord Est S.r.l.

Group D - Other related parties:

- Asco TLC S.p.A.
- Hera Comm S.p.A.
- Board of Directors
- Auditors
- Strategic managers

Net debt

(Thousands of Euro)	31.12.2021	Of which related parties						31.12.2020	Of which related parties						
		A	B	C	D	Total	%		A	B	C	D	Total	%	
A Cash and cash equivalents	39,489							20,568							
B Equivalent to cash and cash equivalents	0							0							
C Other current financial assets	60,100		45,129			45,129	75%	46,253		45,552				45,552	98%
- of which related parties	59,025		59,025			59,025	100%	45,552		45,552				45,552	100%
D Liquid assets (A) + (B) + (C)	99,590	0	45,129	0	0	45,129	45%	66,821	0	45,552	0	0	0	45,552	68%
E Current financial liabilities (including debt instruments, but excluding the current portion of non-current financial debt)	(146,236)		(6,336)			(6,336)	4%	(145,395)		(18,376)				(18,376)	13%
- of which related parties	(6,336)		(6,336)			(6,336)	100%	(18,376)		(18,376)				(18,376)	100%
- of which debt instruments current part	0							0							
F Current portion of non-current financial debt	(60,631)							(40,024)							
- of which related parties	0							0							
G Current financial indebtedness (E) + (F)	(206,867)	0	(6,336)	0	0	(6,336)	3%	(185,419)	0	(18,376)	0	0	0	(18,376)	10%
H Net current financial indebtedness (D) + (G)	(107,277)	0	38,793	0	0	38,793	-36%	(118,598)	0	27,176	0	0	0	27,176	-23%
I Non-current financial debt (excluding the current portion and debt instruments)	(179,660)							(196,087)							
J Debt instruments	0							0							
K Trade payables and other non-current payables	0							0							
L Non-current financial indebtedness (I) + (J) + (K)	(179,660)	0	0	0	0	0	0	(196,087)	0	0	0	0	0	0	0
M Net financial indebtedness (H) + (L)	(286,937)	0	38,793	0	0	38,793	-14%	(314,685)	0	27,176	0	0	0	27,176	-9%

Legend for the Related parties column heading:

A Parent companies and shareholders

B Subsidiaries

C Affiliates and Jointly controlled companies

D Associates and other related parties

The values reported in the tables above refer 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.
- Asco Energy S.p.A.

Group C - Affiliates and Jointly controlled companies:

- Ascotrade S.p.A.
- ASM Set S.r.l.
- Blue Meta S.p.A.
- Estenergy S.p.A.
- Etra Energia S.r.l.
- Ascopiave Energie S.p.A.
- Sinergie Italiane S.r.l. in liquidation
- Hera Comm Nord Est S.r.l.

Group D - Other related parties:

- Asco TLC S.p.A.
- Hera Comm S.p.A.
- Board of Directors
- Auditors
- Strategic managers

Statement of cash flows

(Thousands of Euro)	FY 2021	of which related parties					FY 2020	of which related parties				
		A	B	C	D	Total		A	B	C	D	Total
Total comprehensive income	53,967						33,736					
Cash flows generated (used) by operating activities												
Adjustments to reconcile net income to net cash												
Changes in HA reserves for MTM derivatives	(708)					0	398					0
Changes in reserves on severance indemnity	(6)					0	(9)					0
Fair value shareholdings in other companies	0					0	1,807					0
Amortization	1,498					0	1,542					0
Depreciation of fixed assets and losses	5					0	0					0
Bad debt provisions	1					0	0					0
Variations in severance indemnity	9					0	(23)					0
Current assets / liabilities on financial instruments	5					0	52					0
Net variation of other funds	(951)					0	575					0
Interests paid	(1,644)					0	(1,392)					0
Interest expense for the period	1,681					0	1,562					0
Taxes paid	(3,984)					0	11,280					0
Taxes for the period	(1,424)					0	(3,953)					0
Total adjustments	(5,518)					0	11,840					0
Variations in assets and liabilities												
Accounts payable	1,022	0	(898)	(5,763)	(89)	(6,628)	6,541	10	2,358	(4,523)	152	(2,155)
Other current assets	3,688	1,110	(4,986)	(42)	0	(3,918)	(1,675)	(34)	2,483	(31)	0	2,418
Trade payables	168	0	96	569	37	702	(2,428)	34	(26)	(385)	31	(346)
Other current liabilities	9,153	0	1,200	0	0	1,200	(17,984)	0	(1,200)	0	0	(1,200)
Other non-current assets	756	0	0	0	0	0	(7)	0	0	0	0	0
Other non-current liabilities	2	0	0	0	0	0	0	0	0	0	0	0
Total variations in assets and liabilities	14,790	1,143	(4,589)	(5,235)	(52)	(8,733)	(15,553)	10	3,615	(4,939)	183	(1,131)
Cash flows generated (used) by operating activities	63,239	1,143	(4,589)	(5,235)	(52)	(8,733)	30,023	10	3,615	(4,939)	183	(1,131)
Cash flows generated (used) by investments												
Investments in intangible assets	(3)					0	(8)					0
Investments in tangible assets	(658)					0	(818)					0
Realisable value of tangible assets	5					0	(68,598)					0
Disposal/(acquisitions) in shareholdings and avances	(14,329)		(14,329)			(14,329)		(9,358)	(32,510)	(26,729)		(68,598)
Cash flows generated/(used) by investments	(14,991)	0	(14,329)	0	0	(14,329)	(69,424)	0	(9,358)	(32,510)	(26,729)	(68,598)
Cash flows generated (used) by financial activities												
Net changes in debts due to other financers	22					0	24	0	0	0	0	0
Net changes in short-term bank borrowings	(55,042)	0	0	0	0	0	(29,070)	0	0	0	0	0
Net variation in current and non-current financial assets and liabilities	(325)					0	(8,530)	0	(15)	(6,195)	0	(6,210)
Net variation in current financial assets and liabilities vs subsidiary companies	(12,005)	0	(9,521)	4,213	0	(5,309)	(11,604)	0	4,601	(16,204)	0	(11,603)
Net change in (Purchase) / Disposal of own shares	204	0	(3,325)	(3,191)	0	(6,516)	(28,854)					0
Ignitions outstanding medium/long-term bonds	24,181					0	0					0
Ignitions loans and mortgages	288,000					0	336,700					0
Redemptions loans and mortgages	(239,700)					0	(217,000)			0		0
Dividends distributed to Ascopiave S.p.A. shareholders'	(34,663)					0	(47,442)			0		0
Cash flows generated (used) by financial activities	29,327	0	(12,847)	1,021	0	(11,825)	(5,775)	0	4,586	(22,399)	0	(17,813)
Variations in cash	18,921					0	(45,176)					0
Cash and cash equivalents at the beginning of the period	20,568					0	65,744					0
Cash and cash equivalents at the end of the period	39,489					0	20,568					0

Legend for the Related parties column heading:

A Parent companies and shareholders

B Subsidiaries

C Affiliates and Jointly controlled companies

D Associates and other related parties

The values reported in the tables above refer 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.
- Asco Energy S.p.A.

Group C - Affiliates and Jointly controlled companies:

- Ascotrade S.p.A.
- ASM Set S.r.l.

- Blue Meta S.p.A.
- Estenergy S.p.A.
- Etra Energia S.r.l.
- Ascopiave Energie S.p.A.
- Sinergie Italiane S.r.l. in liquidation
- Hera Comm Nord Est S.r.l.

Group D - Other related parties:

- Asco TLC S.p.A.
- Hera Comm S.p.A.
- Board of Directors
- Auditors
- Strategic managers

Report of financial assets and liabilities by category

The Report of financial assets and liabilities by category and their respective fair value (IFRS 13) at 31st December 2021 and 31st December 2020 is detailed as follows:

(Thousands of Euro)					31.12.2021	
	A	B	C	D	Total	Fair value
Shareholdings in other company		78,923			78,923	78,923
Other non-current assets			508		508	508
Non current financial assets			2,864		2,864	2,864
Trade receivables and Other current assets			9,005		9,005	9,005
Current financial assets			59,835		59,835	59,835
Cash and cash equivalents			39,489		39,489	39,489
Current assets from derivative financial instruments		265			265	265
Outstanding medium/long-term bonds				24,181	24,181	24,181
Medium- and long-term bank loans				155,368	155,368	155,368
Other non-current liabilities				11	11	11
Non-current financial liabilities				110	110	110
Payables due to banks and financing institutions				199,631	199,631	199,631
Trade payables and Other current liabilities				6,151	6,151	6,151
Current financial liabilities				7,127	7,127	7,127
Current liabilities from derivative financial instruments		109			109	109

(Thousands of Euro)					31.12.2020	
	A	B	C	D	Total	Fair value
Shareholdings in other company		78,923			78,923	78,923
Other non-current assets			1,264		1,264	1,264
Non current financial assets			2,226		2,226	2,226
Trade receivables and Other current assets			14,100		14,100	14,100
Current financial assets			46,253		46,253	46,253
Cash and cash equivalents			20,568		20,568	20,568
Current assets from derivative financial instruments			0		0	0
Medium- and long-term bank loans				195,999	195,999	195,999
Other non-current liabilities				9	9	9
Non-current financial liabilities				88	88	88
Payables due to banks and financing institutions				165,742	165,742	165,742
Trade payables and Other current liabilities				4,704	4,704	4,704
Current financial liabilities				19,130	19,130	19,130
Current liabilities from derivative financial instruments		548			548	548

Legend

- A - Assets and liabilities at fair value directly recognised in the Profit and Loss Account
- B - Assets and liabilities at fair value directly recognised in Equity (including hedging derivatives)
- C - Assets for granted loans and receivables (including cash equivalents)
- D - Financial liabilities recognised at amortised cost

Earnings per share

As required by the IAS 33 accounting standard, the following information is provided about the calculation of basic and diluted earnings per share.

The basic earnings per share are calculated by dividing the net profit attributable to the Company's shareholders by the number of shares, net of treasury shares.

There are no preference dividends, conversions of preferred shares or similar effects that would adjust the results attributable to the holders of ordinary shares.

Diluted earnings per share are equal to basic earnings per share in that ordinary shares that could have a dilutive effect do not exist and no shares or warrants exist that could have the same effect.

The profit and the number of ordinary shares used to calculate basic earnings per share, identified according to the method set out in IAS 33, are reported below:

(Thousands of Euro)	Values as at 31 st December 2021	Values as at 31 st December 2020
Net profit attributable to parent company shareholders	53,252	35,932
Weighted average number of ordinary shares including own shares, for the purpose of earnings per share	234,411,575	234,411,575
Weighted average number of own shares	17,701,578	17,766,858
Weighted average number of ordinary shares, excluding own shares, for the purposes of net income per share	216,709,997	216,644,717
Earnings per share (in Euro)	0.246	0.166

Fees to the Auditing Company

Pursuant to Article 149-*duodecies* of the Consob Issuer's Regulations, this item includes the fees paid in 2021 for auditing services and for services other than audit provided by the Auditing firm. No services were provided by entities belonging to its network.

Type of services	Service provider	Beneficiary	Fees (Thousand of Euro)
Auditing	PricewaterhouseCoopers S.p.A.	Ascopiave S.p.A.	126
Statutory audit of separate accounts	PricewaterhouseCoopers S.p.A.	Ascopiave S.p.A.	7
Other services	PricewaterhouseCoopers S.p.A.	Ascopiave S.p.A.	34
Total			167

Commitments and risks

Guarantees given

As of 31st December 2021, the company provided the following potential bank guarantees:

(Thousands of Euro)	31 st December 2021	31 st December 2020
On credit lines	16,306	40,648
Patronage on derivative financial instruments	0	23,400
Patronage to cover obligations deriving from the related rapports	31,463	0
Patronage on purchase of electricity agreements (letter of comfort)	0	3,000
On execution of works (letter of comfort)	1,115	962
On distribution concession (letter of comfort)	2,380	2,397
On purchase of company shares (letter of comfort)	500	500
On participation in the tender	75	75
On UTF offices and regions for taxes on gas (letter of comfort)	1,850	1,850
Total	53,689	72,832

The letters of comfort on lines of credit and gas purchase contracts issued in favour of the subsidiary Sinergie Italiane S.r.l. in liquidation, a stake sold to the Hera Group, amounted as of 31st December 2021 to Euro 9,999 thousand, a decrease compared to 31st December 2020, when they amounted to Euro 23,799 thousand. With regard to the latter, please note that, during the financial year, Ascopiave received guarantees to the tune of Euro 5,199 thousand from Hera S.p.A. (equal to 52% of the guarantees given by Ascopiave S.p.A. in favour of Sinergie italiane S.r.l.). Ascopiave also received a guarantee from Hera S.p.A. to the tune of Euro 962 thousand in relation to the sureties issued on behalf of the associate Blue Meta S.p.A. to Uffici Tecnici di Finanza and the Regions for consumption taxes on natural gas.

Net of the guarantees received, the letters of comfort and sureties issued by Ascopiave in favour of affiliate companies amount to Euro 5,688 thousand.

Hedging policies

Information on agreements not disclosed in the balance sheet

Pursuant to art. 2427, first paragraph, point 22-ter, Italian Civil Code, introduced by Legislative Decree 173 on 23rd November 2008, we announce that the company has not entered into agreements not disclosed in the balance sheet.

Management of financial risk: objectives and criteria

The main financial liabilities of Ascopiave S.p.A. include bank loans, bond issue, short-term debit bank balances and lease agreements with the possibility of purchase. The main objective of these financial liabilities is to finance the company's operations. Ascopiave S.p.A. holds several financial assets such as cash and short-term bank and postal deposits, that derive directly from the company's operations.

The main risks generated by the financial instruments of Ascopiave S.p.A. are the interest rate risk and the liquidity risk. The Board of Directors re-examines and approves the policies for risk management, described hereinafter.

Interest rate risk

Ascopiave S.p.A. manages its liquidity requirements both through temporary credit lines and short-term loans at variable rates which, due to their continuous fluctuation, do not make it easy to hedge against interest rate risk, through medium/long-term loans with fixed and variable rates and a fixed-rate bond issue.

The medium-long term loans and bond issue managed by Ascopiave S.p.A., with variable and fixed rates, have a

residual debt as of 31st December 2021 of Euro 240,180 thousand and due dates between 1st January 2022 and 14th October 2031.

The medium-long term loans, with variable rates, including those subsequently hedged against interest rate risk, envisage reimbursement between 2022 and 2026, with a residual balance as of 31st December 2021 of Euro 147,667 thousand (Euro 147,750 thousand as of 31st December 2020), and consist of:

- Loan with the European Investment Bank disbursed in August 2013 with a residual debt as of 31st December 2021 of Euro 12,000 thousand,
- Loan with BNL disbursed in August 2019 with a residual debt as of 31st December 2021 of Euro 21,000 thousand, hedged by a financial derivative, for which the interest rate risk is therefore neutralised,
- Loan with Crédit Agricole - Friuladria granted in October 2019 with a residual debt as of 31st December 2021 of Euro 18,000 thousand, hedged by a financial derivative, for which the interest rate risk is therefore neutralised,
- Loan with Intesa Sanpaolo granted in November 2020 for Euro 50,000 thousand, equal to the residual debt as of 31st December 2021, hedged by a financial derivative, for which the interest rate risk is therefore neutralised,
- Loan with Mediobanca granted in December 2020 for Euro 30,000 thousand, with a residual debt as of 31st December 2021 of Euro 26,667 thousand, hedged by a financial derivative, for which the interest rate risk is therefore neutralised,
- Loan with Mediobanca granted in December 2021 for Euro 20,000 thousand, equal to the residual debt as of 31st December 2021, hedged by a financial derivative, for which the interest rate risk is therefore neutralised.

As of 31st December 2021, the derivative instruments to hedge against the risk of changes in interest rates, relating to the loans taken out with BNL, Crédit Agricole - Friuladria, Intesa Sanpaolo and Mediobanca, detailed in paragraph "Current liabilities on derivative financial instruments" and whose mark to market amounts to Euro 156 thousand in total, are effective.

The following relationships are not exposed to interest rate risks, as they envisage the application of a fixed rate:

- the loan taken out with BNL in August 2017, with a residual debt as of 31st December 2021 of Euro 21,250 thousand,
- the loan signed with Cassa Centrale Banca the beginning of 2018, with a residual debt as of 31st December 2021 of Euro 7,041 thousand,
- the loan taken out with Intesa SanPaolo in November 2019, with a residual debt as of 31st December 2021 of Euro 30,000 thousand,
- the loan with UBI Banca taken out in May 2020, with a residual debt as of 31st December 2021 of Euro 10,041 thousand,
- bonds issued in October 2021, with a residual debt as of 31st December 2021 of Euro 24,181 thousand.

The loans and the bond issue above are subjected to covenants calculated on the consolidated data of the Ascopiave Group.

Please refer to the Paragraph "Medium and Long Term Loans" for additional details.

Sensitivity analysis of the interest rate risk

The following table shows the impacts on the Company's Pre-tax result of the possible variations in interest rates in a reasonably possible interval, keeping all the other variables constant.

	I qtr 2021	II qtr 2021	III qtr 2021	IV qtr 2021	
Average Net Financial Position	(314,014)	(302,057)	(288,378)	(275,835)	
Borrowing rates of interest	0.20%	0.18%	0.26%	0.23%	
Lending rates of interest	0.29%	0.28%	0.30%	0.31%	
Borrowing rate of interest plus 200 basis points	2.20%	2.18%	2.26%	2.23%	
Lending rates of interest plus 200 basis points	2.29%	2.28%	2.30%	2.31%	
Borrowing rate of interest reduced of 50 basis points	0.00%	0.00%	0.00%	0.00%	
Lending rates of interest reduced of 50 basis points	0.00%	0.00%	0.00%	0.00%	
Net Financial Position recalculated with the increase of 200 basis points	(315,562)	(303,563)	(289,832)	(277,226)	
Net Financial Position recalculated with decrease of 50 basis points	(313,627)	(301,680)	(288,015)	(275,488)	Total
Effect on pre-tax result of the increase of 200 basis points	(1,549)	(1,506)	(1,454)	(1,391)	(5,899)
Effect on pre-tax result of the decrease of 50 basis points	387	377	363	348	1,475

The sensitivity analysis, obtained by simulating a variation on interest tax rates applied to the credit lines of the Company equal to 50 basis points in decrease (with a minimum limit of zero basis points) and 200 basis points in increase, maintaining unchanged all the other variables, leads to an estimation of an effect on the result before taxes which is negative for Euro 5,899 thousand (2020: Euro 5,586 thousand) or positive for Euro 1,475 thousand (2020: Euro 1,396 thousand).

Credit risk policies

Credit risk represents the Company's exposure to potential losses arising from the counterparties' failure to meet their obligations. The non-payment or delayed payment of fees owed may have a negative impact on the economic and financial stability of the Company.

Considering the type of business of Ascopiave S.p.A., said risk is of little concern to the Company.

Liquidity risk

Ascopiave S.p.A. constantly pursues the aim of maintaining stability and flexibility between financing sources and uses, in its capacity as the treasury manager of the Group.

The two main factors influencing the liquidity of Ascopiave S.p.A. are, on the one hand, the resources generated or absorbed by operations or investments and, on the other hand, the due dates and renewal characteristics of payables. Under note 17, medium/long-term financial payables are detailed according to their date of expiry, as of 31st December 2021.

Liquidity requirements are constantly monitored by the Treasury Department of Ascopiave S.p.A., in order to ensure that financial resources are easily identifiable and collectible, or that any cash or cash equivalents are appropriately invested.

The Directors believe that the provisions and credit lines currently available, as well as those that will be generated by the operating and financial activities, will enable the fulfilment of the requirements connected to investments, management of circulating capital and repayment of debt upon maturity.

Management of Capital

The primary objective of the management of Ascopiave S.p.A.'s capital is to guarantee that a solid credit rating is maintained, as well as suitable levels of the capital indicator. Ascopiave S.p.A. can adapt the dividends paid to shareholders, reimburse capital or issue new shares.

Ascopiave S.p.A. checks its capital by means of a debt/capital ratio, i.e. dividing the net debt by the total capital plus the net debt. Ascopiave S.p.A. includes interest-bearing loans and trade and other payables in its net debt, net of liquid funds and equivalents.

(Thousands of Euro)	31.12.2021	31.12.2020
Medium- and long-term Net Financial Position	116,458	118,050
Short-term Net Financial Position	167,614	193,861
Net Financial Position	284,072	311,911
Share capital	234,412	234,412
Own shares	(55,423)	(55,628)
Reserves	595,425	593,571
Undistributed net profit	53,252	35,932
Total Net equity	827,666	808,286
Total sources of funding	1,111,738	1,120,198
Net financial position / Net equity ratio	0.34	0.39

Hedging policies for risks connected with fluctuations in interest rates

The Company is exposed to risks deriving from fluctuations in interest rates mainly in relation to short-term payables and the portion of floating-rate medium/long-term loans taken out with banks.

Significant events subsequent to the end of 2021

Shareholders' Agreement - amendment to voting rights

On 5th January 2022, pursuant to current laws and regulations, Ascopiave announced that an updated version of the essential information relating to the Shareholders' Agreement signed on 16th March 2020 was published in the Corporate Governance section of the website www.gruppoascopiave.it. Only the number of the voting rights held by some signatory shareholders was updated due to the introduction of increased voting rights, as notified by Ascopiave on 7th October 2021 and 5th November 2021. Pursuant to Articles 65-*quinquies*, 65-*sexies* and 65-*septies* of the Issuers' Regulation, the document was made available to the public at the registered office, at Borsa Italiana S.p.A., on the authorised storage mechanism "eMarket Storage" (www.emarketstorage.com) provided by Spafid Connect S.p.A., as well as in the Corporate Governance section of the website www.gruppoascopiave.it.

The Ascopiave Group enters the wind power generation sector

On 21st January 2022, the Ascopiave Group announced that it had acquired, through the subsidiary Asco Renewables S.p.A., a 60% stake in the capital of Salinella Eolico S.r.l., belonging to Renco S.p.A.. Salinella Eolico S.r.l., whose remaining 40% stake is held by Renco S.p.A., plans to build a wind farm in the Province of Catanzaro with a rated capacity of up to 21 MW; the competent authorities have already granted part of the authorisations, while the pending permits are well underway. The wind farm will be erected by Renco S.p.A. and entail a total investment of approximately Euro 30 million.

Acquisition of the majority stake in Eusebio Energia S.r.l., a company operating in the energy field

On 28th January 2022, Ascopiave S.p.A. announced the finalisation of an additional investment in the renewable energy sector, specifically in the hydroelectric and wind power segments, as stated in the 2020-2024 Strategic Plan.

The investment consisted in the acquisition by Ascopiave of the 79.74% majority stake held by Supermissile S.r.l. in the share capital of Eusebio Energia S.r.l. (“Eusebio”), a company operating in the energy sector.

Eusebio has 22 plants for the production of electricity from renewable sources, of which 21 hydroelectric plants, for a total capacity of 44 MW, located in Lombardy and Veneto, and a wind farm, consisting of 14 turbines of 1 MW each, located in Campania.

The price paid upon closing for the acquisition of the above-mentioned majority stake is Euro 44.8 million, featuring an earn-out clause. Eusebio’s estimated net financial position at 31st December 2021 is Euro 18.5 million. The company’s preliminary EBITDA for 2021 is estimated at approximately Euro 13 million. In 2022, a profit in line with the figures of the previous year is expected, gross of the compensations introduced in recent regulations.

Ascopiave was assisted in the transaction by Lazard, financial advisor, and BonelliErede, law firm, while the seller availed itself of the services provided by Brera Financial Advisory, a Clearwater International partner, and Losa, law firm.

2021-2025 strategic plan

On 31st January 2022, the Board of Directors approved the Group’s 2021-2025 strategic plan.

The plan confirms the strategic guidelines drawn up last year, outlining a process of sustainable growth both in the core business of gas distribution and in new areas, specifically in the renewable energy sector - which the Group has recently penetrated through the M&A operations finalised in the past two months - and in the green gas segment.

The Company announced that such development will not affect the balance of the financial structure, ensuring a stable and profitable distribution of dividends.

Economic and financial highlights:

- EBITDA in 2025: Euro 102 million (+Euro 36 million compared to 2021 preliminary figures)
- Net profit in 2025: Euro 46 million (+Euro 2 million compared to 2021 preliminary figures)
- Net investments in 2021-2025: Euro 599 million
- Net debt in 2025: Euro 608 million
- Financial leverage (Net financial position / Shareholder’s equity) in 2025: 0.68
- Forecast of dividends distributed: 16.5 cents per share in 2021, with an increase of 0.5 cents per share in subsequent years until 2025.

The plan develops a scenario that will leverage the tenders won by the Group, if any, for the gas distribution service in the relevant minimum territorial areas. This opportunity, which depends, among other things, on the actual publication schedule of the calls for tenders, involves a further estimated growth in EBITDA of Euro 16 million by 2025 and an increase in investments of Euro 59 million.

Litigations

LITIGATIONS ON THE VALUE OF PLANTS - CIVIL LAW

As of 31st December 2021 no litigations are pending.

ADMINISTRATIVE LITIGATIONS - NOT CONCERNING CONCESSIONS

As of 31st December 2021 the following are pending:

ARERA RESOLUTIONS ARG/GAS 310/2014 and ARG/GAS 414/2014 (now 905/2017)

An appeal to the Regional Administrative Court of Lombardy - Milan against the ARERA, for the cancellation of the Resolutions ARG/gas 310 and 414/2014 related to the methods for assessing the RAB RIV delta, pursuant to art. 15, paragraph 5 of Legislative Decree 164/2000 (current text) when the difference is higher than 10%.

To date, there are no further procedural steps.

Resolutions 310 and 414 were formally repealed by Resolution 905/2017 which, however, essentially reiterated the same regulation. Ascopiave S.p.A., therefore, together with other appellants AP Reti Gas S.p.A. (as assignee of Ascopiave and entity to which the legislation applies), in order to avoid the declaration stating that the appeal would in any case be of no benefit to the claimants, appealed Resolution 905/2017 with “additional grounds”.

On 3rd December 2019, the Company was notified of the imminent expiration of the proceedings. The Company has consequently filed the request for scheduling a hearing, within the deadlines set.

ARERA RESOLUTION ARG/GAS 570/2019

AP Reti Gas (together with other primary operators of gas distribution services) filed an appeal with the Regional Administrative Court of Lombardy - Milan against ARERA, for the cancellation of Resolution 570/2019/R/gas, illustrating the “*tariff regulation of gas distribution and metering services for the 2020-2025 period*”. The new regulatory framework envisages a strong and unjustified reduction in the tariff items covering the operating costs recognised to distributors. The appeal was filed on 25th February 2020.

With an appeal for additional grounds, filed within the applicable terms (24th May 2021), ARERA Resolution no. 117/2021/R/gas published on 23rd March 2021, containing the “*Determination of the final reference tariffs for gas distribution and metering services, for the year 2020*”, was also appealed.

CIVIL LITIGATIONS - NOT CONCERNING CONCESSIONS

As of 31st December 2021 the following are pending:

ASCOPIAVE - UNIT B

In order to obtain compensation for damages to the entrance floor of the “Unit B” (belonging to the headquarters in Pieve di Soligo), Ascopiave S.p.A., following the pre-trial technical investigation, filed a civil judgment before the Court of Treviso (RG 6941/2013) against: Bandiera Architeti S.r.l. (Progettisti), Mr Mario Bertazzon (Contract Manager) and Mr R. Paccagnella Lavori Speciali S.r.l. (Contractor).

The compensation request refers to an assessment of damage between approximately Euro 127 thousand (Expert witness estimate) and Euro 208 thousand (estimate of a Third-party firm).

All the Parties regularly appeared before the Court.

The Court, by Order dated 22nd December 2014, decided the complete renewal of the expert witness board. The “new” court-appointed expert witness assessed that the damage suffered by Ascopiave S.p.A. amounts to approximately Euro 120 thousand.

Based on the findings contained in the technical report, on 29th March 2016 an attempt was made to reach settlement in court. The attempt failed basically because an agreement was not reached regarding the subdivision of the amount between the debtors.

With Judgment no. 2007/2017, the Court accepted the application submitted by Ascopiave S.p.A., ordering the design firm (F.lli Bandiera), its insurance company (Groupama Assicurazioni) and the construction company (Ing. R. Paccagnella Lavori Speciali SRL) to pay damages, amounting to approximately Euro 208 thousand, and to reimburse the costs of the proceedings (estimated at approximately Euro 17 thousand). Furthermore, the debtors’ obligation to assume joint and several liability was ratified.

The project management (and consequently the insurance company, Unipol Sai) was found to be uninvolved in the damage, with a right to obtain compensation for the costs of the proceedings, amounting to about Euro 16 thousand.

With two separate documents, Groupama Assicurazioni and Ing. R. Paccagnella Lavori Speciali notified the appeal against the First Instance Judgment.

Ascopiave S.p.A. entered an appearance in accordance with the legal terms.

By Provision dated 7th June 2018, the Court of Appeal partially accepted the suspension request, limiting the provisional enforceability of the First instance sentence to the amount of Euro 150 thousand, against which Ascopiave S.p.A. is entitled to pursue the enforcement.

However, the attempts at forcible recovery of the aforementioned sum have been unsuccessful so far.

At the hearing of 28th June 2018, the Court of Appeal unified the appeals.

With Sentence dated 13th May 2021, the Court of Appeal partially accepted the appeals of the adverse parties, relating to the *quantum* of the ruling, reduced from Euro 208 thousand to approximately Euro 120 thousand, as established by the expert witness at first instance, on the assumption that the additional sums are attributable to improvements.

At present, no appeals (before the Court of Cassation) have been announced by the counterparties.

Relationships with Agenzia delle Entrate (Italian Tax Authority)

ROBIN TAX

As regards litigations with Agenzia delle Entrate, some claims are pending with the Court of Cassation related to the refusal to reimburse the additional IRES tax (so-called Robin Tax) subsequent to the negative ruling by the respective Regional Tax Commissions.

The Companies involved in the afore-mentioned litigations are: Ascopiave, Ap Reti Gas Rovigo, Edigas Esercizio Distribuzione Gas, Unigas Distribuzione (merged into Ascopiave) and Asco Energy (former Veritas Energia).

Since 2008, the additional IRES tax stated in Art. 81 of Law Decree 112/2008 applies to these companies.

Subsequently, in 2015, the Constitutional Court declared that said tax would be unconstitutional. In the wake of said sentence, the companies requested the reimbursement of the tax unjustly paid. The tax authorities expressly denied the reimbursement. Several claims were filed based on a retroactive interpretation of said sentence, the legitimacy of which was confirmed by a Constitutional Law Attorney. Possible results of said claims are completely unpredictable, as the acceptance of the claim would cause a massive financial burden for the entire country; as regards the time expected to settle this litigation, no temporary framework can be provided. So far, the appeals relating to the Ascopiave companies, also on behalf of the merged company Unigas Distribuzione, AP Reti Gas Rovigo, Edigas Esercizio Distribuzione Gas and Asco Energy have been filed.

AUDIT OF THE REGIONAL DIRECTION OF VENETO

In September 2019, the companies Ascopiave S.p.A. and Ascotrade S.p.A. were inspected by the Regional Direction of Agenzia delle Entrate as regards the Ires, Irap and VAT sectors for the years from 2013 to the date of the inspection. The first stage of the audit was completed on 29th October 2019 with the issuance of a Report on Findings containing remarks on the direct and indirect taxes related to the years 2013 and 2014 of the subsidiary Ascotrade S.p.A., a company sold on 19th December 2019 to the Hera Group, for which Ascopiave issued a specific guarantee; the company presented its briefs against the Report on Findings. Subsequent to the submission of the briefs, Agenzia delle Entrate issued the tax demands to Ascotrade relating to the disputed matters, following which the company filed an appeal with the Provincial Tax Commission of Venice, accepted with sentence dated 21st April 2021, which envisages the cancellation of the related challenged documents. On 15th November 2021, Agenzia delle Entrate appealed the ruling of the first instance judge before the Regional Tax Commission of Venice; the company entered an appearance on 30th December 2021 submitting its counter-claims and filing a cross-appeal. The judges of the appeal will schedule a hearing.

As regards the following years, the audit continued with the issuance on 29th September 2020, against Ascotrade S.p.A., of the Report on Findings referring to the year 2015, subsequent to which, after the presentation of specific briefs, Agenzia delle Entrate issued the notices of assessment on 23rd December 2020, then appealed by the company before the Provincial Tax Commission of Venice, whose hearing was held on 23rd February 2022. The Commission has not issued a ruling yet.

Finally, on 23rd December 2021, the company was notified of the notices of assessment relating to Ires for the years 2016 and 2017, as well as to Irap and VAT for the years 2016, 2017 and 2018, for which an appeal was filed on 18th February 2022.

The company, aided by the 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., considering the results of the period and the financial and capital strength of the Group, will propose to the Shareholders' Meeting the distribution of a dividend of Euro 0.165 per share, for a total of Euro 35.8 million; this amount is calculated on the basis of the outstanding shares at the end of 2021.

Ascopiave S.p.A. announces that, if approved on first call, the dividend will be paid on 4th May 2022, with ex-dividend date on 2nd May 2022 (record date on 3rd May 2022).

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, 10th March 2022

The Chairman of the Board of Directors
Mr Nicola Cecconato

DECLARATION

regarding the Consolidated Financial Statements for the accounting period 2021, 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 2021 –31st December 2021

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 – 10th March 2022

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 2021, 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 2021 –31st December 2021

2) We also declare that:

2.1 the financial statements as at 31st December 2021:

- (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 – 10th March 2022

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 COMPANY STRUCTURE

In compliance with Art.123-*bis* of the Consolidated Financial Act
(traditional administration and control model)

Issuer: Ascopiave S.p.A.

Website: www.gruppoascopiave.it

Financial Year of Reference: 2021

Date of approval of the Report: March the 10th, 2022

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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.

Civ. Code or c.c.: the Italian Civil Code.

CG Committee or Corporate Governance Committee: the Italian Committee for the Corporate Governance of listed companies, promoted, in addition to Borsa Italiana S.p.A., by ABI, Ania, Assogestioni, Assonime and Confindustria.

The Board or the Board of Directors: The Issuer's Board of Directors.

The Issuer or the Company: The Issuer of listed shares to which the Report refers.

Financial Year: The Corporate financial year to which the Report refers.

The Group: Gruppo Ascopiave.

Stock Exchange Regulations Instructions: Instructions to the Regulations with regards to markets organized 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 European Union Council dated April the 16th, 2014 and relating regulations of implementation.

