

E.S.T.R.A. S.p.A.

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Economic and Administrative Index no. 0505831

2019 SUSTAINABILITY REPORT
CONSOLIDATED NON-FINANCIAL STATEMENT 2019
pursuant to Articles 3 and 4 of Legislative Decree no. 254 of 2016

CORPORATE BODIES

Board of Directors

Chairperson Francesco Macrì

CEO Alessandro Piazzì

General Manager Paolo Abati

Director Roberta De Francesco

Director Chiara Sciascia

Board of Statutory Auditors

Athos Vestrini (Chairperson)

Saverio Carlesi

Patrizia Berchiatti

Independent Auditors

EY S.p.A.

CONSOLIDATED NON-FINANCIAL STATEMENT 2019
pursuant to Articles 3 and 4 of Legislative Decree no. 254 of 2016

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Letter to Stakeholders

The publication of the 2019 Consolidated Non-Financial Statement represents the achievement of a notable goal: to combine our NFS with the Group's 2019 Sustainability Report.

As we enter our fifth year of sustainability reporting, this success is a testament to the Group's increasing awareness of the importance of these topics for our business.

As I write this report on last year's figures in March 2020, in the middle of the Covid-19 health emergency, it feels as though I am evoking a world that no longer exists.

But we don't believe this is truly the case. The social and economic repercussions are inevitable, but we will all do everything in our power, as businesses and as individuals, to limit the consequences and contribute to the recovery. It is with this sentiment that we aim to express the value that all of our stakeholders hold for the Group.

Estra, material topics and SDGs

The Estra Group is committed to promoting sustainability and sustainability practices in many areas of its business. With this in mind we have aimed to establish an alignment process that reconciles the Group's material topics with the achievement of the Sustainable Development Goals (SDGs) introduced by the United Nations in 2015.

The alignment shows how the Group's activities coincide with many of the 17 goals, highlighting how businesses can contribute to achieving those goals. In particular, certain goals are very closely linked to our actions: the fight against climate change, responsible consumption and production, clean and accessible energy, sustainable cities and communities, businesses, innovation and infrastructure, decent work and economic growth.

Human capital

Care for our employees, developing their skills, focusing on their well-being and supporting their aspirations are fundamental aspects for the Group.

The number of employees within the Group has risen by just under sixty people, bringing the total to over 760 workers. Almost all of these are employed on full-time contracts which ensure that all workers - but particularly young employees - benefit from job security.

We give particular focus to workplace health and safety, to the extent that in 2019 the number of work-related accidents fell by 50%, a result achieved thanks to the Group's commitment to delivering occupational health and safety training throughout the last year.

The Group also contributed to employees' professional growth through training initiatives aimed at 701 employees (87.5% of the total workforce), with a total of 23,439 hours of training delivered.

Estra and its customers

We aim to offer our pool of over 800,000 customers a close and personal service, guaranteeing simple and immediate points of contact through our 80 public branches, where the average waiting time is only 11 minutes, and our call centres, where the waiting time is only 55 seconds.

We provide high quality services, as proven by the constantly falling number of complaints, thanks in part to the care we devote to ensuring a correct and transparent sales process. This commitment has also been recognised by Consumers' Associations, with whom we have signed voluntary self-regulation protocols for unsolicited contracts.

In 2019 our activities in the natural gas distribution sector have grown significantly and in this regard plant safety is of primary importance for us. We systematically inspect our networks to ensure high safety standards, and our scheduled leaks inspections cover around 100% of the network each year.

The environment

Protecting the environment, the rational use of natural resources and sustainable development have always been at the heart of the Estra Group's approach. We are particularly committed to reducing internal consumption, improving energy efficiency and producing energy from renewable sources.

In 2019 we launched a green electricity tariff. Customers who choose this tariff are guaranteed that the kWh they use were produced by renewable sources. In 2020 we aim to promote a methane gas tariff that guarantees that the CO₂ produced by the combustion process will be offset.

Moreover, the Group's commitment to protecting the environment can be summarised in two key figures: 92% of the waste we produce is sent to waste recovery plants, while CO₂ emissions avoided thanks to the energy production from renewable sources came in at over 12,455 tonnes.

Economic value generated and distributed

Starting from this year, the NFS will report on the creation and distribution of the economic value generated by the Estra Group for its Stakeholders. This approach enables us to interpret the data in the annual report from a multi-stakeholder perspective, embracing a universe comprised of several types of "remuneration" that represent the true economic mark that the company makes on the local community.

Estra creates value both for stakeholders interested primarily in the Group's financial results (e.g. shareholders, employees, local authorities), and for all of the Group's other partners and stakeholders (suppliers, lenders and consumers).

The economic value distributed to stakeholders in 2019 grew by 19% compared to 2018 and totalled over one billion euro. Distributed value to employees, local authorities and suppliers saw particularly significant growth. 62.4% of the total value of supplies was spent in central Italy, underlining our close relationship with our local region.

The development of local communities

A total of 139 municipalities in the provinces of Ancona, Arezzo, Florence, Grosseto, Macerata, Pistoia, Prato and Siena are indirect shareholders of Estra. Given the importance of the services provided, we have entered into a partnership with these municipalities with a view to designing and implementing initiatives aimed at generating positive effects for the region and for residents' quality of life.

The Estra Group has implemented numerous regional development initiatives with the aim of promoting a culture of sustainability and lifestyles consistent with the responsible and sensible use of natural resources. The projects aimed at schools of all levels (Energicamente, ROARR, Limita lo spreco) and the project funded by Erasmus+ to train the new "Project Manager of the Sustainability Report and the Consolidated Statement" are of particular note.

In 2019 Estra promoted the *e-qube Startup&idea Challenge* programme. The initiative once again reaffirmed the Group's commitment to innovation, one of the cornerstones of our business activities and investments in various sectors and Group companies.

The Chief Executive Officer
Alessandro Piazzi

The Chairperson
Francesco Macrì

1. The Group

1.1. Introduction

Estra S.p.A. (hereinafter also “Estra”), having issued an unsecured and non-convertible bond loan on the regulated market of the Dublin Stock Exchange on 28 November 2016 and having dimensional characteristics in terms of employees, financial position and net revenue over the thresholds provided for by Article 2, paragraph 1, is subject to the application of Italian Legislative Decree no. 254 of 30 December 2016 “Implementation of Directive 2014/95/EU of the European Parliament and of the Council of 22 October 2014, amending Directive 2013/34/EU concerning the disclosure of non-financial information and information on diversity by certain large undertakings and groups” (hereinafter the “Decree”).

This Consolidated Non-Financial Statement (hereinafter the “NFS”) of the Estra Group as at 31 December 2019 has been prepared in compliance with the provisions of Decree no. 254/16, as amended, and is a separate document to the Directors' Report on Operations, as provided for by the Decree (Article 5, paragraph 3b).

The information contained in the NFS refers to the wholly consolidated companies considered in the Consolidated Financial Statements of the Group as at 31 December 2019. The reported data refer to the calendar year 2019; for comparative purposes, where possible the quantitative data of the three-year period 2017-2019 has been stated.

In the preparation of its NFS Estra has applied the Sustainability Reporting Standards of the Global Reporting Initiative (GRI Standards) based on the “In accordance - Core” approach. For each topic reported in this document, the materiality according to the materiality analysis conducted by the Estra Group, the associated risks and the relative management methods, Group policies, results achieved and the associated quantitative indicators have been indicated.

The data have been gathered from the various management departments of Estra, making use of the business management systems, specific software and numerous reports. The company department responsible for the preparation of the NFS has ensured the necessary coordination and prepared this document.

This NFS was approved by the Board of Directors of Estra on 06 April 2020 and has been subject to limited review by EY S.p.A. The NFS is published in the “The Group” section of the Company website (www.estra.it).

At the time of publication of this document, a novel coronavirus known as Covid-19, first detected in Wuhan, China, is infecting thousands of people worldwide and Italy is one of the countries currently experiencing a particularly high infection rate.

The Estra Board of Directors promptly established a Committee devoted to managing the emergency and has closely monitored the evolving situation in order to comply with any provisions issued regarding the implementation of measures to contain the virus. In particular, various precautionary measures have been put in place to protect occupational health and safety. These measures including cleaning and sanitising workplaces, transitioning as much as possible to remote working or other forms of work that do not require presence on site, the use of unused holidays, contractual leave, overtime recovery, monitoring site access in order to adhere to social distancing guidelines, reducing physical journeys, and the underwriting of an insurance policy to support workers in the case of infection with Covid-19.

With regard to the Group's main business activities, the natural gas distribution sector has been downscaled significantly and all non-urgent activities have been suspended (construction works and operating activities not strictly linked to safety and service continuity). As regards the sale of natural gas and electricity, our

offices have been closed to the public and alternative communications channels have been put in place to enable us to remotely conduct the same activities that would usually be carried out in our branches. Moreover, the decision was made not to apply the interest on arrears usually applicable on overdue bills or payments due between 9 March and 20 April.

The Board of Directors believes that the Group's results, shareholders' equity and financial position may be impacted by the emergency, mainly due to the foreseeable reduction in consumption of retail and business clients following the closure of "non-essential" businesses pursuant to the ministerial decrees which entered into force on 10 March 2020, and a possible rise in overdue receivables and non-performing loans from domestic, retail and business customers, and local authorities. Given the rapid development of the situation and the virus, and the significant uncertainty regarding the duration of the emergency, the extent of this impact cannot yet be estimated accurately.

1.2 Profile

The Estra Group was established in 2009 through the merger of three public utility companies: Consiag di Prato, Coingas di Arezzo and Intesa di Siena. At the end of 2017 the company Viva Servizi di Ancona also joined the Group.

The Estra Group, which serves around 800,000 gas and electricity customers and generated a total consolidated revenue of 996,922 million euro in 2019, is one of the leading energy operators in Italy, with a particularly significant presence in central Italy. The Group predominantly operates in Tuscany, Marche, Umbria, Abruzzo, Molise, Campania, Calabria and Apulia.

In March 2019 Estra acquired 100% of the share capital of Ecolat. Ecolat owns a multi-material waste separation and recovery plant that serves municipalities in the provinces of Grosseto, Arezzo, Prato and Florence, operates the recycling centre in the municipality of Grosseto and a recoverable urban waste storage facility, and owns 11.27% of SEI Toscana S.r.l. (integrated service operator for urban waste in the Tuscany South area). The acquisition enabled Estra to enter the environmental services sector, a strategic business area for the Group's growth and consolidation as it seeks to increase its role as a multi-utility operator.

In 2019 the move to rationalise the Group's subsidiary companies continued with the merger of Estra Energie and Gas Tronto, which sells methane gas.

In April 2019 the company Murgia Reti Gas was established to operate the natural gas distribution plants acquired from 2i Rete Gas in the two minimum territorial areas (ATEM) of Foggia 1-Nord and Bari 2-Sud.

Melfi Reti Gas was merged into Centria and in November 2019 Centria leased the business unit relative to the network and plants in the municipalities in Campobasso to Murgia Reti Gas.

Also in the gas distribution sector, the company Tua Rete Gas was merged into Centria.

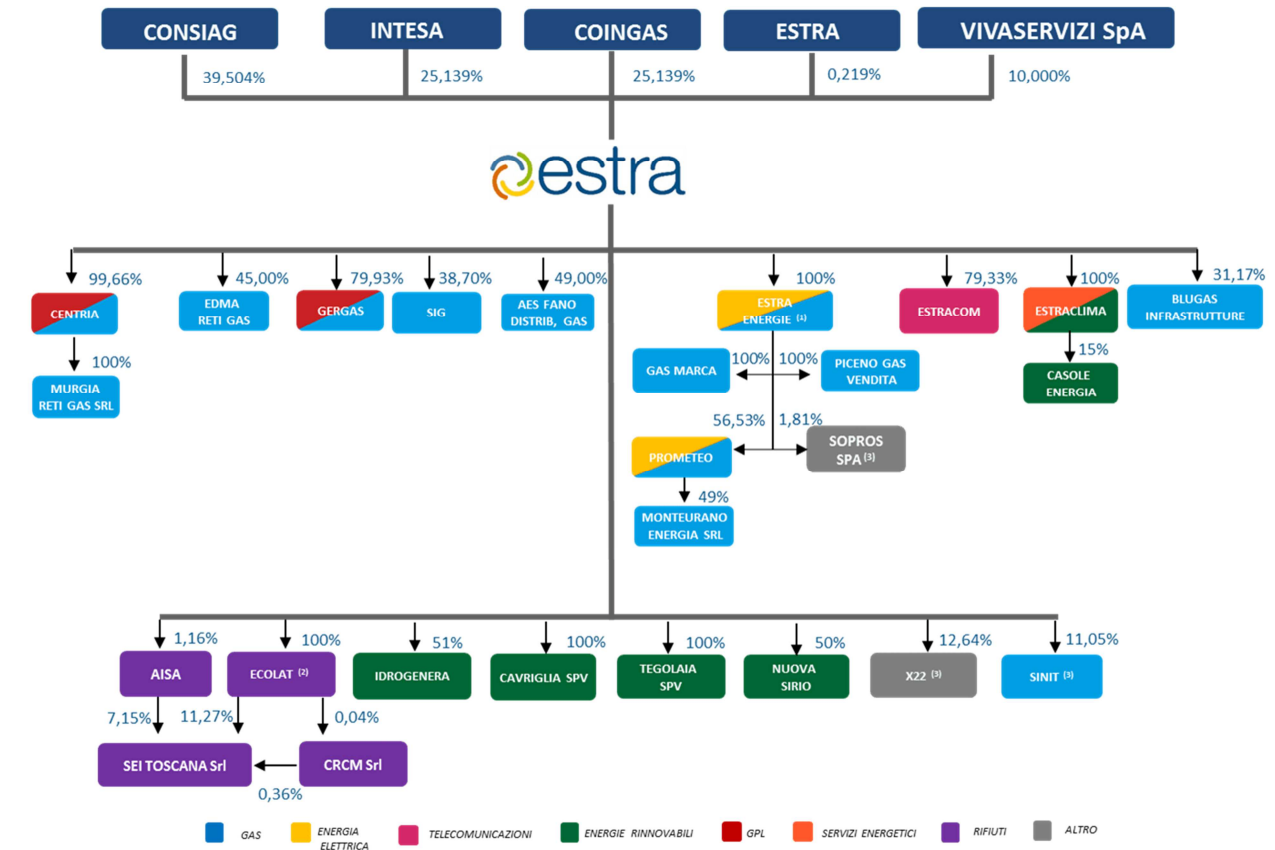
The Estra Group, with registered offices in Prato, operates in various sectors including:

- supply and sale of natural gas and electricity;
- natural gas distribution;
- technical and operational management of telecommunications networks and their marketing;
- provision and exploitation of plants producing energy from renewable sources with particular reference to solar, wind and biomass sources;
- management of heating systems owned by third parties (heat management services) and facility management;
- management of environmental services;

- marketing of liquid propane gas.

Estra S.p.A. carries out various activities on behalf of the Group companies, such as strategic planning and organisation, financial planning and budgeting, the definition of marketing objectives and policies, disclosure and corporate reports, HR management policies, IT systems, coordination between business sectors, business management planning and control.

The structure of the Estra Group as at 31 December 2019 is shown below, indicating the relevant holdings.



Note:

- (1) Estra Energie detiene lo 0,072% della Banca Popolare delle Province Molisane Scarl
- (2) Ecolat detiene una partecipazione nel consorzio Cons.Eco
- (3) Società attualmente in stato di liquidazione

Cerved Rating Agency has confirmed a rating of A3.1 for Estra S.p.A. on the Cerved rating “Security” scale, based on the Group’s results in 2018 and in YTD 2019.

The key factors of the rating which determined its assignment are based on:

- consolidation of business volumes
The Group estimates to close 2019 with a slight increase in turnover, mainly generated by the growth of the Gas Sales SBU (Strategic Business Unit) and the expansion of the customer portfolio.
- improvement in margins in 2019
In 2019 the Group's margins across all of its business areas are expected to improve, thanks partly to hedging policies, internal restructuring at Group level, greater operational efficiency and the optimisation of the Risk Management area.
- sustainable growth of Net Financial Position
The Group's Net Financial Position (NFP) has increased thanks to major investments, particularly in the field of M&S, and can be sustained thanks to the margins achieved and the high level of capitalisation that characterises the Group.

The Group's values

Proximity

We are an authentic presence in people's lives, removing the distances between us. Our relationships define who we are: "being part of" the local community is the corporate model that identifies us. Growth is the key to our role and the value that we can bring to the communities we belong to.

Sustainability

We are aware that the value fed into a community doesn't disperse: it multiplies. Therefore, we focus all of our actions in the knowledge that we have to help to maintain the natural heritage for future generations. We are a credible development factor for communities because we support activities and passions that contribute to social and economic growth.

Accessibility

Our services are available 24/7 and enable us to create simple and accessible opportunities. We are constantly developing the services of the future, promoting progress and growth, seeing and accepting every person as an opportunity to pursue the common good.

Empathy

We recognise our connection with people, helping us to understand and assist them in the best possible way. We transform our guiding principles and intentions into real opportunities, focusing on what really matters and can make a difference. We talk to people in accessible, informal language which is naturally frank and open.

Care

We make a difference by promoting and protecting people's peace of mind, providing primary services and building trust. We are committed to learning and understanding the everyday needs and diverse requirements of people in order to maintain long-lasting relationships. To do this, it is essential to interact with each individual and respond to them with determination and commitment every day.

The mission

Estra strives to be a national multi-utility that engages clients, shareholders and employees on a path to growth, innovation and development, aiming to create value for the company and guarantee high standards of quality and safety. We achieve this with the utmost respect for the regions in which we work and the customers who rely on us every day.

Strategic guidelines

Estra presents itself to the market as a local operator that understands the needs of families, businesses and cities, proposing innovative solutions in key sectors that are integral to everyday life, pursuing the following strategic guidelines:

- growth;
- efficiency and synergy;
- developing networks;
- supply chain integration;
- innovation.

The strategic guidelines confirm the multi-business model adopted by the company, founded on a solid customer base and a national market presence, the consolidation of local regional networks. and diversification in the energy efficiency, telecommunications, renewable energies and environment sectors.

Investments

In line with its strategic guidelines, the Estra Group pursues its expansion and growth policy by devoting a significant portion of its investments to industrial development operations. In 2019, the Group's investments totalled 109 million euro. Total investments increased by 60% compared to 2018 and surpassed the investments made in 2017.

The following table shows the breakdown of investments made in the 2017-2019 three-year period.

Investments <i>(Thousands, €)</i>	2017	2018	2019
Industrial development	72,813	54,602	95,241
Innovation	3,522	4,422	3,317
Services	4509	6,421	7,101
Tangible and intangible assets	337	2,666	3,452
Total	81,180	68,111	109,111

Considerable resources have been devoted to supporting the growth strategy in the region and consolidating the Group's role as a leading energy utility company in central and southern Italy, including by acquiring companies.

Value generated and distributed

Starting from this year, the NFS will report on the creation and distribution of the economic value generated by the Estra Group for its Stakeholders.

Quantifying the total wealth produced and distributed is essential to understanding the value in simple and concrete terms, expressed as monetary figures, that the Group returns to the region and to the people who live there.

The concept of distributing economic value enables the data in a financial report to be interpreted in a different way. In this multi-stakeholder perspective, the value produced by a company goes beyond the economic performance achieved in the year and embraces a universe of several different forms of remuneration that represent the true economic “mark” that a company makes on a community.

By focusing on its core business activities, Estra creates value both for stakeholders interested primarily in the Group's financial results (e.g. shareholders, employees, local authorities), and for all of the Group's other partners and stakeholders (suppliers, lenders and consumers).

Economic value directly generated and distributed (2018-2019)

(Thousands, €)	2018		2019	
Economic value generated directly	841,652		1,003,862	
Economic value distributed to Stakeholders	796,164		938,338	
<i>Suppliers</i>	727,294	91.3%	860,773	91.7%
<i>Personnel</i>	36,604	4.6%	39,348	4.2%
<i>Shareholders and lenders</i>	27,541*	3.5%	27,869**	3.0%
<i>Local Authorities</i>	2,074	0.3%	7,739	0.8%
<i>Community and region</i>	2,651	0.3%	2,609	0.3%
Economic value withheld by the Group	45,488		65,524	

* Includes the distributed dividend of 12.73 million (net of the merger with Eta3).

** In addition to the dividend, also includes 2 million of reserves distributed in 2019.

The economic value generated directly in 2019 is 1,003,862 million. This represented a 19% rise on 2018 thanks to the increase in revenues.

Most of the value produced - 860.7 million - was distributed to local and national suppliers, representing 85.7% of total value.

39.3 million was distributed to employees, up 7.5% compared to 2018.

A total of 27.9 million was allocated to shareholders and lenders in dividends and financial charges, in line with the previous year (1.2%).

The value distributed to Public Authorities, totalling 7.7 million in direct and indirect taxes, rose significantly due to the financial result in 2019.

In line with the previous year, 2.6 million were distributed to local communities and the region in sponsorships (to sports, cultural and social institutions), donations and membership fees.

The economic value withheld by the Group amounts to 65.5 million. This is mainly composed of depreciations relating to the new investments in the gas distribution sector and corporate acquisitions.

1.3 Governance

The table below shows various important data regarding the Group's governance structure, with particular focus on aspects associated with the roles and members of the corporate management and control bodies (Board of Directors and Board of Statutory Auditors), as well as to the gender and age of the members of said bodies.

	2017	2018	2019
Composition¹			
Number of members	66	88	76
Women	10	20	19
Men	56	68	57
Age			
29 or under			
Women	0	0	0
Men	0	0	0
From 30 to 50 (inclusive)			
Women	9	13	10
Men	22	21	18
Over 50 years			
Women	1	7	9
Men	34	47	39
Average age			
Women	46 years	47 years	47 years
Men	53 years	55 years	55 years
Overall average age	52 years	52 years	53 years

With specific reference to 2019, the number of members fell by 14% as a result of the downscaling of the governance bodies due to the merger in other Group Companies of Tua Rete Gas, Melfi Rete Gas, Metania and Gas Tronto.

Men represent 75% of the governance bodies. This data confirms that the predominance of men in decision-making and control roles within the Group (57 men out of 76 members) but also marks a progressive trend towards change. In fact, in 2017 women represented 15% of the boards of directors and supervisory bodies, rising to 23% in 2018 and 25% in 2019.

In 2019, almost 55% of the members of control bodies were educated to degree level or higher (74% in the case of women and 49% for men).

¹ The calculation also includes members of Companies consolidated in 2019 as the Boards of Directors and Boards of Statutory Auditors met.

As regards company seniority, which considers the numbers of roles and not members of the control bodies, in 2019 there were 51 roles characterised by a seniority of below three years, 30 with seniority between three and six years, and 28 with seniority of over six years. In the case of roles held by women, there was a marked predominance of seniority of below six years (22 roles) compared to positions with seniority of over six years. This trend is also true of roles held by men, with 59 roles characterised by a seniority of below six years and 23 roles with seniority of over six years.

1.4 Responsible business management

1.4.1 Management Model and Anti-corruption Policy

Management Model

Having considered the guidelines set forth by Italian Legislative Decree no. 231/2001, since its foundation in 2010 the Estra Group has adopted an Organisational, Management and Control Model that constitutes the reference management model aimed at implementing a system of corporate prevention and control able to prevent the commission of the offences provided for by the Decree. More specifically, the Companies of the Estra Group that have adopted the Model are: Estra, Estra Energie, Centria, Gergas, Prometeo, Estra Clima, Estracom, Gas Marca and Ecolat.²

The Supervisory Body constantly monitors the implementation of, and compliance with, the model, with independent powers of initiative, intervention and control that extend to all company sectors and departments. In 2019 Estra, Centria, Estra Energie, Estracom, Estra Clima and Gergas updated their Code of Ethics and Organisational, Management and Control Model to respond to the organisational changes and to include the following offences:

- self-laundering;
- eco-crimes;
- incitement to corruption among individuals;
- unlawful brokering and exploitation of labour;
- racism and xenophobia;
- compliance with Whistleblowing guidelines.

Whistleblowing (anonymous reporting)

Estra has complied with Law no. 179/2017 since 2018, establishing a digital channel able to protect the confidentiality of the identity of persons reporting unlawful conduct in relation to the alleged offences, thus protecting the integrity of the organisation. The web app (MY WHISTLEBLOWING) adopted by the Group enables users to access the platform exclusively with the use of unique access codes. As the sole recipient of the reports, the Supervisory Body has drafted guidelines stating that the investigation associated with the reports must be such to protect the identity of the whistleblower.

All reports and data entered into the software are encrypted and, finally, to view information regarding the whistleblower an additional password must be requested from the Supervisory Body. This system also facilitates anonymous reports.

In 2019 no reports were submitted using this platform.

²Companies that do not employ personnel (Cavriglia, Tegolaia, Idrogena and Piceno Gas Vendita) have not currently adopted a 231 Model; similarly, Murgia does not currently have a 231 Model.

Activities of the Supervisory Body

The supervision and control of the Model is entrusted to a Supervisory Body granted independent powers of initiative and control, to which periodic reports are submitted. The Supervisory Body makes its assessment on the basis of the checks carried out during the audit, aiming to monitor compliance with the Model.

The Supervisory Body is composed of 5 members, 4 of which are external and one of which is internal; the Body carries out its activities in accordance with the guidelines approved by said Body. Only the Supervisory Body of Ecolat is composed of 2 members, one external and one internal.

In 2019 the Supervisory Body held 30 board meetings, during which document checks (data streams coming from the management departments of the companies) and audits of areas considered to be most at risk of the commission of "231 Offences" were carried out.

A total of 22 audits were carried out, of which seven related to Health, Safety and the Environment, three to employee training and twelve to Procurement, tenders and consultancy analysis.

The checks carried out in 2019 regarding the assignment of consultancy and professional services contracts, the invoicing process for wholesale customers, the smart metering systems and the amendment of contracts on the gas and electricity free market.

In 2019 there was no record of breaches to the Management Model.

Anti-corruption policies

The anti-corruption policy of the Estra Group is defined by the principles underlying the Code of Ethics adopted by Estra S.p.A. and its subsidiaries. The Code of Ethics prohibits the pursuit of the company's interests by unlawful methods, as well as favouritism, collusion, the payment of tangible and intangible benefits and any other act aimed at influencing or rewarding actions by private or public third parties.

In the 2017-2019 three-year period no cases of corruption were reported or identified and neither the company nor its employees were involved in corruption-related public legal proceedings.

The Organisation, Management and Control Model adopted by the companies listed above aims to prevent the crime of corruption between individuals to benefit the Company.

The Management Model and the Code of Ethics are distributed to all employees of the relative Group companies at the time of approval or amendment. In 2019 Estra, Centria, Estra Energie, Estracom, Gergas and Estra Clima updated the 231 Model and all of their employees received administrative orders regarding the update.

All newly hired employees receive a copy of the Management Model and the Code of Ethics and are required to comply with the principles contained therein. The Management Models and Codes of Ethics are available to view to all employees on the Group Intranet.

The table below shows the data relative to employees who have received anti-corruption training. The percentage increase in trained employees compared to total employees, which rose from 5.5% in 2018 to 24.2% in 2019, and the expansion of the geographical distribution to other areas outside the Group's traditional areas of operation, involving colleagues operating in Grosseto, Ascoli Piceno, Molise, Abruzzo, Sicily, Campania and Calabria, are of particular note.

The increase in the number of employees who received anti-corruption training, which involved all professional levels, was mainly due to the newly adopted e-learning tool which offers greater flexibility and facilitates content sharing.

	2017	2018	2019
Number of employees trained on anti-corruption	8	39	184
Messengers	0	0	1
Manual workers	0	0	21
Clerical workers	0	33	135
Middle managers	2	6	14
Managers	6	0	13*
Percentage of total employees	1.2%	5.5%	24.2%
Geographical distribution:			
Arezzo	0%	0%	14.1%
Prato	75.0%	5.1%	39.7%
Siena	25.0%	7.7%	14.1%
Ancona	0%	64.1%	0%
Other areas	0%	23.1%	32.1%

Employees who received anti-corruption training, subdivided by category and site

* This does not include managers who are members of Company Management Bodies.

The anti-corruption policies and procedures are notified to all members of the management and control bodies (Board of Directors and Board of Statutory Auditors) of the companies which have adopted the Management Model and the Code of Ethics.

As regards the anti-corruption initiatives in the year which involved members of the management bodies, it is noted that in 2019:

- all members of the management bodies of the companies Estra, Centria, Estra Energie, Estracom, Gergas and Estra Clima received anti-corruption training;
- all members of the management bodies of the companies Estra, Centria, Estra Energie, Estracom, Gergas, Estra Clima, Prometeo and Gas Marca were notified of the anti-corruption policies and procedures.

Members of the management bodies who have received anti-corruption training/information

	2018			2019		
	Total members (no.)	Total members trained (no.)	%	Total members (no.)	Total members trained (no.)	%
Members of the management bodies who have received anti-corruption training						

	88	0	0%	76	38	50%
Members of the management bodies who have been informed of anti-corruption policies and procedures	Total members (no.)	Total members informed (no.)	%	Total members (no.)	Total members informed (no.)	%
	88	50	57%	76	50	65.8%

In 2018, Estra Clima, the company of the Estra Group responsible for energy services, was awarded the legality rating of the AGCM, the Italian Competition Authority. Introduced in 2012, this rating promotes ethical conduct among businesses, with the assignment of a rating - from one to three stars - regarding the legality of the company requesting the certification. Broadly speaking, the certification is awarded (as a minimum requirement) to businesses whose directors, shareholders and managers are not subject to precautionary measures, have not received criminal convictions, have not submitted plea bargains for tax crimes, are not involved in Mafia crimes and have not committed administrative offences.

Estra Clima was awarded a two-star rating as, in addition to its compliance with the minimum requirements described above, it also possesses other qualities of the six required for the allocation of the various certification levels, including: the use of payment tracking systems for transactions of limits below those established by law; and the adoption of an internal control system to monitor company activities, in compliance with the provisions regarding administrative liability of companies and bodies (Italian Legislative Decree no. 231/2001).

Although there is no formalised procedure to inform suppliers of anti-corruption policies and procedures, all the suppliers that receive authorised purchase orders and to those that receive orders under contract from companies that have adopted the Management Model and Code of Ethics are expressly required to acknowledge the same. Failure to comply may result in claims for damages and/or the termination of the contractual relationship.

In 2019 no commercial business contracts were terminated or were not renewed due to breaches to anti-corruption procedures.

The tables below demonstrate the number of suppliers required to acknowledge the 231/2001 Model and the Code of Ethics of the Group, with reference to purchase orders and orders under contract for the 2017-2019 three-year period.

In 2019 the percentage of suppliers required to acknowledge and accept the principles of the 231/2001 Model and the Code of Ethics improved, returning to 100% for purchase orders recorded in 2017 and up 5% compared to 2018 for orders under contract.

Total number of suppliers required to acknowledge the 231/2001 Model and the Code of Ethics	
	Total number of suppliers
2017	1,962*
2018	2,402*
2019	2,223**
Purchase orders	

	Total number of suppliers	Total number of suppliers required to share and accept the principles of the 231/2001 Model and the Code of Ethics	Percentage of suppliers required to share and accept the principles of the 231/2001 Model and the Code of Ethics
2017	635	635	100%
2018	804	699	86.9%
2019	895	895	100%
Orders under contract			
	Total number of suppliers	Total number of suppliers required to acknowledge the 231/2001 Model and the Code of Ethics	Percentage of suppliers required to acknowledge the 231/2001 Model and the Code of Ethics
2017	465	191	40.1%
2018	1,130	242	21.4%
2019	686	189	27.6%

* Suppliers that have had trading agreements exclusively with Prometeo, ETA 3, Gas Tronto and Piceno Gas Vendita are excluded as these companies are not managed by the Procurement and Tender Service of Estra S.p.A.

** Suppliers that have had trading agreements exclusively with Gas Marca and Gergas, Ecolat, Murgia Reti Gas and Piceno Gas Vendita are excluded as these companies are not managed by the Procurement and Tender Service of Estra S.p.A.

Due to the adoption by the Estra Group of the Code of Ethics and the Organisation, Management and Control Model pursuant to Italian Legislative Decree no. 231/2001, all potential suppliers participating in negotiated or public tender procedures with all Group companies are required to issue a statement regarding the salient points of the Model.

All such potential suppliers must declare:

- 1) to have acknowledged the Code of Ethics and the Organisation, Management and Control Model of the Company in question on the website, clicking on Company, Code of Ethics, and acknowledging and accepting the principles contained therein, as well as the condition that failure to comply may result in the termination of the contract and claims for compensation by the Company in question, in cases where conduct in breach of the Code of Ethics results in harm, including independently of the termination of the contractual agreement;
- 2) to be aware that the Company in question has adopted an Organisation, Management and Control Model pursuant to Italian Legislative Decree no. 231/2001 and has appointed a Supervisory Body to monitor the adequacy and the effective application of the Model;
- 3) to comply in full with Italian Legislative Decree no. 231/2001;
- 4) to not employ citizens of non-EU countries without the proper residence permits;
- 5) to not allow, in the course of its activities, any conduct that may fall within the scope of the types of offence referred to in Italian Legislative Decree no. 231/2001 by the Company in question, as well as conduct that, although not intentionally aimed at committing an offence, may potentially constitute a criminal offence referred to in Italian Legislative Decree no. 231/2001;
- 6) to have never been called to trial (as legal representative) for the offences referred to in Italian Legislative Decree no. 231/2001.

These declarations are reflected in all contracts deriving from tender procedures and the conduct of all suppliers and Group employees is monitored by the Supervisory Body.

1.4.2 Certifications

The Group considers certifications, which represent a fundamental element of the policies of the Estra Group, to be essential to governing and improving internal processes in order to optimise the efficiency and reliability of the management system as a whole. Efficacy, optimisation, simplification and waste reduction are the basic principles of the certifications. Consequently, integrated management systems have been adopted at company and, sometimes, inter-company level. The certifications apply to various fields: quality management, corporate social responsibility, occupational health and safety, the environment, and data protection. These represent a system designed to guarantee high quality performance, in line with specific regulations and recognised internationally.

The following table classifies the certifications held by the Estra Group in the 2017-2019 three-year period. The number of certifications rose in the three-year period, in testament to the long-established certifications policy within the Group. Furthermore, 90% of Group employees operate according to quality, environment and occupational HSE certification standards, while 31% operate according to SA8000 certification standards.

Number and type of certifications ³	2017	2018	2019
ISO9001 Quality	6	7	7
SA8000 Social accountability	1	1	1
ISO14001 Environmental management system	6	7	7
OHSAS18001 Occupational health and safety management system, transitioning to ISO 45001 in 2019 (not including the recently acquired company Ecolat).	6	7	7
ISO/IEC 27001 Information security standard	3	3	3
ISO55001 Asset management system	1	1	1
ISO50001 and CEI11352 Energy management	2	2	2
Other industry-standard quality certifications: UNI EN ISO 15838 pursuant to the criteria of UNI 11200 (contact centre services), UNI EN ISO 3834-2 (fusion welding of metallic material), UNI 11024 (welding of polyethylene pipes) and UNI 11632, ISO IEC 17025 (accreditation of testing laboratories)	3	4	4

With regards to the regulations, Centria holds the EMAS certification while Estra Clima holds (CE) 303/2008. Estracom, Estra Clima and Centria are SOA-certified.

³ The ISO9001, ISO14001 and OHSAS18001 certifications are held by Estra S.p.A., Estra Energia, Ecolat, Estra Clima, Estracom, Centria and Gergas. The "Information security standard ISO/IEC 27001" is held by Estra, Centria and Estracom. The "Energy management standard ISO50001 and CEI11352" is held by Estra Clima and Centria; Centria also holds the "SA8000 Social accountability" standard.

1.5 Risk management

Established by Estra in 2018, throughout 2019 the Group Risk Management department has strived to consolidate a structured risk management approach that aligns the Group's corporate governance structure with national and international best practices.

This initiative is being developed against a backdrop of the general business management trend characterised by the evolution of corporate governance structures towards an integrated strategic and managerial risk management model. When structuring its risk management procedures, Estra has adopted a systematic and structured approach through the gradual introduction of an Enterprise Risk Management (ERM) model.

The Estra Group acknowledges that Risk Management models can help to prevent risk situations, to manage the impact of unforeseen circumstances and to identify new opportunities to create value for the business, and thus aims to construct a model based on company targets and processes at strategic and operational level, in order to:

- support “informed” decision-making processes and promote responsibility for risk management at all levels of the company;
- safeguard the company's reputation;
- adapt to the dynamics of the regulatory framework;
- increase competitiveness.

The Estra Group intends to carry out a project - which is currently being implemented - aimed at defining a structured process for the identification and management of risks, characterised by:

- **focus on risks** - focus on the identification and periodic (and/or continuous) updating of the main risks managed and classified into categories and associated risk factors;
- **integration into company processes** - integration into company processes, organisational structures and systems that support Group objectives in order to ensure constant alignment to strategic, management and operational decisions, usability for management and operational efficiency and sustainability over time;
- **improvement of performance** - focus on results and the search for new opportunities to improve performance and reduce unforeseen events.

The corporate risks are assessed both quantitatively through economic and financial drivers, and qualitatively considering sustainability, health and safety, the environment, image and reputation.

These were classified into categories grouped into two macro-categories: “External Risks” and “Internal Risks” (strategic, operational and financial risks).

Non-financial risks

The corporate risks panel also extends to topics relating to sustainability. The non-financial risks mapped according to the aforementioned process are described below.

Scope of the Decree	Description of Risk	Management Method
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Scope of the Decree	Description of Risk	Management Method
ENVIRONMENT	<p>Changes to climatic conditions and/or extreme weather events with negative impacts in terms of reducing gas/energy demand</p> <p>Failure to comply with environmental legislation and standards (e.g. minimum vital flows, emissions, waste management and associated records, noise levels, etc.)</p>	<ul style="list-style-type: none"> ● One of the objectives of the Estra Group is the corporate business diversification strategy in the medium term (e.g. waste sector, waste), aimed at transforming the Group into a leading multi-utility company at national level with a differentiated business model ● Certification system: UNI ISO 14001-2015
HUMAN RIGHTS	<p>Presence among the Group's pool of suppliers of counterparties which are qualitatively or quantitatively inadequate or not in line with the Group's ethical principles and code of conduct</p> <p>Failure to respect human rights in relations with personnel and suppliers</p>	<ul style="list-style-type: none"> ● In the context of the Group's quality certifications, specific supplier certification and procurement management procedures have been adopted ● Suppliers must comply with the ethical principles and code of conduct of the Group, signing a specific clause to declare acceptance of the Code of Ethics and the Organisational, Management and Control Model pursuant to Italian Legislative Decree no. 231/01 ● Allocation to the SBU "Regulated Market" of the consolidated central procurement department for distribution companies ● The Code of Ethics of the Estra Group upholds the respect for human rights as a fundamental value in dealings with Stakeholders ● Use of certified and regional suppliers in most cases
PERSONNEL	<p>Loss of or difficulty in maintaining key resources, skills and know-how</p> <p>Failure to comply with regulations, standards and Occupational Health and Safety law (Italian Legislative Decree no. 81/2008)</p>	<ul style="list-style-type: none"> ● The Human Resources department is responsible for: <ul style="list-style-type: none"> ○ providing assistance in the application of the strategic guidelines of Group companies ○ providing assistance on employment, position, performance and potential reviews ○ providing support to company management in the design and creation of organisational models and the preparation of the relative documents associated with the various departments ● Specific training activities were launched, aimed at all personnel at Estra S.p.A. ● Certification system: OHSAS 18001, adopted by Group Companies

Scope of the Decree	Description of Risk	Management Method
CORRUPTION	Infringements of the Code of Ethics, laws, regulations and company procedures, including anti-corruption legislation (Italian Legislative Decree no. 231/2001) by Group companies, its trade partners, agents or other subjects acting in its name or on its behalf, which may involve the risk of criminal or civil sanctions or otherwise cause harm to the Group's reputation	<ul style="list-style-type: none"> ● Adoption and distribution of the Code of Ethics and the Organisational, Management and Control Model pursuant to Italian Legislative Decree no. 231/01 ● Activities performed by the Supervisory Body ● In the context of the Group's quality certifications, specific supplier certification and procurement management procedures have been adopted. ● Adoption by Estra Energie and Prometeo of the Self-regulation protocol for unsolicited contracts.
SOCIAL	Loss of reputation among Stakeholders	<ul style="list-style-type: none"> ● The Sustainability, Stakeholder Relations and Press Office department carries out the following activities: <ul style="list-style-type: none"> ○ based on a specific Regulation, it oversees relations with the media; ○ internal communication; ○ it oversees and coordinates projects in order to promote sustainability and CSR practices among Group employees and in the Group's areas of operation; ○ it actively works with Stakeholders through participatory engagement projects, following a sustainable approach and considering economic, social and environmental aspects.

1.6 Targets and results

Targets for 2019

Extend the scope of the audit plan to include more anti-fraud activities: audits on “Rapid procurements” have led to the issue of an administrative order to prevent all unauthorised rapid procurements, regardless of value.

Complete the start-up and organisation phase of the Risk Management service:

In 2019 the first phase of the Group risk mapping process aimed at defining the “Risk Model” of the Estra Group was completed, enabling the identified risks to be classified. In particular, the work carried out made an initial macro-distinction between external risks (cyber security, compliance, suppliers, climate change) and internal risks (attributable to three main areas: strategic risks, operating risks and financial risks). The risk classification process takes place upon the definition of a rating for each identified risk, calculated through a

precise measurement of the impact and probability of the occurrence of each risk, with the aim for identifying the “top” risks and developing specific action plans. As regards the organisation of the risk management service, a special department comprising a manager and four members of staff has been established.

Complete the ISO 9001 and ISO 45001 certification process

As a result of the merger into Centria, on 14/10/2019 Melfi Reti Gas (specifically the plant in the province of Isernia) acquired the certifications held by Centria. The plant relative to the province of Campobasso was transferred to Murgia Reti Gas.

Transition from standard OHSAS 18001 to the new standard UNI ISO 45001: the following companies have completed the transition: Estra, Estra Energie, Estracom, Centria, Estra Clima and Gergas.

Targets for 2020

Establish the permanent use of the e-learning platform for training on Legislative Decree 231/2001 not only for new hires but also for employees who have received previous training on these topics. In fact, the e-learning platform offers greater flexibility in terms of time and supports different types of training (management, executive, new-hires, etc.).

Monitor 231 training aimed at directors delivered during the presentation to the Board of Directions of the action plan and the half-yearly reports, or during meetings between the Supervisory Body and the directors.

Definition and development of Top Risk action plan

The goal for 2020 will be to define individual action plans for each of the top risks identified during the risk analysis and monitoring process during the start-up phase of the Enterprise Risk Management project.

Certifications gained: ISO 9001-2015, ISO 14001-2015 and ISO 45001-2018 for Murgia Reti Gas and the acquisition of the Integrated Quality Management System and Occupational Health and Safety certification (ISO 9001 - ISO 45001) for Prometeo. Finally, with regards to Centria the scope of ISO 27001 will be extended to include cyber security while the gas proficiency certification will be extended to a further 20 employees. Furthermore, all employees will be given access via online software to a web page in order to view and acknowledge the Code of Ethics.

2. The Value of Sustainability

2.1 Estra, material topics and SDGs

The Estra Group is committed to promoting sustainability and sustainability practices in many areas of its business. Therefore, in line with its actions in the previous year, the Group has aimed to further increase its efforts with the aim of establishing a process to align the Group's material topics with the Sustainable Development Goals (SDGs) introduced by the United Nations in 2015 (as shown in the table below).

The Materiality analysis is the “virtual” space where comments from stakeholders are aired and formalised, and forms the basis of the sustainability reporting process. The analysis enables the identification of the topics that are deemed relevant to Stakeholders within and outside of the Estra Group that consequently must be prioritised during the sustainability reporting process.





The Materiality analysis is carried out by the Estra Group according to a three-year cycle. The current analysis, which was carried out in 2018, will be updated in 2020 in view of the sudden changes to the present economic and social context to ensure constant alignment with the expectations of our Stakeholders. The process, launched in October 2018, above all involved the definition of a new Stakeholder Map, based on the previous map and supported by specific research activities and an internal analysis that involved Senior Management and the sustainability team.

Once the Stakeholder Map was defined, the new material topics for the Estra Group were identified. Reflecting the process used to map stakeholders, before the material topics are identified a benchmarking process is carried out to provide a starting point for the identification of the topics relevant to the Group. Following the research, a two-stage internal assessment was carried out, first involving the team responsible for sustainability and then Senior Management. After extensive debate, the list of material topics was drawn and presented to external Stakeholders (Customers and Users, Shareholders and Members, Bodies and Institutions, Lenders, Environment), the Estra Board of Directors and a group of employees (executives, managers and staff involved in the preparation of the report) in November 2018 for review. For each topic, stakeholders were required to give a score from 0 (not important) to 4 (very important). The process concluded with the approval of the results of the Materiality Matrix by the Board of Directors of Estra S.p.A. on 25 February 2019.

The alignment of Estra's material topics to the SDGs shows how the Group's activities coincide with many of the 17 goals, highlighting how businesses can contribute to achieving those goals. Considering the Group's values and areas of operation, certain goals are closely linked to the Group's activities. In particular:

- fight against climate change;
- responsible consumption and production;
- clean and accessible energy;
- sustainable towns and cities;
- businesses, innovation and infrastructure;
- decent work and economic growth;
- gender equality;
- reducing inequalities.

SDGs	Material topics that contribute to achieving the SDGs
 <p>7 ENERGIA PULITA E ACCESSIBILE</p>	<ul style="list-style-type: none"> • Energy efficiency and production of energy from renewable sources • Reduction of internal consumption
 <p>8 LAVORO DIGNITOSO E CRESCITA ECONOMICA</p>	<ul style="list-style-type: none"> • Attracting and retaining resources • Employee welfare and development • Human rights • Occupational health and safety
 <p>9 IMPRESE, INNOVAZIONE E INFRASTRUTTURE</p>	<ul style="list-style-type: none"> • Sustainable supply chain management • Infrastructures • Innovation, research and development • Economic sustainability and market competitiveness • Customer focus and satisfaction
 <p>11 CITTÀ E COMUNITÀ SOSTENIBILI</p>	<ul style="list-style-type: none"> • Engagement and development of local communities, environmental education and the circular economy • Relations with stakeholders

		<ul style="list-style-type: none"> • Reduction of internal consumption • Product liability • Waste generated • Correct marketing and internal communications practices
		<ul style="list-style-type: none"> • Fight against climate change and reduction of emissions • Reduction of internal consumption
		<ul style="list-style-type: none"> • Equal opportunities • Human rights

The table below shows the relationship between the topics of Decree no. 254/2016 and the material topics discussed in the NFS. As regards the general material topics identified by the materiality analysis, the column “NFS Topics” is blank; this refers to material topics that:

- are economic and business-related (Infrastructure, Investments, Economic development), which are therefore covered in the NFS without going into detail.
- company management and external stakeholders consider material as they represent indispensable instruments for the positive performance of the company. These topics are discussed throughout the NFS as they apply to all five areas of the Decree (Dialogue with Local and National Institutions, Relations with Stakeholders, Corporate Governance, Risk Management and Emergency Management).