Regulation of the Board of Directors, Lead Independent Director and Internal Board Committees or the Regulation: the regulation adopted by the Board of Directors of Ascopiave S.p.A. on November the 11th, 2021.

Stock Exchange Regulations: The Regulations of the markets organized and managed by Borsa Italiana S.p.A.

Consob Issuer Regulations: The Regulations issued by Consob under resolution No.11971 of 1999 (as subsequently amended) relating to markets.

Consob Market Regulations. The Regulations issued by Consob under resolution No.20249 of 2017 (as subsequently amended) relating to markets.

Consob Related Parties Regulations: The Regulations issued by Consob under Resolution No.17221 of March the 12th, 2010 (as subsequently amended) relating to operations with related parties.

Report: Report on the corporate governance and structures that the companies must draw up pursuant to Article 123-*bis* of the Consolidated Financial Act.

Remuneration Report: the report on remuneration policy and compensation paid that companies are required to prepare and publish pursuant to Article 123-ter of the Consolidated Financial Act and Article 84-*quater* of the Consob Issuers' Regulations.

Consolidated Financial Act: Legislative Decree of February the 24th, 1998, No.58, with subsequent amendments.

Unless otherwise specified, the definitions in the CG Code relating to: **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** shall also be considered *by reference*.

1. ISSUER'S PROFILE

Ascopiave Group is one of the main national players in the field of natural gas distribution. The Group holds concessions and direct assignments for the management of the activity in 268 Italian municipalities, providing the service to approximately 775,000 users through a network of over 13,000 kilometres.

Ascopiave S.p.A. is also a partner of the Hera Group in the marketing of gas and electricity, holding a 48% stake in Est Energy S.p.A., a subsidiary of the Hera Group, a leading operator in the sector with a portfolio of over 1 million sales contracts to final consumers, mainly in the Veneto, Friuli Venezia-Giulia and Lombardy regions.

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

Finally, in the water sector, the Group is a shareholder and technological partner of the company Cogeide S.p.A., which manages the integrated water service in 15 municipalities of the Province of Bergamo, serving a basin of over 100 thousand inhabitants through a network of 880 km.

Ascopiave S.p.A. has been listed on the Euronext Star Milan segment of the Italian Stock Exchange since December the 12th, 2006.

The Issuer is organised according to the traditional management and control model, pursuant to Articles 2380-*bis* and following of the Italian Civil Code, with the Shareholders' Meeting, the Board of Directors and the Board of Auditors as well as a separate Auditing Company (external firm).

During the reference 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.

For this purpose as well, on January the 15th, 2021, the Issuer's Board of Directors formally adopted the new *Corporate Governance* Code, whose Concept I promotes "sustainable success".

The Extraordinary Shareholders' Meeting of Ascopiave S.p.A. of April the 29th, 2021 resolved on certain amendments to the Articles of Association, including the introduction of the goal of "sustainable success" in the corporate purpose. In particular, the Shareholders' Meeting resolved to amend the Articles of Association in order to expand the scope of activities within 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 complement the *core* activities carried out by the Company, in compliance with the goals set out in the Group's strategic plan approved by the Board of Directors on January the 15th, 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).

Upon conclusion of the Financial Year on January the 31st 2022, the Board of Directors of Ascopiave S.p.A. approved the 2021-2025 Strategic Plan. This plan confirms the four strategic guidelines already specified in the plan approved in the Financial Year 2021: growth in the *core business* of gas distribution, diversification into synergic sectors, economic and operational efficiency, innovation.

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

On September the 10th, 2021, the Board of Directors of Ascopiave S.p.A. also updated the Code of Ethics of the Ascopiave Group, adopted in its first version on May the 14th, 2013, 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, as well as the revision of the order of classification of the Group's values, giving priority to the issue of sustainability and to the respect and enhancement of personnel.

A full description of Ascopiave's mission is set out in the "Code of Ethics of the Ascopiave Group" published on the Company's website (www.gruppoascopiave.it "Corporate Governance" section).

On November the 11th, 2021, the Board of Directors of Ascopiave S.p.A. adopted the "Regulation of the Board of Directors, Lead Independent Director and Internal Board Committees", in compliance with the *Corporate Governance* Code with reference to the provisions on sustainability and established the Sustainability Committee, a new Internal Board Committee with investigative functions, of a propositional and consultative nature, in the evaluations and decisions of the Company on environmental sustainability and energy transition. This document is published in full on the Company's website (www.gruppoascopiave.it "Corporate Governance" section).

Ascopiave's Board of Directors of December the 22nd, 2021 approved the "Policy for Managing 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).

It should be remembered that in the "Guidelines on the Exercise of the Power of Management and Coordination by Ascopiave", updated in September 2020, the goals of sustainable social and environmental development were confirmed, specifying that "*Ascopiave S.p.A. adopts a growth strategy that pursues both aims of increasing the economic value of the company as well as the aims of sustainable social and environmental development*". Moreover, in 2020 Ascopiave signed its first *ESG linked loan* with Intesa Sanpaolo S.p.A. for a total amount of Euro 50 million of 3 year-term expiry. Moreover, during the reference Financial Year the company signed a *green loan* with Mediobanca for a total amount of Euro 20 million.

During the reference Financial Year, the Board of Directors of Ascopiave S.p.A. managed its business activities with a view to achieving sustainable success, i.e. the creation of long-term value to the benefit of shareholders, while taking into account the interests of the Company's other relevant *stakeholders*. Furthermore, pursuant to Concept II of the CG Code, the Board has defined the strategic and supervisory guidelines for the Company and the Group companies, consistent with Concept I of the CG Code, monitoring their implementation.

Please refer to the specific Sections of this Report where the description is given of: (i) the ways in which the aim of sustainable success is integrated into strategies (see *Section 4.1*), into 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 specified in the "Annual Non-financial Statement", issued 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 "Investor relations" section, in particular <https://www.gruppoascopiave.it/investor-relations/dati-finanziari/bilanci-annuali>).

Upon the date of approval of the draft financial statement as of December the 31st 2021, Ascopiave S.p.A. is not a SME-enterprise according to the definition identified by Article 1, paragraph 1, letter *w-quater.1*) of the Consolidated Financial Act and regulated by the implementing provisions as per 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 the institutional site of CONSOB (<http://www.consob.it/web/area-pubblica/emittenti-quotati-pmi>).

On January the 15th, 2021, at the same time as formally adhering to the CG Code, the Board of Directors of Ascopiave S.p.A. assessed the classification of the Company as a "non-major concentrated ownership company" with respect to the CG Code categories. Moreover, the Board assessed the simplification options that can be implemented with reference to this category of Company, according to the new proportional approach introduced by the new Code.

In particular, the proportionality measures related to the qualification of a "concentrated ownership company of limited entity" adopted by the Company include: (i) the provision, within the "Regulation of the Board of Directors, the Lead Independent Director and the Internal Board 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 November the 11th, 2021); (iii) the decision not to set up an *ad hoc* nomination committee. The corporate governance choices implemented by the Company during the reference Financial Year in question, 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 shall be made.

The Report on Corporate Governance, Company structure and the Company Articles of Association, can all be viewed on the Company's website (www.gruppoascopiave.it).

2. INFORMATION ON THE OWNERSHIP STRUCTURES (Article 123-*bis*, Paragraph 1 of the Consolidated Financial Act) as of 31/12/2021

a) Structure of Share Capital

Amount in Euro of the subscribed and paid in Share Capital: 234,411,575.00

Categories of shares making up the share capital and voting rights as of 31/12/2021:

SHARE CAPITAL STRUCTURE				
	Number of shares	Number of voting rights	Listed (in specified markets)/unlisted	Rights and obligations
Ordinary Shares <i>(the mechanism of increased voting rights is envisaged)</i>	234,411,575	378,084,594	Euronext Star Milan	Each share is equivalent to one vote. In the event that the right to increase voting rights has become effective, each share gives the right to two votes. The shareholders' rights and obligations are foreseen by Articles 2346 and following of the Italian Civil Code and by the Company's Articles of Association.
Preference shares	–	–	–	–
Multi-voting shares	–	–	–	–
Other categories of shares with voting rights	–	–	–	–
Savings shares	–	–	–	–
Convertible savings shares	–	–	–	–
Other classes of non-voting shares	–	–	–	–
Other	–	–	–	–

(*) It should be noted that the Ascopiave S.p.A. Shareholders' Meeting of April the 23 rd, 2019, in extraordinary session, approved an amendment to Article 6 of Ascopiave's Articles of Association in order to establish the mechanism of the increase in voting rights, as per Article 127-*quinquies* of the Consolidated Financial Act. It should also be noted that the Extraordinary Shareholders' Meeting of Ascopiave S.p.A. of May the 29th, 2020 also approved an amendment to Article 6 of Ascopiave's Articles of Association, in light of Consob's recent orientation (Notification No.0214548 of April the 18th, 2019).

During the last quarter of the reference Financial Year, in particular on October the 7th, 2021 and subsequently on November the 5th, 2021, the increase in the voting rights of some ordinary shares of the Company became effective, pursuant to Article 127-*quinquies* of the Consolidated Finance Act and Article 6 of Ascopiave S.p.A.'s Articles of Association. Therefore, as of December the 31st, 2021, the number of ordinary shares of Ascopiave S.p.A. with increased voting rights totalled 143,673,019 shares.

In particular, it should be noted that Article 6 of the Company's Articles of Association envisages that two votes are attributed to each share owned by the same shareholder for a continuous period of at least 24 months from the date of registration in the Special List established pursuant to Article 6.8 of the Articles of Association. The person in charge of managing the Special List was also appointed.

For the sake of completeness, it should also be noted that on October the 7th, 2021 - consistently with the provisions of Article 6.11 of the Articles of Association - the Company announced that during the month of September 2021, 2,032,339 ordinary shares were removed from the Special List, following relevant notification from the intermediary of the shareholder Asco Holding S.p.A. concerning the loss of ownership of the real right legitimising registration in the Special List. These shares were registered in the Special List on March the 26th, 2020.

It should also be noted that - in compliance with the provisions of Article 6.11 of Ascopiave's Articles of Association - in December 2021, 45,000 ordinary shares were cancelled from the Special List, following relevant notification from the intermediary of the shareholder Asco Holding S.p.A., received by the party in charge of managing the Special List, concerning the loss of ownership of the real right legitimising registration in the Special List. These shares were registered in the Special List on March the 26th, 2020.

It should be noted that, subsequent to the end of the reference Financial Year, the Company published a new press release on March the 7th, 2022 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 with reference to the vesting of the increased voting rights of a shareholder.

Please also refer to the information published on the Company's website (www.gruppoascopiave.it, "Corporate Governance" section) for updates on shareholders with an interest of more than 3% of the voting capital who are included in the Special List for the entitlement to vote with an increased right (<https://www.gruppoascopiave.it/corporate-governance/voto-maggiorato>), as well as for the updated situation of the Company's shareholders 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..

On the date of approval of this Report, no rights were assigned to subscribe new issued shares.

Although it is not an incentive plan with increases, including bonus share capital, it should be noted that the Shareholders' Meeting on April the 29th, 2021 approved a long-term incentive share-based plan for the 2021-2023 three-year period ("Long-Term Share-Based Incentive Plan LTI 2021-2023"), reserved to the executive directors and to some managers of Ascopiave S.p.A. and of its subsidiaries.

For further information on this incentive plan, please refer to the Report on the Remuneration Policy and on the Remuneration Paid pursuant to Article 123-*ter* of the Consolidated Financial Act, as well as to the information document prepared pursuant to Article 84-*bis* of the Issuers' Regulation and in compliance with Scheme No. 7 of Annex 3A of the Issuers' Regulation. Both documents are available on the Company's website.

b) Restrictions on the transfer of equities

There are no restrictions concerning the transfer of equities.

c) Significant shareholdings

On the date of approval of this report, i.e. on March the 10th, 2022, the Issuer's relevant shareholdings, taking into account the notifications received pursuant to Article 120 of the Consolidated Financial Act, 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	% ordinary capital	% on voting capital
Asco Holding S.p.A.	Asco Holding S.p.A.	51,157%	62,187%
Ascopiave S.p.A.	Ascopiave S.p.A.	7.551%	4.595%
Municipality of Rovigo	ASM Rovigo S.p.A.	4.399%	5.353%
Anita S.r.l.	Anita S.r.l.	3.050%	3.712%

During the reference Financial Year and up to the date of this report, Ascopiave S.p.A. has received the following obligatory notifications concerning significant holdings pursuant to Article 120 of the Consolidated Financial Act, relating to Ascopiave S.p.A.'s share capital::

- October the 13th, 2021: notification from Anita S.r.l. on possession of 1.97% of the voting capital (previous situation: 3.05% of the voting capital);
- October the 13th, 2021: notification from Asm Rovigo S.p.A. on possession of 2.836% of the voting capital (previous situation: 4.398% of the voting capital);
- October the 13th, 2021: notification from Ascopiave S.p.A. on possession of 4,868% of the voting capital (previous situation: 7.579% of the voting capital);
- November the 8th, 2021: notification from Asm Rovigo S.p.A. on possession of 5.454% of the voting capital (previous situation: 2.836% of the voting capital);
- March the 8th, 2022: notification from Anita S.r.l. on possession of 3.71% of the voting capital (previous situation: 1.97% of the voting capital);

It should be noted that, upon conclusion of the reference Financial Year and as of the date of approval of this Report, i.e. on March the 10th, 2022, the treasury shares held by the Issuer are 17,701,578.

d) Equities granting special rights

No securities granting special control rights have been issued.

The Shareholders' Meeting of Ascopiave S.p.A. held on April the 23rd, 2019, as extraordinary session, approved the modification of Article 6 of Ascopiave's Articles of Association in order to implement the procedure for increasing the voting right, pursuant to Article 127-*quinquies* of the Consolidated Financial Act. Subsequently, the Shareholders' Meeting of Ascopiave S.p.A. held on May the 29th, 2020, as extraordinary session, amended Art. 6 of the Articles of Association in order

to conform the statutory regulation of the mechanism of the vote increase to the interpretation made by Consob through relevant Notification No.0214548 of April the 18th, 2019..

In particular, the mechanism of the increase will allow 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 starting from the registration in a special list set up by the Company at its registered office. The person in charge of managing the Special List was also appointed.

On July the 5th, 2019, the Board of Directors of Ascopiave S.p.A., pursuant to the provisions of paragraph 6.10 of the Articles of Association: (i) adopted the "Rules for Increased Voting" with the aim of establishing the procedures for registering, keeping and updating the Special List in compliance with the applicable regulations, the Articles of Association and the business practices, so as to ensure the timely exchange of information between the shareholders, the Company and the Intermediaries; and (ii) appointed a person in charge of managing the Special List.

It should be noted 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 website www.gruppoascopiave.it, "Corporate Governance" Section - "Increased Vote". 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 included in the Special List for entitlement to the benefit of the increased vote.

e) Employees share participation: mechanism for exercising the voting rights

It should be noted that the Shareholders' Meeting of April, the 29th, 2021, in extraordinary session, with reference to the rules governing share capital increases, introduced into the Articles of Association, in compliance with applicable regulations, the statutory option foreseen under Article 2349 of the Italian Civil Code, in order to give the Shareholders' Meeting, in extraordinary session, the power to resolve on share capital increases by issuing shares, including special categories, to be allocated free of charge to its own employees and to those of its subsidiaries.

f) Restrictions to the voting right

The Shareholders' Meeting of Ascopiave S.p.A. held as extraordinary session on May the 29th, 2020. introduced, with the new Article 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 subjects related to them, with consequent suspension of the voting rights held in excess of the threshold of 5% of the total voting rights that can be exercised overall and without prejudice to the exercise of the equity rights and other administrative rights connected to the shareholding owned by the subject who suffers the so-called "cap on voting". The voting cap applies (i) to "Operators", meaning by them the operators in the field of production and/or distribution and/or transportation 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, meaning by the "group" the subsidiaries, parent companies or companies subject to the same control, pursuant to Article 93 of Legislative Decree No. 58/1998, as the person entitled to vote in question.

The introduction of a limit to the vote addressed not to the generality of shareholders, but to a specific category of shareholders, i.e. the Operators and the subjects related to them, is to be interpreted with a view of protecting the corporate interest from potential interests in conflict, through the inclusion of a tool for articulating the right to vote expressly permitted by the law. In

particular, the newly introduced clause takes advantage of the opportunity offered by the current legislation in force to resort to the autonomy of the articles of association in order to limit the influence of some shareholders. In particular, Article 2351, Paragraph 3, of the Italian Civil Code, now also applicable to listed companies following Legislative Decree No. 91/2014 (converted into Law No.116/2014), establishes that the Articles of Association may provide that, in relation to the quantity of shares held by the same person, the voting right is limited to a maximum extent (or provide for staggered voting rights).

Compared to the text of Article 2351, Paragraph 3 of the Italian Civil Code, the wording of the clause introduced in Article 6-*bis* of the Articles of Association does not refer to the shares owned, but to the voting rights that can be exercised, taking into account that the Company's Articles of Association contain increased voting mechanism. Therefore, in order to reach the 5% threshold: (i) on the one hand, the increase in the voting right accrued (or waived) 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 increase in his voting rights, any exceeding of the 5% threshold (and, consequently, the exceeding shares for which the voting right will be suspended) will be determined on the basis of the voting rights available to the shareholder as increased due to the increased voting mechanism. Moreover, in order to allow for an effective application of the clause and to avoid evasive behaviour, it is envisaged that the "*basket*" of voting rights to be taken into account for the purpose of exceeding the relevance threshold includes the voting rights that can also be exercised by subjects connected in various ways with the shareholder to whom the "cap on voting rights" is applied, i.e. not only to the subjects belonging to the same group as this shareholder, but also to the subjects linked to this shareholder by a shareholders' agreement concerning the Company's shares and to the companies included in the portfolio of funds that may be managed on a discretionary basis by this shareholder or by the subjects connected to him.

The effectiveness of the resolution of the Shareholders' Meeting of May the 29th, 2020 was subject to the condition that the number of shares subject to the right of withdrawal that should have been purchased by the Company was less than 5% of the share capital. On June the 19th, 2020, the period has expired for the exercise of the right of withdrawal due to the holders of shares of Ascopiave S.p.A. who did not participate in the approval of the resolution introducing Article 6-*bis* of the Articles of Association of Ascopiave S.p.A.. The number of shares for which the withdrawal was exercised was less than 5% of the share capital, and therefore the resolution of the Shareholders' Meeting concerning the introduction of new Article 6-*bis* in the Ascopiave S.p.A. Articles of Association became thus fully effective.

With regard to issues concerning the exercise of voting rights, please also refer to the information specified in Section 13 of this Report.

g) Agreements between Shareholders

Upon conclusion of the reference Financial Year, and updated as of the date of approval of this Report, a shareholders' agreement was reached (hereinafter referred to as the "Agreement"), notified to Ascopiave on March the 18th, 2020 (signed on March the 16th, 2020), subsequently updated by the covenanting shareholders on January the 1st, 2022 and notified to the Company on January the 3rd, 2022, for a total of 13,909,426 ordinary Ascopiave shares, equal to 5.934% of the share capital and currently having a total number of voting rights equal to 27,621,055,

equivalent to 7.306% of the voting rights due in total to Ascopiave S.p.A. shareholders. It should be noted that the sole purpose of the Agreement updating was to change the number of voting rights held by some of the covenanting shareholders due to the increase in voting rights, as notified by Ascopiave S.p.A. on October the 7th, 2021 and November the 5th, 2021.

The Agreement is attributable to a voting syndicate with which the adherents intended to regulate the exercise of the right to vote in the ordinary and extraordinary shareholders' meetings of Ascopiave SpA in order to express their vote in a univocal and consistent manner in the shareholders' meetings of the Company, with the intention of protecting in the best way possible the interest of the entities they administer and to enhance the shareholding investment.

It should also be noted that in the excerpt of the Agreement, updated on January the 3rd, 2022, published by the Company in the manner and within the terms prescribed by law, the covenanting shareholders have informed that not all the shares currently owned by the parties to the Agreement are currently contributed to it.

The extract from the updated Agreement is available in the “*Corporate Governance*” section of the Company's website (www.gruppoascopiave.it).

h) *Change of control* clauses and provisions of the Articles of Association regarding takeover bid

The Issuer and its subsidiaries have not drawn up any significant agreements that become effective, changed or cancelled in the event of a change of control of the contracting company.

With regards to takeover bid, the Issuer has not envisaged any derogation to the provisions of the Consolidated Financial Act in the Articles of Association. The Issuer's Articles of Association does not furthermore foresee the application of the neutralization rules pursuant to Art. 104-*bis*, subpar.2 and 3 of the Consolidated Financial Act.

i) Power to increase the Share Capital and to purchase the treasury stock

During the Financial Year, the Shareholders' Meeting did not grant the Board of Directors any powers to increase the share capital.

The Ordinary Shareholders' Meeting of April the 29th, 2021 approved the renewal of the authorisation, pursuant to Articles 2357 and 2357-*ter* of the Italian Civil Code, to purchase and dispose of treasury shares, subject to the revocation of the previous authorisation granted by the Shareholders' Meeting of May the 29th, 2020, which, for the part relating to the purchase of treasury shares, would have expired on November, the 29th, 2021.

In particular, the Shareholders' Meeting authorised the Company (i) to purchase, on one or more occasions, a maximum number, on a revolving basis, of 46,882,315 ordinary shares of Ascopiave or a different number representing a portion not exceeding the maximum limit of 20% of the share capital, also taking into account the shares already owned by the Company and those that may be owned from time to time by subsidiaries, for a period of 18 months from the date of the resolution; and (ii) to carry out deeds of disposal, without time limits, of the treasury shares purchased and/or any shares that may be held in the Company's portfolio.

The authorisation to purchase and dispose of treasury shares is granted, in general, in order to provide the Company with a valid instrument that allows it to acquire treasury shares to be used, among other things, for the execution of investment transactions consistent with the Company's strategic guidelines, including through the exchange, contribution, assignment, sale or other deed of disposal of treasury shares, for the acquisition of shareholdings or share packages or for other capital transactions that involve the assignment or disposal of treasury shares (such as, for example, mergers, demergers, issuance of convertible bonds or *warrants*, etc.).

The authorization was also requested in order to allow the Company to carry out, among other things, the operations listed below: (i) to intervene, through authorized independent intermediaries, and in accordance with the applicable legislation, to regularize the trading and price trends; (ii) to offer shareholders an additional monetization tool for their investment; (iii) to acquire treasury shares to be allocated, where appropriate, 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.

The purchase operations may be carried out according to any of the methods permitted by the legislation, including regulatory, *pro-tempore* in force, to be identified from time to time at the discretion of the Board of Directors or by the director delegated for this purpose. Disposal operations may be carried out in any manner deemed appropriate in relation to the purposes that will be pursued.

The unit price for the purchase of Ascopiave ordinary shares may not be more than 10% higher or lower than the reference price recorded for the Ascopiave share in the trading session preceding each single purchase transaction.

With regard to the price for the purchase of treasury shares, the Shareholders' Meeting determined only the minimum price, which may not be more than 10% lower than the reference price recorded by the share during the stock exchange session prior to each individual sales transaction (meaning the date on which the commitment to sell is made, regardless of the date of execution), it being understood that this limit may not apply in certain cases indicated in the resolution.

The Company, in compliance with relevant current and applicable regulations, will notify the market on the date of commencement of the treasury share purchase programme as well as any further information required.

The number of treasury shares in portfolio as of December the 31st, 2021 is 17,701,578, representing 7.551% of the share capital and 4.682% of the voting capital, for a countervalue of €61,424,475.67.

It should be noted that on March the 10th, 2022, the date of approval of this Report, treasury shares in portfolio amounted to 17,701,578 shares (equal to 7.551% of the share capital and to 4.595% of the voting capital).

No company controlled by Ascopiave holds its shares.

I) Management and co-ordination activity

Despite some economic relationships with the parent company Asco Holding S.p.A., the Issuer believes not being subject to any management and coordination activity pursuant to Articles 2497 and following of the Italian Civil Code, as Asco Holding S.p.A. does not issue directives to its subsidiary and there is no connection between the two organizational-functional companies. since decisions regarding Ascopiave S.p.A. and its subsidiaries are taken, as far as their respective competences are concerned, exclusively within the Board of Directors of the Issuer and by the administrative bodies of the Issuer's subsidiaries. Consequently, Ascopiave S.p.A. considers it has always operated in conditions of corporate and business autonomy regarding its parent company Asco Holding S.p.A.

It is to be specified that:

- The information requested as per Article 123 *bis*, first par., lett. i) ("the agreements between the company and the directors... that establish compensations in case of resignations or dismissal

without a just cause or if their business relationship ends after a public offer of purchase”) is specified in the section of the Report dedicated to the Compensation of the Directors (*see Section 8.1*);

- The information requested as per Article 123-*bis*, first paragraph, letter l) (“the regulations applicable to the appointment and substitution of Directors...and amendments to the Articles of Association, if different from those legislative and of the regulations applicable in supplementary way”) is specified in the section of the Report dedicated to the Board of Directors (Section 4.2);
- the information required as per Article 123-*bis*, paragraph 1, letter l), the second part (“the rules applicable ... to the amendment of the articles of association, if different from the laws and regulations applicable in the alternative”) is specified in the section of the Report dedicated to the Shareholders' Meeting (*see Section 13*);

3. COMPLIANCE

On January the 15th, 2021, the Issuer's Board of Directors formally adhered to the *Corporate Governance Code* of listed companies promoted by the *Corporate Governance Committee* of Borsa Italiana S.p.A., complying with the Concepts and Recommendations set out therein; any failure to do so will be explained in this Report.

The *Corporate Governance Code* is available to the public on the website of the *Corporate Governance Committee* at <https://www.borsaitaliana.it/comitato-corporate-governance/codice/2020.pdf>.

The Issuer is not subject to non-Italian provisions of law that influence the Issuer's own *corporate governance* structure.

4. BOARD OF DIRECTORS

4.1. ROLE OF THE BOARD OF DIRECTORS

The Board of Directors plays an important role in the correct management of corporate information and in the relationships with the shareholders.

To this aim, Article 19 of the Company Articles of Association states that the Board of Directors has the broadest powers to manage the Company, without any exception, and the power to take all actions it deems advisable for the implementation and achievement of the corporate goals, with the only exception of those strictly reserved by the law to the shareholders.

In addition, again pursuant to Article 19 of the Articles of Association, the Board of Directors has the power that cannot be delegated, to pass resolutions, in compliance with the legislation in force at the time, relating to

- mergers and demergers in accordance with Articles. 2505, 2505-*bis*, 2506-*ter*, of the Italian Civil Code;
- creation or elimination of secondary branches;
- transfer of the registered office within Italy;
- indication of the directors who have legal representation;
- reduction of capital following the withdrawal of one or more shareholders;
- amendment to the Articles of Association according to mandatory regulations,

- issue of non-convertible bonds,

It is understood that these resolutions may also be taken by the shareholders during an extraordinary session.

It should be noted that the Extraordinary Shareholders' Meeting of April the 29th, 2021 approved an amendment to the aforementioned Article 19 of the Articles of Association, aimed at attributing to the competence of the Board of Directors the resolutions concerning the issue of non-convertible bonds.

It should be noted that, with regard to the powers of the Board of Directors, on November the 11th, 2021 the Board adopted a "Regulation of the Board of Directors, the Lead Independent Director and the Internal Board 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 concepts 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 reference Financial Year, in compliance with Concept I of the CG Code, the Board of Directors conducted its business activities by pursuing the goal of sustainable success, i.e. the creation of value in the long term 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 paragraph 3.1.1 of the Regulation. For further information, please refer to Section 1 "*Profile of the Issuer*" of this Report.

Pursuant to Concept 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 regards the gas distribution sector, with the powers and prerogatives provided by the *Unbundling* Regulation for the so-called "Independent Operator" and for the vertically integrated company.

Furthermore, with reference to Recommendation 1, letter a) of the CG Code, the Board is competent, where appropriate, with reference to the examination and approval of the Group's business plan, also analysing the issues relevant to the generation of value in the long term.

In this regard, on January the 15th, 2021, the Board of Directors examined and approved the "2020-2024 Strategic Plan", also analysing the relevant issues for the generation of value in the long term, integrating the sustainability of the business activity into the definition of the corporate strategies, in particular, within the process of the Plan approval.

Upon conclusion of the reference Financial Year, on January the 31st, 2022, the Board of Directors of Ascopiave S.p.A. also approved the 2021-2025 Strategic Plan, integrating the sustainability of the company's activities into the definition of corporate strategies.

It should also be noted that the "Regulation of the Board of Directors, the Lead Independent Director and the Internal Board Committees", approved by the Board on November the 11th, 2021, states that the Board of Directors shall be responsible for defining the Company's strategic guidelines on sustainability and for analysing the issues relevant to the generation of value in the long term, with the support of the Sustainability Committee.

With reference to Recommendation 1, letter b) of the CG Code, the Board periodically monitors the implementation of the business plan and the assessment of the general operating performance, periodically comparing the results achieved with those planned.

During the reference Financial Year, the Board assessed, on a quarterly basis, the general management performance, verifying the economic and financial results of the Company and the Group. These results, and the performance indicators, were compared with the planned data.

Pursuant to the "Guidelines on the exercise of direction and coordination by Ascopiave S.p.A.", adopted by the Board of Directors of Ascopiave S.p.A. in 2012 and subsequently updated on June the 16th, 2016 and on September the 11th, 2020, the Company ensures the control of management performance, through analysis and assessments aimed at guaranteeing forecast and final information on the economic, financial and equity management of the Ascopiave Group. Specifically, the parent company Ascopiave S.p.A. prepares the Group's industrial plan and *budget* and establishes the guidelines to be implemented in the process of drawing up plans and *budgets* by the individual companies of the group, without prejudice to respect for the management autonomy of the companies of the Ascopiave Group subject to the regime of functional and accounting separation (so-called *unbundling*).

In this regard, on February the 12th, 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 Budget and the Annual and Multi-year Infrastructure Development Plan"-

To allow for the preparation of the group business plan and *budget*, in compliance with the procedures, tools and planning and programming schedules executed and disclosed by the parent company, the administrative body of each subsidiary will be responsible for submitting to the parent company information and forecasts which follow the above guidelines, as well as to work according to the approved annual business plans and *budgets*, by providing periodic audits through periodic final reports. The parent company shall check the compliance of the business plans and of the annual *budgets* of the subsidiary companies with the guidelines provided and any eventual deviation from the periodic financial reports.

The planning and *budgeting* guidelines set by the parent company for the Group companies subject to unbundling obligations, consider the powers and prerogatives envisaged by the *unbundling* rules for the Independent Operator and for the vertically integrated company (so-called *unbundling*).

With particular reference to the gas distribution service, the parent company exercises its management and coordination powers, ensuring compliance with the purposes of functional unbundling, according to the provisions of Article 13 of the Consolidated Financial Act. In particular, the *budget* goals defined by the parent company for the Group companies subject to functional unbundling obligations refer to: i) the annual level of investments; ii) the level of indebtedness; iii) the profitability of activities managed and investments made. The Parent Company's Board of Directors approves the consolidated *budget* of the Group, based on the *budgets* approved by each single subsidiary in compliance with the planning and *budgeting* guidelines mentioned above and pursuant to the Group *policies* and procedures.

With reference to Recommendation 1, letter c) of the CG Code, the Board has competences with respect to the definition of the nature and level of risk compatible with the Company's strategic goals, including in its evaluations all the elements that may be relevant for the sustainable success of the Company.

In particular, during the reference financial year, as part of the approval process of the "2020-2024 Strategic Plan", held on January the 15th, 2021, the Board of Directors defined the nature and level of risk compatible with the Company's strategic goals, including in its evaluations all the elements that may be relevant to the Company's sustainable success.

Upon conclusion of the reference Financial Year, in the context of the approval process of the "2021-2025 Strategic Plan", on January the 31st, 2022, the Board of Directors integrated the sustainability of the Company's activities into the definition of its strategies, confirming the strategic guidelines indicated last year.

With regard to the provisions of Concept 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, since it defines the most functional corporate governance system for carrying out business activities and pursuing the strategies of the Company and the Group, being able, if necessary, to make proposals to the Shareholders' Meeting with reference to the following profiles:

- (a) choice and characteristics of the corporate model;
- (b) articulation of the administrative and patrimonial rights of the shares;
- (c) the percentages established for the exercise of the prerogatives aimed at protecting 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 that is more functional to the Issuer's needs.

In compliance with Recommendation 1, letter d), the second part, 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 subsidiaries of strategic importance, with particular reference to the internal control and risk management system.

On March the 4th, 2021, with reference to the 2020 financial year, and on March the 3rd, 2022, with reference to the 2021 financial year, 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 has made use of the support of the Monitoring and Risk Committee, the Head of the Internal Audit Function and the Director Responsible for preparing company accounts, as well as the procedures and checks implemented in accordance with Law No.262/2005, as well as the interaction with the Board of Statutory Auditors, the Supervisory Body and the Independent Auditors.

In 2012, the Ascopiave Board of Directors S.p.A. adopted the document "Guidelines relating to the Management and Coordination" (hereinafter also referred to as the "Guidelines"), subsequently updated on June the 16th, 2016 and on September the 11th, 2020. This document regulates the implementing mechanisms of management and coordination, the 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 their individual boards of directors, is 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 compliance with Recommendation 1, letter e) of the CG Code, the Board of Directors is responsible for resolutions concerning transactions of the Company and its subsidiaries which, as defined by the Company in the Guidelines, have a significant strategic, economic, capital or financial importance for the Company itself and/or the Group. In particular, when such transactions are carried out by subsidiaries, the Guidelines provide that, in compliance with the sector regulations on the subject of administrative and accounting separation, the management bodies of the subsidiaries shall submit for prior examination and approval by the parent company, 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 subject matter, nature, commitments, constraints which may directly or indirectly arise from them, may have a lasting effect on the freedom of strategic entrepreneurial choices (e.g. *partnerships*, *joint ventures*, etc.);
- acts and operations involving the entrance in (or the exit from) geographic and/or products markets;
- investment and divestment transactions in tangible and intangible assets worth more than €3 million;
- deeds of purchase and disposal of companies or company branches;
- deeds of conferment, purchase, sale or disposal of shareholdings, including controlling and associated shareholdings and interests in other companies, as well as the stipulation of agreements on the exercise of the rights inherent in such shareholdings;
- deeds and operations of transformation, merger and demerger, as well as capital transactions, issues of convertible bonds;
- assumption or granting of loans or guarantees/*sureties* in the interest of Group companies or in the interest of other parties for an amount exceeding Euro 1 million;
- deeds of purchase of goods and services committing the subsidiaries for a duration over 12 months, non-renewable, and/or for an amount exceeding € 500,000;
- deeds of purchase of consultancy services and professional services, amounting individually to over € 100,000;
- amendments to the company's 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 assignment of the gas distribution service, the parent company may supervise the profitability of the investments made by the Independent Operator; 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; set limits on the levels of indebtedness by the Independent Operator in its activities;
- hiring of managerial staff.