Scope of Decree 254/2016	NFS Topics
Fight against active and passive corruption	Anti-corruption
Personnel	Attracting and retaining resources Employee welfare and development Equal opportunities Occupational health and safety
Social	Customer focus and satisfaction Engagement and development of local communities, environmental education and the circular economy Innovation, research and development Quality of services, reputation and brand Economic sustainability and market competitiveness Data protection Correct marketing and internal communications practices Product liability Sustainable supply chain management
Environment	Reduction of internal consumption Energy efficiency and production of energy from renewable sources Fight against climate change and reduction of emissions Waste generated
Human rights	Human rights Equal opportunities

2.2 Stakeholder map

The Estra Group reports its economic, social and environmental performance for the 2017-2019 three-year period considering the stakeholder categories identified in 2018 - following the process to prioritise the categories - through an analysis that involved the company's senior management and the main stakeholders. At the end of the analysis, the following list of Estra Stakeholders was compiled:

- Personnel
- Customers and users
- Shareholders and members (including indirect member municipalities)
- Suppliers (including strategic consultants)
- Lenders (including banks and investors)
- Environment
- Bodies and Institutions (including Local Authorities, Universities and Trade Unions)
- Community and region

2.3 Relations with stakeholders

Estra dedicates numerous feedback, engagement and communications initiatives to its various stakeholders. These initiatives aim to optimise human resources, maintain constant dialogue with communities and the region and care for customers, as well as paying due attention to shareholders and suppliers.

The principle stakeholder engagement initiatives of the Estra Group carried out in 2019 are shown below.

Stakeholder	Initiatives in 2019	Frequency/Events 2019
Shareholders and members	Shareholders' meeting and meeting with indirect members	18
Customers	Newsletter to subscribers to the customer area	monthly
	Broadcast of Estra TV visible to the public on office screens	monthly
	Prato - Partnership agreement on energy efficiency in apartments with Confartigiano and Ance	20/05/2019
	Signing of Self-regulation protocol for unsolicited electricity and gas contracts with Tuscan consumers' associations	19/06/2019
	Convention with major customers (energy, TLC, energy efficiency)	annual
	Ancona - Partnership with CISL for discounted RAI subscription	01/10/2019
	Meetings with Tuscan consumers' associations for voluntary self-regulation protocols for unsolicited contracts	2
Lenders	Convention with the leading lenders of Estra S.p.A.	annual
Personnel	Meeting with all employees about the 2019 balance sheet and strategic prospects held in Florence, Tolentino and Lucera	3
	News bulletins on the Intranet	182
Suppliers	Convention with the leading suppliers of Estra Energie	annual
Community and region	Estra Day organised in schools in the regions of Abruzzo, Molise, Calabria, Campania, Sicily, Umbria, Tuscany and Marche	8
	Posts published on the Facebook page	145
	Information published on the company website	75
	Press conferences	58
	Press releases	93
	60 radio and TV news	every fortnight
Bodies and Institutions	Municipality of Vaiano - Opening of e-vehicle charging stations	18/01/2019
	Municipality of Orgia - Presentation of gasification project	05/03/2019
	Municipality of Calenzano - Opening of gas network	06/03/2019

Arezzo - “Un bel gioco non deve durare poco. Gli adolescenti e lo sport” conference. Launched of third edition of the “Estra for Sport” journalism award.	29/03/2019
Municipality of Agliana - Launch of public wifi network	10/05/2019
Perugia - Opening of new branch	22/05/2019
Municipality of Sansepolcro - Opening of e-vehicle charging stations	16/07/2019
Siena - “Energia, clima, economia circolare per uno sviluppo sostenibile” conference Presentation of 2018 Sustainability Report	18/07/2010
Civitanova Marche – “Campioni si diventa! E non solo nello sport” conference. Meeting with high school students, promotion of third edition of the “Estra for Sport” journalism award.	21/10/2019
Arezzo - “Progetto PMIR. La nuova figura del Project Manager del Report Integrato” conference.	22/11/2019
Pesaro - Opening of new branch	11/12/2019

3. Our people

3.1 Employment

Care for our employees, developing their skills, focussing on their well-being and supporting their aspirations: these are key elements that encompass the very identity of the Estra Group and its most treasured asset: our human capital.

“The Company believes that its employees are an essential element for the creation of value and the improvement of internal processes. It promotes the development of skills and expertise as a fundamental prerequisite of mutual growth, encouraging initiative, teamwork and delegation skills.”

(Extract from the Estra Code of Ethics)

The Estra Group's workforce continues to grow, with a total of 761 employees in 2019, all of whom are employed on collective bargaining contracts. Of the 761 employees, 12 are agency staff. Over the three years a positive trend can be identified, quantified in 117 resources.

*Total number of employees**

2017	2018	2019
644	707	761

* Data calculated using the full-time equivalent method (FTE) adopted in line with the Global Reporting Initiative standards. This method is used in order to represent employment situations such as that at the Estra Group where the total work of certain employees is sometimes shared between companies falling within the scope of the Consolidated Financial Statement and this Non-Financial Statement and those not considered within this scope. This HR management policy promotes a positive cross-contamination of skills and experiences between the various Group companies, growing professional expertise and standardising operating and management approaches within the various companies of the Group.

Limiting the statistical analysis to the given year, the number of employees increased by 54 resources (761 employees in 2019 compared to 707 in 2018). This slight increase was predominantly due to the Group's corporate acquisition policies, particularly in the gas distribution sector (+31 resources), but also to its focus on developing environmental services. (+27) through the acquisition of the company Ecolat.

Number of employees by sector	2018	2019
Distribution of gas, methane and LPG	246	277
Energy services	25	23
Gas and/or electricity sales	233	236
Telecommunications	12	12

General services	191	186
Environmental services	-	27

The breakdown of employees by professional level shows a significant increase in the number of manual workers (+32 resources) while the number of clerical workers, which increased by 26 resources in absolute terms in 2019, recorded a downturn with regard to the more decisive trend seen in the previous year. Moreover, there was a 14% increase (+5 resources) in middle managers. The number of managers was largely unchanged on the previous year, while the number of messengers rose from 4 to 5 resources.

As regards the breakdown of employees by qualification level and gender, two aspects should be noted: first, the number of female managers is rising at a rate of one per year; second, for the first time twelve female manual workers joined the Group.

Number of employees by professional level	2017	2018	2019
Managers	17	21	21
Middle managers	36	35	40
Clerical workers	475	517	533
Manual workers	112	130	162
Messengers	4	4	5

Breakdown of employees by qualification and gender	2017		2018		2019	
	Men	Women	Men	Women	Men	Women
Managers	16	1	19	2	18	3
Middle managers	26	10	25	10	31	9
Clerical workers	241	234	263	254	271	262
Manual workers	112	0	130	0	150	12
Messengers	4	0	4	0	5	0

In general, in 2019 the number of employees by location was largely unchanged on the previous year. The exceptions are Grosseto (+26), Prato (+14) and Siena (-11). Furthermore, the opening of two new offices in Bari and Foggia led to an increase in employees of 19 and 11 resources respectively.

Number of employees by location	2018	2019
Ancona	36	35
Arezzo	106	104
Ascoli Piceno	19	17
Bari	-	19
Campobasso	2	1
Caserta	3	3
Chieti	1	1
Cosenza	1	1
Foggia	-	11
Grosseto	14	40
Isernia	12	14
L'Aquila	2	1
Lucca	2	2
Macerata	6	6
Modena	9	9
Naples	2	2
Palermo	1	1
Perugia	3	3
Prato	269	283
Reggio Calabria	3	3
Rieti	6	7
Siena	201	190
Teramo	9	8

In contrast to the last two-year period, the average length of service of Group employees is increasing, rising from 14 years and 5 months in 2018 to 14 years and 8 months in 2019.

The data calculated for the three-year period regarding the employee breakdown by qualification is largely unchanged, confirming the gradual decrease in the number of employees with primary or secondary school certificates, which fell from 19.2% in 2017 to 17.5% in 2019. The data relative to gender remains constant: more than 92% of total employees hold a high school diploma or above (124 out of 286 women have degrees) compared to 74.7% of men alone (135 out of 475 have degrees). Finally, data regarding level of qualification was not available for the 9 employees (4 men and 5 women) at Ecolat who are foreign nationals (1.2% of total employees).

Qualification	2017	2018	2019
Primary or secondary school certificate	19.2%	18.0%	17.5%

High school diploma	47.1%	48.4%	47.3%
Degree	33.7%	33.6%	34.0%

3.1.1 Protected categories

Compared to the previous two-year period, the number of employees belonging to protected categories rose by 6 (2 women and 4 men), split unevenly between people with disabilities (5) and orphans and/or widows (1). With regard to professional level, the new employees belonging to protected categories operate as messengers (3), manual workers (2) and clerical workers (1).

Protected categories	2017	2018	2019
Women	13	13	15
Men	26	27	31
People with legal disabilities	34	35	40
Orphans and/or widows/widowers	5	5	6
Middle managers	0	1	1
Clerical workers	31	34	35
Manual workers	4	4	6
Messengers	4	1	4

	2017	2018	2019
Middle managers	0%	2.5%	2.2%
Clerical workers	79.4%	85.0%	76.1%
Manual workers	10.3%	10.0%	13.0%
Messengers	10.3%	2.5%	8.7%

3.1.2 Contracts and remuneration

The Estra Group has always been characterised by a pronounced prevalence of permanent contracts, which it considers to be a strategic target of company policy and above all a conscious ethical decision that guarantees job security to its employees.

In 2019 the trend seen in the 2017-2018 two-year period continued, highlighting the consistent and progressive increase in the number of permanent contracts. Permanent contracts increased from 663 contracts in 2018 to 728 this year (including agency contracts). In 2019, 95.7% of employees were employed on permanent contracts, against 93.8% in 2018. This increase extended to both men (+43 compared to 2018) and women (+22 on 2018). A similar positive trend can be seen in percentage terms with regard to overall data (+1.9%), as well as men (+2.4%) and women (+1.1%).

The number of temporary contracts decreased slightly across all employee categories (total, men and women), both in absolute and percentage terms, as a result of the conversion of 17 temporary contracts into permanent contracts.

Breakdown of employees by contract type and gender	2017	2018	2019
Permanent	609	663	728***
Men	386	411	454
Women	223	252	274
Temporary	35*	44**	33****
Men	13	30	21
Women	22	14	12

* of which 19 are agency staff (7 men and 12 women)

** of which 15 are agency staff (9 men and 6 women)

** of which 1 is agency staff (1 man)

**** of which 11 are agency staff (5 men and 6 women)

As regards remuneration, in 2019 basic salary rose across all categories, with the exception of female middle managers, female clerical workers and manual workers, while total remuneration for managers rose for both genders. Data for manual workers and messengers is not provided as the female component is negligible (there are no female messengers and only 12 female manual workers at Ecolat, a company which in any case is not included in the table below).

Annual basic salary*: ratio of remuneration of women to men	2018	2019
Managers	89%	94%
Middle managers	100%	98%
Clerical workers	95%	91%

Annual total salary*: ratio of remuneration of women to men	2018	2019
Managers	79%	78%

Middle managers	95%	92%
Clerical workers	91%	87%

* Data for the company Ecolat is not included as the company became part of the Estra Group in 2019 and it has not been possible to collect the data.

3.1.3. New hires and terminations

In all of the regions where it operates, the Estra Group has always combined the provision of high quality services with a particular focus on the development of its reference communities, implementing specific initiatives to benefit communities and adopting policies aimed at enhancing local talent and supporting personal and professional growth. In testament to this, 95% of the Group's managers originate from central Italy (specifically Marche and Tuscany), whose contribution has positive repercussions for the development of the local region.

In 2019 there was a slight increase in absolute terms in the number of new hires (+5 compared to 2018), confirming the positive trend seen in the past two years.

Comparing new hires and age, it should be noted that the number of new hires has fallen in the youngest age brackets, compared to a considerable increase in the over 50 category, mainly due to the number of people joining the Group as a result of the acquisitions in 2019. Analysing the data by age, it is noted that new hires of men are mainly in the under 30 and over 50 categories, while the number of employees aged between 30 and 50 is fairly even across both genders. The trends described above can be seen in the data expressed in percentage terms and the recruitment rate (as shown in the relative tables): the recruitment rate in 2019 was 12 people for every 100 employees.

New hires (subdivided by gender and age)	2017	2018	2019 ⁴
Total	36	83	88
Men	17	53	61
Women	19	30	27
New hires by age			
29 or under	18	23	19
Between 30 and 50 (inclusive)	13	46	36
Over 50 years	5	14	33

⁴It is noted that in 2019 six people joined and left the company in the same year and were not included in the calculation.

Recruitment rate*	2017	2018	2019
Total	0.05	0.12	0.12
Men	0.04	0.12	0.13
Women	0.06	0.11	0.09
Recruitment rate by age**			
29 or under	0.41	0.45	0.37
Between 30 and 50 (inclusive)	0.03	0.11	0.08
Over 50 years	0.02	0.06	0.12

* Calculated as number of new hires/total employees

** Calculated as number of new hires/total employees by age

As regards contract terminations, in 2019 there was an increase in the number of terminated contracts of just over 55% compared to the previous year (34 against 22), particularly in reference to clerical and manual workers (24 and 9 terminations respectively). This increase particularly affected employees aged over 50, mainly men (exactly twice the 2018 data); conversely, there was a slight decrease in the middle age range. While rising slightly (from 2 to 5), the low number of contract terminations in the under 30 bracket is still low, demonstrating the commitment of the Estra Group to creating a working environment focused on promoting and developing skills among the younger generation. In general, contract terminations were mainly due to retirement, dismissals, inability, expiry of temporary and agency contracts, as well as transfers to other companies.

The general employee turnover rate is largely unchanged, although there was an increase of 0.02% with regard to men, bringing the rate to 0.05% (i.e. contract terminations regarded 5 in every 100 employees)

Contract terminations (subdivided by gender and age)	2017	2018	2019
Total	18	22	34
Men	11	15	24
Women	7	7	10
Number of contract terminations by age			
29 or under	8	2	5
Between 30 and 50 (inclusive)	6	10	8
Over 50 years	4	10	21

Turnover rate*	2017	2018	2019
Total	0.03	0.03	0.04

Men	0.03	0.03	0.05
Women	0.03	0.03	0.03
Turnover rate by age			
29 or under	0.18	0.04	0.10
Between 30 and 50 (inclusive)	0.01	0.02	0.02
Over 50 years	0.02	0.04	0.08

*Calculated as number of contract terminations/total employees

3.2 Employee well-being

In line with company policy, the Estra Group supports the well-being of its employees. In particular, the Group aims to:

- ensure equal access to professional opportunities in compliance with all applicable legal provisions and, therefore, rejects any kind of discrimination in full compliance with Italian Legislative Decree no. 198 of 11 April 2006 concerning “Equal opportunities code for men and women, pursuant to Article 6 of Law no. 246 of 28 November 2005” and Italian Legislative Decree no. 196 of 30 June 2003 concerning the “Data Protection Code”.
- offer solutions, methods and actions able to improve the life of employees and promote a healthy work-life balance;
- provide flexible benefits available to employees;
- maintain organisational and operational efficiency, promoting the exchange of information, collaboration and sharing of professional skills between employees, as well as the sense of belonging and corporate culture, also thanks to an innovative and easily accessible internal communications and document sharing system;
- promote human capital through the implementation of training programmes aimed at the professional growth of our employees in line with the requirements for relevant skills and their own career expectations.

3.2.1. Diversity and equal opportunities

Estra believes promoting diversity to be a valuable asset of primary importance. To this end, on 20 November - along with 26 other public service companies associated with Utilitalia (the Italian Federation of water, environmental and energy companies) - the Group signed the “Patto Utilitalia - La Diversità fa la Differenza” agreement. By signing the agreement, the Group undertakes to comply with and adopt a shared and common programme of principles and subsequent actions to manage diversity in each business unit, aware of the need to transition from ordinary diversity management to a strategic vision that, following

inclusive logic and going beyond traditional equal opportunities policies, celebrates diversity of gender, ability and culture as drivers of added value, productivity, efficiency and innovation.

To date, the Group pursues integration and inclusion activities aimed at promoting diversity through its internal HR department.

The workforce of the Estra Group is mainly composed of male employees due to the types of activities carried out by Group companies, which include professional roles and tasks that are historically associated with a strong male presence (e.g. methane gas distribution which requires a high number of manual workers). However, there is a significant female presence in companies where administrative activities are more prevalent.

The ratio between the number of male and female employees has remained constant in the 2017-2019 three-year period. In particular, the ratio was identical in 2018 and 2019: out of 100 employees, 62.4% were men and the remaining 37.6% were women.

Employees by gender	2017	2018	2019
Men	399	441	475
Women	245	266	286

The table showing the number of employees by age shows that the majority of the workforce is aged between 30 and 50 years. In the last three years this trend has remained largely unchanged, even if the data relative to the number of employees over 50 increased considerably during the last year (+36 compared to the previous year). In percentage terms, in 2019 58.3% of employees fell into the middle age bracket, 35% were over 50 and 6.7% were under 30.

Employees by age	2017		2018		2019	
29 or under	44	6.8%	51	7.2%	51	6.7%
Between 30 and 50 (inclusive)	402	62.5%	428	60.6%	444	58.3%
Over 50 years	198	30.7%	228	32.2%	266	35.0%

In 2019, 50 employees requested and were granted maternity or paternity leave at least once, of which 37 were women and 13 were men, marking an increase on the previous year.

Employees granted parental leave by gender	2018	2019
Men	12	13
Women	27	37

Number of employees who took parental leave (maternity/paternity)	2018	2019

Number of employees who took mandatory maternity leave (including early maternity leave)	16	17
Number of employees who took optional maternity leave	43	34
Number of employees who took mandatory paternity leave	7	7
Number of employees who took optional paternity leave	7	6

With regard to mandatory maternity and paternity leave only, in 2019 six women returned to work after maternity leave and seven men returned to work after paternity leave. Please note that unlike in 2018, the data for 2019 includes Ecolat and Murgia Reti Gas.

Furthermore, still considering only the mandatory maternity and paternity leave which can be used at the end of the period established by law, in 2019 5 women and 7 men returned to work after mandatory parental leave and continued to be employed by the Group in the next twelve months. Finally, 7 women are yet to return to work after parental leave as at the end of 2019.

The table below shows the total number of hours of maternity and paternity leave, which collectively amounted to 17,346 in 2018 and 18,551 in 2019.

Hours of parental leave divided by type	2018	2019
Optional maternity	7,464	7,882
Mandatory maternity, including early maternity	9,258	10,257
Optional paternity	440	206
Mandatory paternity	184	206

As regards career breaks, after the considerable decline in 2018 the number of career breaks began to rise again in 2019, exceeding the threshold of one hundred resources (111 to be exact) recorded two years earlier.

A similar trend can be seen with regard to gender. Last year, more women took career breaks than men (28 and 22 respectively). In 2019 the ratio between career breaks and gender was similar to the data in 2017, both in absolute and percentage terms.

Finally, career progression was seen in 95% of clerical workers (84) and manual workers (21). Only four middle managers and one messenger were promoted.

Career breaks by gender and % of total employees	2017	2018	2019
Men	65	22	78
% of total employees (men)	16.3%	5.0%	16.4%
Women	35	28	33
% of total employees (women)	14.3%	10.5%	11.5%
Total career breaks	100	50	111
% of total employees	15.5%	7.1%	14.6%

3.2.2 Work-life balance

Since 2012, having signed the Agreement for flexible working hours with trade unions (RSU -Rappresentanza Sindacale Unitaria) and established the cafeteria service in the Prato, Siena and Arezzo offices, the Group has promoted and encouraged a healthy work-life balance for its employees through the adoption of flexible working methods and removing the main situations that prevent a good work-life balance (e.g. meetings that are highly likely to overrun or business trips on bank holidays, etc.).

In 2019, 81 Group employees opted for part-time contracts (30 per week on average), according to their personal needs. In absolute terms this figure increased compared to 2017 (+23), as did the number of full-time contracts (+31), but in terms of percentage the increase is considerably more pronounced for the former: +49% for part-time contracts, compared to a modest 4% increase for full-time contracts. With regard to total data divided by gender, there was a more positive gap between men on full-time contracts and women on part-time contracts, also due to the conversion of 7 part-time contracts (4 women and 3 men) into full-time contracts, and 9 full-time contracts (8 women and 1 man) into part-time contracts.

Employees by contract type	2017	2018	2019
Full-time	593	649	680*
Men	395	434	463
Women	198	215	217
Part-time	51	58	81
Men	4	7	12
Women	47	51	69

* of which 12 are agency staff (6 men and 6 women)

At the end of 2018, following the agreement between the Estra Group and the relative trade unions, smart-working (or agile working) was launched, an innovative approach to work based on flexible working hours and locations with the aim of providing a better work-life balance. Specifically, workers are allowed to organise their own work autonomously on the condition that predefined targets are met within the given time frames, working with colleagues remotely through digital technology. As well as improving employee well-being and reducing the number of commutes, this working method also has positive impacts for the

environment. In 2019, 11 employees (7 men and 4 women) took advantage of the smart-working initiative, operating mainly in the clerical category and with an average age of 49 years and 6 months.

Other measures introduced by the Group to promote a good work-life balance include the creation of a high-quality video-conferencing system, known as Cisco, to enable communications between Group offices. In fact, at its main offices (Prato, Siena, Arezzo and Ancona) Estra has installed a video-conferencing system that enables employees to communicate and work, avoiding business transfers and thus saving time, reducing travel-related risks and saving energy. The communications system facilitates remote meetings, conferences and video-calls between personnel operating at the Group's various offices and external collaborators. Cisco Webex is not only a video-conferencing tool, it also serves as a group management tool with file-sharing, presentation and chat functions aimed at specific work groups. The software protects the privacy and security of the data and information transmitted thanks to advanced encryption techniques. Each update to the central cloud platform is instantly available to all users. Cisco Webex can be accessed from company computers and from the 22 conference rooms at the Ancona, Arezzo, Prato, Osimo and Siena offices. In particular, 380 videoconferences were held in the Prato office in 2019, for a total of 756 hours.

Finally, another aspect at the heart of the Group's focus on staff policies to guarantee and protect employee well-being is the management and effective use of holiday entitlements. To this end, part of the productivity bonus is subject to the use of annual leave within the specified contractual terms.

3.2.3. Welfare

As well as the welfare benefits required by law (parental leave, life, disability and invalidity insurance, pension contributions, etc.), several years ago Estra created a company welfare package aimed at raising the quality of life and well-being of its employees.

In particular, in 2019 the Group signed an agreement with trade unions to enable its employees to convert all or part of their annual performance bonus to company welfare benefits (flexible benefits) or to allocate 10%-100% of the bonus to a supplementary pension fund, according to the provisions established for the 2019-2021 period. These amounts are not taxable either for tax purposes or for contribution purpose.

To this end, since last year employees have been given personal access credentials to the dedicated AON platform. Employees can choose between the following flexible benefits:

- allocation of percentage to the Pegaso Supplementary Fund;
- reimbursement of medical fees;
- reimbursement of care fees;
- reimbursement of school fees;
- vouchers;
- recreation and sport.

Furthermore, on 23 October 2019 the Estra Group and relative trade unions signed an agreement on the so-called "solidarity leave" (c.f. Article 24 of Italian Legislative Decree no. 151/2015) which enables workers to donate unspent holidays and leave to colleagues at the same Company who have used their contractual allowance of holidays and leave and who are in one of the following situations:

- caring for dependent children under the age of 18 who are seriously ill and require constant care;

- caring for children over the age of 18 or the children of spouse/common law partner who are seriously ill and require constant care.

The donated leave is allocated to an “ethical bank” and is calculated based on the remuneration of the employee who donates it.

3.2.4. Internal communication

Internal communication within the Estra Group is mainly carried out via MyEstra, the internal portal implemented following a design project aimed at providing Group companies with a new “Internal Communications Model” able to provide an essential contribution to maintaining organisational and operational efficiency. Through MyEstra, documents can be easily accessed and employees can stay up to date with all of the Group's news and initiatives.

In 2019 the number of employees with access to MyEstra reached 734, equating to 97% of the workforce.

The data relative the performance of the internet portal reflects the general trend seen last year: a progressive decline across all values. The data regarding news articles uploaded in one year, if analysed more closely, reveals a number of important indications: of the 182 news articles published in the year, 78 regarded Estra news (+26 on 2018), 74 were press releases (-25 compared to the previous year) and 47 regarded the CRAL workers’ association (+17 compared to 2018).

MyEstra data	2017	2018	2019
Employees with access to the Intranet	587	644	734
Actions carried out on the platform	190,785	157,302	127,019
Unique visitors	1,603	1,765	1,649
Duration of average visit	00:09:01	00:07:53	00:06:48
Downloads	2,860	5,086	3,124
Bounce rate	14%	13%	16%
No. visits to the Intranet	25,023	24,019	21,556

3.3 Rights and Protections

The safety, hygiene and regulatory compliance of the working environment are key priorities for the Estra Group and are pursued constantly through a policy aimed at achieving certifications at Group level, as shown by the OHSAS 18001:2007 certification held by the Parent Company, Estra Energie, Estracom, Centria, Estra Clima, Ecolat and Gergas. Furthermore, Estra, Estracom, Estra Clima, Estra Energie, Gergas and Centria hold the ISO 45001 certification.

This represents the voluntary creation and constant maintenance of an adequate occupational health and safety management and control system, as well as compliance with the legislation in force. This system ensures, *inter alia*, that the Group promotes the adoption of responsible and safe conduct by all those who operate in the organisation of risk prevention and health and safety procedures and who ensure employee

participation in the same, as well as those responsible for developing management and reporting procedures, and the management of any cases of non-compliance. Specifically, the following actions are taken:

1) Description of processes used to identify the presence of any occupational hazards and to assess the risks in a systematic and non-systematic way, as well to apply the system of controls to eliminate the dangers and minimise risk, including: i) how the organisation guarantees the quality of these processes, including the expertise of the people who carry them out; ii) how the results of these processes are used for evaluation and improvement.

Procedures and tools	Performance indicators
<ul style="list-style-type: none"> - Risk assessment document - Company safety organisational chart - Health checks and health protocols - Training, information and education - Internal emergency plans - Specific occupational health and safety procedures integrated in an workplace Quality-Environment-Safety management system - Occupational HSE management system certified according to OHSAS 18001 / ISO 45001 	<ul style="list-style-type: none"> - Company risk assessment pursuant to Legislative Decree no. 81/08 - Internal emergency management shared and coordinated at offices shared by more than one company - Adequate identification of emergency, firefighting and first aid officers, as well as suitable and up-to-date training - Defibrillator training at the main offices where most employees operate. - Adoption of a schedule to ensure timely monitoring of all deadlines and obligations for local units - Regular meetings and interaction with trade union representatives - Adoption and supply of PPE (for operational workers) - Constant monitoring (regular safety meetings for sites, accident reports, near misses, etc.) to implement continuous improvement policies. - Regular training directed at all employees on SSL topics (legislation, safety initiatives, accidents, near misses, etc.)

2) Description of processes available to workers to report any hazards or hazardous situations at work, and an explanation of how workers are protected from reprisals: Potentially hazardous situations must be reported to the competent managers and management personnel responsible for occupational health and safety and SPP in the company, as well as through the trade union representatives of the Group and/or the individual company (for those not covered by the Group trade union). Specific reporting channels have been established, such as a specific email address and online communications channels that guarantee anonymity.

3) Description of the policies and processes available to workers to remove themselves from work situations that they believe could cause injuries or occupational illnesses, and an explanation of how workers are protected from reprisals.

4) Description of the processes used to investigate any occupational accidents, including the processes to identify hazards and assess the risks relative to accidents, in order to identify corrective actions based on the list of controls, and to determine the improvements that must be carried out to the occupational health and safety management system.

In the case of extraordinary operations (reorganisation, closure, acquisitions, sale of all or part of the organisation and mergers) the Estra Group complies with legal provisions in its action towards its workers, providing employees and their representatives a minimum notice period of 25 days.

3.3.1. Occupational accidents

While the number of accidents in the 2017-2018 two-year period remained constant, the accident rate and accident severity rate both fell by 50% in 2019 (see table below). This reduction is also due to the Group's focus on health and safety training in 2018.

No accidents were recorded among agency staff. Therefore, the table below refers to accidents recorded among employees of the Estra Group, excluding agency staff.

Total number of accidents (total and by gender)	2017	2018	2019
Total number of accidents	12	14	7
Men	10	14	6
Women	2	0	1

Accident rate (total and by gender)	2017	2018	2019
Accident rate*	11.43	12.57	6.09
Men	14.95	19.80	8.09
Women	5.25	0	2.45

* Calculated as (no. of accidents/hours worked)*1,000,000

Accident severity rate (overall and by gender)	2017	2018	2019
Accident severity rate*	0.25	0.37	0.08
Men	0.36	0.58	0.10
Women	0.06	0	0.03

* Calculated as (Calendar days lost due to accidents/workable hours)*1,000

Looking at the data in more detail, during the year there were 7 accidents involving 5 manual workers and 2 clerical workers for a total of 97 days of convalescence (83 of which were assigned to male employees). As for the type of accident, the recorded accidents regarded road accidents (rear-end collisions and accidents), falls

from low heights and injuries/wounds sustained during working activities (e.g. when using work equipment). According to the severity rate, these incidents were classed as non-serious.

In addition to the 7 accidents mentioned above, in 2019 a further 4 commuting accidents were recorded (i.e. occurring during the commute to or from work).

As seen in previous years, in 2019 no accidents with serious consequences were recorded (the frequency rate is therefore zero). Furthermore, there were no reports of serious incidents such as fatalities at work of employees on the payroll where corporate liability was definitively established, or serious occupational accidents resulting in serious or very serious injury to employees on the payroll where corporate liability was definitively established. The fatality rate is therefore zero.

The Estra Group implements a management policy which considers the dangers associated with working activities with inherent risks of accident and aims to identify, manage and monitor these risks.

By defining specific procedures, instructions and regulations, subject to regular updates, the Group guarantees an internal risk management control system. Particular attention is also given to training and raising awareness among employees with regard to occupational health and safety.

Most of the dangers associated with professional activities regard companies operating in the gas distribution and environmental services sectors. As well as the dangers associated with work-related stress and the prolonged use of video terminal equipment and the risks of accidents (collisions, slips, cuts, boarding and disembarking vehicles, falls, etc.) common to all Group companies, companies operating in the gas distribution sector must also confront dangers associated with exposure to noise and chemicals, fires, explosions and manual lifting of loads.

The Estra Group is committed to implementing a “culture of safety”, through the promotion of four key pillars:

- the management’s commitment to safety;
- sharing concerns regarding dangers and focusing on their impact on people and work;
- the realistic and flexible use of rules, avoiding excessive paperwork;
- continuous reflection on practices through monitoring and feedback analysis.

In recent years, much attention has been given to the causes of “near misses” at work. When near misses occur it is important to consider which factors (human, technical and organisational) may have contributed to the event in order to avoid similar incidents in the future.

In the environmental services sector, the main risks associated with working activities are:

- risks associated with nighttime work;
- risks associated with noise, the potential exposure to biological and chemical agents, to erect posture and to repetitive strain;
- risk of fire;
- risk from mechanical vibrations;
- risks from handling objects and transporting loads;
- risks associated with the use of machinery and equipment relating to the waste selection and processing plant.

Ecolat, the Estra Group company responsible for environmental services, is aware of occupational health and safety aspects and has implemented a series of actions and procedures to eliminate and reduce dangers and minimise risks, such as:

- nighttime work in suitably lit areas;
- employee training, information and education;
- actions to promote a culture of health and safety at work;
- use of appropriate PPE (e.g. footwear, gloves, clothing, eyewear, helmet...);
- regular maintenance and cleaning of plant machinery and equipment;
- obligation for employees to change out of work clothing and take a shower at the end of a shift;
- implementation of the laundry service for work clothing in changing rooms;
- definition of risk mitigation procedures for professional activities;
- maintenance of horizontal and vertical plant signage;
- definition of a targeted medical check-up programme for workers exposed to specific risks.

Furthermore, no fees relating to occupational illnesses of employees or former employees for which the company was declared ultimately responsible were charged. Occupational illnesses particularly affect workers employed in the gas distribution and environmental services sectors. The main occupational illnesses and their causes are listed below:

- hypoacusis due to noise, as employees involved in certain tasks are exposed to noise levels above 80 dB(A) on a daily or weekly basis;
- illnesses caused by mechanical vibrations to the hands and arms, as certain tasks involve the use of tools, equipment, machines and apparatus that transmit vibrations to the hands and arms;
- herniated discs in the lower back, caused by certain tasks that require the use of machinery that transmit vibrations to the entire body;
- illnesses caused by infra-red radiation due to tasks involving burning objects;
- illnesses caused by UV radiation, including solar radiation.

The dangers are determined by the risk assessment procedure. The actions taken to minimise the risk of contracting occupational illnesses are:

- replacement of the source of the danger with something less dangerous (e.g. work equipment);
- plant and equipment maintenance to maintain compliance;
- specific risk assessment with field measurements (e.g. noise, vibrations);
- employee health checks;
- working procedures and instructions;
- employee training;
- collective or personal protective equipment.

In the three-year period in question (2017-2019), there were no confirmed cases of professional illness, resulting in an occurrence rate of zero.

3.3.2 Freedom of Association

The data regarding freedom of association, which is naturally guaranteed within the Group, has remained stable in the 2017-2019 three-year period, with the number of workers belonging to trade unions between 243 and 245, the equivalent of 32% of the workforce (slightly down on last year). There are significant

differences in terms of gender among trade union members, with a considerably higher rate of membership among men. This trend is in line with the data of the 2017-2018 two-year period.

Number of workers who are trade union members, subdivided by gender	2017	2018	2019
Total	243	245	243
Men	168	174	181
Women	75	71	62

3.4. Protection and enhancement of human capital

The Estra Group's commitment to promoting the professional development of its employees is also demonstrated by the broad range of training opportunities that goes well beyond legal obligations and aims to satisfy personal training needs and company requirements. Training enables employees to increase their skills and pursue continuous professional development while improving the quality of services delivered and the corporate climate.

This focus is further highlighted by the care with which the HR service, through the "Talentia" software, manages employee data. With regard to training specifically, the software records each course attended internally or externally and updates the CV of the relevant employee, attaching any certificate or attendance record issued by the training body. The course registration process retains certain information such as the course name, number of sessions, date and participants. For each session the record filled in by the teacher and signed by the course attendees is also attached.

At the end of the year the HR service extracts and processes the training data for the previous year for each Group company. As well as providing reports, Talentia also enables the HR service to monitor the expiry dates of obligatory training certificates in order to schedule updates and refresher courses within the necessary time frames.

In 2019 a total of 701 employees took part in training courses (442 men and 259 women), equating to 87.5% of the Group workforce during the year⁵. This marked an increase of 116 employees compared to 2018, when training was delivered to 585 resources.

The increase in the number of training hours in 2018 compared to 2017 is mainly due to the provision of new training activities by Centria, which focused in particular on safety and certifications.

In 2019 a total of 23,439 hours of training were delivered (18,047.5 hours for male employees and 5,392 hours for female employees), equating to an average of 29 hours per worker (36 for men and 18 for

⁵Thanks to improvements in data collection techniques, the data for 2019 also includes employees who ceased working for company, and employees who were hired and ceased working for the company in the same year.

women)⁶. The data are down on the previous year but nonetheless higher than the training figures for 2017, as shown in the table below.

Total number and average number of training hours	2017	2018	2019
Total number of training hours	17,526	29,996	23,439
Average number of training hours per worker	27	42	29

Training activities regarded a broad range of topics: English, IT skills, mandatory occupational health and safety training, fire prevention and first aid, privacy and GDPR, corporate social responsibility, UNI standards, contract law and regulations, courses aimed at the achievement of certificates in specific sectors, new synchronous communications tools (CISCO video-conferencing), as well as interpersonal communications techniques.

Average hours of training by qualification and gender	2017	2018	2019
Managers			
Men	34	64	58
Women	0	62	40
Middle managers			
Men	82	105	39
Women	48	65	32
Clerical workers			
Men	29	48	33
Women	11	17	15
Manual workers			
Men	41	64	39
Women	-	-	63
Messengers			
Men	13	0	9
Women	-	-	-
Total			

⁶ Average training hours have been calculated based on 801 employees.

Men	36	57	36
Women	13	19	18

In 2019, each employee attended four training courses on average; this data differed between men and women: on average, men attended five training courses while women attended three.

Analysing the number of courses by professional level, on average managers, middle managers and manual workers attended five training courses, clerical workers attended three and messengers attended two. Courses attended by managers, middle manager and clerical workers were evenly distributed between men and women.

3.4.1. Internships

The Estra Group is not only committed to promoting its own human capital: it also extends its policy to high school students, high school graduates, undergraduates and graduates, offering opportunities to train within the company through an internships programme, during which the participants come into direct contact with the world of work, broadening their knowledge and skills acquired during their studies.

The internship can be incorporated into a curriculum or be extra-curricular: in the case of the former, interns can train within an actual business during their academic studies, while the latter is an individual choice that enables the participant to build up professional experience in order to increase their employability.

In 2019 a total of 31 internships were launched. As show in the table below, 10 of the internships were extra-curricular and amounted to 79 months during the year, equal to 1773 days. In addition to these, 7 internships (3 for men and 4 for women) were launched in 2018 and continued in 2019.

Extra-curricular internships	2017		2018		2019	
	No.	%	No.	%	No.	%
Women	12	54.5%	8	57.1	6	60.0
Men	10	45.5%	6	42.9	4	40.0
Total	22	100	14	100	10	100

The extra-curricular internships were promoted by the University of Siena and the Regional Employment Agency and took place in the Siena and Prato offices (5 in each office). Interns were mainly women (60%), with an average age of between 25 and 28, and are graduates in economic or legal subjects (70%).

Like the extra-curricular ones, the number of curricular-based internships also fell compared to the previous year: 21 internships were launched and concluded in 2019 compared to 32 in 2018. Despite this, the duration in terms of months remained unchanged and the number of days increased compared to the previous year, coming in at 996 days.

Curricular internships	2017	2018	2019
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	No.	%	No.	%	No.	%
Women	13	44.8	4	12.5	2	9.5
Men	16	55.2	28	87.5	19	90.5
Total	29	100	32	100	21	100

In terms of gender, in most cases interns were men (90.5%) aged just over 23 years, with a medium/high level of education (only 14% of interns were in possession of a school certificate only). Undergraduates and graduate came from humanities and scientific disciplines. Internships were distributed unevenly in the offices of Arezzo (7), Ascoli Piceno (1), Prato (7), Siena (5) and Teramo (1).

3.5 Targets and results

Targets for 2019	Results in 2019
Introduction of smart working (remote working)	Various requests for “flexible work” were received during the year by various Group companies and, as described in this chapter, one employee at Estra Clima, five employees at Estra S.p.A. and 5 at Estra Energie began to work remotely.
Increase in number of unique visitors to MyEstra, implementing technological improvements and employee engagement activities	It was not possible to make technological improvements to the portal as the personnel responsible for the project were engaged in other companies for the company (e.g. transitioning from the SAP management programme to NETA). Employee engagement activities were carried out. In 2019 the Estra Caffè project was launched, an internal communications initiative aimed at incentivising and motivating employees through the production of videos in which they describe their job and talk about their interests. The videos will be published on MyEstra from February 2020.

Targets for 2020

Signing of the trade union agreement on smart working for 2020

The Group intends to extend the agreement signed as a trial in 2019 and which expired on 31/12/2019.

Scheduling of employee meetings with AON, the company that provides the company welfare platform, and trade union representatives, to promote the use of the company's flexible benefits system. The aim is to illustrate how the portal works and to respond to queries and requests for information from employees, in view of the trade union agreement covering the 2019/2021 period.

Commencement of the Group's works under the Utilitalia Agreement "La diversità fa la differenza" to launch and analyse Estra's approach to diversity and inclusion, to implement actions in this regard and to monitor the results

The aim is to make the work group formed of employees in the Innovation and Development, Press Office and Institutional Relations, Internal Auditing and HR departments operational.

Training project implemented thanks to the Tender of the Tuscany Region "Utilities 4.0: efficienza aziendale e innovazione al servizio di imprese, cittadini e territori"

The project involves training activities due to be completed by 31/12/2020 on the topic of cyber security, or rather the correct use of the company Intranet email service and smart working. Furthermore, 8 hours of training on the topic of sustainability are planned.

Implementation of the Human Resources IT system to monitor expiring HSE training certifications, in collaboration with workers' HSE representatives.

Employees are analysed and allocated precise roles; for each role a timetable is drawn up for all legally obligatory occupational health and safety training.

Establish the permanent use of the e-learning platform for training on 231 Model, not only for new hires but also for employees who have received previous training on these topics.

The use of the e-learning platform offers greater flexibility in terms of time and supports different types of training (management, executive, new-hires, etc.).

Tracking Model 231 training aimed at directors

In the half-yearly reports to the supervisory body, report on training aimed at directors delivered during the presentation to the Board of Directions of the action plan and the half-yearly reports, or during meetings between the Supervisory Body and the directors.

Increase the number of unique visitors to MyEstra

Implementation of employee engagement activities

The internal communications activities include the completion of the Estra Caffè project, launched in 2019, an employee engagement, incentivisation and motivation initiative which involves the publication of videos made by employees on the MyEstra portal.

Technological improvements to MyEstra

Aiming to remove the access security certification and implement a new access portal for company systems (Ughetto) integrated with MyEstra.

4. Customers

4.1 Relations with customers

Improving the quality of the trusting relationship with our customers is one of the Estra Group's primary goals, pursued through the development of innovative solutions, the monitoring of processes and the innovation of the services on offer.

Our communications, which are also delivered through online channels, use clear and transparent language in order to easily reach all of our customers. In fact, Estra promotes a relationship characterised by continuous dialogue and is committed to building trust and pursuing long-term collaboration with its customers.

With a view to ensuring greater proximity and support to customers, Estra has adopted a company policy characterised by a strong local presence. There are over 80 stores that provide assistance and information about products and services, guiding customers towards more conscious energy decisions.

To ensure all customers receive maximum protection and in compliance with the competition laws, Estra Energie and Prometeo have implemented a voluntary self-governance protocol for unsolicited contracts and activations, in partnership with leading consumers' associations. The Protocol adopted by Estra Energie was signed on 19 June 2019 in Florence by all of the Tuscan consumers' associations (Federconsumatori nazionale).

The Protocol defines a series of procedures aimed at providing all consumers with extensive guarantees in contractual relations. In fact, the sales process is focused towards a procedure that prioritises clarity and transparency, making regular checks to confirm the customer's actual wish to transfer to Estra.

The main protections to ensure the transparency of the gas and electricity sales process are:

- telephone checks on all door-to-door contracts;
- proposal of the specific choice by written confirmation and confirmation by telephone in the event of a telephone contract;
- provision to the customer of the contractual information and records of telephone calls concluding and confirming the contract before the customer is contractually bound;
- two-stage verification to confirm the receipt of contractual documentation and to obtain the consumer's consent
- ample opportunity offered to the customer to exercise their right to reconsider, enabling the relative communication at various times during the contracting process.

From 01 July 2020 all gas and electricity customers were due to be moved onto the free market (the deregulation was later delayed). This is a significant change for many customers, particularly older people who are more likely to be victims of unfair commercial practices. In order to raise awareness of this topic, in 2019 Estra launched a communication campaign about the liberalisation of the energy market in collaboration with the consumers' association Adiconsum Toscana. The campaign, which involved the distribution of a leaflet and a guide, aimed to inform residents about the transition from a regulated market to the free market, how to understand the contractual and financial conditions in order to compare the different offers available on the market, and the measures in place to protect consumers, as well as the tools made available by companies to enable customers to make an informed choice.

There have only been two administrative cases for anti-competitive behaviour and monopoly practices, both of which were still open at year-end 2019. One refers to an appeal lodged with the Regional Administrative Tribunal (TAR) of Lazio against the fine imposed in 2016 by the AGCM to Estra Energie and Estra Elettricità

relative to unfair sales practices towards customers. The date of the first hearing of the ruling, which is still pending, has not yet been announced.

In July 2016 the Antitrust Authority launched a case against two companies regarding unfair remote sales practices of natural gas and electricity supply contracts. The aforementioned case closed in December 2016 with a fine of 500,000 Euro. As noted by the Antitrust Authority, Estra Energie and Estra Elettricità had already launched “internal processes aimed at verifying the contracting procedures in place and, before the conclusion of the case, proposed and implemented significant changes to their contracting procedures to overcome the disputed consumer problems”. In order to protect its customers, Estra worked actively with all partners to encourage the implementation of correct practices. This monitoring activity led to the application of penalties and, in the most severe cases, withdrawal from the contract.

The other administrative fine for anti-competitive behaviour and monopoly practices relates to the appeal, currently pending before the State Council, of the Ruling of the Regional Administrative Tribunal of Lazio made following the case brought by Estra (and by Estra Reti Gas) to obtain the annulment of the fine issued in 2012 by the AGCM against said companies for anti-competitive behaviour in relation to data requests relating to the announcement of the public tender by the Municipality of Prato for the gas distribution service. The fine originally attributed, jointly for the two companies, was 276,000 Euro. In 2017 the Regional Administrative Tribunal of Lazio, accepting in part the appeals presented by the two companies, reduced the fine issued by the Antitrust Authority in 2012 to two fifths of the original amount, re-issuing the fine at 165,679.20 Euro.

An appeal is currently still pending at the State Council regarding the legal grounds for the ruling issued by the Regional Administrative Tribunal, which has however confirmed the existence of unfair conduct and the anti-competitive offence.

4.1.1 Our customers in figures

The Group carries out its activities predominantly in Central and Southern Italy. The geographic distribution of gas and electricity customers is as follows:

- from 0 to 5,000 customers in Basilicata, Emilia Romagna, Friuli Venezia Giulia, Liguria, Lombardy, Piedmont, Apulia, Trentino Alto Adige and Valle d'Aosta;
- from 5001 to 15,000 customers in Calabria, Lazio, Sardinia, Sicily, Umbria and Veneto;
- from 15,001 to 50,000 customers in Abruzzo, Campania and Molise;
- from 50,001 to 400,000 customers in Marche and Tuscany.

Compared to 2018 the number of end customers for gas fell by 1.2% in 2019 while the number of end customers for electricity rose by 26.1%. With regard to contract type, in the 2017-2019 two-year period sales on the regulated market fell while those on the free market increased. This is testament to the fact that all of the Group's commercial energy companies are approaching the exit from the regulated market, due in 2022, without serious consequences.

	2017	2018	2019
Number of gas PODs			
End market - Free	273,860	328,074	363,261
End market - Regulated	344,322	315,387	272,313
Total	618,182	643,461	635,574

Number of electricity PODs			
End market - Free	86,762	110,598	145,662
End market - Regulated	20,418	20,146	19,197
Total	107,180	130,744	164,859

Sales volumes for methane gas and electricity rose in 2019 compared to 2018. Gas sales increased despite the decrease in number of customers, highlighting a portfolio comprised mainly of energy-intensive customers.

	2017	2018	2019
Gas volumes sold (Mln m³)			
End market - Free	1,011	1,201	1,695
End market - Regulated	293	282	236
Total	1,304	1,483	1,931
Electricity volumes sold (GWh)			
End market - Free	604	604	734
End market - Regulated	52	45	44
Total	656	649	778

The number of telecommunications customers and customers served by the district heating systems of the Siena, Calenzano and Sesto Fiorentino plants, who are mainly located in Tuscany, particularly Prato and Florence, remained stable.

Number of customers	2017	2018	2019
District heating	1,084	1,084	1,119
Telecommunications	3,680	4,052	4,028

Since its foundation Estra has invested in expanding its fibre optic network, a grid which mainly covers the metropolitan area of Florence, Prato and Pistoia.

This represents one of the Group's areas of excellence, with the expansion of the NGN (Next Generation Networking) networks first in Gigabit Ethernet and, since 2009, in GPON (Gigabit Passive Optical Network). This brought fibre optic internet to businesses and local authorities, focusing in particular on industrial districts, using fibre optics as the physical carrier for stable, high-performance, high-bandwidth, super fast broadband, with various innovative, high added value services.

Some years ago, the project to connect residential building and commercial businesses to the fibre optic network was launched.