In compliance with Recommendation 1(f) of the CG Code, on January the 28th, 2021, the Board of Directors, upon the proposal of the Chairman and the Chief Executive Officer, approved the updated version of the "Procedure for the Management and Handling of Inside Information, Public Disclosure and Management of Persons with Access to Inside Information". Please refer to Section 5 "*Management of Corporate Information*" of this Report for further information.

Finally, 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, and the internal control and risk management system.

During the reference Financial Year, in compliance with Concept IV of the CG Code, the Board of Directors has promoted, in the most appropriate forms, dialogue with the *shareholders* and other stakeholders relevant to the Issuer. For this purpose, pursuant to Recommendation 3 of the CG Code, at its meeting of December the 22nd, 2021, upon the proposal of the Chairman and Chief Executive Officer, the Board adopted the "Policy for the Management of Dialogue with the Generality of Shareholders and Other Stakeholders". This policy governs the management of dialogue with shareholders in general, 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 duly published in its entirety in the "*Corporate Governance*" section of the Company's website.

4.2. APPOINTMENT AND REPLACEMENT (ex art. 123-bis, paragraph 1, letter l), first part, Consolidated Financial Act)

The Issuer's Articles of Association that regulate the composition and nomination of the Board (Articles 14 and 15) are qualified to guarantee the respect of the dispositions introduced by Law No. 262/2005 (Article 147-*ter* of the Consolidated Financial Act) and by Legislative Decree No.303 of December the 29th, 2006, Law No.120 of July the 11th, 2011 and Law No.160 of December the 27th, 2019.

On March the 20th, 2020, the Board of Directors approved, pursuant to Article 19 of the Articles of Association, the adjustment of Article 15 to the new 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 December the 27th, 2019. This law amended, inter alia, Article 147-*ter* of the Consolidated Financial Act, introducing a new allocation criterion, which applies from the first renewal of the administrative bodies after January the 1st, 2020, by virtue of which at least two-fifths (rounded up to the nearest whole number if the application of this criterion results in a non-integer number) of the effective members of the administrative body must be reserved for the less represented gender for six consecutive terms.

Subsequently, on May the 29th, 2020, the Shareholders' Meeting approved amendments to Articles 14 (with reference to the composition of the Board of Directors) and 15 of the Articles of Association (with reference to the appointment of the Board of Directors) in order to introduce an increase in the number of directors from 6 (six) to 7 (seven), to increase the number of directors taken from the list obtaining the highest number of votes from five to six, as well as to integrate the mechanism for replacing directors in compliance with the legal and regulatory provisions set forth in relation to gender balance.

Finally, the Extraordinary Shareholders' Meeting of April the 29th, 2021 approved the amendment of certain other articles of the Bylaws in order to bring their content in compliance with the *best practice* of listed companies, including some amendments to Article 15 (with reference to the appointment of the Board of Directors), introducing the possibility for the outgoing Board of Directors to present a list of candidates for the appointment of the Board in order to ensure stability of *governance* in the event that any future changes in the shareholding structure should result in the absence of a controlling shareholder.

Giving the outgoing Board of Directors the right to make proposals for the appointment of the Board of Directors is 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 so-called list voting on the basis of lists submitted by shareholders who, alone or together with other shareholders, own at the date of submission of the list a number of shares with voting rights in the shareholders' meeting resolutions on the appointment of members of the management and control bodies ("relevant shares") representing at least 2.5% of the share capital, or, if different, the maximum participation in the share capital required for the submission

of lists according to the applicable legislative and regulatory provisions ("shareholding"). The shareholding shall be reported in the summons notice of the Assembly, which shall take a decision on the appointment of the Board of Directors.

Article 15 of the Articles of Association specifies that the lists submitted by shareholders must be deposited at the Company's registered office, including through remote means of communication and according to the procedures and terms envisaged by the regulations as applicable in their up-to-date version in force and indicated in the notification of the Shareholders' Meeting.

Together with each list, within the terms specified above, declarations must be filed in which the individual candidates accept their candidacy and certify, under their own responsibility, the non-existence of causes of ineligibility, incompatibility and disqualification pursuant to the legislation currently in force, as well as the possession of the additional requirements prescribed by the legislation as applicable in its up-to-date version in force and any other or different declaration, information and/or document required by law and applicable regulatory provisions. The first candidate of each list must meet the independence requirements established by the legislation as applicable in its up-to-date version in force 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 Financial Act, specifies that, for the purposes of the allocation of the directors to be elected, no account is taken of lists that have not obtained a percentage of votes equal to at least half of that required for the presentation of the lists themselves under these Articles of Association.

The lists having at least 3 candidates cannot be exclusively composed of candidates of the same gender (male or female). These lists shall include a number of candidates of the lesser represented gender in such a way as to ensure that the composition of the Board of Directors complies with the legal and regulatory provisions on gender balance (male and female), as applicable in their up-to-date version in force.

Upon the outcome of the vote by the Shareholders' Meeting, if only one list has been submitted, the Shareholders' Meeting shall vote on it and, if it obtains a relative majority of votes, all the members of the Board of Directors shall be drawn from that list in compliance with the provisions of the law and regulations as applicable in their up-to-date version in force, including those concerning the balance between genders (male and female). If the only list submitted that has obtained 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 according to the ordinary procedures and majorities, without application of the list voting mechanism and in compliance with the law, without prejudice to the provisions of Article 15.15 of the Articles of Association.

If no lists are submitted, or if only one list is submitted and that list does not obtain the relative majority of votes, or if the number of directors elected on the basis of the lists submitted is lower than the number of directors to be elected, or if the entire Board of Directors is not to be renewed, or if no list has obtained a number of votes equal to at least the minimum threshold set out 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 presentation of the lists themselves in compliance with these Articles of Association), the Shareholders' Meeting shall pass resolutions with the ordinary procedures and majorities, without applying 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.

Upon the outcome of the voting by the Shareholders' Meeting, in the event of submission of two or more lists, which have obtained a percentage of votes equal to at least half of that required for the submission of the lists themselves under the Articles of Association:

- (i) all candidates, up to a maximum of 6 (six), will be taken from the list that obtains the highest number of votes (the "Majority List") and elected as directors, in the progressive order in which they are indicated in this list, except as provided below, to ensure the balance between genders in compliance with the applicable provisions of the relevant law and regulation;
- (ii) one director, in the person of the candidate indicated with the first number on the list, shall be drawn from the list that came second in terms of the number of votes obtained and that is not connected in any way, not even indirectly, with the shareholders who submitted or voted for the Majority List;
- (i) in the event of equality of votes between two or more lists, the candidates of the list that has been presented by the shareholders who own the largest holding or, alternatively, by the largest number of shareholders, will be elected, except as provided below, to ensure the balance between genders in compliance with the applicable provisions of law and regulation.

If, at the end of the vote, the legal and regulatory provisions concerning the balance between male and female genders are not complied with, the candidate of the most represented gender elected last in numerical order from the Majority List shall be excluded and replaced by the first unelected candidate of the other gender taken from the same list. This replacement shall be carried out until a number of candidates belonging to the less represented gender are elected in such a way as to ensure that the composition of the Board of Directors complies with the legal and regulatory provisions as applicable in their up-to-date version in force, on the subject of gender balance (male and female). Should it be not possible to implement this replacement procedure in order to ensure compliance with the legal and regulatory provisions as applicable in their up-to-date version in force, on the subject of gender balance (male and female), then the missing directors shall be elected by the Shareholders' Meeting using the ordinary procedures and majorities, subject to the presentation of candidates belonging to the less represented gender.

This replacement shall be carried out until a number of candidates belonging to the less represented gender is elected in such a way as to ensure that the composition of the Board of Directors complies with the provisions of the relevant law and regulations on gender balance (male and female) currently in force. Should it be impossible to implement this replacement procedure in order to ensure compliance with the legal and regulatory provisions, as applicable in their up-to-date version in force, on the subject of gender balance (male and female), then the missing directors shall be elected by the Shareholders' Meeting using the ordinary procedures and majorities, subject to the submission of candidates belonging to the least represented gender.

The appointment mechanism through the so-called list vote guarantees transparency, as well as rapid and adequate information on the personal and professional characteristics of the candidates.

The Board of Directors has not established an internal committee for the proposals of appointment as member of the Board of Directors, not deeming it necessary, keeping these functions inside the Board of Directors, in compliance with the provisions of Recommendation 16 of the CG Code. This decision was also adopted in consideration of the size and the shareholding structure of the Issuer, as well as the limited number of members of the administration and control bodies and the possibility of ensuring adequate supervision of the Board discussions, taking into account high number of independent directors.

On April the 29th, 2021, the Extraordinary Shareholders' Meeting of Ascopiave S.p.A. approved the proposal to amend Article 15.1 of the Articles of Association in order to allow the outgoing Board to present a list of candidates for the appointment of the Board of Directors in order to ensure the stability of the *governance* 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, during the reference financial year, one or more directors taken from the Majority List ("Majority Directors") should cease to hold office for any reason, 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 Majority Directors who have ceased to hold office by co-option, pursuant to Article 2386 of the Italian Civil Code, provided 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 remain in charge until the following Meeting that will confirm their appointment or substitution with the ordinary procedures and majorities, as an exception to the list vote system previously indicated.

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 Minority Directors who have ceased to hold office with the first unelected candidates from the same list, provided that they are still eligible and willing to accept the office, or, failing that, with the next list in terms of number of votes from among those that have reached a number of votes equal to at least the minimum threshold provided for in Article 15.10 of the Articles of Association, subject to compliance, in both alternative cases, with the applicable provisions on gender balance. The replacements shall remain in office until the next Shareholders' Meeting, which shall confirm or replace them with the ordinary procedures and majorities, as an exception to the list voting system specified in Article 15 of the Articles of Association.

If one or more of the Minority Directors who have ceased to hold office 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 the Board according to the criteria established by law, so as to comply with the statutory and regulatory requirements relating to 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 shall remain in office until the next Shareholders' Meeting, which shall confirm or replace him/her with the ordinary procedures and majorities, as an exception to the list voting system specified in Article 15 of the Articles of Association.

For information on the role of the Board of Directors and of the Internal Board Committees in the processes of self-evaluation, appointment and succession of directors, please refer to Section 7 "*Self-assessment and Succession of Directors - Appointment Committee*" of this Report.

The Articles of Association do not specify any further requirements of honourability and/or professionalism other than and in addition to the law.

4.3. COMPOSITION (ex Art. 123-bis, paragraph 2, letters d) and d-bis), Consolidated Financial Act)

Pursuant to Concept V of the *Corporate Governance Code*, the Board of Directors shall be made up of executive and non-executive directors (i.e. directors without managerial powers), all of whom have the requisites required by law, as well as professionalism and skills appropriate to the tasks entrusted to them.

In compliance with Concept VI of the CG Code, the number and skills of the non-executive directors should be sufficient to ensure that their judgement can carry significant weight for the 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 held on May the 29th 2020, as an 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) of the number of directors drawn from the list with the highest number of votes;
- integration of the mechanism for the replacement of directors in compliance with the legal and regulatory provisions on the balance between genders, providing that in the event when it is not possible to implement the replacement procedure in order to ensure compliance with the legal and regulatory provisions, as applicable in their up-to-date version in force, on the distribution between genders (male and female), the missing directors shall be elected by the shareholders' meeting using the ordinary procedures and majorities, subject to the submission of candidates belonging to the less represented gender.

The members of the Board of Directors remain in charge for three financial years, and their term expires at the date of the Meeting called to approve the Financial Statement relating to the last year of their office; no different expires are established for the members of the Board. The members of the Board of Directors may be re-elected.

Below reported is the information relating to the appointment of the current Board of Directors in the fiscal year 2020.

The Board of Directors of Ascopiave S.p.A., appointed during the Ordinary Shareholders' Meeting of May the 29th, 2020, is composed of 7 (seven) members who will remain in office until the date of the Shareholders' Meeting called to approve the financial statement for the Financial Year concluded on December the 31st, 2022.

In this Meeting 3 lists with no correlation have been submitted, among which there are no connections. Six directors were taken from the list presented by the majority shareholder Asco Holding S.p.A., owner of a 52.043% stake in the share capital of Ascopiave S.p.A.. The Director Mr.Cristian Novello has been taken from the minority list No. 2 presented by ASM Rovigo S.p.A. (holder of an interest equal to 4,399% of the share capital).

A summary of the lists submitted and of the voting results is reported below:

SUBMITTING PARTY	LIST OF CANDIDATES	LIST OF ELECTED CANDIDATES	% VOTES OBTAINED IN RELATION TO THE VOTING CAPITAL
List No.1 Asco Holding S.p.A.	1. Mrs.Greta Pietrobon 2. Dr.Nicola Ceconato 3. Dr.Roberto Bet 4. Dr.Mariachiara Geronaz 5. Mr.Enrico Quarello 6. Dr. Luisa Vecchiato	1. Mrs. Greta Pietrobon 2. Dr. Nicola Ceconato 3. Dr. Roberto Bet 4. Dr. Mariachiara Geronaz 5. Mr. Enrico Quarello 6. Dr. Luisa Vecchiato	68.806%
List No.2 ASM Rovigo S.p.A.	1. Mr.Cristian Novello 2. Mr. Edoardo Gaffeo	1. Mr.Cristian Novello	23.182%
List No.3 Municipalities participating in the shareholders' agreement notified to the Company on March the 18th, 2020.	1. Mrs. Gloria Paulon 2. Mr. Mario Collet	-	8.012%

For the detailed composition of the Board of Auditors for the fiscal year 2021, refer to Table 2 attached to the Report.

The main professional characteristics of the directors and the duration of their service since first appointment are presented below:

- Dr. Nicola Ceconato, **Chairman and CEO, (“Chief Executive Officer”¹)** beginning of term May the 4th, 2017, at his second mandate (**independent non-executive director**). Born in Treviso on June the 16th, 1965. He graduated in economics and business from Cà Foscari University of Venice in 1991. Expert in economic matters, enrolled in the Register of Accountants, in the Register of Statutory Auditors, in the Register of Consultants and Office Technicians at the Court of Treviso and at the College of Economists of Barcelona (Spain). He has been working as Professional Accountant since 1994. He has a long experience as a director of public and private companies, member of Boards of Statutory Auditors, Statutory Auditor, Bankruptcy Trustee, Judicial Commissioner and tax and corporate consultant in various public and private companies. Of particular importance is the experience acquired in M&A transactions and in extraordinary transactions for the reorganization of corporate groups. He also deals with international tax and corporate consultancy and company valuation. He was Councillor for budget, finance and tax in a local public body from 2004 to 2014. On November the 11th, 2021, the Board of Directors, upon proposal of the Remuneration Committee and subject to the favourable opinion of the same Committee in its capacity as Committee for transactions with related parties, resolved to appoint the Chairman and Chief

¹ We specify that, on January the 28th, 2021, the Board of Directors qualified the Chairman and Chief Executive Officer, Dr.Nicola Ceconato, as **Chief Executive Officer** of the Issuer, also pursuant to the *Corporate Governance Code*.

- Executive Officer Dr. Nicola Ceconato, also as General Manager of Ascopiave, starting from January the 1st, 2022.
- Mr. Enrico Quarello, in office since February the 14th, 2012, at his forth mandate (**non-independent non-executive director**²).
Born in Castelfranco Veneto (TV) on November the 10th, 1974. He has held numerous management and coordination offices in international cooperation programmes, especially in the Balkan area. He has founded and directed several third sector initiatives in the production/commercial and social fields. 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 assumed the role of Head of Relations and Territorial Activities of COOP Adriatica. Today he holds the office of Director of Social Policies and Territorial Relations of COOP Alleanza 3.0.
 - Lawyer Greta Pietrobon, in office since April the 24th, 2014, at her third mandate (**independent non-executive director**). (**“Lead Independent Director”**³).
Born in Paese (TV) on October the 18th, 1983. She graduated in law in 2009. Since February 2014, she has been a freelancer in the fields of private law and criminal law in her law firm in Paese (TV). She is a member of the Bar.
 - Lawyer Roberto Bet, in office since May the 29th, 2020, for his first term (**non-executive and non-independent director**).
Born in Mariano Comense (CO) on April the 22nd, 1976. He graduated in 2004 from the University of Padua with a Master's Degree in Law. After a period of legal practice and passing the State examination, he has been a member of the Treviso Bar Association since 2008, qualified to practice before the Court of Cassation and higher courts. He has been practising law in his own firm since 2008. He has held public offices in the municipality of Codognè as a member of municipal commissions, mayor, being currently a municipal councillor; he has been a regional representative on the board of the Sinistra Piave Land Reclamation Consortium, in the Province of Treviso he has been a member of the National Commission for the Environment and Territory of the Union of Italian Provinces and a provincial councillor, he has chaired the investigative body of the national horse racing discipline; he has been a president of the Eastern Veneto Basin Council. Since September 2020 he has been a regional councillor of the Veneto Region.
 - Dr. Mariachiara Geronazzo, in office since June the 4th, 2020, for her first term (**independent non-executive Director**).
Born in Valdobbiadene (TV) on December the 10th, 1969. She graduated from the University of Trieste in 2002 with a degree in economics and business administration.
She has been a member of the Order of Chartered Accountants of Treviso since 2006 and a member of the Register of Auditors since 2007. She is currently a chartered accountant and auditor, works as a director and auditor for private companies and has worked as a chartered accountant in various accounting firms.
 - Dr. Luisa Vecchiato, in office since June the 4th, 2020, for her first term (**Non-executive and non-independent Director**⁴).

²Mr. Enrico Quarello, appointed during the Ordinary Shareholders' Meeting of May the 29th, 2020, in office since June the 4th, 2020, was an independent director until January the 28th, 2021 and, thereafter, a non-independent director

³ It is to be specified that Lawyer Greta Pietrobon was appointed **Lead Independent Director** by the Board of Directors on January the 28th, 2021..

Born in Castelfranco Veneto (TV) on April the 4th, 1965. She graduated in business administration from the Ca 'Foscari University of Venice on March the 19th, 1994. She practices as a chartered accountant and auditor, works as a tax and corporate consultant, is an administrator and partner of a real estate management company and an accounting services company, she was a member of the Board of Liquidators of the Consorzio Portuario di Treviso from 1998 to 2013, she has exercised the function of bankruptcy trustee at the Court of Treviso.

- Lawyer Cristian Novello, in office since June the 4th, 2020, for the first term (**independent non-executive Director**).

Born in Noale (VE) on November the 17th, 1982. He graduated in law from the University of Padua in 2007. He worked as an independent lawyer until 2015; as of today he is the administrative and legal manager at Veneto Acque S.p.A.

The Directors' professional *curricula* are filed at the company's headquarters and available on the Issuer's institutional website www.gruppoascopiave.it under the *Investor Relations* section.

Diversity Policies and Criteria

The current composition of the Board of Directors of Ascopiave S.p.A. complies with the gender balance established by the laws as applicable in their up-to-date version in force and by the Articles of Association, as well as the provisions of the CG Code.

Pursuant to Concept VII and Recommendation 8 of the CG Code, the Board of Directors has its own functions in identifying diversity criteria, including gender criteria, for the composition of the Board of Directors and the Board of Statutory Auditors, in compliance with the priority objective of ensuring adequate competence and professionalism of its members, as well as identifying and taking into account the Company's ownership structure and the most appropriate instrument for their implementation.

With regard to diversity policies with reference to the composition of the Board of Directors, pursuant to the current Articles of Association, the composition of the Board of Directors must guarantee the balance between genders required by law. In particular, at least two-fifths of the current Board of Directors consists of directors of the least represented gender.

The current Board of Directors was appointed in 2020 and will remain in office until the date of the Shareholders' Meeting to be called to resolve on the financial statements for the financial year 2022.

Refer to the professional *curricula* of the Directors filed at the registered office and available on the Issuer's corporate website www.gruppoascopiave.it in the *Investor Relations* section, to have more information about their training, professional paths, and skills.

⁴Dr.Luisa Vecchiato, appointed during the ordinary Shareholders' Meeting held on May the 29th, 2020, in office from June the 4th, 2020, was a non-independent director until January the 28th 2021 and, subsequently, an independent director.

With particular reference to the gender balance, it should be noted that the Shareholders' Meeting held on May the 29th, 2020 approved the amendments to the Articles of Association aimed at ensuring that the directors are elected according to a criterion ensuring gender balance, based on the requirements of new Article 147-ter, paragraph 1-ter, of the Consolidated Financial Act that provides that "*The least represented gender shall have at least two fifths of the elected directors.*"

It should also be noted that on January the 24th, 2020, in compliance with the recommendations of the Application Criterion 1.C.1. h) of the Corporate Governance Code for listed companies and considering that, upon approval of the financial statement for the 2019 Financial Year, its term of office expired, the outgoing Board of Directors, taking into account the results of the self-assessment ("*board review*") for the 2019 Financial Year, expressed to the shareholders, in view of the renewal of the administrative body for the 2020-2022 financial years, the guidelines for managers and professionals whose presence in the new Board of Directors was deemed appropriate. First of all, the Board suggests that the shareholders ensure, in compliance with the constraints and rules of *corporate governance*, adequate continuity in the composition of the administration body to enhance the know-how of Ascopiave S.p.A. acquired by the Directors, needed to continue and support the current development stage of the Group.

In addition, the Company's Board of Directors believes that an optimal composition of the Issuer's administration body can be guaranteed by complying with some requirements identified for the position of Chairman and Chief Executive Officer, as well as for the position of member of the Board of Directors.

In formulating these guidelines, the Board of Directors has underlined the importance of achieving in the composition of the Board of Directors an adequate diversity of gender, age, seniority in office, complementarity of professional and managerial experience, also taking into account the characteristics and importance of the offices previously held.

For a complete description of the aforementioned requirements for the Chairman and CEO and for the members of the Board of Directors, please refer to the document "Guidelines of the Board of Directors of Ascopiave S.p.A. to Shareholders about the Future Structure of the Board of Directors" published on January the 24th, 2020 on the Company's website (www.gruppoascopiave.it "Investor relator" - "Shareholders' Meetings" section) and at the authorized storage mechanism "*eMarket Storage*" (www.emarketstorage.com) of Spafid Connect SpA.

It should also be noted that the expression of these guidelines is specified 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 should apply the instrument deemed most appropriate to pursue the diversity objective identified, also taking into account their own ownership structure. In this regard, the Extraordinary Shareholders' Meeting of April the 29th, 2021 approved an amendment to the Articles of Association that establishes 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 ensure stability of *governance* in the event that any future changes in the shareholding structure should result in the absence of a controlling shareholder.

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 further details on the measures introduced during the Financial Year and the related results, please refer to 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 "Investor Relations" section, in particular <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 Accumulation of the Offices Held in Other Companies

The Board has not deemed it necessary to define any general guideline regarding the maximum number of administrative and control functions held in other companies that can be deemed compatible with an efficient implementation of the role of director of the Issuer, keeping into account the directors' participation in the Committees constituted inside the Board, without prejudice to the duty of each Director to assess the compatibility of the position of a director and an auditor held in other companies listed in regulated markets, financial companies, banks, insurance brokers, or companies of significant size, with the diligent fulfilment of the tasks accepted as a Director of the Issuer.

Table 5 at the end of this Report shows the list of the main companies in which each director holds administrative or control offices particularly in listed or large companies. It should be noted that companies that are not defined as SMEs within the meaning of Community Recommendation 2003/361/EC have been defined as large companies. Offices in subsidiaries and associated companies are excluded.

The Board, after verifying the offices held by its directors in other companies, as described in this Report, has deemed that the number and quality of the offices held does not interfere and is, therefore, compatible with an effective performance of the office of director in the Issuer.

Finally, it should be noted that the "Regulation on the Board of Directors, the Lead Independent Director and the Internal Board Committees", approved by the Board of Directors on November the 11th, 2021, envisages the power for the Board of Directors, if deemed appropriate, to express an orientation on the maximum number of offices held by directors on the administration or control bodies in other listed companies or companies of significant size that may be considered compatible with an effective performance of the office of director of the Company, taking into account the commitment deriving from the role held.

4.4. OPERATION OF THE BOARD OF DIRECTORS (pursuant to Article 123-bis, paragraph 2, letter d), Consolidated Financial Act)

On November the 11th, 2021, in compliance with Concept IX and Recommendation 11 of the CG Code, the Board of Directors of Ascopiave S.p.A. adopted the "Regulation on the Board of Directors, the Lead Independent Director and the Internal Board Committees", which defines the powers and operating rules of the Board of Directors, the Lead Independent Director and the

Internal Board Committees, including the convening, holding of meetings, minutes and procedures for the management of pre-meeting and supplementary information to directors.

The Regulation also ensures the implementation of the concepts and recommendations of the CG Code regarding the Board of Statutory Auditors.

This document is aimed at ensuring compliance with the applicable provisions of the law and the Articles of Association, as well as, to the maximum extent possible, with the concepts 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 of the Articles of Association, as applicable to the Board of Directors in their up-to-date version in force, shall apply.

Regarding 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, in compliance with the requirements of Section 4.7 "*Independent Directors*" of this Report, the Company's Board of Directors has appointed a *Lead Independent Director*. Having said this, we hereby specify 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 explaining the tasks typically attributed to these 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 Regulation states that the resolutions passed at the meeting shall be recorded in minutes transcribed in a special book. The transcribed minutes are signed by the person who chaired the meeting and by the person who acted as secretary (or by the notary in cases foreseen by current legislation). They are kept at the secretary's office of the Board of Directors and remain available for consultation by the request of each of the directors and the control bodies as far as they are of interest. The Chairman and CEO, also through the secretary, may make statements regarding resolutions taken at meetings of the Board of Directors when the minutes of such meetings have not yet been recorded. In compliance with the latter provision, part of the minutes relating to the resolutions adopted that require immediate execution may be certified and extracted by the Chairman and Secretary, even before the minutes are completed.

The Board of Directors passes resolutions with the majorities envisaged by law and the Articles of Association. Each member of the Board of Directors is entitled to have his opposing vote or abstention, if any, and the reasons for it recorded in the minutes.

The resolutions are recorded in the minutes signed by the person who chaired the meeting and by the person who acted as secretary, becoming thus immediately enforceable unless otherwise specified.

Regarding the procedures for the management of information to directors, below are the provisions of the Regulation concerning the terms for the prior sending of information and the methods for protecting the confidentiality of the data and information provided, so as not to prejudice the timeliness and completeness of the information flows.

In particular, before each meeting, the secretary, also availing himself of the support of the competent persons from time to time, shall make available to the directors and auditors the documentation reasonably necessary in order to provide adequate information with respect to the items on the agenda. Such documentation shall be made available by the secretary at least 2 (two)

calendar days in advance of the date of the meeting, except for cases of urgent convocation of the meeting and/or other cases for which it is not possible to provide the documentation with such advance notice. In the latter cases, the Chairman and CEO shall ensure that all members of the Board of Directors and the Board of Statutory Auditors are adequately informed of the matters to be discussed at the meeting and that adequate time is devoted to any further details deemed useful for a proper understanding of the matter. Finally, if particular requirements make it necessary, the information may be provided within a shorter period of time compared to the above-mentioned 2 calendar days or during the meeting, in a manner to be determined on the basis of the requirements that led to the information being made available beyond the above-mentioned 2-day period (e.g. by making the information available in paper format during the meeting). In such cases as well, the Chairman and CEO shall ensure that all members of the Board of Directors and the Board of Statutory Auditors are adequately informed on the matters to be discussed at the meeting and that adequate time is dedicated to any further details deemed useful for a proper understanding of the matter.

All the members of the Board of Directors and the Board of Statutory Auditors, the heads of the competent company departments or functions, and the other employees of the Company and its subsidiaries or other subjects or external consultants who participate in the Board meetings, or who are in any case aware of their contents, are required to keep confidential the documents and information acquired by reason of their office.

They are also required to comply with the rules adopted by the Company for the dissemination of such documents and information and refrain from using confidential information for purposes other than the exercise of their functions. They shall also comply with the provisions of the internal procedure adopted by the Company for the management and processing of relevant and confidential information, as well as any other applicable law.

During the reference Financial Year, the recommendations in terms of the timeliness and adequacy of the preadvisory information were complied with, and on November the 11th, 2021 the relevant Regulation was adopted, published in full on the Company's website (www.gruppoascopiave.it, Section “Corporate Governance”).

In compliance with Concept XII of the CG Code, each director ensures adequate time availability for the diligent fulfilment of the tasks assigned to him/her (*see Table 2*).

During the reference Financial Year, 20 (twenty) Board meetings were held on the following dates: January the 15th, 2021, January the 28th, 2021, February the 12th, 2021, February the 19th, 2021, February the 25th, 2021, March the 4th, 2021, March the 11th, 2021, March the 26th, 2021, March the 31st, 2021, April the 26th, 2021, May the 13th, 2021, June the 21st, 2021, July the 2nd, 2021, August the 5th, 2021, September the 10th, 2021, September the 24th, 2021, October the 12th, 2021, November the 11th, 2021, December the 10th, 2021 and December the 22nd, 2021.

The duration of the Board meetings was on average about 2 (two) hours.

As of the date of this report, i.e. March the 10th, 2022, since the beginning of 2022, 6 (six) meetings have already been held on January the 19th, 2022, January the 31st, 2022, February the 24th, 2022, March the 3rd, 2022, March the 4th, 2022 and March the 10th, 2022.

The 2022 calendar of the main company events (already sent to the market and to Borsa Italiana S.p.A. pursuant to regulatory provisions) includes 3 (three) further meetings on the following dates:

- May the 12th, 2021 – approval of the Quarterly Report as of March the 31st, 2022;

- August the 4th, 2022 - approval of the Half-Yearly Report as of June the 30th, 2022;
- November the 10th, 2022 – approval of the Quarterly Report as of September the 30th, 2022;

During the reference Financial Year, the Board meetings were mainly held using remote communication means.

It should be noted that the Extraordinary Shareholders' Meeting of April the 29th, 2021 approved an amendment to Article 17 of the Articles of Association with reference to the Board meetings, expressly providing for the admissibility of meetings to be held exclusively in remote mode and, therefore, without indication of a physical place of convocation and clarifying how, in case of the 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 Concept X of the CG Code, the Chairman of the Board of Directors of Ascopiave S.p.A. plays a liaison role between the executive directors and the non-executive directors and ensures the effective execution of the Board's work.

In particular, the "Regulation on the Board of Directors, the Lead Independent Director and the Internal Board Committees" establishes that, in addition to the powers that may be delegated to him by the Board of Directors, the President and CEO - with the help of the secretary - carries out the following activities in his capacity as President:

- (i) ensures the correct and effective functioning of the Board proceedings;
- (ii) acts as a liaison between the executive directors and the non-executive directors;
- (iii) defines the proposed calendar of the Board meetings;
- (iv) convenes the Board meetings, defining the date and time, as well as the place where the meeting is to be held, the agenda and the manner of participation, as well as the possible intervention of persons external to the Board of Directors;
- (v) presides over, organises and coordinates the work of the Board of Directors and guides the proceedings of the relevant meetings, ensuring the effectiveness of the Board's debate and encouraging the participation of the directors and, in particular, of non-executive and independent directors, soliciting their active participation in the discussion of the matters dealt with;
- (vi) ensures that the pre-meeting information and documentation provided during the meetings is suitable to enable directors to act in an informed manner in the performance of their duties with respect to the items 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 the Board meetings, and to know in advance the calendar of the committee meetings;

- (viii) ensures that the persons competent for each subject attend the Board meetings, also by the request of individual directors, 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 Board of Statutory Auditors, at the beginning and - where deemed appropriate - during the term of office, aimed at providing them with adequate knowledge of the business sectors in which the Company operates, of corporate dynamics and their evolution, also from the standpoint of the establishment of value in the long term for the pursuit of sustainable success, as well as compliance with the principles of proper risk management, the applicable legislation and the *Corporate Governance Code*
- (x) ensures the adequacy and transparency of the self-assessment process of the Board of Directors, supporting the activity of the Board of Directors;
- (xi) takes care of the minute-taking activities relating to the Board proceedings, in coordination with the Secretary;
- (xii) formulates proposals for the adoption or amendment of a policy for the management of 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 Board business, ensures that the Board of Directors is informed, by the first useful meeting, on the development and significant contents of the dialogue held with all the subjects referred to in the preceding point;
- (xiv) in order to ensure the proper management of corporate information, it formulates proposals for the adoption of a procedure for the internal management and external disclosure of documents and information concerning the company, with particular reference to inside information.

During the reference Financial 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, endeavoured to send the pre-meeting information at least 2 (two) calendar days in advance of the date of the meeting, except for the cases of urgent convocation of the meeting and/or other cases for which it is not possible to provide the documentation with such advance notice. In the latter cases, the Chairman and CEO ensured that all members of the Board of Directors and the Board of Statutory Auditors are adequately informed on the matters to be discussed at the meeting and that adequate time is dedicated to any further details deemed useful for a proper understanding of the matter. Finally, if particular requirements imposed it, during the Financial Year the information was provided within a shorter period of time compared to the 2 calendar days mentioned above or during the meeting, in a manner determined on the basis of the requirements that led to the information being made available beyond the 2 days mentioned above (for example, by making the information available in paper format during the meeting). In such cases as well, the Chairman ensured that during the Board meeting, all members of the Board and the Board of Statutory Auditors were given adequate information on the matters under discussion and that adequate time was dedicated to the in-depth analyses deemed useful for a proper understanding of the matter.

Pursuant to Recommendation 12, letter b) of the CG Code, during the reference Financial Year, the Chairman of the Board of Directors, with the assistance of the Secretary of the Board, ensured the

coordination of the activities of the Internal Board Committees with the activities of the Board of Directors.

In compliance with Recommendation 12 (c) of the CG Code, during the reference Financial Year upon invitation of the Chairman and CEO of the Board of Directors, the Director of Legal and Corporate Affairs was sent to and attended all the meetings of the Board of Directors. Furthermore, with reference to the topics discussed, other Issuer's Managers and heads of the company departments concerned, according to the subject, or external consultants, have been invited to attend the Board of Directors meetings in order to provide for the appropriate in-depth examination of the topics on the agenda.