To develop its projects to expand its high bandwidth network, Estracom focuses on installing infrastructure with FTTB (Fiber to the Building) and FTTH (Fiber to the Home) technology. This guarantees a connection speed of at least 100 Mbps for each user.

The data for 2019 confirm the continuation of these activities, increasing the size of the grid by 19.4%.

Fibre optic infrastructure	2017	2018	2019
Fibre optic infrastructure (km of cable)	611	662	790

As for the sales activities, the methane gas distribution service is concentrated in Central and Southern Italy. In fact, the Group manages the gas network and plants in the provinces of Arezzo, Ancona, Bari, Campobasso, Florence, Foggia, Grosseto, Isernia, L'Aquila, Lucca, Perugia, Pistoia, Prato, Rieti, Siena and Teramo.

The main operational data of the Estra Group relative to natural gas distribution in 2017-2019 three-year period are given below.

Compared to 2018, in 2019 there was an increase across all indicators due to the acquisition of Melfi Reti Gas (+15.3% gas PODs, +9.5% km of grid +1.4% gas fed into the grid).

Methane gas distribution service users (thousands)

	2017	2018	2019
Active PODs	400	447	516

Gas input into the network (Mln m³)

2017	2018	2019
578	654	663

Natural gas network length (km)

2017	2018	2019
5,418	6,378	6,984

The data for LPG distribution and sales by Centria and Gergas were mainly unchanged, as shown in the tables below.

LPG distribution and sales customers

	2017	2018	2019
No. of active PODS	5,609	5,516	5,360

LPG volumes sold (Mln m³)

2017	2018	2019
0.931	0.932	0.863

LPG network length (km)

2017	2018	2019
140	145	144

4.1.2 Privacy

Aware that the confidentiality of data and transactions is of primary importance, the Estra Group adopts specific security measures to prevent the loss, unlawful or improper use of, and unauthorised access to, personal data. The data protection policy is disclosed externally on the website (<https://www.estra.it/privacy-policy-e-copyright>) and internally via the company Intranet.

Personal data is processed through the use of manual, computer and telematic tools in order to constantly guarantee the security and confidentiality of data. All information is stored only for the period strictly necessary to the pursuit of the objective for which it is collected, with the aim of minimising the risk of unlawful use of sensitive data.

The main security measures implemented by the Group include the following certifications:

- the main companies of the Group have subjected their processes relating to the planning, development and delivery of services to Certification UNI EN ISO 9001:2008 for a number of years;
- three companies of the Group have adopted the Data Protection Management System in line with Standard ISO/IEC 27001:2013⁷.

In the course of 2019, no complaints regarding breaches of confidentiality or the loss of customer data were received.

There were 24 recorded cases of withdrawal of consent for the processing of data for marketing purposes and requests for information on the existence of personal data and its relative processing.

4.1.3 Social bonus and instalments

The social bonus (the compensation scheme for expenses sustained by domestic customers for the provision of natural gas and electricity) was introduced by the Government and implemented ARERA (Italian Regulatory Authority for Energy, Networks and Environment), in partnership with Municipalities. This consists of a discount applied to the gas and electricity utility bill, with the aim of sustaining the numerous families in economic difficulty and those require specialist electrical medical equipment due to serious illness.

⁷ For more information on the companies which have been awarded the certification, please refer to the “Certifications” paragraph in the chapter “The Group”.

To request the bonus, customers must complete the relative form, which can be obtained from the municipalities, on the ARERA website and the ANCI website, and submit it to their Municipality of residence or another Institution (e.g. Tax Assistance Centres).

ARERA has noted that the bonuses are only allocated to 30% of potential recipients (as identified based on the ISEE indicator).

Consequently, in May 2019 Estra promoted a campaign to raise awareness on the bonus, involving leaflets delivered together with utility bills, TV and radio advertisements and leaflets available in its public branches.

The tables below show the data regarding the allocation of bonuses by Estra Energie, Prometeo and Gas Marca.

Gas bonuses allocated by the Group's main sales companies

	2017	2018	2019
No. of bonuses allocated	12,324	19,750	21,403
Value of bonuses allocated (€)	1,448,803	1,832,272	2,126,349

Electricity bonuses allocated by the Group's main sales companies

	2017	2018	2019
No. of bonuses allocated	7,199	6,337	8,656
Value of bonuses allocated (€)	481,673	592,752	829,792

Support for customers in financial difficulty is also provided through the ability to pay utility bills in instalments. 33,722 gas and electricity invoices are paid in instalments.

4.1.4 Online utility bills, customer area and app

The number of gas customers who have chosen to receive their bills by email continues to grow, contributing to protecting the environment through the reduced use of paper and offering a simple and convenient billing method. This increase - caused by increased environmental responsibility - is closely linked to the increase in the number of customers registered to the Customer Area of the website or who have downloaded the app.

The increase regards gas and electricity customers who have chosen to receive their utility bills online, which amount to 11.3% and 21.8% of the total. However, the number of telecommunications customers has reduced to 7.2% of the total.

Methane gas customers

	2017	2018	2019
Online billing	8.7%	9.2%	11.3%

Total customers	53,526	59,482	71,873
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Electricity customers

	2017	2018	2019
Online billing	23.7%	18.6%	21.8%
Total customers	25,376	24,317	35,981

Telecommunications customers

	2017	2018	2019
Online billing	10.7%	10.7%	7.2%
Total customers	394	434	289

The number of customers registered to the online portal is constantly increasing, with 37,078 new registrations in 2019. This is clear proof of the usefulness of the service, which enables users to submit meter readings, view and pay bills and change certain details of their contract.

Customer web area	2017	2018	2019	Variation 2018-2019
Number of registered customers	121,000	153,357	233,713	24%
No. of accesses to the portal	1,055,058	1,051,861	1,283,891	22%

The number of customers who have downloaded the app has also increased. At the end of 2019, a total of 103,903 customers had installed the Estra app over the years.

The Estra App	2017	2018	2019
Customers who have downloaded the Estra App in the relative years (Android/iOS)	26,474	22,080	29,528

4.2 Quality of services and customer-oriented approach

4.2.1 Customers served in branch

In 2019 the works to renovate the physical points of contact with customers continued. The strategy is based on developing the concept of “help desks” towards the creation of spaces able to provide a fulfilling and

convenient service. During the year new stores were opened in Perugia, Pesaro and Macerata. In these larger and better equipped spaces, customers can sign up to commercial offers (gas, electricity, energy services, ADSL and telephone) and obtain advice on the complex scenario of the free energy market and all other services (transfers, queries regarding bills, takeovers, information, etc.).

The new stores have a smart queuing system with simplifies and speeds up enquiries by enabling customers to choose the service they require. Furthermore, there is a device that enables customers to submit their meter reading without needing to queue to talk to an operator.

Estra TV is broadcast on the screen in the waiting room, offering a direct line to the company and displaying news, useful information and details of commercial offers.

Products such as electric bicycles, LED lamps and smart thermostats for boilers and air conditioning units have been on display and available to buy in the Group's stores for some time now.

The number of “latest generation” stores reached 84 in 2019, mainly located in Central and Southern Italy.

Number of stores	2017	2018	2019
	80	81	84

The number of customers served in stores increased by 6.7% compared to 2018, probably due to a downturn in the call centre service that led to an increase in the number of customers visiting physical stores and in written requests for information, as outlined in more detail below.

Number of customers served in branch ⁸	2017	2018	2019
	144,195	244,145	260,566

Average waiting time in branch (minutes)	2017	2018	2019
	12	10	11

4.2.2 Call centres

In 2019 the number of calls to call centres for Estra Energie and Prometeo increased, while the number of calls answered was unchanged. However, call response times increased, resulting in a consequent reduction in the quality of service. In July 2019, an external call answering service provider withdrew from the contract and the increase in the number of operators provided by other external providers was not sufficient to cope with the number of received calls at the same standard. The increase in calls received is therefore due to the higher number of calls that a single customer had to make in order to receive a response. In 2019 the procedure to select a new supplier was launched.

Since 2018 the waiting time for customers calling the call centre was calculated including the time in which the customer listens to the pre-recorded menu before speaking to an operator. Furthermore, in 2018 and 2019 accessibility was 100%, while the service level remained above 79%⁹ and the average waiting time was between 55 and 65 seconds in 2019, for both electricity and gas sales companies with call centres.

⁸ The number of customers served in branch in 2019 regards Estra Energie (which includes data for Piceno Gas Vendita), Gas Marca and Prometeo.

⁹ The data relative to call centres refer to the following Group companies: Estra Energie, Piceno Gas Vendita, Prometeo. Gas Marca does not have a customer call centre.

Number of calls (call centres) to operators with successful outcomes, average waiting time, level of service and accessibility

Total	2017		2018		2019	
	Received	Answered	Received	Answered	Received	Answered
	677,126	660,826	652,614	620,602	770,474	614,979

4.2.3 Complaints and queries

Between 2017 and 2019 the total number of complaints to Group companies has steadily reduced. In particular, those relating to gas and electricity sales companies have fallen: 5,011 in 2017, 3,957 in 2018 and 2,884 in 2019.

Those relative to methane gas distribution companies fell in 2018 but rose in 2019 due mainly to the consolidation in the Group of Murgia Reti Gas, increasing from 73 in 2017 to 179 in 2019.

The maximum response time was met in 97% to 100% of cases in 2019, with a minimum of 82% at Murgia Reti Gas which nonetheless had an average response time above the maximum limit. The average response time at Estra Energie, which receives more than half of total complaints, was 21 days, up slightly on 2018.

	Written complaints	Cases pending a response as at 31/12	Responses processed within the maximum time period
2017	5,084	187	4,897
2018	3,994	27	3,967
2019 ¹⁰	3,066	98	2,968

Complaints received by Estra Energie and Prometeo for unsolicited electricity and gas contracts, which provide an indication of the transparency and fairness of new customer acquisitions, fell compared to 2018, when 152 complaints were received. The fall in the number of complaints, which in 2019 totalled 75, is also due to the fact that ARERA clarified that complaints subject to Article 66 *quinques* of the Consumer Code are not categorised as disputed contracts. All complaints were responded to within the maximum period, with an average time of 22.5 days, complying with the maximum time established by ARERA in 100% of cases.

In 2019 written requests for information for Estra Energie and Prometeo increased from 714 in 2018 and 1,753 in 2019. Despite this increase, 98% of cases were responded to within the maximum time period, although the average time increased from 10 to 20 days. This increase is due to the decline in the call centre service which caused more customers to apply in writing for the information they required.

¹⁰ Complaints in 2019 relate to Estra Energie, Gas Marca, Prometeo, Gergas, Centria, Melfi Reti Gas and Murgia Reti Gas.

	Written requests for information	Cases pending a response as at 31/12	Responses processed within the maximum time period
2017	1,158	1	1,156
2018	714	0	712
2019	1,753	28	1,721

Several digital communications channels have been made available to customers by the Group's gas and electricity sales companies.

Other communications channels (2019 data)

	Chat	Website	WhatsApp	Facebook
Total	9,520	7,669	1,088	349

4.2.4 Settlements

The use of the settlement service has steadily increased between 2017 and 2019, increasing from 63 in 2017 to 95 in 2019. The settlement process, particularly those processed by Sportello del Consumatore Acquirente Unico (Single Buyer service of the ARERA Consumer Help Desk) which take place entirely online, has always been activated more frequently by the company than by consumers' associations. The numbers show that in 79% of cases in 2019, the settlement process led to an agreement between the parties that avoided the necessity for long and onerous legal proceedings.

Number of settlements through the Chamber of Commerce

	2017	2018	2019
Closed positively	2	1	5
Closed negatively	0	1	3
Pending	0	1	4
Total	2	3	12

Number of settlements through the Sportello del Consumatore Acquirente Unico

	2017	2018	2019
Closed positively	52	73	62
Closed negatively	9	7	15

Pending	0	11	6
Total	61	91	83

4.2.5 Disputes with customers

The table below shows the disputes opened by customers against Group companies. At the end of 2019 there were 13 judicial and extra-judicial cases open.

	2018	2019
Judicial cases brought by customers against Group companies that were open at year-end	5	7
Judicial cases brought by customers against Group companies that were concluded during the year	4	8
Extra-judicial cases brought by customers against Group companies that were open at year-end	1	6
Extra-judicial cases brought by customers against Group companies that were open at year-end	17	13

4.2.6 Quality of the gas distribution service

4.2.6.1 Standards

In 2019 both Gergas and Centria carried out customer satisfaction surveys.

Centria carried them out in January 2019 on 1,000 domestic customers. The results of the surveys are as follows (on a scale of 1 to 10):

- satisfaction regarding estimates was 7.9;
- satisfaction regarding works carried out was 8.4;
- satisfaction regarding the handling of reports of faults by call centres was 8.6;
- satisfaction regarding service provision was 8.5.

Gergas carried out its survey in December 2019 on 212 domestic users. The results of the survey are given below, with an overall rating of the services provided by Gergas of 3.6 (on a scale of 1 to 4):

- satisfaction regarding waiting times for technical works was 3.6;
- satisfaction regarding staff courtesy was 3.7;
- satisfaction regarding case handling was 3.7;
- satisfaction regarding the resolution of technical issues was 3.6.

With regard to the methane gas distribution service, where safety and continuity of service are particularly important to customers, the Group made significant improvements.

- percentage of calls for emergency gas works with an arrival time to the site of the call of within 60 minutes: the average time was 18 minutes for Gergas and 38 for Murgia Reti Gas, with a 97% of cases attended within the target time frame for all Group companies;

- percentage of calls answered within the maximum time frame (90% within 120 seconds) for emergency gas works: all Group companies met the target time frame in over 99% of cases. In particular, the percentage of calls answered within in the target time has increased steadily over the years for Melfi and Centria;
- replacement of old meters with new, latest-generation electronic meters

Electronic meters

	2017	2018	2019 ¹¹
Number of electronic meters installed in the year	52,027	71,588	131,630
Total number of electronic meters in operation	116,588	188,176	319,806

The arrival time to emergency call-out sites for gas faults and leaks must be within 60 minutes of the time of the call in at least 90% of cases. In 2019, the companies managing the distribution service responded to faults in the distribution system in 38 minutes or under, with even more rapid response times for works downstream of the POD.

The maximum response time target was met in 100% to 97% of cases.

Telephone calls for emergency gas works with an arrival time to the site of the call of within 60 minutes

Company	Type of intervention	Average time (in minutes)		
		2017	2018	2019
Centria	On the distribution plant	33.55	33.51	32.93
	Downstream of the POD	32.36	32.72	32.74
Gergas	On the distribution plant	20.00	23.37	20
	Downstream of the POD	18.00	20.24	18.44
Melfi Reti Gas	On the distribution plant		33.75	25.50
	Downstream of the POD		-	10
Murgia Reti Gas	On the distribution plant			38.71
	Downstream of the POD			36.17

¹¹ The data also includes Murgia Reti Gas even though some of the 57,779 electronic meters in operation were installed in the months prior to the acquisition on 01 April 2019.

According to ARERA, 90% of emergency gas calls must be answered within 120 seconds. In 2018 and 2019, Gergas, Melfi Reti Gas and Murgia Reti Gas met this requirement with percentages of between 100% and 98.9%.

Centria has chosen to adopt a higher standard than the level required by ARERA: 99% of calls must be answered within 100%, with success rates of 99.8% in 2018 and 99.9% in 2019.

Gas distribution call centre: number of calls and average waiting time before speaking to an operator

Number of calls		Average waiting time before speaking to an operator (seconds)	
2018	2019	2018	2019
17,281	19,482	59.4	86.2

** The data refer to Centria, Gergas and Murgia Reti Gas (Melfi Reti Gas does not have a call centre).*

With regard to the number of cases where the gas distribution service quality level was not met and where the right to automatic compensation applies, Centria recorded a decrease of 19.4% in 2019, Melfi Reti Gas also recorded lower numbers and there were no cases of failure to meet the standard at Gergas. The 2019 data also include cases at Murgia Reti Gas, equal to 36.2%.

Number of failures to meet the gas distribution commercial quality standard with right to automatic compensation		
2017	2018	2019
145	318	436

4.2.6.2 Inspections

The management of the gas distribution network requires careful monitoring of the operating conditions and continuous maintenance activities to guarantee appropriate levels of plant safety and efficiency over time, in line with industry regulations.

In fact, the continuous monitoring of the gas distribution plants and network is not only a legal obligation established by AEEG but also represents a duty to the community to ensure timely repairs of gas leaks that may occur along the network. These activities are carried out thanks to a remote control system of transformer rooms aimed at reducing the pressure of methane gas and an alarm system that facilitates prompt and timely intervention.

The Estra Group also informs and raises awareness among residents in its areas under management through messages posted on its company vehicles that offer tips to prevent combustible gas explosions in domestic residences.

The data shown below, which also include data from the gas distribution company Murgia Reti Gas, demonstrate the Group's widespread monitoring of the network: the total number of metres of the high, medium and low pressure network inspected amounted to almost 100%.

Gas distribution network inspections	2017	2018	2019

Total metres of high- and low-pressure network	2278857.14	2,952,853	3,076,546
Metres of high- and low-pressure network inspected	2276460.55	2,951,446	2,544,937
Total metres of low-pressure network	3046430.42	3,469,302	3,843,850
Metres of low-pressure network inspected	3043554.69	3,467,424	3,004,267
Number of repairs	57	19	23

The number of inspections on metering devices for the Group's gas distribution companies increased in 2019, in line with the data from 2018. The number of high and medium pressure PODs inspected fell due to the area in which the inspection activities were carried out.

Metering devices inspected					
Number of high- and medium-pressure POD			Number of low pressure POD		
2017	2018	2019	2017	2018	2019
165	538	256	3,382	3,786	4,098

The variations in data over the years are due to the sample region chosen for inspections, whose non-uniformity may lead to variations in data.

Overhead connection inspections	2017	2018	2019
Metres of high- and low-pressure network inspected	486	825	757
Metres of low-pressure network inspected	3550	12,078	10,024
Number of high- and medium-pressure connections	99	332	189
Number of low-pressure connections	1051	1,708	2,223
Number of repairs	11	55	34

* The data refer to Centria and Gergas (Murgia Reti Gas and Melfi Reti Gas did not carry out overhead connection inspections).

Having decreased in 2018, underground connection inspections increased in 2019.

Underground connection inspections	2017	2018	2019
Metres of high- and low-pressure network inspected	65022	2,100	4,135
Metres of low-pressure network inspected	803645	41,315	84,862
Number of high and medium connections inspected	10,468	412	463
Number of low-pressure connections inspected	116,559	6,958	9,090
Number of repairs	39	32	28

* The data refer to Centria and Gergas (Murgia Reti Gas and Melfi Reti Gas did not carry out underground connection inspections).

The number of underground connection inspections fell significantly in 2017-2018. This is due to the fact that, in order to optimise the service, such inspections were mainly carried out internally, without the use of third-party companies. This should not be considered a mere cost-saving mechanism but instead represents the optimisation of specialised skills present within the Group, enabling the maintenance of high quality standards while reducing the total number of metres of underground connections inspected thanks to the practice of identifying possible gas leaks *ex ante* through the careful monitoring of areas exposed to greater risks of leaks. This has enabled more targeted and focused action to be taken, as proven by the number of repairs carried out in 2018 despite the reduction in number of metres inspected. In 2019 the number of repairs was in line with 2018.

4.3 Targets and results

Targets for 2019	Results in 2019
New stores in Fano and Perugia (Prometeo) and Ascoli Piceno and Poggibonsi (Estra Energie).	A new store was opened in Perugia while the Fano store was renovated. The Poggibonsi and Ascoli Piceno stores will be opened in 2020.
Run an awareness-raising campaign on social bonuses	The campaign was carried out
Centria: increase the number of connections inspected by 10%	The company is currently working towards this target
Centria: Achieve an average gas supply activation time of 3.5 days	The company has achieved an average gas supply activation time of 3.57 days

Targets for 2020

Open new stores in Assisi and Casalbordino for Prometeo and in Ascoli Piceno, Poggibonsi, Cassino, Ischia, Pagliare del Tronto and Florence for Estra Energie.

Centria

Average arrival time for emergency call-outs < 35 minutes

Average time for gas supply activation < 3.5 days

5. Suppliers

As the Estra Group acquires all of the products and services used to provide its services to its customers through its supply chain, suppliers represent one of the most important stakeholder categories. As such, carefully monitoring our suppliers is a priority in order to ensure internal efficiency and cost-effectiveness, as well as external quality and responsibility.

The data reported in this chapter refers to the 2017-2019 three-year period and does not include fees paid to municipalities, purchases of raw materials (gas and electricity) and inter-group purchase orders.

In February 2019 the centralised procurement process for services, works and supplies for subsidiary and investee companies in the natural gas distribution sector was launched through the Centrale Unica di Committenza (Single Central Commission). Estra S.p.A. covers the role of Contracting Authority and operates in the name and on behalf of all investee companies in the gas distribution sector. This move aims to standardise the materials and technologies used, optimising procurement procedures.

5.1 Sustainable supply chain management

5.1.1. Supplier assessment

In the absence of a standard procedure shared by all Group companies to measure supplier quality, Estra, Centria, Estra Energie, Estracom and Estra Clima have adopted an overall assessment system that considers a diverse set of criteria to evaluate its suppliers, including speed of intervention, the correspondence between quantity ordered and quantity delivered, competence and speed of assistance, product quality, and compliance with contractual conditions and delivery times.

In 2019, the trade partners of the five companies mentioned above obtained a score of 94 out of 100. This result is calculated from the weighted average of the supplier assessment percentage score, considering quality, the environment and safety.

Centria is the main Estra Group company that operates in the methane distribution sector and is certified according to SA 8000. Therefore, it closely evaluates its suppliers based on the criteria established by the certification and requires its suppliers to comply with the requirements set forth by the certification. Furthermore, the company monitors the risks associated with supplier activities, based on the size of the contracts stipulated, and carries out communication activities and/or controls. Centria classifies the potential risks associated with its suppliers and allocates a specific monitoring procedure to each risk level identified, which become more complex as the risk increases, based on the type and value of the supply.

Centria decided to adopt this assessment procedure as its methane gas distribution activities, particularly the execution of works, represent a greater corporate risk in the supplier selection process compared to other activities performed by the Estra Group Suppliers with a risk level of 0 are sent information informing them of Centria's SA8000 certification and the main objectives of its CSR policy. Suppliers with a risk level of 1 are sent the information described above and are required to declare in writing that they will comply with, implement and pursue the principles of corporate social responsibility envisaged by international standard SA8000. Suppliers with a risk level of 2 are required to comply with the provisions established for risk level 1 and must agree to perform a questionnaire-based self-assessment process to confirm compliance with these

requirements. Finally, suppliers with a risk level of 3 must comply with the above and are personally audited by Centria.

The table below shows the results of the assessment of corporate risk of Centria's suppliers in 2019, divided by product category. The analysis of 361 suppliers revealed the following:

- 168 suppliers (46.5%) have a risk level of 0;
- 165 suppliers (45.7%) have a risk level of 1;
- 23 suppliers (6.4%) have a risk level of 2;
- 5 suppliers (1.4%) have a risk level of 3.

Product Category	Level of Corporate Risk				Total
	3	2	1	0	
Other			57	57	114
Works contracts	3	2	2		7
Consultancy services		1	1	1	3
Supplies		13	40	39	92
Professionals		2	20	8	30
Restoration			10	21	31
Services	2	5	35	42	84
Total	5	23	165	168	361

In addition, suppliers whose activities are characterised by significant environmental impacts are required to hold adequate environmental certifications.

5.1.2 Supplier Register

At the end of 2019 the number of economic operators listed on the Supplier Register adopted by Estra S.p.A. and Centria was 688, with an increase of 35.2% compared to the previous year. Of these, 401 suppliers were certified (9 fewer than in 2018), while 146 (+84) certified suppliers held declarations or certificates which had expired by the end of the year; audits by the competent service are pending for 79 (+60) trade partners. Finally, there are 42 suppliers who have begun to complete the registration form but have not yet completed the process.

In order to guarantee social and professional integrity, suppliers wishing to be listed on the Supplier Register must declare, at their own responsibility, to not be subject to spent legal convictions, criminal convictions which have become irrevocable or plea-bargains pursuant to Article 444 of the Italian Code of Criminal Procedure, the non-existence of situations preventing negotiation with local authorities, as well as to undertake to comply with the provisions on the traceability of its financial flows.

	2018	2019
Operators listed on the Register	509	688
<i>Of which certified</i>	410	401
<i>Of which certified but whose certification has expired</i>	62	146
<i>Pending audit by the competent service</i>	19	79
<i>Whose registration is incomplete</i>	18	42

Disputes with suppliers

The number of judicial and extra-judicial disputes brought by suppliers against Group companies increased slightly but was nonetheless negligible in 2019. As at 31/12/2019 there were 7 open disputes (1 judicial and 6 extra-judicial); conversely, during the year 6 disputes were closed, of which 1 was judicial and 5 were extra-judicial. Disputes in 2019 were characterised by a marked predominance of extra-judicial proceedings, in line with the Estra Group's policy to attempt to resolve disputes with suppliers through amicable settlement. The disputes regarded invoice amounts and the supply of products or services.

Number of disputes with suppliers by type	2017	2018	2019
Judicial cases brought by suppliers against Group companies that were open at year-end (regardless of start date)	0	0	1
Judicial cases brought by suppliers against Group companies that were concluded during the year (regardless of start date)	1	1	1
Extra-judicial cases brought by supplier against Group companies that were open at year-end (regardless of start date)	0	0	6
Extra-judicial cases brought by suppliers against Group companies that were concluded during the year (regardless of start date)	2	3	5

5.1.3 Tender procedures

During the year the number of negotiated and public tender procedures for which suppliers were required to hold certifications that guarantee compliance with the established environmental and social requirements increased, despite the fact the Estra Group has not currently adopted a standard procedure aimed at assessing suppliers based on social and environmental procedures.

As shown in the table below, there are various certifications required by suppliers both during negotiated and public tender procedures. The main certifications are as follows:

- SA8000 certifies corporate management aspects relating to matters of corporate social responsibility, such as respect for human rights, respect for workers' rights, prevention of child labour and guarantees of occupational health and safety;

- OHSAS 18001 certifies the voluntary application by suppliers of an adequate occupational health and safety system that goes beyond mere compliance with the legislation in force.
- ISO 9001 represents the international benchmark standard for quality management in any organisation;
- ISO4001 specifies the requirements of an environmental management system;
- SOA statements guarantee the possession by contractors of the economic, technical and organisational requirements required by currently Public Contract law (Italian Legislative Decree no. 50/2016 as amended and Presidential Decree no. 207/2010).

In the case of public tenders, the contracts regarded gas meter reading activities, long-term leases for cars and light commercial vehicles with low environmental impacts and energy consumption for the Estra Group, methane gas network maintenance works, extensions and replacements of pipes, support for emergency works, and installation of connections, conducted in the area of Arezzo, Siena and Grosseto. For negotiated procedures, the contracts regarded the supply of electronic metering devices with remote reading and management capabilities, as well as emergency works, maintenance, construction of gas networks and installation of connections for the gas system in the municipalities of Rieti, Offida and Mosciano.

Public tender procedures	2017	2018	2019
Total amount (Thousands of Euros)	5626	17,635	19,732
Number of procedures	3	6	5
Certifications required	ISO 9001 (2 procedures) SA 8000 (1 request for compliance) Certifications for specific works (1 procedure)	ISO 9001 (2 procedures) SA 8000 (5 requests for compliance) Certifications for specific works (2 procedures) ISO 14001 (1 procedure) OHSAS 18001 (1 procedure) SOA Statements (1 procedure) Other certifications (4 procedure)	ISO 9001 (5 procedures) ISO 14001 (4 procedures) OHSAS 18001 (4 procedures) SA 8000 (2 requests for compliance) SOA Statements (3 procedures)

Negotiated procedures	2017	2018	2019
Total amount (Thousands of Euros)	2644	5,102	883

Number of procedures	11	9	4
Certifications required	SA 8000 (7 procedures) Certifications for specific works (7 procedures)	SA 8000 (9 requests for compliance) Certifications for specific works (6 procedures) ISO 9001 (1 procedure) Other certifications (1 procedure)	ISO 9001 (3 procedures) ISO 14001 (3 requests for compliance) SA 8000 (4 requests for compliance) SOA Statements (3 procedure) Certifications for specific works (1 procedure)

In 2019, in line with the National Action Plan on Green Public Procurement, for the first time Estra launched a tender procedure for a framework agreement for the long-term lease of cars and light commercial vehicles for the Group vehicle fleet. This agreement considers the energy impact and certain environmental impacts through the application of the CAM (Minimum Environmental Criteria). The Minimum Environmental Criteria are environmental requirements defined for the various phases of the procurement process, aimed at identifying the design solution and the best product or service from an environmental perspective throughout its lifecycle, also considering market availability. These are defined as part of the Environmental Sustainability Plan of Sector Consumption of the Public Administration and are adopted with the Decree of the Italian Ministry of the Environment, Land and Sea. In particular, the CAM are applied to the acquisition of vehicles for road transport (approved with Ministerial Decree of 08 May 2012).

During the procedure two factors are assessed:

- the energy-related and environmental costs of operation; a score is awarded based on this criterion as a proportion of the minimum monetary value of the energy-related and environmental operating costs (CO₂ emissions) of the vehicles on offer.
- WLTP type approval; an additional score is awarded based on this factor only to vehicles that hold WLTP (Worldwide Harmonised Light Vehicles) type approval.

Further evidence of the Group's increasing focus on its environmental impact is the exclusion mechanism, whereby vehicles that exceed the CO₂ emissions levels established for each type/model/version of vehicle offered are automatically excluded from the procedure. Furthermore, the tender specifications state the obligation to use low-viscosity engine lubricating oils, regenerated lubricants or oils that comply with ecological criteria during vehicle maintenance.

5.2 Value of supplies

5.2.1 Our suppliers in figures

In 2019 the Estra Group engaged in business dealings with 2,444 suppliers. This data is in line with the rising trend seen in the 2017-2018 two-year period: +25 suppliers compared to 2018 and an increase of over a

hundred (as shown in the table below) compared to 2017. This is due to the entry into the Group of new companies and the increase in the number of trade partners of companies belonging to the Group from 2016.

Number of suppliers

2017	2018	2019
2,234	2,419	2,444

90% of the Group's suppliers (2,204 out of 2,444) are composed of partnerships and share capital companies, as well as freelance professionals and affiliated practices. The remaining 10% are represented by associations (7.0%) and cooperatives and consortia (2.8%). Furthermore, 98.5% of trade partners are registered in Italy.

With regard to the type of services provided, the main suppliers of Centria and the distribution side of the business are companies that specialise in gas network maintenance, the supply and installation of gas meters, and quality certification updates.

With regard to the sales side of the business (Estra Energie, Prometeo, Gas Marca and Piceno Gas Vendita), the majority are composed of companies specialising in customer care and client acquisition, store and branch management, PAP agencies and retailers, telesellers and gas distributors. The core business of Estracom's suppliers concerns connections, customer care (both for end users and municipal authorities), and the supply and maintenance of hardware and software. Estra Clima deals with trade partners operating in construction works at the apartment blocks managed by the Group and the supply of materials required to operate the biomass plant in Calenzano. The supplies procured by the parent company Estra concern software maintenance, vehicle leasing, sponsorships and marketing projects.

A significant event in 2019 regarded the acquisition of the company Ecolat S.r.l., which operates in the waste management and disposal sector. Consequently, companies directly involved in plant maintenance with regard to waste management, analysis and disposal, *inter alia*, were added to the Group's list of supplier.

As regards the geographical distribution in Italy, as expected the trend seen in previous years continued: due to the Group's close ties with its region of origin and development, most suppliers were located in central Italy (Abruzzo, Lazio, Marche, Molise, Tuscany and Umbria). However, in 2019 the percentage of suppliers in central Italy fell by 3.8%, interrupting the growth curve seen in recent years, while the number of suppliers in the south increased from 3.5% to 5.1%. The reduction in percentage terms in the number of suppliers in the north and the islands was negligible.

	2017	2018	2019
North	27.7%	24.6%	26.9%
Central	67.0%	70.7%	66.9%
South	3.8%	3.5%	5.1%
Islands	1.5%	1.2%	1.1%

Considering the dimensions of the regions, there were no changes such to affect the balance of power between the regions built up over the years. Tuscany continues to lead the ranks in this regard with 44.7% of suppliers (-1.3%), followed by Lombardy with 14.9% (+1.0%), the Marche region with 9.6% (-2.1%), Lazio with 5.4% (-0.5%) and Emilia Romagna with 5.07% (0.7%).

Limiting the analysis to central Italy, the percentage reduction described above derives principally from the decrease in the number of suppliers in Abruzzo (-0.2%) and the Marche region (-2.3%), reversing the trend seen in the previous year. Moderate increases were seen in the number of trade partners from Molise (+0.9%) and Tuscany (+1.6%), which rose after a considerable decline (-10%) between 2017 and 2018.

	2018	2019
Abruzzo	4.6%	4.4%
Lazio	8.3%	8.1%
Marche	16.6%	14.3%
Molise	2.7%	3.6%
Tuscany	65.2%	66.8%
Umbria	2.6%	2.8%
Total suppliers in Central Italy	1,679	1,611

The total value of suppliers for the Estra Group was over 250 million Euro in 2019, confirming a steady growth pattern over the last few years (+43.7% compared to 2016, 26.2% compared to 2017, 3.4% compared to 2018). This trend is partially explained by the acquisition of new companies over the years.

Total value of supplies (Thousands of Euro)	2017	2018	2019
	204,465	249,418	258,058

Not including foreign suppliers (which represent 0.2% of the total), the total value of Italian supplies was 257,530,000 Euro, mainly generated by partnerships and share capital companies, as well as freelance professionals and associated practices (96.1% of the total).

While recognised as a national multi-utility company, the Group's regional proximity and local impact can be clearly seen in the geographical distribution of the value of suppliers. While the percentage balance between the four regions is stable, in 2019 62.4% of total suppliers were sourced in central Italy (-3.6%), compared to 34.5% in the north (+2.8%) and 2.3% in the south (+0.8%). The data for the islands remained unchanged.

Geographical distribution of total supply value in percentage terms	2017	2018	2019
North	38.2%	31.7%	34.5%
Central	58.7%	66.0%	62.4%

South	2.4%	1.5%	2.3%
Islands	0.7%	0.8%	0.8%

Tuscany consolidated its leadership with over 40% of total Italian supply value.

Distribution of supply value by region (%)	2018	2019
Abruzzo	1.5%	1.5%
Basilicata	0.0%	0.1%
Calabria	0.3%	0.4%
Campania	0.5%	0.7%
Emilia Romagna	7.0%	4.7%
Friuli Venezia Giulia	0.1%	0.1%
Lazio	13.9%	4.6%
Liguria	0.1%	0.4%
Lombardy	11.7%	12.2%
Marche	17.5%	12.9%
Molise	1.0%	0.3%
Piedmont	10.2%	13.6%
Apulia	0.8%	1.1%
Sardinia	0.5%	0.5%
Sicily	0.3%	0.3%
Tuscany	31.5%	42.2%
Trentino-South Tyrol	0.1%	0.1%
Umbria	0.6%	0.9%
Aosta Valley	0.0%	0.0%
Veneto	2.4%	3.3%
Total value of Italian supplies (thousands, €)	248,926	257,530

The figure for Tuscany, which is already significant at a national level, has an even greater impact when considering central Italy only, where it represents almost 70% of total supplies, a 20% increase compared to 2018 (although lower than the percentage recorded in 2017). This increase was mainly offset by the decline

in supplies in Lazio and the Marche region, which fell by 13.6% and 4.9% respectively. The data for the other regions remained largely unchanged.

Supply value in Central Italy	2017	2018	2019
Abruzzo	0.7%	2.3%	2.4%
Lazio	13.3%	21.0%	7.4%
Marche	4.8%	26.5%	20.6%
Molise	0.1%	1.5%	0.5%
Tuscany	80.0%	47.7%	67.7%
Umbria	1.2%	1.0%	1.4%

5.2.2 Contracts and procurements

The Estra Group uses various methods to procure goods and services:

- orders under contract, resulting from a tender procedure or direct instruction;
- authorised procurements and authorised rapid procurements for suppliers required by a specific service.

Unlike in the first scenario where a quote is provided, in the case of rapid procurement a quote is not required as the circumstances are urgent by nature.

In 2019, orders under contract, authorised procurements and rapid authorised procurements represented around 87% of total supplies, equating to 225,137,000 Euro. The tables below show the amount of orders under contract, authorised procurements and authorised rapid procurements, not including the companies Ecolat, Piceno Gas Vendita and Gas Marca. Specifically, the value of orders under contract fell by 4.6% while the amount of authorised procurements and rapid authorised procurements fell by around 20%. Gas Marca, Ecolat e Piceno Gas Vendita made orders under contract, authorised procurements and rapid authorised procurements for a total value of 6,163,412 Euro.

*Orders under contract (thousands, €)**

2017	2018	2019
137,799	216,478	206,551

*Authorised procurements and rapid authorised procurements (thousands, €)**

2017	2018	2019
19,953	15,621	12,423

* The data do not include the companies Ecolat, Piceno Gas Vendita and Gas Marca, as it was not possible to subdivide orders under contract, authorised procurements and rapid authorised procurements.

5.3 Targets and results

Targets for 2019

Maintain the voluntary certification as “Tender Specialist” for three resources, issued by Eni.c (the Italian Certification Body)

The certifications were obtained

Targets for 2020

Maintain the “Tender Specialist” certification

Maintain the voluntary certification as “Tender Specialist” for two resources, issued by Eni.c (the Italian Certification Body)

Assessment and implementation of Supplier Register

Review the categories of the Supplier Register with the gradual aim of only engaging consultancy services from professionals entered on the Register

Renewal of the Supplier Register of Estra S.p.A. and Centria S.r.l. for the 2020-2022 three-year period for works, services and supplies, with new economic categories and new requirements

Use of certified suppliers listed on the Supplier Register of Estra S.p.A., for the performance of certain negotiated procedures called by Estracom Srl

Use of the new Supplier Register by Estracom

6. The Environment

6.1 Environmental policy

“The Estra Group is committed to considering the environment in its business strategies. As such we hope that our customers choose us not only for convenience but also for the added value we can offer, responding immediately to emerging environmental requirements. For a company like ours with such deep roots in our local regions, contributing to the development of the local economy is very important. In a rapidly changing world like that of the energy industry, keeping pace with the times is essential.”

Paolo Abati, General Manager of Estra S.p.A.

Protecting the environment, the rational use of natural resources and sustainable development have always been at the heart of the Estra Group's approach. While it has not established a consolidated environmental policy due to the nature of its business and focus of its mission, the Group has defined a number of essential elements that characterise its environmental management systems. This commitment is expressed in the Integrated Management System which is distributed and shared by all employees and all Group companies.

As well as raising awareness among employees, including through specific training, the Group has developed tools to monitor services, such as the assessment of environmental aspects and impacts, analytical controls, internal audits and legislative compliance checks, aimed at monitoring performance including in terms of sustainability and environmental protection.

To pursue its environmental mission, the Group has adopted management system such as the ISO 14001, ISO 50001 and UNI CEI 11352 certifications and the EMAS Registration. The Companies certified according to 14001 are those whose activities have the greatest environmental impact: Estra, Estra Energie, Estracom, Estra Clima, Centria, Gergas and Ecolat.

In more detail, the Estra Group:

- ensures the maintenance over time of the certification of its Environmental Management System by a certified third-party body. The certification concerns all Group companies that have significant environmental impacts, except sales companies;
- is committed to ensuring the continuous improvement of environmental performance, guaranteeing compliance with the reference laws and regulations;
- aims to reduce the use of natural resources for the performance of its activities, through internal and external processes aimed at reducing emissions;
- where possible, aims to reduce the amount of waste produced, particularly hazardous waste, prioritising waste recovery processes over disposal;
- constantly monitors the potential environmental risks associated with its activities and manages its plants through audits, assessments and improvement measures;
- informs and raises awareness among employees to promote a better understanding of the topics related to environmental protection;

- informs and raises awareness among its suppliers and contractors regarding the Group's environmental management approach;
- promotes actions and processes aimed at minimising energy use in offices and at sites, as well as the consumption of the company fleet by renewing vehicles with more technologically efficient and environmentally friendly alternatives;
- is committed to raising awareness about sustainability and sustainable development among residents in the municipalities in which it operates;
- helps to reduce the use of energy resources per unit of gas introduced into the grid through regular plant maintenance;
- manages its construction sites with a view to reducing pollution and always in compliance with applicable laws and regulations;
- identifies and implements measures able to reduce and prevent environmental incidents and the relative consequences for the environment and for residents.

Therefore, the respect and protection of the environment, the rational use of water resources, the efficiency and reduction of energy consumption, the development of renewable energy generation and the correct use of the integrated waste cycle are essential elements that guide our strategic decisions. As well as being active for many years in the production of renewable energy, the Group is leading the way in the use of energy efficiency solutions with the aim of optimising and reducing the consumption of the business and its customers.

In 2019 no fines or environmental sanctions were imposed on the Estra Group.

6.2 Environmental mitigation

Like all companies that produce goods and services through the use of human resources and materials, Estra is not immune to the generation of environmental impacts (consider, for example, the electricity and gas used in offices, transformer rooms or at energy production plants, or the fuel used by Group vehicles).

In order to reduce this impact, the Group adopts internal and external measures such as, for example, the policy to improve the efficiency of transformer rooms, its offices, businesses, apartment blocks and other public buildings in order to save both money and energy.

6.2.1 Energy consumption

The energy consumption of the Estra Group includes:

- methane gas;
- electricity;
- vehicle fuel.

6.2.1.1 Methane consumption

Methane consumption concerns the use of office buildings and retail spaces (offices, sites, and stores), transformer cabin and co-generation plants. It also includes methane leaks due to environmental events that occurred during the year.

The table below shows how the decrease in consumption affected all three categories considered. Furthermore, it shows that 51% of total consumption referred to the operation of co-generation plants, while 39.9% related to gas distribution for transformer rooms and 9.1% to the use of sites, offices and stores. This percentage breakdown has remained more or less stable in the three-year period.

Methane consumption of the Estra Group

	2017		2018		2019	
	m ³	Giga Joule	m ³	Giga Joule	m ³	Giga Joule
Methane consumption at sites, offices and stores	215,017	7,554	217,256	7,659	216,560*	7645
Methane consumption - gas distribution	878299	30,858	1,009,310	35,581	943,165	33,297
Methane consumption - plants	999,604	35,120	1,222,928	43,112	1,206,994	42,611

* Some elements of data, particularly with regard to offices and stores, are estimates.

Consumption at sites, offices and stores was stable throughout the three-year period.

Methane consumed for the gas distribution service refers to methane used by transformer cabins used to decompress and regulate gas during the methane distribution process. In particular, before being fed into the network the gas is heated and this process uses methane gas.

In 2019 the methane gas consumed by Centria for transformer rooms decreased by almost 12%. This result was reached thanks to the installation of systems designed to improve the efficiency of the pre-heating system, with electronic regulation combined with new, supplementary gas absorption heat pumps. Through these control systems, gas consumption and, therefore, CO₂ emissions can be optimised during the pre-heating process before the methane is fed into the distribution network. Centria activated 3 systems in 2018 (in the transformer rooms in Bucine, Caviglia and Monte San Savino), and 7 in 2019 (in the transformer rooms in Asciano, Bibbiena, Montespertoli, Porto di Mezzo, Siena 2, Siena 3 and Trequanda). The methane gas saved in 2019 thanks to the adoption of these innovative electronic efficiency systems was 72,118 m³. Overall, in 2019 methane gas consumption for gas distribution fell by 6.6% compared to 2018, despite the entry into the scope of consolidation of Murgia Reti Gas.

The Estra Group operates four co-generation plants, differentiated by source type:

a) renewable

- the biomass co-generation plant in Calenzano, fed by wood chips, with an electrical output of 799 kW and a thermal output of 4,500 kW;

b) non-renewable

- the trigeneration plant in Sesto Fiorentino, fuelled by methane, with an electrical output of 1,605 kW, a thermal output of 1,596 kW and a cooling output of 561.6 kW;
- the Malizia co-generation plant in Siena, fuelled by methane, has an electrical output of 135 kW and a thermal output of 210 kW;
- the Mattioli co-generation plant in Siena, fuelled by methane, has an electrical output of 520 kW and a thermal output of 876 kW.

With regard to total methane consumption, in 2019 the plants described above consumed 1,206,994 m³, down slightly on the previous year (-1.3%) when, due to the entry into operation of said plants, there was a 22% increase compared to 2017. In 2019 methane consumption by renewable plants fell by 7.4%, while consumption by non-renewable plants rose by 1.1%. In particular, with regards to the biomass plant, methane consumption fell compared to 2018 as the plant recorded fewer periods of downtime due to maintenance or faults, a factor which also positively impacted the plant's energy production. The table below shows the breakdown of this consumption.

Methane consumption of co-generation plants

2017	2018	2019
------	------	------

	m ³	GJ	m ³	GJ	m ³	GJ
Plants fuelled by biomass	270,161	9,492	350,547	12,358	324,663	11,462
District heating plants fuelled by methane	729,443	25,628	872,381	30,754	882,331	31,149
Total	999,604	35,120	1,222,928	43,112	1,206,994	42,611

Methane consumption by the Ecolat plant in 2019, from when the company became part of the group to the end of the year, was 1,216 m³.

In 2019, there were five environmental events that caused methane leaks, in line with the four events that occurred in 2018. Total methane leaks were 82,886 m³. The most significant losses, amounting to 92.1% of the total, were caused by damage to pipes and occurred in the provinces of Siena and Bari. The other three events, which occurred in Prato, Siena and Arezzo, were caused by a road traffic accident that caused damage to the overhead section of a meter connection, and two incidents caused by operating machinery that damaged road pipelines. The data for methane leak refer to Centria and Murgia Reti Gas; Gergas did not record any methane leaks due to environmental events.

6.2.1.2 Electricity consumption

The electricity consumption of the Estra Group concerns consumption by networks and by the photovoltaic plants of office and retail spaces (sites, offices and stores), the co-generation and photovoltaic plants, as well as plants operated by companies as part of the gas distribution service (Centria, Gergas and Murgia Reti Gas). The most significant item with regards to energy consumption concerns sites, offices and stores. In this regard, in 2019 a total of 4,069,021 kWh was consumed, with an increase of 373,145 kWh (+10%) compared to the previous year. This consumption mainly relates to lighting, power and office air conditioning and includes, in the case of the Prato site, the energy consumption of an electric vehicle owned by the Estra Group.

In addition, the Prato and Arezzo offices are also powered using renewable electricity produced by the solar panels, which are not owned by the Group, installed on the roofs of the office buildings. In the 2017-2019 three-year period, energy consumption from this energy source fell steadily by around 10-15,000 kWh, as shown in the table below.

*Electricity consumption of the Estra Group**

	2017		2018		2019	
	kWh	Giga Joule	kWh	Giga Joule	kWh	Giga Joule
Electricity consumption from the grid	5348791	19,256	5,653,232	20,352	6,605,027	23,778
<i>of which offices</i>	3476664	12,516	3,695,876	13,305	4,069,021	14,648
Solar electricity consumption by offices	85748	309	74,872	270	59,121	213

* The table does not include internal consumption of electricity produced by the renewable energy plants managed and operated by the Group, which is reported in the "Fight against climate change" paragraph.

In 2019, compared to the previous year electricity consumption from the grid relative to co-generation plants increased for biomass plants (+12.57%) and reduced for methane plants (-1.9%).

Electricity consumption from the grid - co-generation plants

	2017		2018		2019	
	kWh	GJ	kWh	GJ	kWh	GJ

Plants fuelled by biomass	167,246	602	166,432	599	187,591	675
District heating plants fuelled by methane	778,216	2,802	751,201	2,704	737,181	2,654
Total	945,462	3,404	917,633	3,303	924,772	3329

In line with the previous year, in 2019 electricity consumption from the grid by photovoltaic plants - mainly those in Cavriglia, Tegolaia, Gibilisco and Teseco - increased by almost 1% (3,889 kWh).