During the reference Financial Year, in compliance with Recommendation 12, (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 on business issues, on principles of correct risk management, on the exercise of the functions of the corporate bodies, through the disclosure of information during meetings and in the context of pre-meeting reporting, in view of sustainable success of the Issuer itself, as well as the principles of correct risk management and the regulatory and self-regulatory framework of reference, in particular with reference to legislative (including the new CG Code) and regulatory innovations concerning the sector in which the Issuer operates.

During the reference Financial Year, the opportunity was offered to the members of the Board of Directors to attend a Master's degree course in *Corporate Governance & Capital Markets*. During the Financial Year 2022, the opportunity was also offered to them to attend a Master's degree course in *Risk Management, Internal Audit & Fraud*.

Pursuant to Recommendation 12 (e) of the CG Code, with reference to the duty of the Chairman of the Board of Directors to ensure the adequacy and transparency of the Board review process, as referred to in Recommendation 12 (e) of the CG Code, the Board of Directors, with the help of the Secretary of the Board of Directors intends to schedule a formalised Board review process, before the expiry of the current three-year term of office of the Board of Directors, applying the provisions of Recommendation 22 of the CG Code, according to the procedures defined in the "Regulation on the Board of Directors, Lead Independent Director and Internal Board Committees" adopted by the Board of Directors on November the 11th, 2021. For more information on the *board review*, please refer to Section 7.1 "*Self-Assessment and Succession of Directors*" of this Report.

Finally, pursuant to Recommendation 3 of the CG Code, during the Financial Year, the Chairman and CEO oversaw and managed the dialogue with all shareholders, in particular during the investor meetings provided for in the calendar of events published on the website.

In addition, the Board of Directors of December the 22nd, 2021, on the proposal of the Chairman and CEO, adopted the "Policy for the Management of 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", the full text of which has been published in the "*Corporate Governance*" section of the Company's website.

Secretary to the Board

On January the 19th, 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.

In compliance with Recommendation 18 of the CG Code, the "Regulation on the Board of Directors, Lead Independent Director and Internal Board Committees" establishes that, on the proposal of the Chairman and CEO, the Board of Directors of Ascopiave S.p.A. is responsible for appointing and dismissing the secretary.

The Regulation also provides that for organisation of its work, the Board of Directors shall rely on the support of the secretary to be appointed by the administrative body, also chosen from outside its members, on 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 dismissed before the end of the term by the latter or resigned by the secretary.

The Regulation specifies that, in the event of the secretary's absence or inability to attend a Board meeting, the Board of Directors will appoint a substitute to act as secretary for the specific meeting. Regarding the professional requirements, in particular, the Regulation envisages that the secretary must be a person who has accrued proven experience in the corporate field, with particular reference to practices concerning the *corporate governance* of listed companies and regulated markets, as well as corporate secretarial activities.

The Regulation foresees that the secretary supports the activities of the Chairman and CEO, with particular reference to the activities referred to in Recommendation 12 of the CG Code.

In general, the secretary shall provide 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 as applicable in its up-to-date version in force, the *Corporate Governance* Code, the Articles of Association and the Rules.

In order to carry out his duties, the secretary is supported by the Legal and Corporate Affairs Department, whose director is invited and may attend meetings of the Board of Directors. In addition, the secretary shall have access to the information and competent persons within the company that are useful or necessary for the performance of his duties.

In case of absence or impediment of the secretary, the powers, tasks or duties pertaining to him/her under these Rules shall be exercised or performed in his/her stead by the deputy.

During the reference Financial Year, the secretary supported the activities of the Chairman and CEO, in particular in relation to the tasks envisaged in Recommendation 12 of the CG Code (except for the *board review*, as this activity will be carried out before the expiry of the current three-year term of office of the Board). In addition, pursuant to Recommendation 18 of the CG, during the reference Financial Year the Secretary provided impartial assistance and advice to the Board of Directors on all matters relevant to the proper functioning of the corporate governance system.

4.6. EXECUTIVE DIRECTORS

Chief Executive Officer

With resolution of June the 8th, 2020, the Issuer's Board of Directors, appointed during the meeting held on May the 29th, 2020, resolved to grant the Chairman of the Board of Directors, Dr. Nicola Ceconato, the office of CEO, conferring on him the relevant powers.

The Chairman of the Board of Directors and Chief Executive Officer, Dr. Nicola Ceconato, in addition to the legal and institutional representation and the competences due to him according to the Law and the Articles of Association, was invested with powers for the implementation of the operations of management, coordination and control of the activities of Ascopiave SpA functions and corporate services, which can be performed in accordance with the *budget* and the investment plan, as well as the guidelines of the Board of Directors and the administrative and accounting separation regime (so-called *unbundling*).

In summary, until December the 31st, 2021, the following main powers have been conferred upon the Chairman and Chief Executive Officer, per value and subject:

- To coordinate the activity of the Board of Directors and to implement of the related resolutions;
- To take care of the relationships with the shareholders;
- To manage the institutional relationships and to promote the Company image;
- To elaborate medium-long term strategies, submitting their contents to the Board of Directors;
- To approve, to enter into, to amend, to terminate contracts for the purchase and sale of goods, raw materials, movable estate, services the price of which does not exceed the amount of Euro 1,500,000 for each single transaction and series of related transactions, within the limits of the *budget*;
- To authorize and grant professional appointments, consultancies, services, for amounts not exceeding € 100,000 per single contract with obligation to periodically report to the Board of Directors;
- To purchase, even through financial lease agreements, to sell or to exchange plant, machinery, equipment, brands and patents of amounts not exceeding €500,000 for each individual transaction, within the *budget* limits;
- To stipulate, modify, terminate credit and loan opening agreements, agree on loan concessions and other banking facilities, up to a maximum limit of €5,000,000.00 per single contract;
- To request and/or issue guarantees in the interest of Ascopiave and/or its subsidiaries or invested companies, for commitments falling within the activities referred to in the related corporate purpose, of amounts up to €5,000,000.00 per single transaction or series of related transactions.

It should be noted that from January the 1st, 2022, Dr. Nicola Ceconato also holds the position of General Manager of Ascopiave S.p.A.. In particular, on November the 11th, 2021, the Board of Directors, upon the proposal of the Remuneration Committee and subject to the favourable opinion of this Committee in its capacity as Committee for transactions with related parties, resolved to appoint the Chairman and Chief Executive Officer Dr. Nicola Ceconato as General Manager of Ascopiave, from January the 1st, 2022. At the same meeting, the Board also redefined the powers vested in him, with effect from January the 1st, 2022.

The appointment responds to the company's interest in giving stability to the role of Dr. Ceconato as *key manager* of the Group, 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 strategic plan underway, which is partly focused on the activities of the so-called "energy transition".

Following the redefinition of the system of powers, from January the 1st, 2022, the Chairman and Chief Executive Officer, Dr. Nicola Ceconato, in addition to the legal and institutional representation and the powers attributed to him under the law and the Articles of Association, has

been granted powers that can be exercised in compliance with the *budget* and the investment plan as well as the guidelines of the Board of Directors and in compliance with the Code of Ethics, the system of administrative and accounting separation (so-called *unbundling*) and, where applicable, the procedure for transactions with related parties.

In particular, as of 2022, Dr. Ceconato, as Chairman and Chief Executive Officer, has been invested with the following main powers:

- To coordinate the activity of the Board of Directors and to implement the related resolutions;
- To handle relations with the Company's shareholders;
- To manage the institutional relationships and to promote the Company image;
- To elaborate medium-long term strategies, submitting their contents to the Board of Directors;
- To carry out research activities, identifying companies potentially subject to acquisition or integration, carrying out negotiation activities with the identified counterparties, making contact with financial and non-financial counterparties in order to identify possible methods of financing acquisition or integration activities, submitting the identified operations and the relative acquisition or integration proposals to the Board of Directors for approval;
- To participate in public procedures or private auctions, concerning works, supplies, services, gas distribution concessions, acquisition of company shares and/or quotas, private auctions in compliance with the guidelines and strategies defined by the Board of Directors and promptly informing the Board, committing and acting on behalf of the Company, directly or through a person delegated by law, to the submission of the relevant offers and necessary documentation, in addition to signing and stipulating the relevant deeds.

Starting from 2022, Dr. Nicola Ceconato as General Manager of Ascopiave S.p.A., in addition to the legal and institutional representation and the competences due to him under the law and the Articles of Association, is invested with all powers for the performance of acts relating to the management, coordination and control of the activities of the corporate functions and services, including, in particular, the powers exercisable in compliance with the budget and the investment plan as well as with the guidelines of the Board of Directors and with the Code of Ethics, the regime of administrative and accounting separation (so-called *unbundling*) and, where applicable, the procedure for transactions with related parties (*unbundling*) and, where applicable, the procedure for transactions with related parties.

From January the 1st, 2022, in summary, the General Manager has been invested with the following main powers, per value and subject matter:

- To implement the resolutions adopted by the Board of Directors;
- To manage and direct all the corporate functions and services organised in various divisions of the Company;
- To manage the institutional relationships and to promote the Company image;
- To participate in public procedures or private auctions, concerning works, supplies, services, gas distribution concessions, acquisition of company shares and/or quotas, private auctions in compliance with the guidelines and strategies defined by the Board of Directors, promptly informing the Board, committing and acting on behalf of the Company, directly or through a person delegated by law, submitting relevant offers and necessary documentation, in addition to signing and stipulating the relevant deeds.
- To approve, enter into, amend and terminate contracts for the purchase and sale of goods, raw materials, movable property in general and services (excluding professional appointments), carrying out 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, for each individual transaction and series of interconnected transactions, the amount of € 1,500,000, within the limits of the budget

- To authorize and grant professional appointments, consultancies, services, of amounts not exceeding € 100,000 per single contract with obligation to periodically report to the Board of Directors;
- To purchase, including through leasing contracts, to sell or exchange plants, machinery, equipment, trademarks and patents for a value not exceeding € 500,000 for each individual transaction, within the limits of the *budget*;
- To purchase, including through finance lease agreements, vehicles of any type up to the overall annual amount of €500,000, to hire out and sell them; to allow the cancellation of mortgages and vehicle liens, with or without collection of the related credit, releasing the registrar of the public vehicle register from any obligation or liability in this regard;
- To stipulate, modify, terminate credit and loan opening agreements, agreeing on loan concessions and other banking facilities, up to a maximum limit of €5,000,000.00 per single contract;
- To request and/or issue sureties, in the interest of Ascopiave and/or its subsidiaries or affiliates, for commitments that fall within the scope of the relevant corporate purpose, for amounts of up to € 5,000,000.00 per individual transaction or series of related transactions;
- To hire, dismiss, promote and suspend managerial and salaried staff, determining their qualifications, remuneration and organisational status, exercising disciplinary power and imposing sanctions.

On January the 15th, 2021, the Board of Directors of Ascopiave SpA examined and 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 to identify who among the executive directors holds the position of *chief executive officer* ("CEO"). This recommendation is part of the requirements of the Euronext Star Milan segment envisaged by art. 2.2.3, paragraph 3 of the Borsa Italiana Regulations. Furthermore, the new *Corporate Governance Code* involves the CEO in the organization of the internal control and risk management system 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 *Corporate Governance Code*.

At its meeting held on January the 28th, 2021, the Board of Directors therefore resolved to qualify the Chairman and Chief Executive Officer, Dr.Nicola Ceconato, as CEO also pursuant to the new *Corporate Governance Code*.

It should also be noted that in the Board meeting of November the 11th, 2021, with effect from January 2022, to the Chief Executive Officer was also assigned the role of director in charge of setting up and maintaining the internal control and risk management system, pursuant to the CG Code of Borsa Italiana S.p.A..

Chairman of the Board of Directors

It is to be specified that, on January the 28th, 2021, the Board of Directors qualified the Chairman and Chief Executive Officer, Dr.Nicola Ceconato, as **Chief Executive Officer** of the Issuer, also pursuant to the *Corporate Governance Code*..

Please note that the Chairman and Chief Executive Officer, Dr. Ceconato, is not the Issuer's controlling shareholder.

For further information, please refer to the previous Section "Managing Director".

Council reporting by directors/delegated bodies

In compliance with Article 19.5 of the Company Articles of Association, the delegated parties report on at least a quarterly basis to the Board of Directors and Board of Auditors as to their work, general management trends, foreseeable evolution and the most economically, financially and equity important operations performed by the Company and its subsidiaries; specifically, the Chairman provides information as to the operations in which he has an interest on his own behalf or on that of third parties.

Regarding the provisions of the Articles of Association, it should be noted that the delegated parties report and involve the Board on the activity performed at each meeting of the Board of Directors. The management results and related *performance* indicators are instead communicated upon approval of the annual and half-yearly financial statements and the intermediate management reports.

Other Executive Directors

There are no other executive directors further than the Chairman and Chief Executive Officer, Dr. Nicola Ceconato, who was qualified as CEO of the Issuer by the Board of Directors on January the 28th, 2021, also pursuant to the new *Corporate Governance Code*).

4.7. INDEPENDENT DIRECTORS AND LEAD INDEPENDENT DIRECTOR

Independent Directors

Pursuant to Concept VI of the CG Code, the number and skills of the Issuer's non-executive directors are sufficient to ensure that they have a significant influence on the adoption of board resolutions and to guarantee effective monitoring of management

In particular, during the reference Financial Year, the Issuer's Board of Directors included four independent directors, i.e. directors of the Company who meet the independence requirements set forth in Article 148, paragraph 3, of the Consolidated Financial Act, as referred to in Article 147-ter, paragraph 4, of the Consolidated Financial Act, and in the regulations applicable in their up-to-date version in force, and recognised by the Board of Directors as meeting the independence requirements set forth in Article 2 of the *Corporate Governance Code*, also taking into account the quantitative and qualitative criteria defined by the Board of Directors itself for assessing the significance of commercial, financial or professional relations for the purposes of meeting the stated independence requirements.

The number and competences of the Issuer's independent directors are adequate to the company's needs and to the performance of the Board of Directors, as well as the establishment of the relevant committees, pursuant to Recommendation 5 of the CG Code

The number of independent directors (4 out of a Board of 7) is adequate both based on the provisions of Article IA.2.10.6 of the Stock Exchange Instructions, and in relation to the size of

the Board and to the Issuer's activity; ; furthermore, this is sufficient to the constitution of the Internal Board committees that the Company has deemed appropriate to adopt.

It should be noted that the Chairman of the Board of Directors, Dr. Nicola Ceconato, is also Managing Director and CEO and therefore has not been qualified as an independent director.

Pursuant to Recommendation 6 of Article 2 of the CG Code, the Issuer's Board of Directors has 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 Italian Stock Exchange Regulations, for the purpose of maintaining the qualification in the Euronext STAR Milan segment, requires the issuer to apply the guidelines and recommendations envisaged in Article 2 (excluding Recommendations 5, third and fourth paragraphs, and Recommendation 8 of the new *Corporate Governance Code*, as regards the structure of the Board of Directors, as well as the role and functions of the non-executive and independent directors.

Consistently, on January the 28th, 2021, the Board of Directors carried out the annual assessment of the compliance with the independence requirements as envisaged by Article 2.2.3, paragraph 3, letter m) of the Italian Stock Exchange Regulations, pursuant to Article 2 of the new *Corporate Governance Code* and also with reference to Article 147-ter, paragraph 4, which refers to Article 148, paragraph 3, of the Consolidated Financial Act.

This is to specify, that for the purposes of this assessment, the Board of Directors, at its meeting of January the 28th, 2021, defined the following quantitative and qualitative criteria to assess the significance referred to in letters c) and d) of Recommendation 7 of the new *Corporate Governance Code*:

- for the purposes of Recommendation 7, letter c) of the *Corporate Governance Code*, the following is to be considered "significant":
 - (a) a relationship of commercial or financial nature (with Ascopiave and/or with companies controlled by it and/or with Asco Holding and/or with their respective directors or *top managers*) whose overall annual consideration in favour of the director (or of companies controlled by the director or of which the director is an executive director): (i) affects 5% or more of the total annual turnover of the director (in case of a director who is a sole proprietor) or of the company or body over which the director has control or of which he is an executive director; and/or (ii) affects 20% or more of the total annual costs incurred by Ascopiave for services attributable to the same type of contractual relationship as the commercial or financial relationship in question;
 - (b) a relationship of a professional nature whose overall annual fee is envisaged in favour of the director (or the professional firm or consultancy company of which the director is a *partner*): (i) a) in case of a consultant acting as an individual professional, it affects 20% or more of the relative total annual turnover; or b) in case of a consultant who is a *partner* of a law firm or a consultancy company, it affects to an extent equal to or greater than 5% of the total annual turnover of the law firm or consultancy company and/or (ii) it affects to an extent equal to or greater than 20% of the overall annual costs incurred by Ascopiave for services attributable to assignments of a similar nature to the professional relationship in question.

It is understood that, even in the event of failure to exceed the quantitative parameters referred to in points (a) and (b), a relationship of a commercial, financial or professional nature is to be considered "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 influencing the autonomy of judgement and independence of a director of the Company in the performance of his duties. Therefore, purely by way of example, in case of a director who is a *partner* of a professional firm or a consultancy 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 consultancy firm/company and/or (ii) pertains to important operations of Ascopiave and the Ascopiave Group and may, therefore, be of relevance for the director in reputational terms.

- For the purposes of Recommendation 7, letter d) of the *Corporate Governance Code*, an additional remuneration received by a director for positions in Ascopiave, Asco Holding or in companies controlled by Ascopiave, is to be considered "significant", if, overall and on an annual basis, it exceeds 90% of the fixed annual remuneration received by this director for his position of director of Ascopiave (including any remuneration envisaged for participation in internal board 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 management body for all non-executive directors within the overall amount approved by the Shareholders' Meeting for the entire administrative body; and (ii) any remuneration awarded on account of the particular office held by the individual non-executive director within the Board of Directors (Chairman, Deputy Chairman, *Lead Independent Director*), defined according to the best practices set forth in Recommendation 25 of the *Corporate Governance Code*; (b) "remuneration for participation in internal board committees" means the remuneration that the individual director receives by reason of his participation in the internal board committees envisaged by the *Corporate Governance Code* or by committees/bodies envisaged by the current legislation, with the exclusion of 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, the "fixed remuneration for the office" and the "remuneration for participation in internal board committees" (as defined above pursuant to the *Corporate Governance Code*) received by this director from subsidiaries and/or at Asco Holding are deemed relevant.

It should be noted that the fact of being a "close family member" of a person who is in one of the aforementioned situations is also a circumstance likely to compromise the independence of a director, where "close family members" include, but are not limited to, parents, children, spouses who are not legally separated, and cohabitants.

Moreover, in order to specify the circumstances of Recommendation 7, letter b) of the *Corporate Governance Code*, where reference is made to the subsidiary having strategic importance, the Board of Directors, on January the 28th, 2021, established that all the subsidiaries of Ascopiave SpA have strategic importance. It should be noted that this assessment pursuant to Recommendation 7 letter b) of the CG Code, regarding the strategic relevance of all the subsidiaries was also confirmed by the Board of Directors during the independence assessment of non-executive directors carried out on February the 24th, 2022.

Following the annual verification of compliance of the directors with the independence requirements pursuant to Article 2.2.3, paragraph 3, letter m) of the Italian Stock Exchange Regulations, carried out at the meeting of the Board of Directors held on January the 28th, 2021 on the basis of the information provided by the non-executive directors, also having regard to any circumstance that affects or may appear to affect the independence of the director, and taking into account the predefined quantitative and qualitative criteria, the Board of Directors concluded that

the non-executive directors Mrs.Greta Pietrobon, Dr.Luisa Vecchiato, Mr.Cristian Novello and Dr..Mariachiara Geronazzo meet the independence requirements pursuant to art. 2 of the *Corporate Governance* Code and pursuant to paragraph 3 of Article 148 of the Consolidated Financial Act; whereas the non-executive directors Mr.Enrico Quarello and Mr.Roberto Bet do not meet the independence requirements pursuant to Art. 2 of the *Corporate Governance* Code and pursuant to paragraph 3 of Article 148 of the Consolidated Financial Act; while the Chairman and Chief Executive Officer Dr.Nicola Ceconato is qualified as non-independent.

With reference to the director Enrico Quarello, on January the 28th, 2021, having examined his position pursuant to Recommendation 7 of the new CG Code and related Q&A, it was found out that the independence requirement is no longer met by him in relation to the following events listed below:

- during the month of February 2021, nine years will have passed since his first appointment as director of Ascopiave S.p.A. and, therefore, the relative circumstance envisaged by Letter e) of Recommendation 7 of the new Code will be clarified;
- Furthermore, on the basis of examination of the Q&A functional to the publication of the new *Corporate Governance* Code, it is found that, having regard to his position as a member of the Executive Committee of AP Reti Gas S.p.A. and AP Reti Gas Nord Est S.r.l., subsidiaries of strategic importance of the Ascopiave Group, he can be qualified as an "executive director" of these subsidiaries. Therefore, in light of this qualification of executive director - as recently clarified by the Q&A - he would fall within the relative cases b) and f) of Recommendation 7 of the Code that compromise the independence requirement.

The compliance with independence requirements for the director Mrs. Vecchiato (previously qualified as non-independent) was acknowledged at the same meeting of the Board of Directors.

This is to remind that in compliance with provisions of applicative Concept 3.P.2 of the previous Corporate Governance Code (as well as pursuant to Recommendation 6 of the new CG Code), at the meeting of June the 8th, 2020, the newly appointed Board of Directors assessed the existence of compliance with independence requirements for the non-executive directors Greta Pietrobon, Mariachiara Geronazzo, Cristian Novello and Enrico Quarello.

During this meeting, the new Board of Directors resolved to consider that the non-executive directors Mrs.Luisa Vecchiato and Dr.Roberto Bet did not meet the requirements necessary to qualify them as independent directors, consistently with the statements made by the same directors during the prior acceptance of the position of directors.

In addition, as recommended in the Application Criterion 3.C.4 of the previous Corporate Governance Code (as well as in compliance with Recommendation 10 of the new CG Code), the Board of Directors disclosed the outcome of its assessments, after the appointment, also through a press release to the market. The criteria used to assess the materiality of the relationships were specified in that press release.

In carrying out these checks, the Board of Directors has implemented the Application Criteria 3.C.1. and 3.C.2. of the previous Corporate Governance Code, in force at the time of this assessment

The Independent Directors meet therefore the independence requirements listed in Article 148, 3rd paragraph, letters a), b) and c) of the previous Consolidated Financial Act, since each one of them:

- (i) Does not control the Issuer, directly or indirectly, even through subsidiaries, fiduciary companies or on behalf of third parties, nor are able to exercise undue influence;
- (ii) Does not participate, directly or indirectly, in any company agreement where one or more subjects may exercise control or significant influence on the Issuer;

- (iii) Is not and was not in the previous 3 fiscal years, an important party (by such, meaning Chairman, legal representative, Chairman of the Board of Directors, and executive Director or Manager with strategic responsibility) of the Issuer or of a holding of the Issuer of strategic relevance or of a company under common management with the Issuer or of a company or body which, even with others, through a representational company agreement, controls the Issuer or is able to exercise significant influence;
- (iv) Does not have, or did not have, during the previous year, directly or indirectly (e.g. through subsidiaries or companies of significance in the sense specified by the previous point (iii), or as a *partner* of a professional studio or consultancy company) significant commercial, financial or professional relations, or subordinate working relations: (a) with the Issuer, with its subsidiary, or with one of its relevant partners, in the sense specified by the previous point (iii), (b) with a subject that, even jointly with others, through a representational company agreement, controls the Issuer or – given that it is a body or company - with the partners, in the sense specified by the previous point (iii);
- (v) Without prejudice to the provisions specified under the previous point (iv), holds any independent or subordinate working relations, or other relations of an economic or professional nature such as to compromise independence: (a) with the Issuer, with one of its holdings or parent companies, or with the companies subject to common management; (b) with the Issuer Directors; (c) with subjects that are married or related up to the fourth level with the Company's Directors as under the previous point (a);
- (vi) does not receive or did not receive in the previous three fiscal years from the Issuer or from a holding or subsidiary a significant additional fee in addition to the “fixed” fee as non-executive Company Director and in addition to the remuneration for participation in the committees recommended by this Code, including participation in incentives linked to company *performance* even based on shares;
- (vii) has not been a Director of the Issuer for more than nine years during the last twelve years;
- (viii) does not hold the office of Executive Director in another company in which an Executive Director of the Issuer holds an office of Director;
- (ix) is not a member or director of a company or of one belonging to the network of companies entrusted with the auditing of the Issuer's accounting;
- (x) is not a close family member of a person who finds himself in any of the situations as specified under the previous points and, in any case, is a husband, wife, relative or similar within the fourth grade of the Issuer Directors of the subsidiaries, of the companies controlling it and those subject to common management.
- (xi) is not in the conditions set by Article 2382 of the Italian Civil Code

It should be noted that, upon conclusion of the reference Financial Year, on February the 24th, 2022 the Board of Directors of Ascopiave S.p.A. once again carried out the annual assessment of the compliance with 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 Financial Act and the CG Code (Recommendation 6) and applying all the criteria set out in the CG Code with reference to the independence of directors (Recommendation 7), as well as the quantitative and qualitative criteria, approved by the Board of Directors on January the 28th, 2021, for assessing the significance referred to in letters c) and d) of Recommendation 7 of the CG Code.

In compliance with Application Criterion 3.C.5 of the previous CG Code, once the Board of Directors has been appointed, during the Board meeting held on June the 8th, 2020, the Board of Statutory Auditors verified the correct application of the criteria and assessment procedures adopted by the new Board to assess the independence of its members, pursuant to Article 149, paragraph 1, letter *c-bis* of the Consolidated Financial Act, and the outcome of this control was disclosed by means of a press release transmitted to the market. The same checks were carried out on January the 28th, 2021 and on February the 24th, 2022 and the outcome of these checks is disclosed through the publication of this report.

Furthermore, during 2020, in particular at the meeting held on June the 8th, 2020, the Board of Statutory Auditors also verified the compliance with the independence requirements of its members.

It should be noted that the provision in Recommendation 5 of the CG Code, according to which the independent directors are held obliged 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, on March the 11th, 2019 the Board of Directors of Ascopiave SpA deemed it appropriate to set up an Independent Directors Committee to which only the independent directors of Ascopiave SpA belong.

For further information on the Committee of Independent Directors, please refer to Section No. 6 "*Committees within the Board*" of this Report.

It should be noted that the directors qualified in the lists for the appointment of the Board as independent have undertaken to maintain their independence during their term of office and, if necessary, to resign.

Lead Independent Director

Recommendation 13 of the *Corporate Governance* Code envisages the appointment of the *Lead Independent Director* if the Chairman is the CEO or the principal responsible for the management of the company or if the Chairman is vested with significant management powers.

At its meeting held on January the 28th, 2021, the Board of Directors identified Dr. Nicola Ceconato as the principal manager in charge of the corporate management, i.e. CEO, also pursuant to the new *Corporate Governance* Code, who is also in charge of the establishment and maintenance of the internal control and risk management system pursuant to Recommendation 32 of the *Corporate Governance* Code. It then appointed director Greta Pietrobon as *Lead Independent Director* of Ascopiave S.p.A. pursuant to Recommendation 13 of the CG Code.

The "Regulation of the Board of Directors, Lead Independent Director and Internal Board Committees", adopted by the Board of Directors on November the 11th, 2021, establishes that the *Lead Independent Director* (i) represents a point of reference and coordination of the requests and contributions of the non-executive directors and, in particular, of the independent directors and (ii) convenes and coordinates, with support of the secretary, the meetings of the Committee of Independent Directors".

During the reference Financial Year, the Lead Independent Director held the first meeting with the independent directors on February the 25th, 2021 on the subject of "Induction of Lead Independent Director and Consequent Activities".

Subsequently, for the purposes of assessing the update of Ascopiave S.p.A.'s "Procedure for Transactions with Related Parties", approved by the Board of Directors on June the 21st, 2021, the Lead Independent Director, who has a role of coordinating the requests of the independent directors, called a meeting of all the independent directors on June the 16th, 2021. On this occasion, the meeting was also held pursuant to and for the purposes of Article 4, paragraph 3 of the "Regulation Containing Provisions on Transactions with Related Parties", adopted by CONSOB Resolution No. 17221/2010, as subsequently amended, on the basis of which relevant resolutions on procedures and related amendments are approved subject to the favourable opinion of a committee, also specifically set up for this purpose, made up exclusively of independent directors.

5. MANAGEMENT OF CORPORATE INFORMATION

The Issuer's Board of Directors updated the previous code of conduct on corporate information to the market, resolving at its meeting of October the 19th, 2016 to adopt the "Procedure for the Management and Handling of Inside Information, for the Disclosure of Announcements to the Public and for the Management of Persons with Access to Inside Information" in view of entry into force of the new EU Regulation 596/2014 ("*Market Abuse Regulation*" or "*MAR*"), applicable since July the 3rd, 2016, as well as in compliance with provisions of the Consolidated Financial Act and the Issuers' Regulations, to the extent compatible with the "*MAR*", the Implementing Regulations of European Source and Application Criterion 1.C.1, letter j) of the previous Corporate Governance Code.

In compliance with Recommendation 1, letter f) of the *Corporate Governance Code*, on January, the 28th, 2021 the Board of Directors of Ascopiave S.p.A. approved the updating of the "Procedure for the Management and Processing of Privileged Information, for the Disclosure of Announcements to the Public and for the Management of Persons with Access to Privileged Information" (hereinafter referred to as the "Procedure").

The Procedure establishes provisions relating to:

- management and processing of confidential information;
- procedures to be observed for the disclosure of privileged information directly dealing with Ascopiave S.p.A. and/or its subsidiaries, with reference, in this latter case, to relevant information for the purpose of *price sensitivity* of Ascopiave S.p.A.;
- management of the Register of persons who can access to Specific Relevant Information and Price Sensitive Information.

The person in charge of keeping the records is responsible for keeping and updating the Register of persons who have access to the Specific Relevant Information and Price Sensitive Information, the management of which is carried out according to the criteria and methods specified in the aforementioned Procedure.

It should be noted that the "Procedure for the Management and Processing of Privileged Information, for the Disclosure of Communications to the Public and for the Management of the Register of Subjects with Access to Privileged Information" can be consulted on the Issuer's website www.gruppoascopiave.it in the section *Corporate Governance/System and Rules/Privileged Information Management Procedure* section.

The Issuer's Board of Directors decided at its meeting of October the 19th, 2016 to update the "*Internal Dealing Code*", under the new EU Regulation. 596/2014 ("*Market Abuse Regulation*" or "MAR") and, in particular, the related Article 19 of the Delegate Commission Regulation (EU) 2016/522, of the Execution Regulation (EU) 2016/523 and of the regulations and national rules on this matter.

The "*Internal Dealing Code*" was also updated on February the 21st, 2018 and, subsequently, on January the 28th, 2021, in line with regulatory amendments.

The "*Internal Dealing Code*" governs the methods and times for communicating information to Ascopiave SpA, Consob and the market, relating to transactions carried out directly or indirectly by the so-called relevant subjects, by the relevant shareholders and by the subjects closely related to the ordinary shares of Ascopiave SpA or to debt securities, derivative instruments or other financial instruments connected to them.

This code is available on the Issuer's website www.gruppoascopiave.it in the section *Corporate Governance/System and Rules/Internal Dealing Code*.

In addition, pursuant to Art. 2.6.1 of the Stock Exchange Regulations, on June the 23rd, 2015 the Board appointed the head of the *Compliance Department* and the Director of Strategy, Planning and Control - *Investor Relator*, as its deputy, as the Information Referent of Ascopiave S.p.A., assigning the task of fulfilling the statutory and regulatory requirements to the aforementioned Information Referent, with particular reference to those on the subject of compulsory corporate reporting and the disclosure to the market of information on transactions subject to the "*Internal Dealing Code*".

6. INTERNAL BOARD COMMITTEES (pursuant to Article 123-bis, paragraph 2, letter d), Consolidated Financial Act)

Pursuant to Concept 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 has established board committees with investigative, propositional and advisory functions. This competence of the Board is envisaged in the "Regulation of the Board of Directors, Lead Independent Director and Internal Board Committees" approved by the Board on November the 11th, 2021.

Within the Issuer's Board of Directors, the Compensation Committee, the Risks and Control Committee and the Independent Directors Committee have been established.

The Extraordinary Shareholders' Meeting of Ascopiave S.p.A. of April the 29th, 2021, among other things, approved an amendment to Art. 19 of the Articles of Association with the aim of guaranteeing the Board of Directors greater flexibility in setting up Internal Board Committees and in defining their composition and the rules governing their operation..

In addition to the above information disclosed in this Section, for more details on the composition and functioning of the Remuneration Committee, please refer to Section 8.2 and Section 9.2 for the Control and Risk Committee.

In compliance with Recommendation 11 of the CG Code, on November the 11th, 2021 the Board of Directors of Ascopiave S.p.A. adopted the "Regulation on the Board of Directors, the Lead Independent Director and the Internal Board Committees" that defines the competences and operating rules of the Board of Directors, the Lead Independent Director and the Internal Board

Committees, including the convening, holding of meetings, minutes and procedures for the management of pre-meeting and supplementary information to directors. In particular, regarding also the Internal Board Committees, the Regulation identifies the terms for the prior sending of the information and the methods for protecting the confidentiality of the data and information provided in such a way as not to prejudice the timeliness and completeness of the information flows.

With particular reference to the way in which the meetings of the Internal Board Committees operate, the Regulation provides that the committees shall meet, at least on an annual basis (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 cases referred to in point (ii) above, the Committee must be held within 5 working days of the date of the request to convene it.

Pursuant to the Regulation, the chairman of each Committee, wherever necessary, shall ensure that the documentation reasonably necessary to ensure adequate information is made available to the members of the Committee with respect to the items on the agenda, so as to enable them to act in an informed manner when performing their role within the Committee. In order to acquire all the information necessary for the performance of his duties, he may interact, through the secretary, with the internal subjects competent for the matter. Moreover, 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, the representatives of the Company's management and departments or other subjects competent on the matter or advisors of the Company or of the committee, including members of other committees and/or representatives of the control bodies.

Moreover, the chairman of each Committee, wherever necessary, chairs the meetings and, in case of his absence or impediment, is replaced by a member chosen by those present, and informs the Board of Directors of the activities carried out by the committee at the first useful meeting.