Electricity consumption from the grid - photovoltaic plants

2017		2018		2019	
kWh	GJ	kWh	GJ	kWh	GJ
322,100	1,160	397,107	1,430	400,996	1,444

Electricity consumption at the Centria, Gergas and Murgia Reti Gas plants (generally small in scale and composed of transformer rooms, remote meter reading systems and power supplies for the cathodic protection of pipelines) was in line with the trends observed in 2017 and 2018. In 2019, consumption increased by 22.7% compared to the previous year due to the increased number of transformer rooms as a result of the acquisition of Murgia Reti Gas.

Electricity consumption from the grid of the Centria, Gergas and Murgia Reti Gas plants

2017		2018		2019	
kWh	GJ	kWh	GJ	kWh	GJ
604,565	2,176	626,442	2,255	768,655	2,767

In 2019 no consumption of electricity from renewable sources or from the grid was recorded for the wind farm in Sardinia as the plant was inactive due to a technical fault. Electricity consumption by the hydroelectric plant owned by Idrogena was 1,300 kWh (estimated data). Finally, energy consumption of the Ecolat plant in 2019 was 440,283 kWh.

6.2.1.3 Vehicle consumption

In 2019 the Estra Group had 347 vehicles, including a campervan converted into a mobile store, two electric vehicles¹² and a scooter. Of these, 305 were leased (87.9% of the total) while the remaining 42 were owned by the Group.

The decision to lease vehicles rather than buy them reflects a precise company policy that, as well as reducing the environmental impact through the progressive replacement of vehicles with latest-generation models (65.1% of vehicles are classed as Euro 6 and 24.8% as Euro 5), offers greater safety for employees who have access the new and technologically advanced vehicles, as well as offering greater economic efficiency.

Compared to the previous year, at the end of 2019, the vehicle fleet of the Estra Group grew by 29 vehicles (9.1%). This increase is more or less identical to that recorded between 2017 and 2018 (+26 vehicles, equal to 8.9%).

¹²The electric vehicle available for use by employees in Prato has been in use since 2017, while the electric vehicle in Siena was made available in 2019.

Total mileage travelled increased by 4.3% compared to 2018. As regards fuel type, in 2019 almost all vehicles (325 out of 347, or rather 93.7%) were diesel-powered (+9.8% compared to 2018). The remaining 6.4% is split between petrol (3.7%), methane (2.0%) and electricity (0.6%).

Consequently, most of the mileage was travelled by diesel vehicles (97.3%), with the remainder by vehicles powered by other fuels (petrol, methane, electricity).

Vehicle fleet

	2017	2018	2019
Number	292	318	347
Distance travelled (km)	5,649,064	6,784,322	7,078,176

Vehicle consumption also refers to the fuel use of the mobile store which, although petrol-powered, uses a small amount of diesel for the generator needed to power the computers and lights within the mobile office. The item also includes consumption relating to the operation of two generators at the Prato site aimed at ensuring, when necessary, the energy self-sufficiency of the server and telecommunications system. Due to the negligible amount of petrol consumed, it was not possible to separate the data regarding the consumption of the generator and the generator units from that of vehicles.

Compared to 2018, in 2019 there was an increase in fuel consumption by the Group's vehicle fleet due mainly to the increase in the number of vehicles. The increase in petrol consumption (45% compared to 2018) is due to the increased use of petrol by dual-fuel vehicles (petrol and methane) caused by difficulties in reaching the methane distributor. The electricity consumption shown in the table refers to one of the Group's two electric vehicles. The consumption of the other electric vehicle is included in the consumption data for the Prato site. The estimated consumption of this vehicle was 1,493 kWh.

The company Ecolat owns work machinery without vehicle registration plates that operate within the plant. In 2019 these consumed 47,607 litres of diesel.

	2017		2018		2019	
	L	GJ	L	GJ	L	GJ
Diesel	363,596	13,057	430,366	18,453	514,401	16,777
Petrol	7,492	234	6,272	196	9,125	287

	2017		2018		2019	
	m ³	GJ	m ³	GJ	m ³	GJ
Methane	5,332	191	4,957	174	1,555	55

2019		
	kWh	GJ
Electricity	309	1

6.2.2 Water consumption

The water consumption shown in the table below refers to consumption at Group sites. The 2018 data referred to Grosseto, Montepulciano, Arezzo, Prato and Siena, while the 2019 also includes Ancona.

Water consumption

2017	2018	2019
m ³	m ³	m ³
10,062	12,995	14,100

Water is used to guarantee the operation of the biomass plants in Calenzano and the district heating system in Sesto, as well as the plant owned by Ecolat that uses water to clean the storage area and the fuel tank of the unregistered machinery.

Water consumption at the Calenzano plant is required in order to:

- reintegrate the water from the “ash extinguisher” system emitted from the boiler, which involves the production of bottom ash and aqueous solutions;
- pressure wash the boiler twice a year. This is taken from the grid, recovered and processed as waste. The optimisation of the water collection process has led to reductions in the amount of waste produced during cleaning processes, not with regard to the liquid component but rather due to the possibility to extract solid waste using a conveyor belt which is recovered when the tanker collects the aqueous solutions, reducing the final weight;
- the water is then reintegrated into the cooling tower which is used under one of the district heating system substations for air conditioning in one of the nearby buildings.

This water is withdrawn from the network constantly from May to September and is not discharged to the sewers but rather evaporated as part of the production cycle to produce cooling energy. Discharged water mainly derives from the storage tank located at the base of the evaporation tower, discharged when the plant is mothballed for winter.

As regards water consumption and discharge at the Sesto Fiorentino plant, the same principle of water reintegration applies. This plant also features an evaporation tower used during summer operation to produce cooling energy.

6.2.3 Environmental mitigation actions

To mitigate its impacts on the regions and communities in which it operates, the Group is committed to the following main actions:

- ensuring energy efficiency through a specialist company, Estra Clima;
- incentivising the use of electric vehicles;
- producing energy from renewable sources;
- recovering generated waste.

6.2.3.1 Energy efficiency of offices

In 2019 the project to replace light fittings with LED bulbs in changing rooms and the room alongside the cafeteria in the Prato office continued.

As regards the reduction of electricity consumption for lighting in the Arezzo office, the foyer area and ground floor were renovated with the installation of LED lights and device automation systems. Furthermore, the central heating unit was reconditioned.

Finally, the measures taken to improve the energy efficiency of the air conditioning units at the Prato office were completed.

Other works planned for 2019 to continue the energy efficiency policy in the offices in Arezzo, Prato and Siena are currently being evaluated and restructured.

6.2.3.2 Electric mobility

Encouraging the use of vehicles with a lower environmental impact is one of the main measures required to reduce greenhouse gas emissions and the dependency on fossil fuels. As such, for several years Estra has invested in electric mobility through the installation of a charging network.

Since the first charging station was opened in December 2016, the electric and sustainable mobility sector has recorded steady growth. In fact, several municipalities are adopting specific plans and guidelines to regulate the installation of charging systems.

The charging stations are active 24 hours a day and feature two 22 kw, type 2 (rapid charging) sockets. To “fill up”, Estra has developed a rapid and innovative charging system based on two elements: a credit card and the dedicated “e-ricaricati” app available for IOS and Android systems. Specifically, to activate and manage charging and mobile payments, users must simply connect to the wireless hotspot at the e-charging station, download the “e-charge” app and sign up. The app has various functions, including the option of viewing all charging stations on an interactive map. The service is also available to non-customers.

At the end of 2019 there were 13 charging stations installed in Tuscany and the Marche (+1 compared to last year's total). In 2020 a further 9 stations are due to be installed in various municipalities in Tuscany.

Another action taken by the Estra Group to reduce its environmental impact and increase the focus on people and their working activities is the adoption of a disincentivisation policy aimed at reducing the use of company vehicles for business journeys between offices through the implementation of the Cisco Webex video-conferencing system.

6.2.3.3. Replacement of asbestos roofing

With regards to the gas distribution system, in 2019 Centria developed a plan to monitor and analyse asbestos roofing on transformer rooms, pursuing an environmental policy to reduce the risks associated with the use of hazardous substances.

In 2019, in particular, 5 asbestos roofs were removed and replaced in the municipalities of Buonconvento, Montalcino, Pienza, Torrita di Siena and Cetona, thus removing a substance that is highly dangerous both to the environment and human health. The works were entrusted to a company registered on the national register of environmental operators for category 10A and, as they concerned asbestos-containing materials, were conducted in compliance with the safety measures envisaged by current environmental protection and occupational health and safety law. All 5 roofs, with a total surface area of 305 m², were completely removed and replaced with fibreglass panels, a material that offers excellent impermeability, protection and structural stability. The old roofs were completely disposed of.

6.2.4. Waste generated

In 2019 the amount of total waste generated fell compared to the previous year, when an increase was recorded due to the progressive disposal of furniture in the warehouses of the newly acquired companies and, in particular, of non-hazardous waste such as iron, aluminium and other construction materials that were present in the warehouses.

In 2019 the amount of hazardous waste produced fell by 52%. This reduction was mainly due to the optimisation of the boiler cleaning system at the biomass plant, as described above. Non-hazardous waste also reduced in 2019, while there was an 300% increase in non-hazardous waste sent for disposal. This increase is due to the ash produced by the biomass plant (359,330 kg in 2017, 509,900 kg in 2018 and 526,650 kg in 2019). As regards the composition of the waste, a detailed analysis shows the most waste (92%) was sent for recovery rather than disposal, demonstrating the Group's willingness to prioritise recovery over disposal with a view to general waste sustainability.

This year the amount of waste transferred to third parties during this year was also recorded thanks to the continuous improvements made by the Group with regard to the collection and reporting of environmental data. Unlike 2017, in 2018 and 2019 waste generated in cafeterias (edible fats and oils) were classed as non-hazardous waste; moreover, the Group's paper consumption was estimated base on the reams of paper acquired during the year.

In 2019 Ecolat, the Estra Group company that provides environmental services, processed 22,046 tonnes of mixed materials, 2,912 tonnes of packaging, 34 tonnes of paper, 3,880 tonnes of wood, 2,612 tonnes of glass, 37 tonnes of plastic and 120 tonnes of tyres.

Waste generated by the Estra Group

Kg	2017	2018	2019 ¹³
Total general waste	637927	910,577	810,692
Total non-hazardous waste	574597	835,537	774,688
Total hazardous waste	63330	75,040	36,004
Total waste sent for recovery	561220	830,294	746,176
Total waste sent to landfill	76707	80,283	64,516
Total non-hazardous waste sent for recovery	559741	828,869	744,928
Total non-hazardous waste sent to landfill	14856	6,668	29,760
Total hazardous waste sent for recovery	1479	1,425	1,248
Total hazardous waste sent to landfill	61851	73,615	34,756

We printed, we planted

The Estra Group participates in the global reforestation project of the US company *Print Releaf*, through an automatic online platform that measures the paper consumption of each printing job (weight and volume) and, at the same time, calculates the equivalent number of trees to be planted worldwide through a certified network of reforestation projects (Brazil, Dominican Republic, India, Ireland, Madagascar, Mexico and the United States).

Print Releaf then carries out an audit lasting eight years to monitor the progress and survival rates of the planted trees. SGS International, one of the world's leading inspection, audit, testing and certification companies, certifies the *Global Forestry Partners* and conducts on-site audits to verify the 100% survival of the planted trees.

In 2019 Estra offset the equivalent of 3,235,893 standard pages of paper consumption by planting 389 trees, a net increase on 2018 when the equivalent of 1,593,208 pages was offset by the planting of 191 trees.

There are 150 printers connected to the *PrintReleaf* network, representing around 89% of the Group's printing facilities, including the printers in Prato and Ancona and those in numerous Estra Energie stores located throughout Italy.

Future objectives include the expansion of this system to all printers in the Group's offices and stores, as well as to the printers at the Arezzo and Siena sites.

6.2.5 NOx and PM10 emissions produced

The total amount of NOx and PM10 emissions produced in 2019 due to vehicle use was around the same as in the previous year; in fact, the data show a slight reduction of 1.3%.

¹³ Thanks to the continuous improvement of the way in which the Group collects and reports environmental data, this year the amount of waste transferred to third parties was also taken into consideration.

As regards the type of emissions produced, the data collected at the end of 2019 with regard to nitrogen oxide and mixtures thereof (NO_x) show a reduction of around 1.5% compared to 2018, while in the 2017-2019 three-year period emissions of PM10 (particulate matter) recorded a consistent annual increase of 8%.

NO_x and PM10 emissions produced by vehicle use

	2017 (tonnes)		2018 (tonnes)		2019 (tonnes)	
	NO _x	PM10	NO _x	PM10	NO _x	PM10
Diesel	3.64965	0.22413	4.319863	0.265286	4.138956	0.284356
Petrol	0.01507	0.00154	0.012545	0.001282	0.130109	0.005054
Methane	0.00448	0.00115	0.004164	0.001071	0.002565	0.000754
Total	3.669200	0.226820	4.336572	0.267639	4.271631	0.290344

6.3 The fight against climate change

The Estra Group has several electricity and heat generation systems. In line with the Group's strategic guidelines aimed at reducing environmental impact and combating climate change caused by fossil fuels, these systems mainly use renewable sources.

6.3.1 Energy generation plants

6.3.1.1 Energy production from renewable sources

The Group's investments in energy production from renewable sources demonstrate the strategic role this aspect plays for Estra, not only in the current scenario but above all in the medium and long-term, as shown by the entry into the scope of consolidation of the Idrogenera last year, a company operating in the hydroelectric sector.

Most of the energy produced derives mainly from the Group's many photovoltaic plants of varying sizes and located in six regions in Italy (the largest plants are in Cavriglia and Tegolaia in Tuscany).

The biomass plant in the Municipality of Calenzano (FI) also makes a significant contribution to the production of energy from renewable sources, particularly thermal sources.

The table below shows that in 2019, in line with 2018, 84.6% of the Group's energy production 2019 referred to solar, 15.2% to biomass and 0.2% to hydroelectric.

*Total electricity produced from renewable sources**

	2017		2018		2019	
	kWh	Giga Joule	kWh	Giga Joule	kWh	Giga Joule
Photovoltaic	30303341	109,092	26,909,950	96,876	28,561,958	102,823
Biomass	4649340	16,738	4,611,450	16,601	5,126,000	18,454
Wind	19000	68	12,668	46	0	0
Hydroelectric	-	-	144,653	521	91,886	331

* The table shows the amount of electricity produced by photovoltaic, biomass, wind and hydroelectric systems; electricity generated from photovoltaic and wind sources and sold was 26,146,053 kWh in 2018 and 27,745,233 kWh in 2019; electricity generated from hydroelectric sources and sold was 3,118,637 kWh in 2018 and 3,519,769 kWh in 2019; electricity generated from biomass and sold was 144,653 kWh in 2018 and 90,134 kWh in 2019.

Photovoltaic

After a marked reduction of around 11% in 2018, the data regarding the production of electricity from photovoltaic sources began to rise again in 2019, albeit remaining below the levels recorded in 2017. A 6.1% increase was recorded in 2019, equal to 1,652,008 kWh. This was due to the increase in production of the Cavriglia and, in particular, the Tegolaia plant, which collectively represent almost 75% of total production.

Biomass

As well as generating thermal energy, the Calenzano biomass plant generates electricity through an ORC turbine. The electricity is mainly absorbed by the auxiliary equipment required to operate the turbine itself, the biomass boiler and the district heating pumps; any surplus energy is transferred to the national grid.

Unlike in the previous two years which did not record any significant variations, in 2019 the data for electricity produced by the biomass plant increased by 11.2%.

Wind

Wind energy is produced by the small wind farm owned by Estra Clima in Sardinia. Unfortunately, in 2019 the plant was out of operation due to a technical fault.

Hydroelectric

The production of hydroelectric energy (provided by Idrogena) fell sharply in 2019, declining from 144,653 kWh in 2018 to 91,886 this year. Consequently, the amount of energy transferred into the national grid also reduced to around 90,000 kWh (-37.7%). These reductions are mainly due to climatic effects.

As mentioned above, the Calenzano biomass plant produces thermal energy. This is used for heating and to produce domestic hot water for 592 apartments, 5 apartment blocks, 3 sports facilities, 2 hotels, 5 public building and 1 church.

In the 2017-2019 three-year period the amount of thermal energy produced increased steadily, as shown in the table below. In 2019 a total of 24,074,439 kWh was produced, representing an increase compared to 2018 of around 7%. The thermal energy transferred from the biomass plant has also increased over the three years, with a percentage increase of 2.7% between 2018 and 2019.

Thermal energy produced from the biomass plant*

2017		2018		2019	
kWh	Giga Joule	kWh	Giga Joule	kWh	Giga Joule
21894488	78,820	22,528,946	81,104	24,074,439	86,668

*The thermal energy transferred was 5,576,880 kWh in 2017, 7,773,164 kWh in 2018 and 7,983,301 kWh in 2019.

In 2019, the amount of cooling energy produced and transferred by the biomass co-generation plant also increased compared to the previous year by 116% (678,198 kWh) and 60.4% (244,481 kWh) respectively.

Thermal energy produced from the biomass co-generation plant*

2018		2019	
kWh	Giga Joule	kWh	Giga Joule
581142	2,092	1,259,340	4,534

*The cooling energy transferred was 404,977 kWh in 2018 and 649,458 kWh in 2019.

Green energy

In 2019 Estra extended its range of energy packages available to domestic customers with Pura Luce, a tariff designed to offer an attractive alternative focused on protecting the environment and the local region. In fact, the energy used by Pura Luce customers is certified to be 100% renewable. Consumption in 2019 with regard to the Pura Luce tariff totalled 282,739 kWh.

To protect the environment and actively contribute to local economic development, in 2019 Estra signed a strategic agreement with the Tanners' Association for the supply of 100% green and renewable energy. Thanks to this agreement, in 2019 seven tanneries reduced the CO₂ emissions that would have been released had they used traditional energy sources by 100%.

6.3.1.2 Energy production from non-renewable sources

As highlighted at the start of the chapter, as well as the plants that produce energy from renewable sources the Estra Group also owns three methane gas plants in Sesto Fiorentino and Siena which produce non-renewable energy. These co-generation plants owned by Estra Clima contribute to the production of electricity, thermal energy and cooling energy.

In general, the data for 2019 relative to energy production confirm the production capacities of these plants following the return to standard operation in the previous year. Total energy production from non-renewable sources increased by 7.7% compared to 2018. Considering the individual items, electricity production decreased by 11.2% while thermal energy and cooling energy increased by 9.5% and 17.8% respectively. Total energy transferred increased by 1.8% in the 2018-2019 period. In detail, the amount of electricity; and cooling energy transferred was lower than in the previous year. In contrast, thermal energy increased by 5.4%.

*Energy production by the co-generation plants in Sesto Fiorentino and Siena (Malizia plant and Mattioli plant) owned by Estra Clima**

	2017		2018		2019	
	kWh	Giga Joule	kWh	Giga Joule	kWh	Giga Joule
Electricity	263310	948	864,561	3,112	761,727	2,742
Thermal energy	5850510	21,062	6,383,500	22,981	6,991,160	25,168
Cooling energy	10790	39	517,770	1,864	609,953	2,196

* The table shows the amount of electricity, thermal energy and cooling energy produced by non-renewable sources; transferred electricity from non-renewable sources was 811,071 kWh in 2018 and 652,769 kWh in 2019; transferred thermal energy from non-renewable sources was 5,584,583 kWh in 2018 and 5,885,315 kWh in 2019; transferred cooling energy from non-renewable sources was 450,239 kWh in 2018 and 435,681 kWh in 2019. Cooling energy was generated and transferred by the Sesto Fiorentino plant only.

6.3.2 Self-consumption of electricity from renewable sources

The majority of the Group's plants self-consume part of the energy they produce. In the last three years, self-consumption increased both with regards to photovoltaic plants (around 30,000 kWh each year) and the biomass plant (around 100,000 kWh).

Self-consumption of electricity by photovoltaic systems

2017		2018		2019	
kWh	Giga Joule	kWh	Giga Joule	kWh	Giga Joule
634276	2,283	662,730	2,386	698,981	2,516

* The estimate was calculated by multiplying the production-emission variation by the co-efficient, which was 0.85 for Cavriglia and Tegolaia, 0.80 for Teseco, Gibilisco and Sansepolcro, and 0.90 for other photovoltaic systems.

Self-consumption of electricity by biomass systems

2017		2018		2019	
kWh	Giga Joule	kWh	Giga Joule	kWh	Giga Joule
1475007	5,310	1,502,498	5,409	1,606,241	5,782

6.3.3 Energy efficiency

Estra Clima is the Estra Group company that provides energy efficiency and energy saving activities. 32 apartment renovation and reconditioning projects were carried out in 2019. This data aligns with the figure in 2017 (35) due to the considerable increase in the number of works carried out compared to last year (+94%).

Furthermore, 185 replacements of traditional boilers were carried out for residential customers, with the installation of condenser boilers equipped with external temperature control sensors. This data increased exponentially in 2019, almost doubling the number of works carried out in 2017 and 2018. In both cases, the exceptional trend was due to the new debt transfer contract formula.

The Group's works as an ESCO included the reconditioning of the heating unit at the thermal spa in Bagni di Pisa. The co-generation plant was installed at the Grotta Giusti spa in Monsummano Terme.

Finally, a contract was launched with the municipality of Calenzano to replace the public street lighting. Specifically, the project aims to increase system efficiency (replacement of public light fittings with LED lamps, reconditioning of some of the electrical equipment and blades, as well as the replacement of the circuit boards), to install a further 20 remote video surveillance cameras (in addition to the 20 cameras already in place) to monitor the correct operation of the plants, and to construct three new e-vehicle charging stations (as well as replacing the two existing stations). The energy efficiency project will help to reduce electricity consumption by over 60% and consequently reduce polluting emissions.

Number of projects carried out

Type of project	2017	2018	2019
Apartment renovation and reconditioning	35	17	32
Replacement of domestic boilers	98	91	185
Works with ESCO formula	2	1	0
District heating works	1	0	0
Relamping works	4	0	0
Public lighting works	0	0	1

Co-generation plants installed	0	1	0
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6.3.4 CO₂ emissions

6.3.4.1 Emissions produced

The emissions produced are caused by the following:

- methane and electricity consumption for use at sites, offices and plants;
- methane consumption to heat the transformer rooms on the gas distribution network;
- gas leaks and energy loss from production plants;
- vehicle fuel consumption.

Furthermore, in line with the most widely accepted reporting standards, emissions are divided as:

- Scope 1: direct CO₂ emissions produced, originating from sources owned or controlled by the company;
- Scope 2: indirect CO₂ emissions deriving from the company's activities, originating from the use of electricity taken from the grid.

Considering Scope 1 emissions only, a progressive upwards trend can be seen in the last three years, as shown in the table below (+19.2% between 2017 and 2018; +24% between 2018 and 2019).

Emissions relating to methane (consumption and leaks) represent around 80% of total Scope 1 emissions, in line with the data over the three-year period. These are still mainly produced by the transformer rooms and the co-generation plants (around 70% in 2019 compared to 86% in 2017-2018), although in 2019 there was a sharp increase in emissions relating to methane leaks (1,671 tonnes compared to a few hundred in the previous two years). Total tonnes of emissions generated by vehicle use also increased: +18.2%.

In line with the provisions of the GRI standards, the table below records separate data for Scope 1 emissions deriving from methane leaks.

Total Scope 1 emissions

CO ₂ (tonnes)	2017	2018	2019
Scope 1 emissions - from combustion	4245	5,993	6,059
Scope 1 emissions - from methane	-	232	1,671

As regards Scope 2 emissions (calculated according to the location-based approach), after three-year period of general stability there was a 16.5% increase in 2019, equal to 336.35 tonnes of CO₂, mainly due to the increase in electricity consumption at Group sites, offices and stores which represent over 60% of Scope 2 emissions. The other 40% relates to electricity consumption by the photovoltaic, co-generation and hydroelectric plants of Ecolat, Centria, Gergas and Murgia Reti Gas, as well as the consumption of the electric vehicle in Siena.