Regarding the manner in which minutes are taken, the Regulation sets forth that summary minutes are taken of the decisions adopted by each Committee, in which, inter alia, any dissent expressed by the members of each Committee is noted. The chairman and the secretary of each Committee sign the minutes of the meetings, which are kept by the secretary of the Committee in chronological order in a special book, for possible consultation, as far as it is of interest, of the members of the Committees themselves, as well as of the other directors and control bodies.

Regarding the management of the information provided to the members of the Committees, the Regulation provides that the documentation shall be made available to each Committee at least 2 (two) calendar days in advance of the date of the meeting, except for cases of urgent convocation of the meeting and/or other cases where it is not possible to provide for the documentation with such advance notice. In the latter cases, the Chairman of the Committee shall ensure that appropriate and timely follow-up is carried out during the meeting. Finally, if particular requirements (including confidentiality needs) make it necessary, the information may be provided within a shorter period of time compared to the above-mentioned 2 calendar days or during the meeting, in a manner to be determined on the basis of the requirements that led to the information being made available beyond the above-mentioned 2-day period (e.g. by making the information available in paper format during the meeting).

The presence of the majority of the members in office is required for the meetings of the Committees to be valid. Committee decisions are taken by an absolute majority of those present; in

the event of a deadlock, the vote of the committee chairman (and not the chairman of the meeting if different from the committee chairman) prevails.

It should be noted that, during the reference Financial Year, the timeliness and adequacy of the information provided to the Committee members was ensured.

In compliance with Recommendation 16 of the CG Code, the Rules provide that the functions that the CG Code assigns to the Committees may be distributed differently or grouped together in a single Committee, provided that adequate information is made available on the tasks and activities carried out for each of the functions assigned and that the CG Code 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 set out for this purpose in the CG Code in relation to each committee are met.

It is to be specified that during the reference Financial Year the Board of Directors did not set up an internal appointments Committee, as it did not deem it necessary in view of the Company's size and shareholder structure, reserving the relevant functions to the entire Board, under the coordination of the Chairman and CEO. This *governance* choice is in compliance 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 concentrated ownership of small entity, 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 during the Board meetings for accomplishment of the task of identifying the most suitable figures to cover the 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 offices.

Additional committees (other than those envisaged by legislation or recommended by the Code)

In compliance with Recommendation 1 letter a) of the CG Code, on November the 11th, 2021 the Board of Directors of Ascopiave established the Sustainability Committee. The Sustainability Committee has the task of assisting the Board of Directors with investigative functions of a propositional and consultative nature, in the Company's assessments and decisions on sustainability in general and, in particular, with reference to activities relating to the so-called "energy transition". This Committee is composed of the following Directors: Mariachiara Geronazzo as Chairman, Cristian Novello and Enrico Quarello, as members (*see Table 3*).

The "Regulation on the Board of Directors, the Lead Independent Director and the Internal Board Committees", adopted by the Board of Directors on November the 11th, 2021, also governs the powers and operating rules of the Sustainability Committee.

The Rules provide that the Internal Board Committees are composed of at least three directors, as decided from time to time by the Board of Directors at the time of appointment. All of these directors are non-executive and at least a majority of them are independent; the chairman of each committee is 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 made up of members of the Board of Directors and senior management of the Company with expertise in sustainability issues.

In particular, the Sustainability Committee is vested with the following responsibilities:

- (i) to develop and to propose to the Board of Directors a guideline that integrates the pursuit of the goal of sustainable success in the *business* processes, in the Group's industrial plan and in the *performance targets* on remuneration; 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 paragraph 4.4.3 (ii) of the Regulation;
- (ii) to monitor the diffusion of the culture of sustainability at corporate level and to make proposals to the Board of Directors for the adoption of initiatives aimed at promoting it;
- (iii) to support the Board of Directors in assessing the social, environmental and economic impacts of business activities;
- (iv) to express opinions on the sustainability goals defined by the Board of Directors so that they are correctly identified and adequately measured, managed and monitored;
- (v) where introduced, to monitor the Company's positioning in the main sustainability indices and to report to the Board on this matter;
- (vi) to express opinions on the initiatives and programmes promoted by the Company or its subsidiaries in the field of corporate social responsibility and "*Environmental Social Governance*" and to monitor their implementation;
- (vii) following the indication of the Board of Directors, to formulate opinions and proposals concerning specific issues of corporate social responsibility;
- (viii) to examine, prior to examination by the Board of Directors, the Sustainability Report submitted annually to the Board of Directors (where prepared);
- (ix) to coordinate activities with the Remuneration Committee for profiles relating to the integration of the so-called "*Environmental Social Governance*" goals in the remuneration policy;
- (x) To coordinate activities with the Control and Risk Committee in the elaboration of annual and multi-year sustainability goals to be achieved with specific reference to the management of correlated medium- and long-term risks relating to the Company and its subsidiaries.

No meetings of the Sustainability Committee were held during the reference Financial Year. There have been no changes in the composition of the Sustainability Committee since the end of the reference Financial Year.

Further meetings of the Sustainability Committee will be scheduled in 2022. From the end of the reference Financial Year to the date of this Report, one meeting was held on February the 3rd, 2022.

Pursuant to the Regulation, on February the 3rd, 2022 the recently established Sustainability Committee of Ascopiave S.p.A. met for the first time, in order to start a process within the

Committee, aimed at supporting the Board of Directors of Ascopiave S.p.A. with reference to the following Board responsibilities:

- to adopt, upon the proposal of the Sustainability Committee, a guideline that integrates the pursuit of the goal of sustainable success into the *business* processes and the Group's industrial plan, and into the *performance targets* for remuneration in order to pursue the objective of the Company's sustainable success (see paragraph 3.2.2 (i) of the Regulation); and
- to define, on the proposal of the Sustainability Committee, the annual and multi-year sustainability targets to be achieved with specific reference to the management of medium and long-term correlated risks relating to the Company and its subsidiaries, in coordination with the Control and Risk Committee (see paragraph 3.2.2 (iv) of the Regulation).

The meeting of the Sustainability Committee was attended by the Board of Statutory Auditors, upon the invitation of the Committee Chairman, who informed the Chairman and CEO.

The Sustainability Committee meetings are coordinated by the Committee Chairman, supported by the Secretary. Sustainability Committee meetings are duly minuted.

The Chairman of the Sustainability Committee informs the Board of Directors of the committee's activities at the first available meeting.

Pursuant to the Regulations, the Board of Directors may establish an annual budget for one or more Committees, in relation to the external advice they may require.

As anticipated in Section 4.7 "*Independent Directors and Lead Independent Director*" of this Report, we inform you that, on March the 11th, 2019, the Board of Directors of Ascopiave S.p.A. proceeded to set up a new end-consultancy committee called the Committee of Independent Directors.

The Committee of Independent Directors is composed of all the Independent Directors of Ascopiave S.p.A., in particular Dr.Mariachiara Geronazzo, Mr.Cristian Novello, Mrs.Greta Pietrobon and Dr.Luisa Vecchiato (see Table 3).

It is to be specified that Mrs.Greta Pietrobon was appointed ***Lead Independent Director*** by the Board of Directors on January the 28th, 2021.

Powers and operating rules of the Committee of Independent Directors are governed by the "Regulation of the Board of Directors, the Lead Independent Director and the Internal Board Committees", adopted by the Board of Directors on November the 11th, 2021, as 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 event, at least once a year - to discuss issues of interest with respect to the operation and activities of the Board of Directors or the management of the Company. 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 case of his absence or impediment, is replaced by an independent director chosen by those present.

The majority of the independent directors in office must be present for the meetings of the Committee of Independent Directors to be valid. The decisions of the Committee of Independent Directors are taken by an absolute majority of those present; in the event of a tie, the vote of the *Lead Independent Director* prevails.

The decisions taken by the Committee of Independent Directors are recorded in brief minutes, which, among other things, state the reasons for any dissent expressed by the members of the Committee.

During the reference Financial Year, 2 (two) meetings of the Committee of Independent Directors were held, on February the 25th, 2021 and June the 16th, 2021.

The meetings of the Committee of Independent Directors were convened and coordinated by the *Lead Independent Director*, supported by the secretary. The meetings of the Committee of Independent Directors were duly minuted.

The average duration of the meetings was approximately half an hour.

Upon invitation of the *Lead Independent Director*, the Committee meeting was attended by the Board of Statutory Auditors.

There have been no changes in the composition of the committee since the conclusion of the reference Financial Year.

During 2022, the Committee of Independent Directors will schedule further meetings. No meetings of the Committee of Independent Directors have been held since the conclusion of the reference Financial Year until the date of this Report.

During the reference Financial Year, the Committee of Independent Directors carried out the following activities:

- on February the 25th, 2021, the *Lead Independent Director* convened the independent directors for his inauguration;
- on June the 16th, 2021, the Committee expressed a prior favourable opinion with reference to the updating of the "Procedure for Transactions with Related Parties", approved by the Board of Directors of Ascopiave S.p.A. on the same date, as provided for by Art. 4 of the "Regulation of Transactions with Related Parties" (Consob Resolution No. 17221/2010 updated in December 2020).

The meetings of the Committee of Independent Directors were convened and coordinated by the *Lead Independent Director*, supported by the secretary.

In carrying out its functions, the Committee of Independent Directors had access, through the secretary, to the information and company departments necessary for the performance of its duties and did not make use of external consultants

Pursuant to the Regulations, the Board of Directors may establish an annual *budget* for one or more Committees, in relation to the external advice they may require.

For further information on the powers and operation of the Internal Board Committees, please refer to the "Regulation of the Board of Directors, Lead Independent Director and Internal Board 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 compliance with Concept XIV of the CG Code, the Board of Directors of Ascopiave S.p.A. is empowered to periodically assess 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 Internal Board Committees", adopted by the Board of Directors on November the 11th, 2021.

In particular, the Regulation provides that the Board of Directors shall periodically assess the effectiveness of its activities and the contribution made by its individual members, through formalised procedures the implementation of which it supervises. For this purpose 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 activity of the Board of Directors and its committees, and to express an opinion on the actual operation, size and composition of the body as a whole and of its committees, if any, 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 assesses whether it is appropriate for the Company to use external consultants to carry out the self-assessment activity.

The self-assessment, when carried out through internal activities and without the support of external consultants, shall be performed according to the methods established by the Board of Directors, including guided discussion, possibly also through the use of questionnaires concerning the size, composition and operation of the Board of Directors and its Committees, with the possibility of providing suggestions or proposals for action.

In compliance with Recommendations 21 and 22 of the CG Code, since Ascopiave S.p.A. is a "small-entity concentrated ownership company" with respect to the categories of the CG Code, the Issuer's Board of Directors intends to schedule the *board review* on a three-yearly basis, before the expiry of the current board mandate, formalising this process according to the methods defined in the new Regulation.

It should also be noted that, on January the 24th, 2020, the Board of Directors carried out a self-assessment on the operation of the Board itself and Internal Board committees. The assessment process was carried out on the basis of qualitative criteria, by comparing the structure and functioning of the Board of Directors and the internal committees with reference to the *best practices* and current regulations. For the assessment, the Board has not made use of external consultants, but of professionals internal to the Company.

It is to be reminded that on the date of January the 24th, 2020, in compliance with recommendations of Application Criterion 1.C.1. h) of the previous Corporate Governance Code and considering that, with the approval of the financial statements for the 2019 financial year, its term of office would have expired, the Board of Directors of Ascopiave S.p.A., taking into account the results of self-assessment ("*board review*") referred to the 2019 financial year, expressed to the shareholders, in view of the renewal of the administrative body, the guidelines on the managerial

and professional figures whose presence on the new Board of Directors was considered appropriate.

In this regard, for further details, please also refer to Section 4.3 "*Composition*", in particular in the paragraph "*Diversity Criteria and Policies*".

It should be noted that this guideline was published on the Issuer's website (www.gruppoascopiave.it section "*Investor relator*" - "Meetings") well in advance of the publication of the notice of call of the meeting relating to the renewal of the Board.

Recommendation 19 letter d) of the CG Code envisages that the Board of Directors shall entrust the nomination committee or the administrative body (if the nomination committee is not constituted) with possible presentation of a list of candidates for the appointment of the Board of Directors to be carried out in a manner that ensures its transparent formation and presentation.

On April the 29th, 2021, the Extraordinary Shareholders' Meeting of Ascopiave S.p.A. approved the proposal to amend Article 15.1 of the Articles of Association in order to allow the outgoing Board to present a list of candidates for the appointment of the Board of Directors in order to ensure the stability of the *governance* 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 shareholders who submits majority lists to make proposals on the number of members, term of office and remuneration. In this regard, on the occasion of the next renewal of the corporate bodies, the Board of Directors of Ascopiave will invite the shareholders presenting a majority list to make proposals on the number, duration of the term of office and compensation.

It should be noted that, in compliance with Recommendation 23 of the CG Code, the suggestion of the optimal quantitative and qualitative composition of the Board would not be compulsory for Ascopiave S.p.A., taking into account the results of the board review, since it can be classified as a "small-entity concentrated ownership company" with respect to the CG Code categories. However, in compliance with the provisions of the Rules of Procedure, the Board may consider this suggestion at the Shareholders' Meeting, in view of the upcoming renewal of the Board's mandate.

Furthermore, it should be noted that according to Recommendation 23 of the CG Code those who submit a list containing more than half the number of candidates to be elected should provide adequate information on the compliance of this list with the suggestion expressed by the Board of Directors, in the documentation submitted for the filing of the list, indicating their candidate for the office of Chairman of the Board. It should be further specified that this Recommendation is not mandatory for Ascopiave, as it can be classified as a "concentrated ownership company".

In compliance with Concept XIII of the CG Code, the Regulation sets forth that the Board of Directors has its own functions for the definition, updating and implementation of any succession plan for the Chairman and CEO and other executive directors, if appointed, which at least identifies the procedures to be followed in the event of early termination of office.

Regarding 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 does not find mandatory application in the Company, as it can be classified as a "small-entity concentrated ownership company" under the CG Code.

Accordingly, at the Board meeting held on November the 11th, 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 consider adopting 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 further 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 foreseen by the provisions of the Bylaws in force. In particular, the three-year term of office of all directors is established by Article 15 of the Company Articles of Association, as well as the replacement of the members of the Board of Directors who ceased to hold office before the expiry of the term

7.2. NOMINATION COMMITTEE

As specified in Section 6 "*Committees within the Board*" of this Report, the Board of Directors did not set up an internal committee to propose candidates for appointment to the position of member of the Board of Directors, as it did not deem it necessary, reserving the related functions to the full Board, in compliance with the provisions of Recommendation 16 of the CG Code. This choice was also taken in consideration of the size, *governance* structure and shareholding structure of the Issuer, as well as the possibility of guaranteeing adequate supervision in the context of Board discussions, taking into account the high number of independent directors.

The decision to reserve the Appointments Committee's functions to the Board was taken, after verifying compliance with the conditions set out in Recommendation 16 of the CG Code, reserving adequate time 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 to Section 14 "*Additional Corporate Governance Practices*" for description of the activities carried out by the Board of Directors.

8. REMUNERATION OF THE DIRECTORS - REMUNERATION COMMITTEE

8.1 REMUNERATION OF THE DIRECTORS

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 Financial Act, according to the terms envisaged by applicable regulations.

In particular, please refer to the Remuneration and Compensation Report for the following information:

- Remuneration policy;
- Remuneration of executive directors and top management;
- Share-based remuneration plans;
- Remuneration of non-executive directors;
- Share-based remuneration plans;

- Indemnity of directors in the event of resignation, dismissal or termination of the relationship as a consequence of a take-over bid (ex. Article 123-bis, subpar. 1, letter i, Consolidated Financial Act).

8.2 REMUNERATION COMMITTEE

The Company's Board of Directors, in compliance with Recommendation 16 of the CG Code, has set up an internal Remuneration Committee.

Composition and operation of the Remuneration Committee (ex-Art. 123-bis, paragraph 2, letter d) of the Consolidated Financial Act)

The Remuneration Committee of the Issuer is composed of three Directors.

With reference to the current Board of Directors, the members of the Remuneration Committee were appointed during the Board meeting held on June the 8th, 2020.

In compliance 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. As of the date of this report, the Remuneration Committee is composed of the independent director Mrs. Greta Pietrobon, acting as its Chairman, the non-executive director Mr. Enrico Quarello and the independent director Dr. Luisa Vecchiato (*see Table 3*).

Moreover, in compliance with relevant provisions of the *Corporate Governance Code*, at least one member of the Remuneration Committee has knowledge and experience in financial matters or remuneration policies, deemed adequate by the Board at the time of appointment. In particular, director Greta Pietrobon has acquired adequate experience as a member of the Board of Directors in office since April the 24th, 2014.

During the 2021 Financial Year, 5 (five) meetings of the Remuneration Committee were held, on January the 26th, 2021, on February the 9th, 2021, on March the 2nd, 2021, on June the 15th, 2021 and on November the 8th, 2021. The average duration of the meetings was approximately 1 hour. Since the conclusion of the Financial Year, there have been no changes in the composition of the Remuneration Committee.

At the current date, further meetings of the Remuneration Committee will be scheduled for the financial year 2022.

The Committee also met, subsequent to the conclusion of the reference Financial Year and up to the date of this Report, on February the 16th, 2022 and March the 1st, 2022.

The meetings of the Remuneration Committee are coordinated by the Chairman of the Committee, with the support of the secretary. Minutes of the Remuneration Committee meetings are regularly taken.

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 have been attended by representatives of the relevant corporate departments and functions upon invitation of the Chairman of the Committee and, informing the Chairman and CEO.

In compliance with Recommendation 26 of the CG Code, directors should refrain from attending committee meetings where proposals are made to the Board regarding their own remuneration.

The Remuneration Committee meeting was attended by the Board of Statutory Auditors upon invitation of the Chairman of the Committee and notification of the Chairman and CEO.

Please refer to Section 6 "*Committees within the Board*" of this Report for further information on common operating procedures of the Internal Board Committees.

Functions of the Remuneration Committee

The powers and operating rules of the Remuneration Committee are governed by the "Regulation of the Board of Directors, the Lead Independent Director and the Internal Board Committees", adopted by the Board of Directors on November the 11th, 2021.

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 functions of propositional and advisory nature, in assessments and decisions relating to the development of the remuneration policy.

In compliance with Recommendation 25 letter b) of the CG Code, the Regulation provides that the Remuneration Committee submits proposals or expresses opinions to the Board of Directors on the remuneration of executive directors and other directors holding 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 to so-called "Environmental Social Governance" goals in the remuneration policy;

Furthermore, the Committee monitors the concrete application of the remuneration policy, verifying, in particular, the effective achievement of the *performance* objectives, consistently with Recommendation 25 letter c) of the CG Code.

The Remuneration Committee periodically assesses the adequacy, at least annually, 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 to Section I, Chapter 2.4 of the Report on Remuneration Policy and Remuneration Paid, prepared pursuant to Article 123-ter of the Consolidated Financial Act and published according to the applicable regulations.

During the reference Financial Year, the Remuneration Committee met, inter alia, to discuss the following main issues:

- Report on remuneration policy and compensation paid pursuant to art. 123-ter of the Consolidated Financial Act: assessment of the 2021 Remuneration Policy, verification of consistency between compensation paid in 2020 and the 2020 remuneration policy;
- Examination of the MBO Plan 2020 results.
- 2021 Short-term variable incentive plan;
- 2021-2023 Long-term Variable Incentive Plan;
- also in its capacity as Committee for Related Parties, the Remuneration Committee resolved to propose the appointment of the Chairman and Chief Executive Officer Dr. Nicola Ceconato, also as General Manager of Ascopiave, as effective from January the 1st, 2022.

In carrying out its functions, the Remuneration Committee had access, through the secretary, to the information and company departments necessary for the performance of its duties and made use of external consultants.

Pursuant to the Regulations, the Board of Directors may establish an annual *budget* for one or more Committees, in relation to the external advice they may require.

9. INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM - CONTROL AND RISK COMMITTEE

Below reported is a description of the internal control and risk management system implemented by Ascopiave S.p.A., with reference to the reference Financial Year.

The Company has adopted an internal control and risk management system in compliance with concepts and recommendations of the CG Code, as well as consistent with reference *best practices*.

In compliance with Concept XIX and Recommendation 33, letter a) of the CG Code, during the reference Financial Year the Board of Directors of Ascopiave S.p.A. defined the guidelines of the internal control and risk management system - consisting of a 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 – according to the strategies of the Issuer.

In particular, within the framework of the approval process for the new 2020-2024 Strategic Plan, which took place on January the 15th, 2021, the Board of Directors integrated the sustainability of the company's activities into the definition of corporate strategies. On this occasion, in compliance 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 corporate strategic goals, including in its assessments all the elements that may be relevant in view of the Company's sustainable success.

It should also be noted that, upon conclusion of the reference Financial Year, on January the 31st, 2022, as part of the approval process for the new "2021-2025 Strategic Plan", the Board of Directors continued to integrate the sustainability of the company's activities into the definition of its strategies, confirming the strategic guidelines indicated last year.

In particular, Ascopiave will first of all be committed to seizing the opportunities and responding to the challenges that in the near future will derive, on the one hand, from the transformation of the energy sector towards greater environmental sustainability and, on the other, from the opening of the gas distribution market, with the start of tenders for the assignment of the service. Secondly, the Group will activate a path of growth and diversification in other synergic, sustainable *businesses* with a risk profile consistent with that of the activities currently undertaken, including the biomethane, renewable energy, energy efficiency and water services. The action plan leverages the Group's current solid positioning, its industrial and financial capabilities and the enhancement and development of its current skills, with a view to creating value for shareholders and other key *stakeholders*. The envisaged growth path will take place within a framework of overall economic-financial, social and environmental sustainability, confirming a stable and attractive remuneration for shareholders. The strategy that will guide the Group to 2025 is based on four pillars, confirming the strategic guidelines already indicated in the plan approved during the previous financial year: growth in the *core business* of gas distribution, diversification into synergic sectors, economic and operational efficiency and innovation.

Ascopiave S.p.A.'s internal control and risk management system consists of a 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. This system is integrated into the more general organisational and corporate governance structures adopted by the Issuer, taking into account the existing national and international reference models and *best practices*.

The system is aimed at pursuing 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.

The following risk management activities continued under the coordination of the *Chief Financial Officer* during the reference Financial Year:

- Application of the *Policy* "Management and Control of Financial Risks";
- application of the Procedure "EMIR Regulation Compliance" adopted by the Board of Directors of Ascopiave S.p.A., as well as by the other subsidiaries, which regulates the methods to be adopted in order to meet the requirements of the European EMIR Regulation regarding the use of derivative instruments (i.e. timely confirmation of transactions, periodic reconciliation of the portfolio with the counter party, reporting of all derivatives stipulated to specific *trade repositories* approved by ESMA), also respecting an adequate accounting *framework* in compliance with *Hedge Accounting*.

It is to be notified that currently the "EMIR regulation compliance" procedure applies only to Ascopiave S.p.A., which is indebted to some credit institutions following the subscription of medium-term loans that provide for the application of a variable rate, for which it was deemed appropriate, given the market situation, to hedge against the risk of rate changes through the use of financial derivatives, the situation of which is constantly monitored by the *Chief Financial Officer*.

During the reference Financial Year, the project to update the Group's *Policies* continued, also regarding risk management, as well as the Organisation, Management and Control Model.

In particular, as of the date of approval of this Report, the Board of Directors of Ascopiave S.p.A. has approved/updated the following documents:

- "Guidelines on the Exercise of the Power of Direction and Coordination by Ascopiave S.p.A.", updated revision approved on September the 11th, 2020;
- "Procedure for the Management of Energy Efficiency Certificates of the Ascopiave Group - TEE", approved on November the 9th, 2020;
- "*Policy* - Management and Control of Financial Risks", updated version adopted on January the 15th, 2021;
- "Procedure for Compliance with EMIR Regulations", updated version adopted on January the 15th, 2021;
- "Code of Conduct on *Internal Dealing*", updated version approved on January the 28th, 2021;
- "Procedure for the Management and Processing of Privileged Information, for the Disclosure of Announcements to the Public and for the Management of the Register of Persons with Access to Privileged Information", updated version approved on January the 28th, 2021;
- "Budget Procedure", updated version approved on February the 12th, 2021;
- "Procedure for Transactions with Related Parties", updated version approved on June the 21st, 2021;

- "Policy for the Management of Dialogue with General Shareholders and Other Stakeholders", approved on December the 22nd, 2021.

In addition, on November the 11th, 2021, the Board of Directors approved the "Regulation of the Board of Directors, Lead Independent Director and Internal Board Committees".

Roles and Functions

Pursuant to Recommendation 32 of the CG Code, the organisation of the internal control and risk management system involves different parties to whom specific roles and responsibilities are assigned, each within its own sphere of competence:

- Board of Directors;
- *Chief executive officer*;
- Control and Risk Committee;
- Supervisory Board pursuant to the Legislative Decree. No.231/2001;
- Manager responsible for preparing corporate accounting documents;
- Company Departments and Functions for the processes and activities of their competence;
- Head of the *Internal Audit* Function;
- Statutory 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 compliance with the corporate strategies, assessing their adequacy and effectiveness, at least once a year, with respect to the characteristics of the company and the risk profile assumed.

.Furthermore, the Board, with the support of the Control and Risk Committee, has the task of defining the concepts of the coordination and information flows between the different subjects involved in the internal control and risk management system, in order to maximise the efficiency of the system itself, reduce the duplication of activities and ensure an efficient performance of the tasks on the part of the Board of Statutory Auditors.

The Control and Risk Committee has the task of assisting the Board of Directors with investigative, propositional and advisory functions, in assessments 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 the *Internal Audit* Department is in charge of verifying that the internal control and risk management system is active and adequate.

In addition, the managers of each of the Company's corporate structures involved are responsible, for defining, managing and monitoring the effective operation of the internal control and risk management system with reference to their own sphere of competence, within the framework of the guidelines of the internal control and risk management system established by the Board of Directors, the guidelines received and the organisational instructions on implementation of these guidelines.

All employees, according to their respective roles, contribute to ensure an efficient functioning of the internal system and risk management system of Ascopiave S.p.A..

In compliance with the requirements of Art. 2.2.3, paragraph 3, Letter (I) of the Stock Exchange Regulations, on March the 27th, 2008 Ascopiave set an organizational, management and control framework, pursuant to Art. 6 of the Legislative Decree No.231 of June the 8th, 2001, also identifying a Body in charge of overseeing the adequacy and the effective implementation of the Model; for its details, please refer to Section 9.4 "*Organisational Model pursuant to Legislative Decree 231/2001*" of this document.

On January the 28th, 2021, the Board of Directors identified Dr.Cecconato as *Chief Executive Officer*, also pursuant to the new CG Code, who is also in charge of establishing and maintaining the internal control and risk management system, also pursuant to Recommendation 32 of the CG Code.

Existing Risk Management and Internal Control System in relation to the Financial Reporting Process

The internal control and risk management system is aimed at providing reasonable certainty that the diffused accounting information supplies to the users a true and correct representation of the management facts, allowing the release of the certifications and declarations requested by law on the consistency of the document results, of the books and accounting writings of the acts and notifications of the company diffused to the market and related to the accounting information also within the year, thus ensuring the appropriateness and effective application of the administrative and accounting procedures during the period interested by the accounting documents (year balance, half year balance and intermediate management report) and on the their drawing-up according to the international accounting standards.

In this regard, it should be recalled that, as specified in the previous Reports on corporate governance and ownership structures, Ascopiave S.p.a., as an Italian company with shares negotiated in an Italian regulated market, must appoint a Manager in charge of preparing the corporate accounting documents (Manager in Charge), to whom the law attributes specific powers, responsibilities and certification and declarations obligations.

As a consequence, on July the 19th, 2007 the Board appointed a Manager in charge, to whom it entrusted the task to prepare proper administrative and accounting procedures for the creation of the accounting informative diffused to the market, and also to supervise the effective respect of these procedures, attributing him proper powers and instruments for implementing related functions.

The Manager in charge started the "262 Project", with the aim of ascertaining the consistency of the Internal Control System to supply a reasonable certainty about the true and proper representation of the economic, equity and financial information.

The Board has entrusted this task to the Issuer's *Chief Financial Officer*, to whom he has assigned adequate powers and means for performing the duties according to the provisions of Article 154-*bis* of Legislative Decree No.58 of February the 24th,1998.

The risk management and internal control system is based on the following characterising elements:

- set of company procedures relevant for preparation and circulation of financial information, comprising, among others, operating instructions for financial statements and *reporting*;
- identification process of the main risks connected to the financial information and of the main controls for the acknowledged risks (financial *risk assessment*) that brought to the recognition, for each relevant accounting area, of the financial processes/flows considered critical and the

activities of control supervising these financial processes/flows and also the elaboration of appropriate control matrices that describe the control standard activities, key controls and the concerning *process owners* for each process considered critical and/or sensitive for Project 262. The company processes and related matrices are periodically assessed and, wherever appropriate, updated;

- *process owners* to whom the update of the matrices of the controls is entrusted; the *Chief Financial Officer* is responsible for the verification and the periodical update of the administrative-accounting procedures of the Group;
- periodical assessment of the appropriateness and of the effective application of the identified key controls. The assessment is carried out every six months at the time of preparation of the financial statements and the half-yearly report and is performed by the Head of *Internal Audit*, in coordination with the Manager in charge. In particular, the tests on the half-year verifications are carried out on the basis of the priorities identified during the *risk assessment* stage with the support of the Compliance Department (headed by the Legal and Corporate Affairs Department) in coordination with the *Internal Auditing* Manager; in addition, the *Compliance* Department also carries out monthly verification activities with the support of *continuous auditing* IT tools, in coordination with the *Internal Audit* Manager;
- external attestation process based on the reports and declarations made by the Executive in Charge pursuant to Article 154-*bis* of Legislative Decree No. 58/1998 within the framework of the general process of preparation of the annual financial statement or the half year financial report or the intermediate management report, also on the basis of the controls performed and subject to the accounting control model, the content of which is shared with the Chairman and Chief Executive Officer, who submits the report or declaration to the Board of Directors, together with the accompanying accounting document, for the relating approval by the latter. For the purposes of internal *reporting*, the Executive in Charge periodically refers to the Control and Risk Committee, to the Board of Auditors and to the Supervisory Committee (in the framework of regular information flows) about the development procedures of the assessment process of the internal control system and also about the results of the assessments performed to support the released certifications or declarations.

The Board of Directors meeting held on March, the 4th, 2021, with reference to the 2020 Financial Year, and on March the 3rd, 2022, with reference to the 2021 Financial Year, subject to the opinion of the Control and Risk Committee, assessed the adequacy of the internal control and risk management system with respect to the Company's business activities and the risk profile assumed, as well as its efficiency, in compliance with Concept XIX and Recommendation 33(a) of the CG Code.

The assessment was conducted on the occasion of the presentation of financial results for the period, as well as during the regular meetings of the Board, through the constant flow of information guaranteed by the players 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 results illustrated in the reports of the Manager in charge of preparing the company's financial reports, the Head of *Internal Audit* and the Supervisory Board of Ascopiave S.p.A. pursuant to ex-Legislative Decree No. 231/01, as well as the information received from the Reporting Committee and the information and procedures made available by the competent corporate departments during the meetings held by the Control and Risk Committee during the reference Financial Year and in any case up to the date of this Report, as well as on the basis of the information acquired during the participation in the meetings of the Board of Directors, also taking into account the improvement actions underway, - has considered that the internal control and risk management system is adequate,

confirming the overall assessment of the internal control and risk management system of Ascopiave S.p.A. already expressed in the previous financial statements, in which the internal control and risk management system was considered adequate and efficient in relation to the characteristics of the Company and the Ascopiave Group and the risk profile assumed.

9.1. CHIEF EXECUTIVE OFFICER

On January the 28th, 2021, the Board of Directors identified Dr. 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.

The "Regulations of the Board of Directors, Lead Independent Director and Internal Board Committees", adopted by the Board of Directors on November the 11th, 2021, also sets out the competences of the *Chief Executive Officer*.

The Regulation provides that the Board of Directors, stating the reasons for its choice, may also assign the task of setting up and maintaining the internal control and risk management system to a director other than the Chairman and CEO, provided that the latter can be qualified as an executive according to the notion set out in the CG Code.

In particular, during the reference Financial Year, the *Chief Executive Officer*:

- Pursuant to Recommendation 34, letter a) of the CG Code, has identified the main corporate risks, taking into account the characteristics of the activities carried out by the Issuer and its subsidiaries, and has periodically submitted them to the Board for examination;
- Pursuant to Recommendation 34, letter b) of the CG Code, has implemented the guidelines defined by the Board, taking care of the design, establishment and management of the internal control and risk management system and constantly checking its adequacy and efficiency, as well as adapting it to the dynamics of the operating conditions and legislative and regulatory framework;

During the reference Financial Year, the CEO did not entrust the Internal Audit Function with carrying out any additional actions with respect to the internal audit plan approved by the Board of Directors, insofar as no critical issues were found during the reference Financial Year that would justify these initiatives.

Finally, the CEO did not report to the Control and Risk Committee on problems that emerged during the performance of his activities or of which he is in any case aware, so that the Committee could take the appropriate initiatives, since during the reference Financial Year no critical issues were found that would justify such initiatives.

9.2 CONTROL AND RISK COMMITTEE

The Board of Directors of the Company, in compliance with the provisions of Recommendation 16 of the CG Code, has set up a Control and Risk Committee.

Composition and operation of the Control and Risk Committee (ex art. 123-bis, paragraph 2, letter d) of the Consolidated Financial Act).

The Issuer's Control and Risk Committee is composed of three directors.

The members of the Control and Risk Committee were appointed during the Board meeting of June the 8th, 2020.

In compliance with Recommendation 35 of the CG Code, during the reference Financial Year, the Control and Risk Committee was composed of non-executive directors, the majority of whom are independent, whereas the Chairman is an independent director as well. In particular, at the date of this Report, the Control and Risk Committee was composed of the independent director Mr.Cristian Novello, acting as Chairman, the independent director Dr.Mariachiara Geronazzo and the non-executive director Mr.Roberto Bet (see Table 3).

Furthermore, in compliance with Recommendation 35 of the CG Code, the Audit and Risk Committee as a whole has adequate expertise in the sector of activity in which the Issuer operates, being thus able to assess the relevant risks. In particular, the Director Mr.Cristian Novello has expertise in risk management, acquired by virtue of positions held in other companies; the director Dr.Mariachiara Geronazzo has skills in accounting and tax matters acquired through her experience as a freelance professional; finally, the director Mr.Roberto Bet has expertise in juridical and legal matters acquired through the positions held and in the exercise of his profession.

During the reference Financial Year, 7 (seven) meetings of the Audit and Risk Committee were held on January the 14th, 2021, January the 26th, 2021, February the 9th, 2021, March the 3rd, 2021, May the 12th, 2021, August the 4th, 2021 and November the 10th, 2021.

The average duration of the meetings was approximately 1 hour.

Since the conclusion of the Financial Year, there have been no changes in the composition of the Control and Risk Committee.

As of the date of this Report, the Control and Risk Committee meetings are scheduled to take place in 2022 on the occasion of the 4 (four) meetings of the Board of Directors scheduled to approve the Company's annual, half-yearly and quarterly results.

The Audit and Risk Committee also met, after the conclusion of the Financial Year and up to the date of this Report, on February the 16th 2022 and on March the 2nd 2022.

Upon invitation of the Chairman of the Audit and Risk Committee, the CEO attended a meeting of the Audit and Risk Committee.

The Audit and Risk Committee meetings are coordinated by the Chairman of the Committee, with the support of the secretary. The meetings of the Audit and Risk Committee are regularly minuted.

The Chairman of the Control and Risk Committee informs the Board of Directors on the activities carried out by the Committee at the first useful meeting.

Pursuant to Recommendation 17 of the CG Code, the meetings of the Control and Risk Committee have been attended, at the invitation of the Chairman of the Committee and, informing the Chairman and CEO, by representatives of the relevant corporate departments and functions.

The meetings of the Control and Risk Committee were attended by the Board of Statutory Auditors, upon invitation of the Chairman of the Committee and informing the Chairman and CEO.

Please refer to Section 6 "*Committees within the Board*" of this Report for further information on the common operating procedures of the Internal Board Committees.

Functions Assigned to the Risks and Control Committee

The "Regulation on the Board of Directors, the Lead Independent Director and the Internal Board Committees", adopted by the Board of Directors on November the 11th, 2021, also sets out the powers and operating rules of the Control and Risk Committee.

In particular, pursuant to Recommendation 33 of the CG Code, the Audit and Risk Committee supports the Board of Directors in carrying out the tasks entrusted to the latter by the CG Code on internal control and risk management.

The Rules establish that the Control and Risk Committee, in particular, in assisting the Board of Directors:

- assesses the correct use of accounting concepts and their uniformity for the purposes of preparing the consolidated financial statements, in compliance with Recommendation 35, letter a) of the CG Code, having heard the Manager responsible for preparing the company's financial reports and having consulted the statutory auditor and the board of statutory auditors;
- 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 compliance with Recommendation 1, letter a) and Recommendation 35, letter b) of the CG Code); this assessment shall take place during the Board of Directors' meeting called to approve the periodic financial reports, once the Board meeting has been suspended.
- examines the content of periodic non-financial information relevant to the internal control and risk management system, pursuant to Recommendation 35, letter c) of the CG Code
- expresses opinions on specific aspects relating to the identification of the main corporate risks and supports the assessments and decisions of the Board of Directors relating to the management of risks arising from prejudicial facts of which the latter has become aware, pursuant to Recommendation 35, letter d) of the CG Code;
- examines periodic reports and any report of particular relevance prepared by the Internal Audit Department, pursuant to Recommendation 35, letter e) of the CG Code;
- monitors the independence, adequacy, effectiveness and efficiency of the *Internal Audit* Department, pursuant to Recommendation 35, letter f) of the CG Code;
- may entrust the *Internal Audit* Department with the performance of checks on specific operational areas, simultaneously notifying the Chairman of the Board of Statutory Auditors, pursuant to Recommendation 35, letter g) of the CG Code;
- reports to the Board of Directors on the activities carried out as well as on the adequacy of the internal control and risk management system at least once every six months, on the occasion of the approval of the annual and semi-annual financial reports pursuant to Recommendation 35, letter h) of the CG Code.

For details of the additional functions attributed to the Control and Risk Committee, please refer to the Regulation available in the "*Corporate Governance*" section of the Company's website www.gruppoascopiave.it.

During the Financial Year, the Control and Risk Committee met, among other things, to discuss the following main issues:

- assessment of the adequacy of the internal control and risk management system;
- examination of the 2021-2022 Plan of the Head of the Internal Audit Department;
- examination of the periodic reports prepared by the Head of the *Internal Audit* Department on the progress of the *internal auditing* work plan;

- examination of the reports submitted by the Manager in charge of preparing the company's financial reports, with particular regard to the *risk analysis* activities and the implementation of the measures necessary to provide reasonable certainty regarding the true and fair representation of the economic, equity and financial information, in compliance with the provisions of Law No. 262/2005;
- examination of the reports of the Supervisory Body appointed pursuant to Legislative Decree No. 231/2001;
- examination of the periodic report of the Reporting Committee;
- assessment of the most appropriate initiatives, with a view to the progressive improvement of the internal control and risk management system.

In carrying out its functions, the Control and Risk Committee had access, through the secretary, to the information and company departments necessary for the performance of its duties and did not resort to external consultants.

Pursuant to the Regulations, the Board of Directors may establish an annual *budget* for one or more Committees, in relation to the external advice they may require.

9.3. HEAD OF THE INTERNAL AUDIT DEPARTMENT

The responsibility of the *Internal Audit* Department has been entrusted since June 2015 to Dr. Sandro Piazza, external consultant.

The Head of the Internal Audit Department is responsible for verifying that the internal control and risk management system is functional and adequate.

The appointment of the Head of the *Internal Audit Department* took place on the proposal of the director in charge of the internal control and risk management system, having acknowledged 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 adequacy of professional experience, for the purposes of carrying out the assignment.

In particular, the Board of Directors is responsible for defining the remuneration of the Head of *Internal Audit*, ensuring that he is provided with adequate resources to perform his duties. Having entrusted this task externally, the Board of Directors has also assessed that the Head of the *Internal Audit* Department has adequate credentials of professionalism and independence, having gained extensive experience in *internal auditing* and compliance activities.

It is to be noted, that in July 2019 the *Compliance* Dept. was set up (headed by the Legal and Corporate Affairs Department of Ascopiave S.p.A.), and it included two resources that were previously part of the *Internal Auditing* Department. Among its activities, the *Compliance* Department has also the task of providing support as a point of contact for the purposes of collecting the necessary information for the performance of operational audits by the Head of *Internal Audit*.

The *Internal Audit* Department is not responsible for any operational area, organisationally reporting to the Chairman of the Board of Directors of Ascopiave. He has direct access to all information useful for the performance of his duties.

The Board of Directors, after having heard the opinion of the Control and Risk Committee, approved the "2021-2022 Plan" prepared by the Head of *Internal Audit*, having consulted the Board of Statutory Auditors and the *Chief Executive Officer*.

During the reference Financial Year, the Head of the *Internal Audit* Department:

- verifies the operation and the suitability of the internal control and risk management system, either continuously or in relation to specific needs and in compliance with international standards; the activity is regulated by an audit plan, approved annually by the Board of Directors, based on a structured analysis and prioritization of key risks;
- prepares periodic reports, every six months, providing adequate information on its activities, on the way in which risk management is carried out and on compliance with the plans defined for risk containment, as well as an assessment of the suitability of the internal control and risk management system, and sends them to the chairmen of the Board of Auditors, the Control and Risk Committee and the Board of Directors, as well as to the *Chief Executive Officer*;
- Verifies within the framework of the audit plan, the reliability of information systems including the accounting systems.

During the reference Financial Year, the Head of the *Internal Auditing* Department performed a verification of the internal control system and risk management of the Issuer on the basis of the control instruments implemented in the previous fiscal years. During the reference Financial Year, the Head of *Internal Audit* Department 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*, in order to allow them to fulfil their assigned tasks regarding the monitoring and assessment of 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 "Ascopiave Group Reporting Management Procedure" on May the 13th, 2019, as well as Chairman of the Supervisory Board of the subsidiary Asco Energy S.p.A.

9.4. ORGANISATION MODEL ex Legislative Decree No.231/2001

On March the 27th, 2008, the Issuer adopted the organisation, management and control model for the prevention of crime with the aims specified by Legislative Decree No.231/2001 ("Model 231") and subsequent integrations.

Upon the proposal of the Supervisory Board, the Board of Directors of Ascopiave S.p.A. adopted the current version of the model at its meeting of November the 11th, 2021, with the addition of a new special section to cover "Tax Crimes".

On September the 10th, 2021, the Board of Directors of Ascopiave S.p.A. approved an updated version of the Code of Ethics of the Ascopiave Group, an integral part of Model 231, including, among other things, the alignment of the definition of "sustainable success" with the new corporate purpose of the Articles of Association of Ascopiave S.p.A., adopted by the Extraordinary Shareholders' Meeting on April the 29th, 2021, as well as the revision of the order of classification of the Group's values, giving priority to the issue of sustainability and respect for and enhancement of personnel. This Code of Ethics has been adopted by the Boards of Directors of all the subsidiaries of the Ascopiave Group.

Along with the adoption of the 231 Model, the Company appointed a Supervisory Committee to supervise the operation and compliance with the model itself, taking into consideration the requisites required by the relevant legislation and the indications deriving from the guidelines of the relevant category associations as well as from the *best practices* in the sector.

In particular, on August the 3rd, 2020 the Board of Directors of Ascopiave S.p.A. appointed the Supervisory Board of Ascopiave S.p.A. currently in office, which is made up of Mr. Fabio Pavone (Chairman of the Board), Dr. Luca Biancolin, who is also a member of the Board of Statutory Auditors of Ascopiave S.p.A. - and Dr. Roberta Marcolin.

In compliance with Recommendation 33, letter e) of the CG Code, the Board of Directors assessed the opportunity of appointing a member of the Issuer's Board of Statutory Auditors to the Supervisory Body in order to ensure coordination between the various subjects involved in the internal control and risk management system.

During the Financial Year 2021, in carrying out the duties assigned by law and by the Board of Directors of Ascopiave S.p.A. to the Supervisory Body, 10 (ten) meetings were held, and they were all reported on minutes by the Chairman .

During the meeting of May the 13th, 2019, the Board of Directors of Ascopiave SpA approved the "Ascopiave Group Reporting Management Procedure" (so-called *Whistleblowing*), as an integral part of Model 231 (Annex 3) in compliance with Law No.179/2017, which amended Article 6 of the Legislative Decree No. 231/2001. This procedure, adopted by all the subsidiaries of the Ascopiave Group, provides for three main channels of contact (letter, dedicated *e-mail* and *web* platform) and assigns the management of reports to a "Reporting Committee".

The Reporting Committee, a collegial body set after the adoption of the "Ascopiave Group Reporting Management Procedure", on May the 13th, 2019, is made up of the *Internal Auditing Officer*, the Legal and Corporate Affairs Director and the Supervisory Body of Ascopiave S.p.A.

During the 2021 Financial Year, the Reporting Committee of Ascopiave S.p.A. met on February the 15th, 2021 and on July the 13th, 2021. In 2022, up to the date of this report, the Committee also met on February the 21st, 2022.

The "Ascopiave Group Reporting Management Procedure" is published on the Issuer's website www.gruppoascopiave.it in the section of *Corporate Governance/System and Rules/Model 231*.

The summary document of Model 231 consists of a general part which illustrates the reference regulatory system, the model definition procedure and the elements which constitute the model; other special parts are also documented depending on the types of crime that the model aims at preventing, including:

- crimes against the public administration;
- corporate crimes:
- *market abuse*;
- health and safety at work;
- environmental crimes;
- informatics crimes;
- receiving of stolen goods and money recycling and laundering;
- corruption between private parties;
- tax crimes.

The Supervisory Board has set up, already during the previous years, a structured collection of information flows by the business parties so called Apical, designed to obtain information about significant events that occurred during the operations that may be attributable to the risk areas identified in Model 231.

For the disclosure of Model 231, the general part of it is available on the Issuer's website www.gruppoascopiave.it in the section *Corporate Governance/System and Rules/Model 231*

In addition, the Ascopiave Group Code of Ethics, approved by resolution of the Board of Directors of Ascopiave S.p.A. of September the 10th, 2021, is 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 the subsidiaries have been provided with an organization, management and control model ("Model 231") pursuant to the Legislative Decree No.231/2001 and have adopted the Ascopiave Group's Code of Ethics. Each company of the Group has appointed a Supervisory Body, in charge of supervising the implementation and efficiency of Model 231. During the reference Financial Year, a project aimed at preparing a new special section to protect against "Tax crimes" continued for all the Group's subsidiaries; this project will be completed in 2022.

The "Ascopiave Group Reporting Management Procedure", an integral part of Ascopiave S.p.A.'s Model 231 (Annex 3), was adopted by all the subsidiaries of the Ascopiave Group.

9.5. AUDITING COMPANY

Auditing is entrusted to the company PriceWaterhouseCoopers S.p.A.

The appointment was made by the Shareholders' Meeting on April the 23rd, 2015. The appointment will expire upon approval of the financial statement as of December the 31st, 2023.

During the reference Financial Year, the statutory auditors did not issue a letter of suggestions and an additional report addressed to the Board of Auditors.

9.6. MANAGER IN CHARGE OF ISSUING CORPORATE ACCOUNTING DOCUMENTS AND OTHER CORPORATE ROLES AND FUNCTIONS

The Board of Directors of Ascopiave SpA, which met on October the 15th, 2018, subject to the opinion of the Board of Statutory Auditors and to verification of the requirements of integrity and professionalism envisaged by the Articles of Association, appointed Dr.Riccardo Paggiaro on October the 31st, 2018 as *Chief Financial Officer*, in charge of drawing up the accounting and corporate documents pursuant to Article 154-*bis* of the Legislative Decree No. 58/98 and as strategic manager of the Ascopiave Group. Dr.Paggiaro, graduate in Economics from Ca 'Foscari University of Venice in 2001, Accountant and Auditor, has gained significant experience in administration, finance and control after a multi-year course in tax and *corporate finance* at primary consulting and auditing companies. Since 2011 he has held the position of Head of Finance & Treasury of the Ascopiave Group and of Administrative Manager for the subsidiaries, as well as holding positions in Group companies.

In accordance with Article 25 of the Issuer's Articles of Association, the manager responsible for preparing the company accounting documents must meet not only the honourable requirements prescribed by current legislation for all those performing functions of administration and management, but also the professional requirements as follows (i) having graduated in economics, finance or a subject related to company management and organisation, (ii) having matured a total experience of at least three years in administration or control activities, or having performed

managerial tasks with capital companies, or administrative or managerial tasks, or held offices of auditor or consultant as Articles of Association and accountant with businesses in the fields of credit, finance or insurance, or in any case in the fields that are closely related or inherent to the activity performed by the Company, involving the management of economic and financial resources.

In addition, persons who do not meet the integrity requirements laid down in the legislation in force as applicable in its up-to date version for persons performing administrative and management functions may not be appointed to the position of Manager in charge of issuance of financial reports and, if already appointed, shall cease to hold such position.

Following the obligatory but not binding opinion of the Board of Auditors, the Board of Directors shall appoint the Manager in Charge, setting out his compensation.

The Board of Directors shall ensure that the Manager in charge of issuing the company's financial reports has adequate powers and means to perform the tasks assigned to him in compliance with the provisions, including regulations, in force as applicable in their up-to date version.

During the reference Financial Year, no other specific *risk management*, legal risk or non-compliance monitoring functions were identified within the Ascopiave S.p.A. organisation (see *Recommendation 32, letter e* of the CG Code), as the managers of each corporate structure involved in the Company 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 operation of the internal control and risk management system with reference to their own sphere of competence.

All employees, according to their respective roles, contribute to ensure an efficient functioning of the internal system and risk management system of Ascopiave S.p.A..

It should be also notified that there is a *Compliance* Department, reporting to the Legal and Corporate Affairs Department, which, among other functions, also has the following responsibilities

- taking 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 Department;
- assisting in the assessment of the impacts of the entry into force of new reference regulations , in synergy with the relevant corporate structures, with significant effects on the design and operation of the internal control and risk management system;
- carrying out checks and fulfilments for the purposes of compliance with the regulations on *functional unbundling*;
- taking care of the updating of legislative and/or regulatory changes concerning the Issuer's reference discipline and *governance* rules.

In addition, with reference to the gas distribution sector, the adequacy of the measures and corporate procedures adopted by the Independent Operator for the purposes of functional unbundling 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 Water System concerning Functional *Unbundling* Obligations for Companies Operating in the Electricity and Gas Sectors" ("TIUF"). The Compliance Officer is appointed by the administrative body of the distribution company of which the Independent Manager is a member, or by the Shareholders' Meeting of the distribution company of which the Independent Manager is a member if the company is managed by a sole director.

It should be noted that the "Regulation of the Board of Directors, the Lead Independent Director and the Internal Board Committees" adopted at the Board meeting held on November the 11th, 2021, in compliance with Recommendation 33 letter d) of the CG Code, envisages 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 efficiency and impartiality of judgement of the persons involved in the control and risk management system (other than the *internal audit*), verifying that they have adequate professionalism and resources. During the reference Financial Year, the Board of Directors did not carry out any opportunity assessments regarding the above-mentioned functions.

9.7. COORDINATION BETWEEN THE PARTIES INVOLVED IN THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

Pursuant to Concept 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 exercises its own functions regarding the definition of concepts concerning coordination and information flows between 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 effective performance of the duties of the Board of Auditors. This concept has also been incorporated into the new "Regulation of the Board of Directors, Lead Independent Director and Internal Board Committees".

The Issuer has implemented mechanisms of interaction between the parties involved in the system of internal control and risk management aimed to ensure the coordination and the efficient performance of specific tasks. Regular meetings are held between the bodies and departments responsible for internal control and risk management, and the Head of the *Internal Audit* Department attends the meetings of the Control and Risk Committee when periodic reports are submitted.

In particular, moreover, in compliance with Recommendation 37 of the CG Code the Board of Statutory Auditors and the Control and Risk Committee promptly exchange information relevant to the performance of their respective duties; the Board of Statutory Auditors participated in the work of the Control and Risk Committee.

It should be noted that the Regulation provides that the Chairman of the Control and Risk Committee, if necessary, may invite to individual meetings the Chairman and CEO, the other directors and, informing the Chairman and CEO, the representatives of the Company's management and departments or other subjects competent for the matter or consultants of the Company or the committee, including members of other committees and/or representatives of the control bodies.

Furthermore, it should be noted that no specific meetings were held during the reference Financial Year for the purpose of exchanging information pursuant to Article 151 of the Consolidated Financial Act with the control bodies of Ascopiave and the subsidiaries of the Ascopiave Group, since an exchange of information pursuant to Article 151, paragraph 2 of the Consolidated Financial Act was implemented on a quarterly basis by means of written notes/reports.

10. INTERESTS OF THE DIRECTORS AND OPERATIONS WITH RELATED PARTIES

On June the 21st, 2021, the Board of Directors approved an updated version of the "Procedure for Transactions with Related Parties" (the "RPT Procedure"), in compliance with the provisions of Article 3, paragraph 2, of Consob Resolution No. 21624 of December the 10th, 2020.

The Code governs the operations with related parties performed by the Company, either directly or through subsidiaries, in compliance with the provisions set forth in the Regulations adopted pursuant to Article 2391-*bis* of the Italian Civil Code by the National Committee for the Companies and the Stock Market, (CONSOB) with resolution No. 17221 of March the 12th, 2010 and further amendments ("RPT Regulations").

Previous versions of this document were approved by the Issuer's Board of Directors on November the 24th, 2010 and on September the 11th, 2006.

The "Regulations of the Board of Directors, the Lead Independent Director and the Internal Board Committees", approved by the Board of Directors on November the 11th, 2021, establish that:

- the Remuneration Committee performs functions regarding related party transactions in compliance with the provisions of the RPT Procedure;
- the Control and Risk Committee performs functions relating to transactions with related parties in compliance with the RPT Procedure.

In this regard, in particular, the RPT Procedure provides that, (i) with regard to so-called "Transactions of Lesser Significance", the Remuneration Committee shall be responsible for the execution of transactions with related parties in compliance with the RPT Procedure in case of "Transactions of Lesser Significance" concerning the allocation or increase of remuneration and economic benefits, in any form, to a member of an administrative or control body or a manager with strategic responsibilities, (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 from time to time involved are the counterparty of the Transaction of Lesser Significance under evaluation or are a related party to it, the other members of the committee shall call to the Board another non-related director (non-executive and, if applicable, independent, depending on whether or not it is necessary to provide for 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 Less Significant Transaction 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 competence of the latter. In other cases, the Committee must render its opinion before the Company assumes the obligation to carry out the Transaction of Lesser Significance.

For the contents of the RPT Procedure and further information on the related functions of the committees involved by competence, please refer to the document available on the Issuer's website www.gruppoascopiave.it nella sezione *Corporate Governance/System and rules /Related Parties Regulation* (<https://www.gruppoascopiave.it/corporate-governance/sistema-e-regole/regolamento-parti-correlate>).

With reference to the main activities carried out during the reference Financial Year, in application of the RPT Procedure, on November the 11th, 2021 the Board of Directors, upon proposal of the

Remuneration Committee and subject to the favourable opinion of the same Committee in its capacity as Committee for transactions with related parties, resolved to appoint the Chairman and Chief Executive Officer Dr. Nicola Ceconato also as General Manager of Ascopiave, with effect from January the 1st, 2022.

In order to implement the RPT Procedure, a mapping of the so-called “Related Parties” is periodically performed, to which the contents and the controls envisaged by the document are applied. The Directors are also required to declare, if existent, any interests in conflict with the performing of the transactions in question.

During the reference Financial Year, the Remuneration Committee met once in its capacity as RPT Committee and the Control and Risk Committee met once in its capacity as RPT Committee. For further information, please refer to Section 8.2 and Section 9.2 respectively of this Report.

11. BOARD OF STATUTORY AUDITORS

11.1 APPOINTMENT AND REPLACEMENT

The appointment and replacement of auditors is governed by the laws and regulations of Article 22 of the Issuer’s Articles of Association.

The Board of Auditors is composed of three statutory auditors and two alternate auditors, whose office lasts three years and who can be re-elected. At least one of the statutory auditors should be: (i) a woman, if the majority of the statutory auditors are men; ; (ii) a man, if the majority of the statutory auditors are women, unless otherwise specified by the provisions of laws and regulations, in force in their respective updated versions, on the subject of gender distribution (male and female).

Pursuant to Article 22 of the Issuer’s Articles of Association, the whole Board of Auditors is appointed based on lists presented 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 who leave office, the laws and regulations in force shall apply, without prejudice to the rules specified below. Lists may be submitted by shareholders who, alone or together with other shareholders, at the time of submitting the lists, 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 under the applicable laws and regulations. The shareholding quota shall be specified in the notice of call of the Shareholders' Meeting called to resolve on the appointment of the Board of Statutory Auditors.

Each list shall 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 stand as a candidate for election on only one list, under penalty of ineligibility. The lists containing a total of three or more candidates must contain a sufficient number of candidates in both sections to ensure that the composition of the Board of Statutory Auditors, both as a standing and as an alternate member, complies with the provisions of the relevant laws and regulations in force in their respective updated versions on the subject of gender balance (male and female).

The lists, signed by the Shareholders presenting them and provided with relevant documentation specified by the Articles of Association and by current provisions of law and regulations, must be

filed at the company headquarters within the terms of the applicable provisions of laws and regulations. If, upon expiry of the terms set out by the applicable provisions of laws and regulations, only one list of candidates has been presented, or indeed none, the meeting shall deliberate by relative majority of shareholders. In case of a tie between candidates, there will be a second ballot between these, with a further voting by the meeting.

Where two or more lists are submitted, election of the Board of Auditors shall take place as follows:

- (i) in the progressive order in which they have been indicated in the various sections of the list, the following will be appointed from the list that has obtained the greatest number of votes:
 - (a) two standing auditors and (b) one alternate auditor, to ensure the balance between genders in compliance with the applicable legal and regulatory provisions;
- (ii) in the progressive order in which they have been indicated in the various sections of the list, the following will be appointed from the list that has obtained the greatest number of votes, and which is not connected, even indirectly, with the shareholders who presented or voted the list that obtained the greatest number of votes: (a) one standing auditor, who will also hold the office of Chairman of the Board of Auditors, and (b) one alternate auditor and, where available, further alternate auditors ready to replace the minority member, up to a maximum of three. Where this is not possible, the first candidate of the list having obtained the next greatest number of votes, and who is not connected, even indirectly, with the shareholders who presented or voted the list that obtained the greatest number of votes, will be appointed alternate auditor;
- (iii) should votes for two or more lists be equal, the candidates of the list presented by shareholders holding the greatest share, will be appointed, or, subordinate to this, that presented by the greatest number of shareholders, without prejudice to applicable regulations governing gender balance.

Should one or more standing auditors taken from the list that had obtained the greatest number of votes (the 'Majority Auditors') stand down during the year, where possible, the alternate auditor from the same list will replace him, without prejudice to applicable regulations governing gender balance. Whenever it is not possible to proceed within the above terms, the Shareholders' Meeting must be called to 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. Should one or more standing auditors taken from the list that had obtained the second greatest number of votes (the 'Minority Auditors') stand down during the year, wherever possible, the alternate auditor from the same list will replace him, always in compliance with applicable regulations governing gender balance. Whenever it is not possible to proceed within the above terms, a Shareholders' Meeting must be called to integrate the Board of Statutory Auditors with ordinary majorities and procedures, as an exception to the list voting system, so as to comply, where possible, with the principle of minority representation and the applicable provisions on gender balance.

The Meeting held to deliberate on the integration of the Board of Auditors shall proceed in any case with the appointment or replacement of the members of the said Board, without prejudice to the need to ensure that the structure of the Board of Auditors complies with the provisions of law and current regulations, and with the Issuer's Articles of Association.

Without prejudice to the provisions of the previous paragraph, should the Meeting integrate the Board of Auditors, it shall resolve with ordinary majorities and methods, as an exception to the list voting system, which will only apply in the event of replacement of the entire Board of Auditors.

11.2 COMPOSITION AND OPERATION (ex art. 123-bis, paragraph 2, letters d) and d-bis), CONSOLIDATED FINANCIAL ACT)

The Board of Auditors appointed by the Ordinary Meeting held on May the 29th, 2020 and in office until approval of the financial statement as of December the 31st, 2022, is structured as follows:

Name	Office
Mr.Giovanni Salvaggio	Chairman of the Board of Auditors
Mr.Luca Biancolin	Statutory auditor
Mrs.Barbara Moro	Statutory auditor
Mr.Matteo Cipriano	Alternate auditor
Mr.Marco Bosco	Alternate auditor

The standing auditors Mr.Luca Biancolin and Mrs.Barbara Moro and the alternate auditor Mr.Matteo Cipriano were taken from the list presented by the majority shareholder Asco Holding SpA. The Chairman of the Board of Statutory Auditors Mr.Giovanni Salvaggio and the alternate auditor Mr.Marco Bosco were taken from List No.2 presented by ASM Rovigo SpA.

There are no connections between the two presented lists.

For the detailed composition of the Board of Statutory Auditors with reference to the Financial Year, please refer to Table 4 at the end of the Report.

Below are the two lists submitted for the appointment of the Board of Statutory Auditors:

SUBMITTING PARTY	LIST OF CANDIDATES	LIST OF ELECTED CANDIDATES	% VOTES OBTAINED IN RELATION TO THE VOTING CAPITAL
List No.1 Asco Holding S.p.A.	Statutory auditors 1. Mr.Luca Biancolin 2. Mrs.Barbara Moro Alternate auditor 1. Mr.Matteo Cipriano	Statutory auditors 1. Mr.Luca Biancolin 2. Mrs.Barbara Moro Alternate auditor 1. Mr.Matteo Cipriano	68.806%
List No.2 ASM Rovigo S.p.A.	Statutory auditor 1. Mr.Giovanni Salvaggio Alternate auditor 1. Mr.Marco Bosco	Statutory auditor 1. Mr.Giovanni Salvaggio Alternate auditor 1. Mr.Marco Bosco	23.298%

Please also refer to Table 6 for the list of other offices of director or statutory auditor held by each member of the Board of Statutory Auditors pursuant to Article 148-*bis* of the Consolidated Financial Act 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 Consob Issuer Regulations. It should also be noted that the positions held in companies not defined as SMEs have been indicated pursuant to the Community Recommendation 2003/361 / EC. Offices in subsidiaries and associated companies are excluded.

In compliance with Concept VIII of the CG Code, the composition of the Board of Statutory Auditors is adequate to ensure the independence and professionalism of its function.

In particular, the members of the Board of Statutory Auditors meet the independence requirements pursuant to Article 148 of the Consolidated Financial Act and the CG Code. In addition, with reference to the professional requirements, the personal and professional characteristics of each auditor are specified below:

- Chairman, Mr. Giovanni Salvaggio: a member of the Order of Chartered Accountants of the province of Rovigo and an auditor registered in the same register 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. He is a frequent speaker at professional conferences and is currently an adjunct professor of tax law at the University of Ferrara. He acts as a sole auditor for the Municipalities of Salcedo and Borgoricco.
- Statutory Auditor, Mr. Luca Biancolin: Registered in the Association of Business Consultants and Professional Accountants of Treviso and in the Legal Auditors Registry, he practices in her office in Conegliano (TV). He is currently director and auditor in various public and private law companies. He has been a statutory auditor of Ascopiave S.p.A. since April 2014.
- Statutory Auditor, Mrs. Barbara Moro: enrolled in the Order of Chartered Accountants and Accounting Experts of Treviso. She has gained many years of professional experience in the field of taxation, bankruptcy procedures and real estate enforcement procedures. She is currently a member of several boards of statutory auditors in joint stock companies and cooperatives.
- Alternate auditor, Mr. Matteo Cipriano: enrolled in the Roll of Chartered Accountants and in the Roll of Auditors since 2003. He has collaborated with several tax firms. Currently he carries out tax and civil law consultancy activities aimed at joint-stock companies, *tax due diligence* activities, planning of extraordinary transactions and corporate reorganizations.
- Alternate auditor, Mr. Marco Bosco: enrolled in the Register of Auditors and the Order of Chartered Accountants of Treviso and in the list of Auditors of local authorities of the Veneto Region since 2010. He has gained many years of experience as a statutory auditor and auditor also of Local Authorities, as a technical consultant to the Court and in various public and private sector companies. He currently practices at his office in Treviso.

The professional *curricula* of the 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 Financial Year, 11 (eleven) meetings of the Board of Statutory Auditors were held on the following dates: January the 28th, 2021, February the 12th, 2021, February the 25th, 2021, March the 11th, 2021, March the 26th, 2021, March the 31st, 2021, June the 18th, 2021, August the 5th, 2021, September the 10th, 2021, November the 30th, 2021 and December the 30th, 2021. The average duration of the meetings amounted to 4 hours.

For details on the participation of the Auditors to the Board meetings, see Table 4 attached to this report.

During the Financial Year 2022, the Board of Auditors will meet at least every 90 days, pursuant to Article 2404 of the Italian Civil Code. After the conclusion of the Fiscal Year, until the date of this report, the Board of Auditors met on February the 24th, 2022. There are 12 (twelve) meetings scheduled for 2022 by the current Board of Statutory Auditors.

There have been no changes in the composition of the Board of Statutory Auditors since the end of the reference Financial Year.

Diversity Policies and Criteria

Regarding the diversity policies in relation to the composition of the current Board of Statutory Auditors in relation to aspects such as age, gender and educational and professional background, it should be noted that under the current Articles of Association, the composition of the Board of Statutory Auditors must ensure the gender balance envisaged by law.

With particular reference to gender balance, it is to be also noted that the Board of Directors on March the 20th, 2020 approved, pursuant to Article 19 of the Articles of Association, the adaptation of Article 22 to the regulatory provisions on balance between genders in the composition of the corporate bodies, in order to align provisions of the Articles of Association with the provisions of Law No.160 of December the 27th, 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. However, the Company already employs – in effect - concepts 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 required by the CG Code, thus implementing the alignment to the criteria provided by the latter.

For further information on the diversification criteria adopted in the appointments, reference should be made to the professional *curricula* of the statutory auditors filed at the registered office and available on the Issuer's institutional website www.gruppoascopiave.it in the "Investor Relations" section, which show the different ages, educational and professional backgrounds, and skills acquired by the individual members, in compliance with the above.

Independence

During the year, the Board of Statutory Auditors did not define quantitative and qualitative criteria for assessing the significance of circumstances relevant to the assessment of the independence of auditors (pursuant to Recommendation 7, as referred to in Recommendation 9 of the CG Code).

In compliance with Recommendation 10 of the CG Code, the Board of Statutory Auditors, at its meeting of June the 8th, 2020, the first meeting after appointment, verified the existence of the independence requirements for its members, in accordance with the provisions of Application Criterion 8.C.1. of the previous Corporate Governance Code. The assessment did not reveal any elements that would lead to the failure of these requirements and the outcome of the assessment was disclosed to the market through a press release.

In compliance with the provisions of Recommendation 9 of the CG Code, during the Financial Year, and in particular at the meeting held on January the 28th, 2021, the Board of Statutory Auditors verified that its members continued to meet the independence requirements set out in Recommendation 7 of the CG Code. After the conclusion of the reference Financial Year, this verification was carried out by the Board of Statutory Auditors at the meeting of February the 24th, 2022. The results of these audits were communicated to the Board of Directors and set out in this Report.

It should be noted that, in the course of the above assessments, as required by 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 Consolidated Financial Act and the CG Code and applied all the criteria set out in Recommendation 7 of the CG Code with reference to the independence of directors.

Remuneration

The remuneration of Statutory Auditors provides for remuneration commensurate with the competence, professionalism and commitment required by the importance of the role covered and the size and sector characteristics of the company and its situation, in accordance with Recommendation 30 of the CG Code.

In particular, the 2021 "Remuneration Policy" (Section I from the "Report on Remuneration Policy and Remuneration Paid") approved with a binding vote by the Shareholders' Meeting of April the 29th, 2021, 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 concepts long followed by the Company in identifying and defining the remuneration of its auditors and the recommendations made by the CG 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 further details on the remuneration of the members of the Board of Statutory Auditors, please refer to the "Report on remuneration policy and fees paid" published in the *Corporate Governance* section of the Company's website.

Management of Interests

The Issuer requires that an auditor who, on his own behalf or on behalf of a third party, has an interest in a certain transaction of the Issuer shall 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. RELATIONSHIPS WITH THE 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 important to its shareholders is made available, so that they can exercise their rights in an informed manner.

Article 2.2.3 subpar. 3 Letter k) of the Stock Exchange Regulations also states the compulsory appointment of a professionally qualified person from within their organisational structure (*Investor Relator*) in charge of specifically managing relationships with investors, with specific reference to companies intending to obtain listing of their shares with the "Euronext STAR Milan" qualification.

In view of the above, the Company's Board of Directors, at its meeting of July the 24th, 2006, identified Mr. Giacomo Bignucolo as *Investor Relator*, responsible for investor relations.

Dialogue with Shareholders

On December the 22nd, 2021, Ascopiave's Board of Directors approved the "Policy for Managing Dialogue with Shareholders in General and with Other Interested Parties" (hereinafter referred to as 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 specified 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, to

- a) ensure a constant and open relationship, based on mutual understanding of roles, with the generality 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 Ascopiave S.p.A.'s other *stakeholders*, 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 compliance with the recommendations of Article 1 of the CG Code; and
- b) maintain an adequate channel of information with such parties, inspired by concepts of transparency and fairness in compliance with the law and the procedure for the management and processing of privileged 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, the *best practices*, as well as the Company's own *corporate governance* structure.

In particular, the Policy applies to 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 (also in terms of size, professionalism, independence and *diversity*) and the composition, size and functions of the Internal Board Committees;
- (iv) remuneration policies for directors, statutory auditors and executives with strategic responsibilities of the Company and the Group;
- (v) internal control and risk management system;
- (vi) transactions with related parties; and
- (vii) sustainability.

Except for the provisions of the Policy, and in particular paragraph 4.2 thereof, the Policy does not cover the pre-meeting obligations that are governed by law, the Company's Articles of Association and the Company's Shareholders' Meeting regulations.

Please refer to the document published in its entirety on Ascopiave S.p.A.'s website for further information on the Policy and its actual application.

13. MEETINGS

Pursuant to art. 11.1 of the Issuer's Articles of Association, Shareholders' Meetings may be attended by persons who have obtained a certificate from the authorised intermediary certifying their entitlement to attend in compliance with the regulations in force as applicable in their up-to-date version.

Each person entitled to attend the Shareholders' Meeting may be represented by written proxy by another person, who may or may not be a shareholder, according to the law. The proxy can also be assigned electronically, through the procedures envisaged by regulations currently in force, as applicable in their up-to-date version. According to the provisions set forth in the summons notice, the electronic notification of the proxy can be sent by accessing the dedicated section of the Company's website, i.e. by sending the document to the certified email address of the Company (Article 11, paragraph 2 of the Company Articles of Association).

The regulations concerning Board activities, applicable to listed companies, have been considerably overhauled, following the coming into effect of Legislative Decree No.27 dated January the 27th 2010, the adoption of Directive 2007/36/EC of the European Parliament and Council of July the 11th, 2007, on the exercise of certain shareholders' rights in listed companies (the so-called "*Shareholders' Rights Directive*" or "SHRD").

Now, therefore, the Shareholders' Extraordinary Meeting dated April the 28th, 2011 has resolved to integrate Article 11 of the Company Articles of Association by adding the paragraph 11.3 which envisages that the Company can appoint for each meeting an individual that may receive a proxy from those who have the right to vote with instructions on how to vote on each or some of the proposals on the agenda (the "Designated representative").

During the reference Financial Year, the Shareholders' Meeting of April the 29th, 2021 was held according to the procedures set forth in Article 106, paragraph 4, of the Legislative Decree "Cura Italia" according to which (i) Shareholders entitled to vote could attend the Shareholders' Meeting exclusively by conferring proxy (or sub-delegation) to the representative designated by the Company pursuant to Article 135-undecies of the Consolidated Financial Act; and (ii) the other persons entitled to attend could participate in the Shareholders' Meeting solely by means of telecommunications that would ensure the identification of the participants, without it being necessary in any case for the Chairman, the Secretary and the Notary Public to be in the same place, in the manner notified to them individually by the Company.

In order to facilitate the participation of Shareholders in the Shareholders' Meetings, the Articles of Association also set forth that the notice of meeting may provide that participation in the Shareholders' Meeting may take place by means of telecommunications, provided that the collective 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 Company's Articles of Association specifies that, for the constitution and resolutions of the Shareholders' Meeting, both ordinary and extraordinary, the provisions of the law and Articles of Association shall be observed.

The Company's Ordinary Shareholders' Meeting of July the 5th, 2006 resolved to adopt Shareholders' Meeting regulations (subsequently amended by the Shareholders' Meeting of April the 28th, 2008 and by the Shareholders' Meeting of April the 28th, 2011), which came into force as of the date on which trading began. This document is available on the Company's website (<https://www.gruppoascopiave.it/investor-relations/assemblee>). These Regulations are specifically aimed at governing the Shareholders' Meetings, ensuring a correct and orderly holding of such, and, in particular, the right of each shareholder to intervene on the matters under discussion. It constitutes a valid instrument by which to guarantee protection of all Shareholders' rights and the correct formation of the Meeting's will.

Among the other things, the Regulations provides that the Chairman shall lead the discussion, giving the floor to those who may legitimately intervene (i.e. those who have the right to participate in the meeting based on the law and Articles of Association), who may have requested it.

In particular those with a right to intervene who wish to speak, must request to do so of the Chairman, after his having read the item on the meeting agenda to which the request refers, and after discussion has been opened, before the Chairman declares discussion of the item over.

The above mentioned request must be made by the raising of the hand, should the Chairman not have arranged for a written request procedure. Where procedure involves the raising of the hand, the Chairman will allow the person who has raised his hand first to speak. Should it be impossible to establish who raised his hand first, the Chairman will allow participants to speak in accordance with the order established by himself, in his own judgement. Where a written request procedure is implemented, the Chairman shall allow participants to speak based on the order of entry.

The Chairman and/or, upon his invitation, the Directors and Auditors, regarding their respective functions or as the Chairman deems fit in relation to the meeting agenda, shall answer those legitimately able to participate, after each intervention, or rather after having completed all interventions on each item on the agenda, according to the disposition of the Chairman.

Those who have the right to intervene, the Directors and Auditors, have the right to speak on each of the items on the agenda, and to formulate proposals to their regard.

It is to be specified that those with a right to intervene can ask questions related to the matters in the agenda even before the meeting, through the procedures specified in the summon notice.

The questions submitted prior to the Meeting by those with a right to intervene, are answered during the Meeting itself, provided that the requested information has been accessible according to the applicable regulations and as long as the Chairman is able to give a single answer to the questions concerning the same topic.

Without prejudice to the foregoing, in the context of the Shareholders' Meeting of April the 29th, 2021, at which the shareholders took part exclusively by granting proxies to the representative appointed by the Company pursuant to *ex*-Article 106, paragraph 4, of Legislative Decree No. 18 of March the 17th 2020, converted into Law No.183 of April the 24th, 2020, the Company has brought forward the deadline for providing answers to questions received from shareholders to the third open market day prior to the meeting, so as to allow shareholders to make an informed choice in time for the purposes of voting instructions to the designated representative consistently with the recommendations expressed by CONSOB in its Notification No. 3 of April the 10th, 2020 and according to the provisions of Article 127-*ter*, paragraph 1-*bis*, of the Consolidated Financial Act.

In view of the regulatory changes that have taken place regarding the transactions with related parties pursuant to the Regulation adopted by Consob resolution No.17221 of March the 12th, 2010 (as subsequently amended) as well as the changes introduced by Legislative Decree No.27/2010 implementing Directive 2007/36/EC (the so-called "Shareholders' Rights Directive" or "SHRD"), the Extraordinary Shareholders' Meeting of April the 28th 2011 resolved to supplement the Articles of Association by adding a new article entitled "Transactions with Related Parties". This regulation gives the Board of Directors the possibility to approve the transactions of greater relevance, despite a contrary opinion of the Independent Directors, provided that the Shareholders Meeting authorizes and approves the transaction's execution and the Shareholder's Meeting itself takes its resolutions both based on the legal majorities and on the favourable vote of the majority of unrelated voting shareholders and provided that the unrelated shareholders present at the Shareholders' Meeting represent at least 10% of the share capital with voting rights.

During the reference Financial Year, the Extraordinary Shareholders' Meeting of April the 29th, 2021 approved an amendment to Article 29 of the Articles of Association "Related Party Transactions", for the sake of clarity, aimed at specifying that the Ordinary Shareholders' Meeting will authorise any related party transactions of major significance in the presence of a contrary opinion from the committee of independent directors responsible for issuing the opinion on the transaction.

The Extraordinary Shareholders' Meeting of April the 29th, 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 aimed at expressly clarifying that it is not necessary for the Chairman of the meeting and the person taking the minutes to be present in the event of interventions being held in several places;
- Pursuant to 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 power of the Board of Directors to provide for the Meeting to be held in more than one call.

It should also be noted that, at the same extraordinary session of the Shareholders' Meeting, an amendment to the Articles of Association was approved in order to attribute to the competence of the Board of Directors the resolutions concerning the issue of non-convertible bonds.

Please refer to section 4.1 "*Role of the Board of Directors*" of this Report for the other powers attributed to the Board of Directors in the Articles of Association.

The Board has reported back to the Meeting on the activity performed and planned, and has acted to ensure that the Shareholders are suitably informed as to all elements necessary in order to make a knowledgeable decision.

All directors attended the Annual General Meeting on April the 29th, 2021.

It is to be noted that the Shareholders' Meeting of Ascopiave SpA of April the 23rd, 2019, in an extraordinary session, had approved to amend Article 6 of Ascopiave's Articles of Association in order to introduce the mechanism of the increase in voting rights, as per Article 127- *quinquies* of the Consolidated Financial Act. Subsequently, the Extraordinary Shareholders' Meeting of Ascopiave S.p.A. of May the 29th, 2020 also approved an amendment to Article 6 (Shares) of the Articles of Association, inserting a clarification regarding the mechanism for assigning the increased voting right already envisaged by the Articles of Association. In particular, this amendment

concerned the conditions for granting the increased voting rights, with the sole purpose of eliminating any reference to the "communication by the intermediary upon the request of the shareholder" as a necessary circumstance for granting of the increased voting rights, thus establishing that the latter shall apply automatically only upon the continuous possession of the shares for a minimum period of 24 (twenty-four) months from the registration in the so-called "Special List" (and subject to any waiver by the shareholder concerned).

It should be noted 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. website www.gruppoascopiave.it, "Corporate Governance" Section - "Increased Vote".

For further details on the increased vote, please also refer to the paragraph "*Securities Granting Special Rights*" of this Report.

Below described 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 in 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 is to be noted that during the reference Financial Year 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 Shareholders' Meeting of April the 29th, 2021, in extraordinary part, to define a corporate governance system that is more functional to the needs of the company, pursuant to Recommendation 2 of the CG Code. This amendment concerned the establishment of the Internal Board 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 on their operation.

In particular, pursuant to new Article 19 of the Articles of Association, the Board of Directors may set up one or more committees from among its members, with proposing and/or advisory functions, and approve their respective organisational regulations governing their composition, duties and the manner in which their meetings are held. Proposing the creation of these committees, whose members are appointed by the Board of Directors and determining their remuneration, if any, the Board took into account the need to ensure the compliance of Ascopiave S.p.A.'s corporate governance system 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, in particular in the documentation relating to the Shareholders' Meeting of April the 29th, 2021.

With reference to the size and composition of the Board of Directors, it should be noted that, on May the 29th, 2020, the Shareholders' Meeting, in extraordinary session, 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 (with reference to the appointment of the Board of Directors) of the Articles of Association in order to introduce an increase in the number of directors from 6 (six) to 7 (seven), to increase the number of directors taken from the list obtaining the highest number of votes from five to six, as well as to integrate the mechanism for the replacement of directors in compliance with the legal and regulatory provisions envisaged in relation to the balance between genders. For more information on the reasons for the proposal drawn up 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 May the 29th, 2020.

Furthermore, with reference to the composition of the Board of Directors, it should be noted that on January the 24th, 2020 in compliance with recommendations of the previous Corporate Governance Code and considering that with the approval of the financial statements for the 2019 Financial Year, the term of office of the Board of Directors had expired, the outgoing Board of Directors taking into account the results of the self-assessment ("*board review*") referred to the 2019 Financial Year, expressed to the shareholders the guidelines on the managerial and professional figures whose presence in the new Board of Directors was deemed appropriate, in view of the renewal of the administrative body for the 2020-2022 Financial Years. For further information in this regard, please refer to this document, 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 adopting new Article 6-*bis* "*Limitation on Voting*" of the Articles of Association, the Extraordinary Shareholders' Meeting of May the 29th, 2020 introduced a clause limiting voting rights applied to shareholders who meet the definition of "*Operators*" and to persons related to them, resulting in the suspension of voting rights held in excess of the threshold of 5% of total exercisable voting rights and without prejudice to the exercise of equity and other administrative rights related to the shareholding held by the person affected by the so-called "*cap on voting*". For more information on the reasons for the proposal that had been drafted by the Board, please refer to the paragraph "*Restrictions on Voting Rights*" of this Report.

Moreover, during the Year, as already mentioned in the paragraph "*Employee Shareholding: Mechanism for Exercising Voting Rights*" of this Report, the Shareholders' Meeting of April the 29th, 2021, in extraordinary session, with reference to the rules governing share capital increases, introduced into the Articles of Association, in compliance with the applicable regulations, the statutory option envisaged under Article 2349 of the Italian Civil Code, in order to give the Shareholders' Meeting, in extraordinary session, the power to resolve on capital increases through the issue of shares, including special categories, to be assigned free of charge to its own employees and those of its subsidiaries. For further information, please refer to the explanatory report published in the "*Investor Relations*" section of the Company's website, in particular in the documentation relating to the Shareholders' Meeting of April the 29th, 2021.

Regarding the introduction in the Articles of Association of the mechanism for increasing voting rights pursuant to Article 127-*quinquies* of the Consolidated Financial Act, described above, the Board of Directors, in the context of the illustrative report for the Shareholders' Meeting, provided adequate reasons on the purpose of the choice. For more information on the reasons for the proposal that had been drafted by the Board, please refer to the illustrative report published in the "*Investor Relations*" section of the Company's website, in particular in the documentation relating to the Shareholders' Meeting of April the 23rd, 2019 and the Shareholders' Meeting of May the 29th, 2020.

During the reference Financial Year (i) the Board of Directors formulated specific proposals for resolutions on the items to be submitted to the Shareholders' Meeting and (ii) the shareholders did not make any requests for integration of the agenda or proposals for resolutions on items on the agenda of the Shareholders' Meeting.

14. FURTHER CORPORATE GOVERNANCE PRACTICES (ex art. 123-bis, paragraph 2, letter a), second part, Consolidated Financial Act)

The Board of Directors of Ascopiave SpA adopted the document "Guidelines on the Exercise of the Power of Management and Coordination" in 2012, subsequently updating it on June the 16th, 2016 and on September the 11th, 2020. This document regulates the implementation mechanisms of the management and coordination, the information and control flows between the Issuer and the subsidiaries, in compliance with the prerogatives envisaged by the unbundling regulations for the Independent Operator and for the vertically integrated company (so-called functional *unbundling*). The document, approved by the shareholders' meetings of the individual subsidiaries and subsequently adopted by their individual boards of directors, is an integral part of the Group's *governance* system.

During the Board meeting held on November the 11th, 2021, in view of the Company's capitalisation and its shareholding structure and therefore the absence of a fragmented shareholder base, the Board of Directors of Ascopiave S.p.A. did not consider 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*".

In particular, the "*Contingency Plan*" aims to specify the main steps of the corporate process for the replacement of the Chairman and CEO of Ascopiave S.p.A., Dr Nicola Ceconato, upon the occurrence of one of the following "Relevant Events":

- resignation with immediate effect;
- forfeiture of office;
- death or permanent impediment to the performance of his functions.

The *Contingency Plan* assigns 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, for whom the LID is the contact person to whom the corporate functions shall report in case of any Significant Event. It will therefore be the responsibility of the LID to bring the independent directors together to ascertain whether an event actually exists that would make it impossible for the Chief Executive Officer to exercise his delegated powers. Should such a situation be confirmed, provision has been made for the automatic transfer of the proxies to the most senior non-independent director, which, in view 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 as previously reserved for the Chairman and Chief Executive Officer and will be exercised for the performance of all those activities that should become necessary or merely expedient.

Within 24 hours of taking office, the director thus identified shall convene the Board of Directors, which shall (i) ratify the powers of the most senior non-independent director who has temporarily assumed the powers to manage the Company and (ii) identify from among its members a person to whom the powers of *interim* Chairman and Chief Executive Officer shall be attributed.

The *interim* Chairman thus appointed will initiate a dialogue with the majority shareholder asking for indications as to who should be appointed to replace the outgoing Chairman and Chief Executive Officer, and who should be appointed Chairman and who should be appointed Chief Executive Officer. These indications will be assessed by the Board of Directors in its autonomy and independence of judgement for the purposes of co-opting and appointing the new Chairman and Chief Executive Officer.

This plan is valid for a period of time that will end with the approval of a new *contingency plan* by the Board of Directors to be appointed following the approval of the financial statements as of December the 31st, 2022.

15. CHANGES SINCE THE END OF THE FISCAL YEAR IN QUESTION

Without prejudice to the "traditional" corporate governance system adopted by the Issuer, upon conclusion of the reference Financial Year, the main change to the Issuer's *corporate governance* structure concerned the appointment of the General Manager.

In particular, on November the 11th, 2021, the Board of Directors, upon the proposal of the Remuneration Committee and subject to the favourable opinion of this Committee in its capacity as Committee for transactions with related parties, resolved to appoint the Chairman and Chief Executive Officer Dr. Nicola Ceconato as General Manager of Ascopiave, with effect from January the 1st, 2022. At the same meeting, the Board of Directors also redefined the powers vested in him, with effect from January the 1st, 2022.

The appointment responds to the company's interest in giving stability to Dr. Ceconato's role as the group's *key manager* in relation to the implementation of the strategic plan, currently underway, which is partly focused on the so-called "energy transition" activities.

16. CONSIDERATIONS ON THE LETTER OF THE CHAIRMAN OF CORPORATE GOVERNANCE COMMITTEE

On December the 6th, 2021, the Chairman of the Corporate Governance Committee, Mrs. Lucia Calvosa, sent a letter, dated December the 3rd, 2021, to all the chairmen of the administrative bodies and, for information, to the managing directors and supervisory bodies of the Italian listed companies..

The purpose of the letter was to analyse the reports on corporate governance and ownership structures which provide an initial indication of the process of adherence to the new CG Code, although they refer to the last year of application of the Corporate Governance Code. In this context, in addition to highlighting certain critical issues identified and set out in the attached "The 9th Report on the Application of the Corporate Governance Code" (hereinafter referred to as the "2021 Report"), the Committee intended to formulate areas for improvement in 2022 (hereinafter referred to as the "Recommendations") aimed at encouraging and supporting the process of adaptation by companies, highlighting, in particular, the main innovations of the new CG Code that may entail a greater effort to redefine application practices for the companies.

The recommendations made by the Chairman of the *Corporate Governance* Committee in the above-mentioned communication were examined during the meeting of the Board of Directors on February the 24th, 2022. These recommendations were also reviewed by the Audit and Risk and Remuneration Committee at its meeting held on February the 16th, 2022. At these meetings, the Board of Directors and the relevant Internal 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 2022 Financial Year. The recommendations made 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. broken down by topic, according to the recent recommendations made by the *Corporate Governance* Committee.

Sustainable Success

With reference to the first recommendation, reiterating the previous recommendations made on the integration of sustainability into strategies, the control system and remuneration, which are central to the objective of "sustainable success" of the new CG Code, the *Corporate Governance* Committee recommends that the report on corporate governance should include adequate and concise information on the methods adopted to pursue it and the approach adopted in promoting dialogue with the relevant *stakeholders*.

In this regard, as indicated in the recommendation examined on the subject of sustainable success, the Board of Directors of Ascopiave S.p.A. promotes the primary goal of the sustainable success of the company's business when defining the company's strategies, the internal control and risk management system and the remuneration policy.

In this regard, as indicated in the recommendation examined on the subject of sustainable success, the Board of Directors of Ascopiave S.p.A. promotes the primary objective of the sustainable success of the company's business when defining the company's strategies, the internal control and risk management system and the remuneration policy.

Recently, within the context of the process of approving the "2021-2025 Strategic Plan" (hereinafter referred to as the "Strategic Plan"), on January the 31st, 2022, the Board of Directors integrated the sustainability of the company's business into the definition of its strategies, confirming the strategic guidelines indicated last year. Therefore, in compliance with the provisions of the CG Code, in the process of approving the "2021-2025 Strategic Plan", the Board of Directors defined the nature and level of risk compatible with the Company's strategic goals, including in its assessments all elements that may be relevant to the Company's sustainable success. The powers of the Sustainability Committee, a collegial body provided with investigative, propositional and advisory functions in the Company's assessments and decisions on environmental sustainability and the so-called "energy transition" are defined in paragraph 4.5 of the "Regulation of the Board of Directors, Lead Independent Director and Internal Board Committees" of Ascopiave S.p.A. (hereinafter referred to as the "Regulation"), adopted by the Board of Directors of Ascopiave S.p.A. on November the 11th, 2021. In particular, among other things, the Sustainability Committee has the following tasks:

- the task of drawing up and proposing to the Board of Directors a guideline that integrates the pursuit of the goal of sustainable success into the Company's *business* processes, the Group's industrial plan and the performance *targets* on remuneration in order to pursue the goal of sustainable success of the Company; these concepts 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 paragraph 4.4.3 (ii) of the Regulation (*see paragraph 4.5.2 (i) of the Regulation*);
- To express opinions on the sustainability goals defined by the Board of Directors so that they are correctly identified, as well as adequately measured, managed and monitored (*see paragraph 4.5.2 (iv) of the Regulation*);
- To coordinate activities with the Control and Risk Committee in the elaboration of annual and multi-year sustainability goals to be achieved with specific reference to the management of medium and long-term correlated risks relating to the Company and its subsidiaries (*see paragraph 4.5.2 (x) of the Regulation*).

In this regard, according to the Regulation, on February the 3rd, 2022 the recently established 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 Ascopiave S.p.A. with reference to the following Board responsibilities:

- to adopt, upon the proposal of the Sustainability Committee, a guideline that integrates the pursuit of the goal of sustainable success into the *business* processes and the Group's industrial plan, and into the *performance targets* for remuneration in order to pursue the goal of the Company's sustainable success (see *paragraph 3.2.2 (i) of the Regulation*); and
- to define, on the proposal of the Sustainability Committee, the annual and multi-year sustainability targets to be achieved with specific reference to the management of medium and long-term correlated risks relating to the Company and its subsidiaries, in coordination with the Control and Risk Committee (see *paragraph 3.2.2 (iv) of the Regulation*).

As indicated in the first recommendation examined on the subject of sustainable success, the *governance* activities implemented by Ascopiave S.p.A. to pursue the goal of "sustainable success" have been adequately illustrated in this Report, with particular reference to the information on the "Policy for Managing Dialogue with General Public and Other Stakeholders" approved by the Board of Directors on December the 22nd, 2021, specifying that this policy has been published in full on the Company's website, in the *Corporate Governance* section

During the 2022 Financial Year, the Board of Directors of Ascopiave S.p.A. will initiate a process of revision of the "Guidelines on the Exercise of the Power of Direction and Coordination by Ascopiave S.p.A.", Ascopiave's procedural system, group *policies* and the Organisation, Management and Control Model following the appointment of the Chairman and Chief Executive Officer, Dr. Nicola Ceconato, also as General Manager of Ascopiave S.p.A., as of January 2022.

Proportionality in the CG Code

With reference to the second recommendation, concerning the new approach to proportionality of the new CG Code, the *Corporate Governance* Committee recommends that the Board of Directors should evaluate the classification of the company with respect to the categories of the CG Code and the simplification options available to "non-large" and/or "concentrated" companies, and should adequately indicate the choices made.

In compliance with this examined recommendation, during the reference Financial Year the Board of Directors of Ascopiave S.p.A. has already assessed the classification of the Company as a "non-large concentrated ownership company" with respect to the categories of the CG Code.

The results of this assessment were also specified in Section 1 "*Profile of the Issuer*" of this Report, to which reference should be made for further information.

Assessment of Independence

With reference to the third recommendation concerning the assessment of independence requirements, the Committee informs that the CG Code has made some choices aimed at reinforcing the quality of the independence assessment and at allowing the possibility to qualify the Chairman of the Board of Directors as an independent director as well. In this regard, the *Corporate Governance* Committee recommends that the criteria used to assess the materiality of professional, commercial or financial relationships and additional remuneration be provided in the *Corporate Governance* Report, including with reference to the Chairman of the Board of Directors, if the latter has been assessed as independent under the CG Code.

With particular reference to this recommendation, the information contained in the Governance 2020 Report and the *governance* choices implemented during the Year is consistent with Recommendations 6 and 7 of the CG Code.

The annual assessment of the independence requirement of non-executive directors was carried out by the Board of Directors, upon conclusion of the Financial Year, also on February the 24th, 2022, in compliance with the provisions of the CG Code, also taking into account the quantitative and qualitative criteria of the significance of relationships predetermined by the Board itself on January the 28th, 2021.

This Report, in compliance with the recommendation examined, provides information on the criteria used to assess the significance of professional, commercial or financial relationships and additional remuneration for the purposes of meeting the independence requirements of directors. In this regard, for further information, please refer to Section "4.7. *Independent Directors and Lead Independent Director*".

Pre-board Information

Regarding the fourth recommendation, the Corporate Governance Committee invites to take care of the preparation of board and committee regulations, paying particular attention to the explicit determination of the terms deemed appropriate for the submission of documents and the exclusion of generic confidentiality requirements as possible exemptions with respect to such terms. When drafting the report on corporate governance, companies should also adequately demonstrate the actual compliance with the notice period previously defined and, where in exceptional cases it has not been possible to comply with the said period, companies should explain the reasons and illustrate how adequate information has been provided to the Board.

In this regard, with reference to the issue of pre-meeting disclosure, the report on corporate governance and ownership structure published during the reference year is consistent with the recommendations examined. The *governance* choices implemented during the reference year comply with the recommendations examined. In particular, on November the 11th, 2021, the Board of Directors of Ascopiave S.p.A. adopted the "Regulation of the Board of Directors, the Lead independent Director and the Internal Board Committees", which includes the deadlines considered appropriate for the submission of pre-board documentation. In addition, Section 4.4 "*Functioning of the Board of Directors*" of this Report, to which reference should be made, provides information on compliance with the deadlines and procedures relating to timeliness and adequacy for sending pre-filing information defined in the aforementioned Regulation.

Appointment and Succession of Directors

With reference to the fifth recommendation, while emphasizing the importance of improving adherence to the concepts and recommendations of the CG Code concerning the appointment and succession of directors, which remain among the main areas for improvement in the governance of listed companies, the Corporate Governance Committee invites non-concentrated ownership companies to adequately examine the recommendations addressed to them with respect to the renewal of the Board of Directors. In this regard, the *Corporate Governance* Committee recalls that for such companies, the CG Code not only recommends that the outgoing Board of Directors, in view of its renewal, should express opinion on its optimal composition, taking into account the results of the self-assessment, but also disclaims this responsibility in the subsequent phase of the submission of lists by the outgoing Board and/or shareholders. In particular, the Committee invites the Boards of Directors of "non-concentrated" companies to request those who submit a list containing more than half of the candidates to be elected to provide adequate information (in the

documentation submitted for the filing of the list) on the compliance of the list with the opinion expressed by the outgoing Board and to indicate their candidate for the office of Chairman.

Regarding this recommendation, the *governance* choices implemented by Ascopiave S.p.A. comply with the recommendations examined. For further information on this subject, please refer to Section 17 "*Self-assessment and Succession of Directors - Appointments Committee*", as well as Section 14 "*Additional Corporate Governance Practices*" of this Report.

Gender Equality

With reference to the sixth recommendation, concerning gender equality, the Committee recalls that the new CG Code expressly recommends that all listed companies adhering to it should adopt measures to promote equal treatment and opportunities between genders within the entire corporate organisation, monitoring their concrete implementation. In this regard, the *Corporate Governance* Committee, while observing an increasing attention to these issues, invites companies to provide adequate information in the Corporate Governance Report on the concrete identification and implementation of these measures.

In this regard, the information contained in the Governance 2020 Report and the *governance* choices implemented during the reference Financial Year are consistent with the recommendations examined.

Adequate information on the issue of gender equality is set out in this Report. For more information, please refer to the "Diversity criteria and policies" sections of this Report.

Compensation Policies

With reference to the seventh recommendation with respect to remuneration policies, the *Corporate Governance* Committee recommends adequate consideration of the consistency of the parameters identified for the variable remuneration with strategic goals of the business and the pursuit of sustainable success, assessing, where appropriate, the provision of non-financial parameters, in addition to reiterating the opportunity for improvement in the policies defining clear and measurable rules for payment of the variable component and any end-of-office indemnity. With particular reference to the remuneration parameters linked to the achievement of environmental and social objectives, the Committee recommends that companies ensure that such parameters are predetermined and measurable.

In this regard, it should be noted that Recommendation 27 letter b) of the CG Code foresees that the remuneration policy for executive directors and *top management* defines "performance goals, to which the payment of variable components is connected, being predetermined, measurable and linked in significant part to a long-term horizon. These components are consistent with the company's strategic goals, being aimed at promoting its sustainable success, including, wherever relevant, non-financial parameters".

With reference to the recommendation to adequately consider the consistency of the parameters identified for variable components remuneration with the strategic goals of the company's business and the pursuit of sustainable success, assessing, where appropriate, the provision of non-financial parameters, it is found that the *performance* goals set out in the 2021 Remuneration Policy (Section I of the Report on Remuneration Policy and Compensation Paid) are consistent with the strategic goals defined in the "2020-2024 Strategic Plan", being aimed at promoting sustainable success, including non-financial parameters.

Regarding the recommendation to improve the remuneration policy by defining clear and measurable rules for payment of variable components, the Company's Board of Directors, assisted by the Remuneration Committee, shall assess this recommendation in the process of reviewing and updating the Remuneration Policy during the Financial Year 2022.

With particular reference to the issue of so-called *ad hoc bonuses*, the 2021 Report specifies the following:

"It is therefore reiterated that it is advisable for companies to limit recourse to the provision of ad hoc bonuses and that, in cases where they do so, they should provide adequate justification for this choice, explicitly including it in the framework of exceptions to the application of the remuneration policy, adopting the relevant procedural provisions."

In this regard, the Company has included in the 2021 "Remuneration Policy" the provisions set out in point "5.1 Remuneration of Directors Holding Special Offices" and point "6. Remuneration of Executives Officers Vested with Strategic Responsibilities";

Regarding the recommendation on non-financial parameters, the *Corporate Governance* Committee recommends that companies ensure that these parameters are predetermined and measurable.

In detail, as an "Environmental Social Governance (ESG)" parameter, the Company has already introduced an ESG goal in the 2021 "Remuneration Policy", in particular linked to the reduction of CO2 emitted in relation to the Group's activities for 2024, specified in the "2020-2024 Strategic Plan". In detail, this ESG goal was included in the "Long-Term Share-Based Incentive Plan LTI 2021-2023", reserved for the executive directors of Ascopiave S.p.A. and certain management resources of Ascopiave S.p.A. and its subsidiaries, approved by the Shareholders' Meeting of April the 29th, 2021, of ordinary call, as well as in the monetary incentive plan LTI-GI 2021-2023, approved by the Board of Directors on March the 4th, 2021, both on the proposal of the Remuneration Committee.

Finally, the Board of Directors of Ascopiave S.p.A., with the support of the Remuneration Committee, will assess a process for revising the 2022 Remuneration Policy following the appointment of the Chairman and Chief Executive Officer, Dr Nicola Ceconato, also as General Manager of Ascopiave S.p.A., as of January 2022.

TABLES

TABLE 1: INFORMATION ON OWNERSHIP STRUCTURES AS OF 31/12/2021

SHARE CAPITAL STRUCTURE				
	Number of shares	Number of voting rights	Listed (markets to be indicated)/unlisted	Rights and obligations
Ordinary Shares <i>(the mechanism of increased voting rights is envisaged)</i>	234,411,575	378,084,594	Euronext Star Milan	Each share is equivalent to one vote. In the event that the right to increase voting rights has become effective, each share gives the right to two votes. The shareholders' rights and obligations are specified in Articles 2346 and following of the Italian Civil Code and by the Company Articles of Association.
Preference shares	–	–	–	–
Multi-voting shares	–	–	–	–
Other categories of shares with voting rights	–	–	–	–
Savings shares	–	–	–	–
Convertible savings shares	–	–	–	–
Other classes of non-voting shares	–	–	–	–
Other	–	–	–	–

SIGNIFICANT SHAREHOLDINGS IN THE CAPITAL AS OF THE DATE OF APPROVAL OF THE REPORT OR ON MARCH THE 10th, 2022

(pursuant to Art. 120 of the Consolidated Financial Act, the information available in the Ascopiave S.p.A. Shareholders' Report on Consob's institutional website, as well as the information in the Company's possession)

Declarant	Direct Shareholder	% ordinary capital	% on voting capital
Asco Holding S.p.A.	Asco Holding S.p.A.	51,157%	62,187%
Ascopiave S.p.A.	Ascopiave S.p.A.	7.551 %	4.595 %
Municipality of Rovigo	ASM Rovigo S.p.A.	4.399%	5.353 %
Anita S.r.l.	Anita S.r.l.	3.050 %	5.353 %

TABLE 2: STRUCTURE OF THE BOARD OF DIRECTORS AS OF 31/12/2021

Board of Directors													
Office	Members	Date of Birth	Date of the first appointment *	Start of Term	End of Term	List (submitte rs) (**)	List (M/ m) (***)	Exec.	Non-exec.	Indep. Code	Indep. Cons. Fin. Act	No. other offices (****)	Sharehold ing
Chairman and CEO	Dr.Nicola Ceconato	1965	28/04/2017	04/06/2020	Fin Stats 2022	Shareholders	M	X	-	-	-	2	20/20
Director	Greta Pietrobon	1983	24/04/2014	04/06/2020	Fin Stats 2022	Shareholders	M	-	X	X	X	0	19/20.
Director	Quarello Enrico	1974	14/02/2012	04/06/2020	Fin Stats 2022	Shareholders	M	-	X	-	-	1	18/20.
Director	Roberto Bet	1976	29/05/2020	04/06/2020	Fin Stats 2022	Shareholders	M	-	X	-	-	0	20/20
Director	Mariachiara Geronazzo	1969	29/05/2020	04/06/2020	Fin Stats 2022	Shareholders	M	-	X	X	X	0	20/20
Director	Luisa Vecchiato	1965	29/05/2020	04/06/2020	Fin Stats 2022	Shareholders	M	-	X	X	X	0	19/20.
Director	Cristian Novello	1982	29/05/2020	04/06/2020	Fin Stats 2022	Shareholders	m	-	X	X	X	0	19/20.
-----TERMS EXPIRED DURING THE FINANCIAL YEAR-----													
Director	-	-	-	-	-	-	-	-	-	-	-	-	-

Indicate the number of meetings held during the Financial Year: **20**

Indicate the quorum required for the presentation of lists by minorities for the election of one or more members (Art. 147-ter Consolidated Financial Act): **2.5 %**

NOTES:

The symbols listed below should be entered in the "Office" 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 is the date on which the director was appointed for the first time (ever) in the issuer's Board of Directors.

(**) This column shows 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 shows whether the list from which each director was drawn is "majority" (indicating "M") or "minority" (indicating "m").

(****) This column shows the number of directorships or statutory auditor appointments held by the person concerned in other listed companies or companies of significant size. It should be noted that companies that are not defined as SMEs within the meaning of Community Recommendation 2003/361/EC have been defined as large companies. Offices in subsidiaries and associated companies are excluded. The Report on corporate *governance* exhaustively lists the offices.

(*****) This column shows the attendance of directors at the Board meetings (indicate the number of meetings attended out of the total number of meetings held; e.g. 6/8; 8/8 etc.).

TABLE 3: STRUCTURE OF INTERNAL BOARD COMMITTEES AS OF 31/12/2021

Board of Directors		Executive Committee		RPT Committee		Control and Risk Committee		Remuneration Committee		Appointments Committee		Sustainability Committee		Independent Auditors Committee	
Position/Qualification	Members	(*)	(**)	(*)	(**)	(*)	(**)	(*)	(**)	(*)	(**)	(*)	(**)	(*)	(**)
Chairman and CEO	Dr.Nicola Ceconato	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Non-executive director - independent as per Consolidated Financial Act and CG Code (LID)	Greta Pietrobon	-	-	-	-	-	-	5/5.	P	-	-	-	-	2/2	M
Non-executive - non-independent Director	Quarello Enrico	-	-	-	-	-	-	5/5.	M	-	-	-	M	-	-
Non-executive - non-independent Director	Roberto Bet	-	-	-	-	7/7	M	-	-	-	-	-	-	-	-
Non-executive director - independent as per Consolidated Financial Act and CG Code	Mariachiara Geronazzo	-	-	-	-	6/7.	M	-	-	-	-	-	P	2/2	M
Non-executive director - independent as per Consolidated Financial Act and CG Code	Luisa Vecchiato	-	-	-	-	-	-	5/5.	M	-	-	-	-	2/2	M
Non-executive director - independent as per Consolidated Financial Act and CG Code	Cristian Novello	-	-	-	-	7/7	P	-	-	-	-	-	M	2/2	M
-----TERMS EXPIRED DURING THE FINANCIAL YEAR-----															
Director	-														
-----EVENTUAL MEMBERS WHO ARE NOT DIRECTORS -----															
Manager of the Issuer/Other	-														
No. of meetings held during the Financial Year:		-		-		7		5		-		-		2	
NOTES (*) This column specifies the attendance of directors at committee meetings (indicate number of meetings attended compared to the total number of meetings held; e.g. 6/8; 8/8 etc.); "P": Chairman; "M": member.															

TABLE 4: BOARD OF AUDITORS STRUCTURE AS OF 31/12/2021

Board of Statutory Auditors									
Office	Members	Date of Birth	Date of the first appointment *	Start of Term	End of Term	List (M/m)** (**)	Indep. CG Code	Participation in College meetings (***)	No. other offices (****)
Chairman	Mr.Giovanni Salvaggio	1968	29/05/2020	29/05/2020	Fin Stats 2022	m	X	10/11.	0
Statutory Auditor	Mr.Luca Biancolin	1952	24/04/2014	29/05/2020	Fin Stats 2022	M	X	11/11	1
Statutory Auditor	Mrs.Barbara Moro	1977	29/05/2020	29/05/2020	Fin Stats 2022	M	X	11/11	0
Alternate auditor	Mr.Matteo Cipriano	1974	29/05/2020	29/05/2020	Fin Stats 2022	M	X	-	
Alternate auditor	Mr.Mario Bosco	1974	29/05/2020	29/05/2020	Fin Stats 2022	m	X	-	
-----AUDITORS LEAVING OFFICE DURING THE YEAR -----									
Statutory	-								

Indicate the number of meetings held during the Financial Year: 11

Indicate the *quorum* required for the presentation of lists by minorities for the election of one or more members (ex-Art. 148- Consolidated Financial Act): 2.5%

NOTES

* The date of first appointment of each auditor is the date on which the auditor was appointed for the first time (ever) in the Issuer's Board of Auditors.

(**) This column shows whether the list from which each auditor has been drawn is a "majority" (indicating "M"), or a "minority" one (indicating "m").

(***) This column shows the participation of the statutory auditors in the meetings of the Board of Statutory Auditors (indicate the number of meetings attended with respect to the total number of meetings held; e.g. 6/8; 8/8 etc.).

(****) This column shows the number of offices held as a director or auditor by the person under consideration pursuant to Article 148-*bis* of the Consolidated Financial Act and its implementing provisions contained in Consob Issuer Regulations. The complete list of offices is published by Consob on its website in compliance with Article 144-*quinqüesdecies* of Consob Issuer Regulations. Offices in subsidiaries and associated companies are excluded.

**TABLE 5: OFFICES OF THE DIRECTORS IN
OTHER COMPANIES AS OF 31/12/2021**

<i>Dr.Nicola Ceconato</i> <i>Chairman and CEO</i> <i>(from 04/05/2017)</i>	Office	Company
	<i>Director</i> <i>(from May 2017)</i>	<i>Pasta Zara S.p.A.</i>
	<i>Director</i> <i>(from December 2019)</i>	<i>Hera Comm S.p.A.</i>
<i>Mr.Enrico Quarello</i> <i>Independent Director</i> <i>(from 14/02/2012)</i>	Office	Company
	<i>Director</i> <i>(from May 2019)</i>	<i>Robintur S.p.A.</i>

**TABLE 6: OFFICES OF THE AUDITORS IN
OTHER COMPANIES as of 31/12/2021.**

<i>Mr. Luca Biancolin</i>	Office	Company
<i>Member of the Board of Auditors (from 24/04/2014)</i>		
	<i>Member of the Board of Auditors (From July 2018)</i>	Mobilità di Marca S.p.A.

ASCOPIAVE S.P.A.

Registered Office in Pieve di Soligo (TV), Via Verizzo 1030
Share capital Euro 234.411.575.00 fully paid up
Fiscal 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 organizational, administrative and accounting system adopted by the Company.

The task of the statutory audit of the accounts pursuant to Article 14 of Legislative Decree no. 39 of 27th January 2010 has been assigned to the external auditing company PricewaterhouseCoopers S.p.A. (PWC).

During the financial year ended 31st December 2021, the Board of Statutory Auditors performed the supervisory activities required by law, according to the rules of conduct for the Board of Statutory Auditors recommended by the National Council of Chartered Accountants and Accounting Experts.

With regard to the activities performed during the year, also in compliance with the indications provided by CONSOB communication DEM / 102SS64 of 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 auditors PWC S.p.A., have 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 2021, prepared in accordance with the International Financial Reporting Standards - IFRS adopted by the European Union.

- 4) The external auditors PWC S.p.A., in charge of the legal audit, has released the report on the “Non-financial consolidated declaration 2021” of ASCOPIAVE S.p.A. and its subsidiaries for the financial year ended 31st December 2021, 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 10th March 2022.
- 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 2021 accounting period, the fees of the external auditors, PWC S.p.A. for their legal audit activities, amounted to € 336,002 (three hundred and thirty-six thousand, and two), of which € 262,142 (two hundred and sixty-two thousand, one hundred and forty-two) related to the accounting audit for ASCOPIAVE S.p.A and its subsidiaries, € 39,409 (thirty-nine thousand, four hundred and nine) for the legal audit of the separate annual statements for ASCOPIAVE S.p.A and its subsidiaries, and € 34,451 (thirty-four thousand, four hundred and fifty-one) for Other Services, for ASCOPIAVE S.p.A..
No activities were assigned to PWC S.p.A. falling outside of Article 160, paragraph 1-ter of Legislative Decree 58/1998 (TUF / Consolidated Law on Finance) and related CONSOB regulations, nor any implementation or responsibilities prohibited by Article 5, paragraph 1, of EU Regulation 537/2014.
- 8) In view of the statement of independence issued by PWC S.p.A. in accordance with Article 17 paragraph 9 letter a) of Legislative Decree 39/2010 and regarding the functions conferred upon it by ASCOPIAVE S.p.A. and subsidiaries, as shown above, the Board of Statutory Auditors deems that there are no grounds to doubt the independence of the external auditing company.
The external auditors, PWC S.p.A., has stated the following in its Report on the Financial Statements: “We declare that we did not provide any prohibited non-audit services pursuant to Article 5, paragraph 1, of EU Regulation 537/2014 and that we remained independent of the Company in conducting the audit.”
- 9) The Board of Statutory Auditors held 11 (eleven) meetings to perform its supervisory activities.
The Board of Statutory Auditors attended all 20 (twenty) meetings held by the Board of Directors and the Extraordinary and Ordinary Meetings of the Shareholders on 29th April 2021.
The Board of Statutory Auditors also attended all 7 (seven) sessions held by the Internal Control and Risk Committee, the 5 (five) meetings of the Remuneration Committee and the 2 (two) meetings of the Independent Directors Committee.
- 10) The Board of Statutory Auditors evaluated and supervised, within our scope of work, compliance with the principles of fair administration and the adequacy of the Company’s organizational structure, through the acquisition of information from Managers of the Company’s departments and through meetings with the external auditors, to reciprocally exchange relevant facts and figures.
- 11) The Board of Statutory Auditors assessed and watched over the consistency of the internal control system and had periodic meetings with the Internal Audit Manager of the Company. We did an in-depth analysis of the corrective measures proposed and received relevant updates, on at least a quarterly basis, of the related status, with particular care related to compliance issues. In this regard, we have taken note of the activities performed by the Internal Controls Manager during 2021. Our activities have revealed nothing untoward which may be considered an indicator of inadequacy or criticality of the internal control system.
- 12) The Board of Statutory Auditors supervised and evaluated the consistency of the administrative-accounting system as a reliable tool for representing operations correctly, through:
 - i. The examination of the reports of the Director in charge of preparing the accounting and corporate documents, concerning the Administrative and Accounting structure and the Internal Control System, as well as the Company Information produced;
 - ii. Obtaining timely and periodic information from the Managers of the respective functions;
 - iii. Relations with the control bodies of the subsidiaries pursuant to paragraphs 1 and 2 of Article 151 of Legislative Decree no. 58/1998 (TUF / Consolidated Law on Finance);
 - iv. Participation in the work of the Control and Risk Committee;
 - v. The receipt of adequate updates on the activity performed by the Supervisory Committee set up by the Company in accordance with the provisions of Legislative Decree 231/2001.

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 organizational and procedural activities performed, pursuant to Legislative Decree no. 231/2001 and Legislative Decree no. 61/2002, concerning the administrative liability of Entities and the responsibility for the crimes envisaged by these regulations. The Supervisory Committee, established by the Board of Directors, has reported to the Board of Statutory Auditors on the activities performed during the 2021 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 2021 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 2021, expressing an overall positive evaluation.
- 19) The Board of Statutory Auditors highlights, among the significant events that occurred during the year, that¹:
 - on 15th January 2021, the Board of Directors approved the 2020-2024 strategic plan of the Ascopiave Group.
 - on 26th February 2021, AP Reti Gas S.p.A., a company of the Ascopiave Group, was informed by Aemme Linea Distribuzione S.r.l. and NED Reti Distribuzione Gas S.r.l., that it was selected as an industrial partner for joint participation in the tenders for the assignment of the natural gas distribution service in Milano 2 and Milano 3 Territorial Areas (the "Territorial Tenders"). In the event of the award of the contract, one or two new companies will be established, of which AP Reti Gas spa will hold 49% of the capital.
 - on 27th April 2021, Ascopiave increased its stake in ACSM AGAM Spa to 5.0000047% of the share capital, bearing the voting rights.
 - on 21 December 2021, through the purchase of 100% of the share capital of a special purpose vehicle of the EVA group, Ascopiave acquired 6 hydroelectric plants belonging to the EVA group, for a value of € 24 million.
 - on 31st December 2021, the consortium formed by Ascopiave, ACEA and IREN signed an agreement with the A2A Group to acquire a number of certain assets related to the distribution of natural gas including approximately 157 thousand redelivery points. The overall economic value of the transaction in terms of Enterprise Value, at 30 June 2021, was € 108.9 million of which the assets of specific interest to Ascopiave were valued at € 73.2 million.
 - on 29th April 2021, the Extraordinary Shareholders' Meeting resolved to amend art. 4 of the Articles of Association, expanding the scope of the activities that constitute Ascopiave's corporate purpose. Pursuant to Art.

¹ Additional information or details about the subject discussed in this section can be found in the Group's financial statement on pages 22 to 26.

2437 of the Italian Civil Code, absent, dissenting or abstaining shareholders were granted the "Right of Withdrawal". The terms and conditions for exercising the Right of Withdrawal were published on 1st June 2021. During the same meeting, the Extraordinary Shareholders' Meeting approved the amendment to some other articles of the Articles of Association aimed at aligning their content with the best practice of listed companies as proposed by the Board of Directors.

- on 16th June 2021, Ascopiave announced that, following the aforementioned Extraordinary Shareholders' Meeting, no shareholders had exercised their Right of Withdrawal.

- on 7th October 2021, Ascopiave announced that the increase in the voting rights in relation to 129,205,648 ordinary shares of the Company became effective pursuant to Art. 127-*quinquies* of Legislative Decree 98/1998 and Article 6 of the Articles of Association of Ascopiave. Subsequently, on 5th November 2021, the Company announced the effectiveness of the increase in voting rights for 14,467,371 ordinary shares of the Company. Therefore, as of today, Ascopiave ordinary shares with increased voting rights amount to 150,822,524 shares.

- on 14th October 2021, Ascopiave announced that it finalised a USD 200 million Private Placement "Shelf" uncommitted programme (the "Shelf Programme") as well as the concurrent issue and placement of unsecured senior non-convertible bond notes (the "Notes") for €25 million with Pricoa Capital Group. The Notes were issued in a single tranche and have a 10-year maturity, with a fixed interest rate. The bond notes issued have no rating and will not be listed on regulated markets.

- on 11th November 2021, the Company's Board of Directors appointed the current Chairman and Chief Executive Officer, Dr. Nicola Ceconato, as Chief Operating Officer effective 1st January 2022.

- 20) The Board of Statutory Auditors has also received analytical information on the impairment test performed by the auditing firm KPMG Advisory S.p.A. confirming the values of goodwill and some high-value financial assets entered in the balance sheet. The related details have been provided by the Board of Directors in the financial statements and are consistent with international accounting principles and Consob guidelines.

The Board of Statutory Auditors is not aware of other facts or elements that are relevant and / or worthy of being brought to the attention of the Shareholders' Meeting.

In consideration of the above, on the basis of the control activity performed during the year, there are no impediments to the approval of the financial statements on 31st December 2021 and to the proposal of the Board of Directors, with regard to the destination of the result of the fiscal period.

Pieve di Soligo, 30th March 2022

Giovanni Salvaggio – Chairman

Luca Biancolin – Statutory Auditor

Barbara Moro – Statutory Auditor



Independent auditor's report

in accordance with article 14 of Legislative Decree No. 39 of 27 January 2010 and article 10 of Regulation (EU) No. 537/2014

To the shareholders of Ascopiave SpA

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 assets and liabilities statement as of 31 December 2021, the consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as of 31 December 2021, and of the result of its operations and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree No. 38/05.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of this report. We are independent of Ascopiave SpA (the Company) pursuant to the regulations and standards on ethics and independence applicable to audits of financial statements under Italian law. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

PricewaterhouseCoopers SpA

Sede legale: **Milano** 20145 Piazza Tre Torri 2 Tel. 02 77851 Fax 02 7785240 Capitale Sociale Euro 6.890.000,00 i.v. C.F. e P.IVA e Reg. Imprese Milano Monza Brianza Lodi 12979880155 Iscritta al n° 119644 del Registro dei Revisori Legali - Altri Uffici: **Ancona** 60131 Via Sandro Totti 1 Tel. 071 2132311 - **Bari** 70122 Via Abate Gimma 72 Tel. 080 5640211 - **Bergamo** 24121 Largo Belotti 5 Tel. 035 229691 - **Bologna** 40126 Via Angelo Finelli 8 Tel. 051 6186211 - **Brescia** 25121 Viale Duca d'Aosta 28 Tel. 030 3697501 - **Catania** 95129 Corso Italia 302 Tel. 095 7532311 - **Firenze** 50121 Viale Gramsci 15 Tel. 055 2482811 - **Genova** 16121 Piazza Piccapietra 9 Tel. 010 29041 - **Napoli** 80121 Via dei Mille 16 Tel. 081 36181 - **Padova** 35138 Via Vicenza 4 Tel. 049 873481 - **Palermo** 90141 Via Marchese Ugo 60 Tel. 091 349737 - **Parma** 43121 Viale Tanara 20/A Tel. 0521 275911 - **Pescara** 65127 Piazza Ettore Troilo 8 Tel. 085 4545711 - **Roma** 00154 Largo Fochetti 29 Tel. 06 570251 - **Torino** 10122 Corso Palestro 10 Tel. 011 556771 - **Trento** 38122 Viale della Costituzione 33 Tel. 0461 237004 - **Treviso** 31100 Viale Felissant 90 Tel. 0422 696911 - **Trieste** 34125 Via Cesare Battisti 18 Tel. 040 3480781 - **Udine** 33100 Via Poscolle 43 Tel. 0432 25789 - **Varese** 21100 Via Albuzzi 43 Tel. 0332 285039 - **Verona** 37135 Via Francia 21/C Tel. 045 8263001 - **Vicenza** 36100 Piazza Pontelandolfo 9 Tel. 0444 393311

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 2021, the Ascopiave Group recorded a goodwill amounting to Euro 49,3 million, representing 4% of total assets, partly referred to the major value resulted from the transfer of the gas distribution networks carried out by shareholders and partly referred to the consideration paid at the time of acquisition of some company branches belonging to the business of gas distribution.

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") implies a high degree of evaluation and judgment as it requires Company management to use assumptions and a certain level of discretion in developing the evaluation model.

The valuation of the recoverable amount of the cash generating unit has been carried out by the Company management using the Discounted Cash Flow Method ("DCF"), discounting at a rate representing the cost of capital the operating cash flows generated by cash generating units, as per the 2022-2025 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 2025.

In particular, it should be noted that the current sectorial legislation provides that the natural gas distribution service is awarded according to bidding procedures to be carried out with a predefined timing. Since the renewal of the concessions has a certain degree of uncertainty, with reference to the valuation of the cash generating unit "Gas distribution" the Company management assumed two alternative scenarios:

- a) Obtainment of the renewal of all the concessions and assignments in place as at 31 December 2021 in 2025;
- b) Termination of the gas distribution service in

Our audit procedures concerned the recoverability of the goodwill value and were performed by carrying out the following tests:

- We performed an understanding and evaluation of the methodology adopted by the company's management to test the recoverability of the values allocated to the cash generating unit for the distribution of gas ("Gas distribution").
- Procedures were furthermore carried out in order to obtain audit evidence on the estimation of cash flow projections and on the data included in the business plans for the period 2022-2025, also with reference to the various scenarios assumed for the valuation of the cash generating unit "Gas distribution".
- Discussions were held with the Company management in order to understand and examine the business strategies and a critical analysis was performed on the most significant assumptions that underlie the new industrial plan, also using sector references and comparisons between the previous years' budgeted and final results.
- Experts from the PwC network have been involved to conduct a critical examination of the model used and the calculation of the Weighted average cost of capital (WACC) and of the expected long-term growth rate (g) used in the test development.
- Compared to what the company did, an independent sensitivity analysis was developed on the WACC and g rates applied for the determination of



Key Audit Matters

2025, realizing a reimbursement value of the plants in concession regime pursuant to art.15 of the Legislative Decree n°164/2000.

Auditing procedures performed in response to key audit matters

the recoverable values of the cash

generating units, recalculating the recovery values through rates that differ by half a percentage point compared to those used.

- We tested the correct determination of the assets and liabilities book value attributed to each cash generating unit, including the allocated goodwill, to compare it with the recoverable amount.
- Finally, the completeness and correctness of the disclosure in the financial statements has been evaluated, taking into consideration the applicable financial statement framework.

Recoverability of the value of the investments in subsidiaries and associated companies

*Note 4 to the consolidated financial statements
“Equity investments”*

As of 31 December 2021, the Ascopiave Group registered shareholdings in associated companies totalling Euro 442.4 million, representing 32% of total assets.

At year-end, in accordance with its internal procedures, the Company management, regardless of the existence of indicators of impairment, deemed it appropriate to carry out the impairment test on all equity investments, comparing their book value with the related recoverable value represented by the higher between the fair value and the use value.

We focused on this item of the financial statements because of the amount involved, the recoverable value and the evaluation criteria applied by the Company management when applying the equity method.

Our audit procedures concerned the recoverability of the value of the investments and were performed by carrying out the following tests:

- We performed an understanding and evaluation of the methodology adopted by the Company management to test the recoverability of the investments’ value for the subsidiaries.
 - Audit procedures were furthermore carried out in order to obtain audit evidence on the estimation of cash flow projections and on the data included in the business plans for the period 2022-2025 used for each investment,.
 - Discussions were held with the
-

Key Audit Matters

The evaluation at equity of the associated company EstEnergy SpA, pertaining to the gas trade and power sector, was determined by the Company management by referring to the results of the period recorded by the EstEnergy sub-Group also considering the assessments and allocations made following the acquisition, duly updated. Moreover, the Company management carried out an impairment test on the investment by applying the Discounted Cash Flow method (“DCF”), discounting at a rate representing the cost of capital the operating cash flows generated by the company, as per the 2022-2025 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 2025.

Auditing procedures performed in response to key audit matters

- Company management in order to understand the business strategies and a critical analysis was performed on the most significant assumptions that underlie the new industrial plans, also using sector references and comparisons between the previous years’ budgeted and final results.
- Experts from the PwC network have been involved to conduct a critical examination of the model used and the calculation of the Weighted average cost of capital (WACC) and the expected long-term growth rate (g) used in the test development.
 - An independent sensitivity analysis was developed on the WACC and g rates applied for the determination of the recoverable values of the investments, recalculating the recovery values through rates that differ by half a percentage point compared to those used.
 - We performed an understanding and evaluation of the equity method applied by the Company management for the evaluation of the investment in the associated company EstEnergy SpA.
 - Finally, the completeness and correctness of the disclosure in the financial statements has been evaluated, taking into consideration the applicable financial statement framework.
-

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, related safeguards.

From the matters communicated with those charged with governance, we determined those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We described these matters in our auditor's report.

Additional Disclosures required by Article 10 of Regulation (EU) No. 537/2014

On 23 April 2015, the shareholders of Ascopiave SpA in general meeting engaged us to perform the statutory audit of the Company's and consolidated financial statements for the years ending 31 December 2015 to 31 December 2023.

We declare that we did not provide any prohibited non-audit services referred to in article 5, paragraph 1, of Regulation (EU) No. 537/2014 and that we remained independent of the Company in conducting the statutory audit.

We confirm that the opinion on the consolidated financial statements expressed in this report is consistent with the additional report to the board of statutory auditors, in its capacity as audit committee, prepared pursuant to article 11 of the aforementioned Regulation.



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, 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 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.

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 2021, 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 2021 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 2021 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, 30 March 2022

PricewaterhouseCoopers SpA

Signed by

Alessandro Mazzetti
(Partner)

This report has been translated into English from the Italian original solely for the convenience of international readers



Independent auditor's report

in accordance with article 14 of Legislative Decree No. 39 of 27 January 2010 and article 10 of Regulation (EU) No. 537/2014

To the shareholders of Ascopiave SpA

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Ascopiave SpA (the Company), which comprise the assets and liabilities statement as of 31 December 2021, the statement of comprehensive income, statement of changes in shareholders equity, statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as of 31 December 2021, and of the result of its operations and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree No. 38/05.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of this report. We are independent of the Company pursuant to the regulations and standards on ethics and independence applicable to audits of financial statements under Italian law. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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 2021 Ascopiave SpA recorded shareholdings in subsidiaries and associated companies totalling Euro 1,003 million, representing 82% of total assets.

At year-end, in accordance with its internal procedures, the Company management, regardless of the existence of possible impairment indicators, deemed it appropriate to carry out the impairment test on all equity investments, comparing the book value of the latter with the related recoverable value, represented by the higher between the fair value and the use value.

We focused on this item of the financial statements since the assessment of the recoverability of such investments' value recorded in the financial statements implies a high degree of evaluation and judgment as it requires Company management to use assumptions and a certain level of discretion in developing the evaluation model.

The evaluation of the recoverable amount of the investments in subsidiaries has been carried out by the Company management using the discounted cash flow method ("DCF"), that is discounting at a rate representing the cost of capital the operating cash flows generated by the companies, as per the 2022-2025 business plan for each investee company, and the terminal value assessed on the basis of the estimate of a permanent sustainable profitability forecasted on the expected profitability for the year 2025.

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

Our audit procedures concerned the recoverability of the value of the investments in subsidiaries and associated companies and were performed by carrying out the following tests:

- We performed an understanding and evaluation of the methodology adopted by the company's management to test the recoverability of the investments' value for the subsidiaries belonging to the gas distribution and other activities.
- Audit procedures were furthermore carried out in order to obtain audit evidence on the estimation of cash flow projections and on the data included in the business plans for the period 2022-2025 used for each investment, also with reference to the various scenarios assumed for the valuation of those belonging to the gas distribution sector.
- Discussions were held with the Company management in order to understand the business strategies and a critical analysis was performed on the most significant assumptions that underlie the new industrial plans, also using sector references and comparisons between the previous years' budgeted and final results.
- Experts from the PwC network have been involved to conduct a critical examination of the model used and the calculation of the Weighted average cost of capital (WACC) and the expected long-term growth rate



Key Audit Matters

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 and AP Reti Gas Vicenza SpA, the management assumed two alternative scenarios:

- a) Obtainment of the renewal of all the concessions and assignments in place as at 31 December 2021 in 2025;
- b) Termination of the gas distribution service in 2025, realizing a reimbursement value of the plants in concession regime pursuant to art.15 of the Legislative Decree n°164/2000.

On 21 December 2021 Ascopiave SpA acquired a controlling interest in Asco Renewables SpA. The Company management considered that the purchase value is representative of the fair value at year-end as it derives from a transaction between independent parties.

With reference to the associated company EstEnergy SpA belonging to the gas and power trade sector, the Company management recorded the investment at cost pursuant to the applicable accounting principles. The Company management assessed the recoverability of the item by means of an impairment test based on the Discounted Cash Flow method, discounting at a rate representing the cost of capital the operating cash flows generated by the company, as envisaged by the 2022-2025 business plan, and the terminal value determined on the estimated permanent sustainable profitability based on the FY 2025 expected profitability.

Auditing procedures performed in response to key audit matters

- (g) used in the test development.
- Compared to what the company did, an independent sensitivity analysis was developed on the WACC and g rates applied for the determination of the recoverable values of the investments, recalculating the recovery values through rates that differ by half a percentage point compared to those used.
- The agreements relating to the acquisition of the subsidiary Asco Renewables SpA were examined to ascertain the adequacy of the price.
- Finally, the completeness and correctness of the disclosure in the financial statements has been evaluated, taking into consideration the applicable financial statement framework.

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, related safeguards.

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, 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 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 2021, 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 2021 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 2021 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, 30 March 2022

PricewaterhouseCoopers SpA

Signed by

Alessandro Mazzetti
(Partner)

This report has been translated into English from the Italian original solely for the convenience of international readers



ASCOPIAVE SPA

**INDEPENDENT AUDITOR'S REPORT ON THE CONSOLIDATED
NON-FINANCIAL STATEMENT PURSUANT TO ARTICLE 3,
PARAGRAPH 10, OF LEGISLATIVE DECREE NO. 254/2016 AND
ARTICLE 5 OF CONSOB REGULATION NO. 20267 OF JANUARY
2018**

YEAR ENDED 31 DECEMBER 2021



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 of CONSOB Regulation No. 20267/2018, we have undertaken a limited assurance engagement on the consolidated non-financial statement of Ascopiave SpA and its subsidiaries (the "Group") for the year ended 31 December 2022 prepared in accordance with article 4 of the Decree, presented in the specific section of the Report on Operations, and approved by the Board of Directors on 10 March 2022 (the "NFS").

Our review does not extend to the information set out in the "la tassonomia Europea (Reg. UE 2020/852)" paragraph of the NFS, required by article 8 of European Regulation 2020/852.

Responsibilities of the Directors and the Board of Statutory Auditors for the NFS

The Directors are responsible for the preparation of the NFS in accordance with articles 3 and 4 of the Decree, with the "Global Reporting Initiative Sustainability Reporting Standards" defined in 2016, and updated, by the GRI - Global Reporting Initiative (the "GRI Standards") and, limited to some indicators, with the "G4 Electric Utilities Sector Disclosures" defined in 2013 (hereafter "G4 Sector Disclosure"), indicated at paragraph "Comment on the methods adopted" of the NFS, identified by them as reporting standards.

The Directors are also responsible, in the terms prescribed by law, for such internal control as they determine is necessary to enable the preparation of a NFS that is free from material misstatement, whether due to fraud or error.

Moreover, the Directors are responsible for identifying the content of the NFS, within the matters mentioned in article 3, paragraph 1, of the Decree, considering the activities and characteristics of the Group and to the extent necessary to ensure an understanding of the Group's activities, its performance, its results and related impacts.

Finally, the Directors are responsible for defining the business and organisational model of the Group and, with reference to the matters identified and reported in the NFS, for the policies adopted by the Group and for the identification and management of risks generated or faced by the Group.

The Board of Statutory Auditors is responsible for overseeing, in the terms prescribed by law, compliance with the Decree.

PricewaterhouseCoopers SpA

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Auditor's Independence and Quality Control

We are independent in accordance with the principles of ethics and independence set out in the Code of Ethics for Professional Accountants published by the International Ethics Standards Board for Accountants, which are based on the fundamental principles of integrity, objectivity, competence and professional diligence, confidentiality and professional behaviour. Our audit firm adopts International Standard on Quality Control 1 (ISQC Italia 1) and, accordingly, maintains an overall quality control system which includes processes and procedures for compliance with ethical and professional principles and with applicable laws and regulations.

Auditor's responsibilities

We are responsible for expressing a conclusion, on the basis of the work performed, regarding the compliance of the NFS with the Decree, with the GRI Standards and, limited to some indicators, with the G4 Sector Disclosure. We conducted our work in accordance with International Standard on Assurance Engagements 3000 (Revised) – Assurance Engagements Other than Audits or Reviews of Historical Financial Information (“ISAE 3000 Revised”), issued by the International Auditing and Assurance Standards Board (IAASB) for limited assurance engagements. The standard requires that we plan and apply procedures in order to obtain limited assurance that the NFS is free of material misstatement. The procedures performed in a limited assurance engagement are less in scope than those performed in a reasonable assurance engagement in accordance with ISAE 3000 Revised, and, therefore, do not provide us with a sufficient level of assurance that we have become aware of all significant facts and circumstances that might be identified in a reasonable assurance engagement.

The procedures performed on the NFS were based on our professional judgement and consisted in interviews, primarily of company personnel responsible for the preparation of the information presented in the NFS, analyses of documents, recalculations and other procedures designed to obtain evidence considered useful.

In detail, we performed the following procedures:

1. analysis of the relevant matters reported in the NFS relating to the activities and characteristics of the Group, in order to assess the reasonableness of the selection process used, in accordance with article 3 of the Decree and with the reporting standard adopted;
2. analysis and assessment of the criteria used to identify the consolidation area, in order to assess their compliance with the Decree;
3. comparison of the financial information reported in the NFS with the information reported in the Group's consolidated financial statements;
4. understanding of the following matters:
 - business and organisational model of the Group with reference to the management of the matters specified by article 3 of the Decree;
 - policies adopted by the Group with reference to the matters specified in article 3 of the Decree, actual results and related key performance indicators;
 - key risks generated or faced by the Group with reference to the matters specified in article 3 of the Decree.

With reference to those matters, we compared the information obtained with the information presented in the NFS and carried out the procedures described under point 5 a) below;



5. understanding of the processes underlying the preparation, collection and management of the significant qualitative and quantitative information included in the NFS.

In detail, we held meetings and interviews with the management of Ascopiave SpA and with the personnel of AP Reti Gas SpA, and we performed limited analyses of documentary evidence, to gather information about the processes and procedures for the collection, consolidation, processing and submission of the non-financial information to the function responsible for the preparation of the NFS.

Moreover, for material information, considering the activities and characteristics of the Group:

- at holding level:
 - a) with reference to the qualitative information included in the NFS, and in particular to the business model, the policies adopted and the main risks, we carried out interviews and acquired supporting documentation to verify its consistency with available evidence;
 - b) with reference to quantitative information, we performed analytical procedures as well as limited tests, in order to assess, on a sample basis, the accuracy of consolidation of the information;
- for the following companies, Ascopiave SpA and AP Reti Gas SpA, which were selected on the basis of their activities, their contribution to the performance indicators at a consolidated level and their location, we carried out meetings and interviews during which we met local management and gathered supporting documentation regarding the correct application of the procedures and calculation methods used for the key performance indicators.

Conclusion

Based on the work performed, nothing has come to our attention that causes us to believe that the NFS of Ascopiave Group as of 31 December 2021 has not been prepared, in all material respects, in accordance with articles 3 and 4 of the Decree, with the GRI Standards and, limited to some indicators, with the “G4 Electric Utilities Sector Disclosures”.

Our conclusions on the NFS of ABC Group do not extend to the information set out in the “la tassonomia Europea (Reg. UE 2020/852)” paragraph of the NSF, required by article 8 of European Regulation 2020/852.

Treviso, 30 March 2022

PricewaterhouseCoopers SpA

Signed by

Alessandro Mazzetti
(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 2021 translation.

Gruppo Ascopiave

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