The table below compares total Scope 2 emissions in the 2017-2019 period, calculated according to the location-based and market-based approaches.

Total Scope 2 emissions

CO ₂ (tonnes)	2017	2018	2019
Scope 2 emissions - Located Based	2006	2,035	2,371
Scope 2 emissions - Market based	2481	2,694	3,192

6.3.4.2 Emissions avoided

Emissions avoided (i.e. the estimated reduction of carbon dioxide obtained through the use of electricity from renewable sources) refer to three main categories:

- Solar electricity consumption by offices;
- energy efficiency measures;
- production of renewable energy (solar, biomass, wind, and the relative self-consumption).

Total emissions avoided (tonnes)

Total emissions avoided (tonnes)	CO ₂
2017	20,049
2018	12,057
2019	12,455

Considering the data of the three items mentioned above, in 2019:

- the value of CO₂ emissions avoided through the use of solar energy in offices reduced by around 22%, decreasing from 27 tonnes in 2018 to 21 tonnes in 2019;
- the amount of CO₂ emissions avoided thanks to energy efficiency measures doubled between 2018 and 2019, increasing from 150 tonnes to 307 tonnes mainly thanks to savings of CO₂ enabled by apartment renovations and reconditioning;
- emissions avoided thanks to the production of energy from renewable sources are in line with the value recorded in 2018, as shown in the table below.

Emissions avoided through the production of energy from renewable sources (tonnes)

	2017	2018	2019
	CO ₂	CO ₂	CO ₂
Electricity production from photovoltaic systems	16,727	10,091	10,254
Electricity production from biomass systems	2,566	1,729	1,840
Electricity production from wind systems	11	5	0
Electricity production from hydroelectric systems	-	54	33
Total	19,304	11,879	12,127

6.4 Targets and results

Targets for 2019

Consumption and efficiency	Results in 2019
Complete the measures taken to improve the energy efficiency of the air conditioning units at the Prato office	Works completed on 21/12/2018 (Palazzina Uffici Via U. Panziera)
Replace the roofing of the Arezzo and Siena to improve	Target currently being evaluated.

insulation, particularly in summer	
Gradually replace the lights in the Prato office with LED lamps	The works were concluded in 2019, replacing the light fittings with LED lamps in the changing rooms and bar room. The proposal to replace the lights in the alleyway on Via Grignano with LED lamps was presented and is currently pending evaluation
In order to reduce electricity consumption associated with lighting in the Arezzo office, renovate the ground and first floors with LED lighting systems and motion sensors	The foyer and ground floor were renovated with the installation of LED lights and remote automation capabilities.
Gergas: Carry out a monitoring and preventive maintenance campaign aimed at optimising the energy consumption of boilers located in the two transformer rooms, the LPG storage facility and the Grosseto office in order to minimise atmospheric emissions (expected reduction of around 4%) and maintain the positive trend seen in 2015-2018	The monitoring campaign was carried out
Electric mobility	Results in 2019
Install three new e-vehicle charging stations	One charging station was installed in Sansepolcro (AR). The target was not completely met due to delays in the authorisation procedure, but authorisation procedures have begun for nine more charging stations in various municipalities in Tuscany
Waste	Results in 2019
Minimum of 88% of all waste sent for recovery	92% of waste generated was sent for recovery.

Targets for 2019-2020

Consumption and efficiency	Results in 2019-2020
Continue the energy efficiency policy at the Arezzo, Prato and Siena offices with: <ul style="list-style-type: none"> - the replacement of windows and vertical insulation panels; - the installation of underfloor insulation with hot/cold insulation panels. 	Target currently being evaluated.
Continue the energy efficiency policy at the Arezzo, Prato and Siena offices, completing: <ul style="list-style-type: none"> - the insulation of the office floor with hot/cold insulation panels; - the energy efficiency improvements of the heat pump air conditioning and energy carrier units, installing air sensors 	Target currently being evaluated.
Gergas: Install solar panels to supply the office and	The target was pushed back due to the need

improve the efficiency of the office heating system using latest-generation heat generators. The works include the complete reconditioning of the heating system with the full replacement of the unit's component parts. The current generator will be replaced with a gas condenser unit and will produce thermal energy to heat the office in winter	for extraordinary maintenance to the office structure, particularly the outer walls and roofing, which is currently ongoing and should be completed in 2020.
Centria: Replacement of 12 asbestos roofs.	In 2019 5 roofs were replaced with a total surface area of 305 square metres. There are 7 roofs to be replaced in 2020 to meet the target.
Estra S.p.A., Estra Energie and Estracom: Gradually replace the multifunction printers with more efficient machines and printers with restricted access (through the use of staff passes) to optimise and reduce consumption, including paper consumption	At the end of 2019 150 such devices had been installed, representing 89 % of the Estra Group's printing facilities
Estra Energie and Estracom: Increase digital billing for gas, electricity and phone contracts	Compared to 2018, in 2019 online utilities increased by 21.8% with regard to electricity and 11.3% with regard to gas, but fell by 7.2% for telecommunications
Centria: Improve energy consumption relative to the management of transformer room boilers through the implementation of electronic systems, installing 8 systems with energy efficiency measures (insulation, pumps, pre-heating systems and heat exchangers)	In 2019 seven electronic efficiency systems were installed (Asciano, Bibbiena, Montespertoli, Porto di Mezzo, Siena 2, Siena 3, Trequanda)
Vehicles: Continue the vehicle leasing policy and extend it to newly acquired companies	Long-term vehicle leasing is now a consolidated method that has been used for many years by Estra Group companies. This procedure also applies to newly acquired companies
Vehicles: Continue to gradually replace the company vehicle fleet and fully meet the mobility requirements of the company and its employees	The success rate in this regard is highly positive. Under the long-term leasing system, the company has access to a vehicle (car and/or van) that protects both the safety and integrity of employees. Furthermore, at the end of the lease (5 years), the contracting company is required to provide the latest type approval model, thus improving environmental performance
Optimise energy consumption through the gradual separation of energy utilities in order to reduce consumption and enable energy usage to be allocated more effectively	Target currently being evaluated.

Targets for 2020-2021

Centria: Improve energy consumption relative to the management of transformer room boilers through the implementation of electronic systems, installing another 3 systems with energy efficiency measures (insulation, pumps, pre-heating systems and heat exchangers)

Complete the measures taken to improve the energy efficiency of the air conditioning units at the Prato office (Palazzina di Via di Grignano)

Gradually replace the lights in the company offices of Estra S.p.A. with LED lamps

Optimise and reduce electricity consumption in the Arezzo office through:

- the installation of motion sensors for automatic lighting in certain parts of the office;
- the replacement of the winter/summer heat pump with the removal of the old air conditioning unit.

Continue the energy efficiency policy at the Arezzo, Prato and Siena offices with:

- the replacement of windows and vertical insulation panels;
- the installation of underfloor insulation with hot/cold insulation panels.

Continue the energy efficiency policy at the Arezzo, Prato and Siena offices, completing:

- the insulation of the office roof with hot/cold insulation panels;
- the energy efficiency improvements of the heat pump air conditioning and energy carrier units, installing air sensors

Complete the refurbishment of the cafeteria in the Arezzo office (replacing the roofing)

Optimise energy consumption through the gradual separation of energy utilities in order to reduce consumption and enable energy usage to be allocated more effectively

Siena office: improve the energy efficiency of the air conditioning unit, LED lighting, and solar energy system

Gergas office: Install solar panels to supply the office and improve the efficiency of the office heating system using latest-generation heat generators. The works include the complete reconditioning of the heating system with the full replacement of the unit's component parts. The current generator will be replaced with a gas condenser unit and will produce thermal energy to heat the office in winter.

Begin the restructuring works at the Ex Sori area at the Prato site

New management of technological plants using remote software

Install 9 new e-vehicle charging stations

Centria: replacement of 7 asbestos roofs

Replace the printers that do not comply with the Print Releaf standard adopted by the Estra Group

Targets for 2020-2023

Renew the vehicle fleet with the introduction of 100 vehicles with the latest type approval

7. The community and the local area

7.1 Innovation, research and development

Innovation is one of the pillars of the Estra Group's activities and investments, involving various sectors and Group companies, including:

- 5G trials
Estra has taken part in the pilot project promoted by the Italian Ministry of Economic Development since 2017 for the pre-commercialisation of 5G in the 3.6-3.8Ghz frequency range. As part of the trial, in 2019 Estra, a use case leader in “Sensors and IoT” and “home video-surveillance”, continued its partnership with the University of Florence and PIN (University of Prato) to test and perfect the technologies developed.
- E-QUBE - Start Up & Idea Challenge
In 2019 the start-up acceleration programme for the 2018 winners began, beginning a close collaboration between the startups and Estra mentors. On 01 October 2019 the third E-qube Start Up & Idea Challenge was launched which in 2019-2020 is in collaboration with Nana Bianca and Startup Italia.
- AIRES network contract
Estra, SEI Toscana, Acea Ambiente and eleven other businesses and organisations have signed an agreement to promote research, innovation and development in the field of the circular economy and environmental sustainability. The “A.I.R.E.S Ambiente Innovazione Ricerca Energia Sviluppo” network contract has a duration of five years and aims to promote activities aimed at improving the technical and economic performance of the circular economy. REA Impianti Unipersonale, ALIA Servizi Ambientali, Reti Ambiente, ASEV, Consorzio Polo Tecnologico Magona, INSTM Consorzio Interuniversitario Nazionale per la Scienza e Tecnologia dei Materiali, Tiemme, Sienaambiente, Cispel Confservizi Toscana, CSA Impianti and Ecologia Soluzione Ambiente have also signed the contract.
- Alleanza Territoriale Carbon Neutrality Siena
In 2019 Estra signed up to the “Alleanza Territoriale Carbon Neutrality: Siena” regional alliance, established in 2017 by Fondazione Monte dei Paschi di Siena, the Province of Siena, the University of Siena, the Municipality of Siena and the Region of Tuscany to support the Siena Carbon Free project.
- NOMISMA ENERGIA
A research project into new energy products and services for end customers in the transition from the regulated market to the free market.
- SibillaUC di Phinergy
An online service tool to predict electricity consumption and management inbound energy flows from distributors and SII.
- Estra Training
Docebo cloud platform aimed at all operators of the Customer Services team, designed to provide training on customer management topics (support and sales). Estra Training supports e-learning,

webinars and classroom sessions. The programme is managed by a dedicated team and involves the participation of experts from different business sectors.

- Marketing Idea

Aimed at students of strategic marketing and international marketing at the University of Florence, the agreement aims to offer a bridge between school and business to respond to the needs of the market and the region. The project has been developed in collaboration with the Economics and Business Science Department of the Florentine university and aims to select strategic marketing ideas in the electricity and gas sales sector. The prizes include a 3,000 Euro cash prize and the opportunity of a curricular internship in Estra's marketing department.

- WeM_Park Lab

Estra sponsored the Laboratorio Universitario per il Marketing e le Tecnologie ICT (WeM_Park) which operates within the University of Florence to promote a digital professional culture. The Lab provides training to a dozen or so SEO and digital marketing professionals each year who are entered into internships at the companies sponsoring the Lab. Furthermore, it provides training to executives through Industry 4.0 Masters programmes. In 2019, Estra hired two interns in the Marketing and Communications department.

- Remote monitoring of the gas network

The new remote monitoring system developed by Centria has an innovative approach, designed to support the decision-making process and improve working processes: the system not only supervises the systems but also represents a platform that can be expanded and integrated in order to manage and process the collected data. The new system will be able to integrate any device that may be installed in the future along the gas system, whether this be an IoT sensor or a complex automation system, supporting operating activities through complex data analytics. In fact, the new system will provide the fundamental infrastructure for the digitalisation of the distribution network, supported by a dedicated telecommunications network.

7.2 Dialogue with local and national institutions

Estra has always devoted particular care and attention to its relations with institutions and stakeholders in the regions in which it operates and the activities it manages, with the aim of generating common value in the interests of everyone involved.

In particular, with 139 municipalities in the provinces of Ancona, Arezzo, Florence, Grosseto, Macerata, Pistoia, Prato and Siena acting as indirect shareholders and in view of the essential nature of the services provided, Estra has activated a partnership with local authorities aimed at promoting initiatives designed to generate positive impacts for the region and residents' quality of life. Thanks to this participatory engagement, Estra has become a stable point of reference for the municipalities that rely on the Group for certain requirements.

Estra also plays an important role in the local and national public services policy; the Group's chairman is deputy chairman of Confservizi Cispel Toscana and Utilitalia. The assumption of these roles has consolidated and increased dialogue with major national public institutions (government, governmental ministries), local

institutions (Regions, ATO), local and national economic enterprises, public service companies and consumer associations.

Furthermore, Estra has always sought to pursue dialogue and collaboration with the higher education sector through its direct presence in ITS Energia and Ambiente della Toscana and agreements with Tuscan universities.

The Group and its companies are members of various regional bodies including Confindustria Toscana Nord, Confindustria Toscana Sud, Confservizi Cispel Toscana, Fondazione ITS Energia e Ambiente della Toscana and ITS di Colle Val d'Elsa di Siena.

Furthermore, in 2019 Estra was awarded Supporting Member status by the Prato Textile Museum, offering the opportunity for an Estra representative to join the foundation's management committee.

At a national level, Group companies are affiliated with the following bodies:

- Utilitalia;
- Associazione Italiana Internet Provider;
- APCE Associazione per la Protezione delle corrosioni elettrolitiche;

Our constant dialogue with external stakeholders and the quality of Estra's reputation are also evidenced by the press coverage of the Group's news. In 2019, 8,566 news articles and 118 radio or television items covered the Group. 97% of the articles were positive or neutral in tone.

7.3 Local community development initiatives

The Estra Group has implemented several initiatives to develop its local region. However, the initiatives are not currently subject to impact assessments or development programmes. The initiatives aim to promote a culture of sustainability and lifestyles consistent with the responsible and sensible use of natural resources.

Project Manager of the Sustainability Report and the Consolidated Statement (PMIR)

The PMIR project (an Erasmus+, Azione KA2 programme) has been promoted by Estra along with other European partners such as Opencom, the University of Siena, Euromask (Norway), ITKAM (Germany), Càmara de Comercio Badajoz (Spain) and Bruxelles Europe ASBL (Belgium). In July 2017 the training programme for the new professional position of "Project Manager of the Sustainability Report and the Consolidated Statement", the person responsible for the coordination of all of the steps necessary to produce the Sustainability Report and the Consolidated Statement, was approved. The obligations imposed by Italian Legislative Decree no. 254 of 2016 have not only led to an increased awareness of sustainability but have also highlighted the need for businesses to create and develop specific skills to enable them to correctly analyse, collect, measure and communicate the aspects of economic, social and environmental sustainability relevant to the business. These skills also help to generate benefits for the company, particularly in terms of organisation and business.

The training programme, which is based on the Recommendation of the European Parliament and Council of 18 June 2019 (2009/C 11/02), applies the Ecvet model and is developed through learning modules (aimed at developing a coherent set of skills, abilities and expertise) that can be assessed, validated and recognised by other European companies.

In 2019 the course took place online (10 modules of 6 hours each) and was attended by 60 students from Italy, Norway, Germany, Spain and Belgium who sat the final exam.

Student tournaments

In 2019 Estra supported the student tournaments in the province of Arezzo, promoting sport as an opportunity for learning, growth and commitment to social integration.

As well as contributing financially, Estra also produces the necessary material for the awards and to commemorate the achievements of the thousands of students who take part in the competitions. It also provides communications services through the creation of a shared communications plan in collaboration with the project's other regional stakeholders (Coni, CIP, Special Olympics, Local Authorities and regional bodies).

Journalism Award "Estra for Sport. Reporting good news".

In 2019, in line with previous years, the "Estra for Sport Reporting good news" national journalism award was continued.

For the third consecutive year, the Estra Award aimed to support the journalism by the professionals and publicists registered on the relative professional register and Journalism School students who have best expressed the social and educational value of sport. Indeed, the media plays a fundamental role in expressing the beauty, excitement and intrinsic value of sport. The award is also sponsored by the Italian Sports Media Union (USSI), as well as other organisations such as the National Order of Journalists, the Tuscan and Marche Orders of Journalists, the Italian Paralympics Committee (CIP), the CONI Regional Committees of Tuscany and Marche, Special Olympics Italia and the "Candido Cannavò per lo Sport" Foundation.

The third edition of the award involved 186 participants and the winners will be selected in early 2020.

Environmental education

The Estra Group has chosen to prioritise and invest in raising awareness of environmental education and energy saving among younger generations, with the aim of stimulating the development of an ecological conscience and incentivising environmentally conscious behaviour. Consequently the Group has planned various initiatives aimed particularly at schools of all levels.

Energicamente - Academic year 2019/2020

Now in its 9th year, the Energicamente project promoted by Estra in partnership with Legambiente is aimed at students, teachers and the families of pupils at primary and secondary schools.

The project revolves around a fun and educational programme that uses an interactive and innovative digital approach. Training is provided online through the dedicated Energicamente platform

(www.energicamenteonline.it), offering an online meeting place for the EstraCommunity of primary and secondary school students and teachers from all over Italy.

Sustainability, energy, the sensible use of energy in the home and environmentally sustainable technological innovation: the project covers a wide range of topics and aims to raise awareness among the younger generation of the values of environmental preservation and the sustainable use of resources. The modules are entitled after the letters in Estra’s name: Energia, Sviluppo sostenibile, Tecnologia, Riduzione dei consumi e Ambiente (Energy, Sustainable Development, Technology, Reducing consumption and Environment).

The *EstraExperience* interactive games representing the project's recreational approach support the learning modules through interactive lessons (*EstraLesson*), quizzes and classroom sessions with participating teachers. Thanks to the content and educational approach, students are able to develop specific knowledge and develop transferable “soft” and “hard” skills such as creativity, initiative, team-working and how to work towards a target.

The recreational and educational programme ends with the opportunity for classes to take part in the “*Energia in Squadra*” competition, creating a creative project (video, digital device, game, etc.) about energy that summarises the knowledge they have gained. The prize will be awarded to the eight best multi-disciplinary projects. The winning entries will gain the opportunity to host EstraDay, a special day to promote Energy dedicated to their school, where they can put the content of the Energicamente course into action.

Furthermore, the families of children taking part in the programme can enter the competition dedicated to domestic habits associated with energy use in the home for the opportunity to win a range of smart home products.

Recreational and educational programme

Impact		Schools		Teachers		Teams of students	
Regions	18	Primary	316	Primary	365	Primary	69
Provinces	69	Secondary 1st Grade	303	Secondary 1st Grade	363	Secondary 1st Grade	183
Municipalities	404	Total	619	Total	728	Total	252

For the second year running, Energicamente also includes a programme aimed at promoting transferable skills aimed at second grade secondary school students, offering an important opportunity to develop skills and focus students’ attention on the future.

The internship is hosted on the “**Yutilities**” e-learning platform which operates as a virtual classrooms and enables students to take part in interactive activities to promote energy efficiency, supported by materials for individual study.

The e-learning environment features an area dedicated to how the company works, its sustainability characteristics and the jobs that enable the business to operate. These are supplemented by the Utilitalia modules which enable students to learn about industrial water, environmental and energy cycles directly from the experts.

Students then conduct their own audits in the field, analysing the energy efficiency of different types of building in their area. At the end of the activity the output produced by the students is assessed by the company tutors. Registration is open until the end of the 2019/2020 academic year; there are currently 102 participating schools in 18 regions of Italy, for a total of 145 teachers and 1,721 students.

In collaboration with Legambiente Scuola e Formazione, Estra has developed a training programme aimed specifically at teachers taking part in *Energicamente*. The course offers valuable methodological support for planning, managing and assessing the classroom programme, focusing on developing citizenship skills. Thus far the training programme has involved 72 schools in 39 provinces in 15 regions, for a total of 84 teachers, of which 77% were women, divided between primary schools (31 teachers), first grade secondary school (49) and second grade secondary school (4 teachers). The course has been recognised by the Ministry of Education, Universities and Research as a 25-hour training programme.

Roarr! Save, recycle... roar!

Now in its third year, the environmental education programme *Roarr! Save, recycle... roar!* has become even bigger: as well the project's original partners in Siena, Arezzo, Prato and, more recently, in Ancona, this year the initiative has been bolstered by the enthusiasm of students and teachers in Grosseto and Perugia. Over 4,500 students from 179 classes in 39 municipalities learn what it means to respect the planet through practical exercises focused on saving energy, recycling and sustainable mobility.

The project, designed by Straligut Teatro in collaboration with Estra, revolves around an online platform aimed at teachers, students and families which provides numerous activities on the topic of environmental sustainability to be carried out in the classroom or at home.

Roarr! guides students towards the conscious use of digital technologies, developing transferable skills such as initiative, teamwork and how to work towards a goal through an exciting ecological treasure hunt. The classes have to complete an online album on the www.roarr.it website by photographing 50 environmentally friendly actions, which range from the use of LED lighting to reducing packaging. There are three Italian regions taking part in the project: Tuscany, the Marche region and Umbria, for a total of 39 municipalities across the provinces of Arezzo, Grosseto, Siena, Ancona and Perugia. The activity, which can be incorporated into the school curriculum, is a training programme designed to actively engage students and reward merit. The topics covered are: energy, sustainable mobility, active citizenship, food, recycling.

Furthermore, children and their parents are encouraged to collect different kinds of bottle tops, a simple task to help encourage them to recycle steel, aluminium, plastic and cork.

The winners in each region are awarded tickets for theatre productions and workshops. Furthermore, additional prizes can be won through *Estraclick*, the photography competition on the project's Facebook page. The albums that receive the most votes are awarded vouchers to buy educational materials.

The competition

Schools	Primary school classes	Teachers	Students
39	179	223	4,475

Online activity (www.roarr.it)

Photos uploaded	Interactions	Views	Unique visitors
39,503	84,658	1,231,981	30,993

Facebook activity

Shares	Share reactions	Fanbase page on Facebook	Impressions Page	Cover Posts	Post interactions
111,915	185,437	10,198	947,947	670,946	53,177

Reduce waste, save the world

The project “Reduce waste, save the world” was created for schools in Tuscany through a competition organised by the Provincial Schools Office in Prato and the Student Council in collaboration with the Region of Tuscany, the municipality of Prato, the Province of Prato, the Diocese, Caritas, the Emporio della Solidarietà, and the La Pira Foodbank association. Estra has been a partner in the project for three years and provides the competition prizes: a tablet for the winning entry, a portable video camera for the runner-up and a set of educational materials for third place, as well as a notebook for the winner of the special award.

The project aims to raise awareness and promote reflection among students about food waste, which is closely linked to high energy and environmental expenditure and the ethical values of solidarity, cooperation and recognising the needs of others, and to develop a culture of responsible consumption.

The first phase of the project involves a food collection by participating schools while the second phase involves the creation of an advert about food and energy waste. Food collected in the Prato area will be donated to the Emporio della Solidarietà run by Caritas and the Giorgio la Pira food bank. The collection service in Prato and surrounding municipalities will be provided by VAB while the regional collection service will be coordinated by the Tuscany branch of Caritas.

Art Bonus and sponsorships

In 2019 Estra supported various bodies and foundations, contributing a total of 232,750 Euro in donations and sponsorships. In particular, the Group supported the Fondazione Teatro Metastasio di Prato - Contemporanea Festival 19 with a donation of € 10,000 provided through the National Art Bonus scheme.

Support for cultural, sporting and social events organised by local associations and bodies was generally consistent in the 2018-2019 period.

Sponsorships

2017	2018	2019
€ 1,336,674	€ 1,862,194	€ 1,721,030

Targets and results

Targets for 2019	Results in 2019
Resubmission of the digital literacy project “Anche io uso Internet” (I use the internet too) and extension to Ancona	The project was not implemented and is now planned for 2021
<p>E-Domos E-Domos Project (Information Technology in home automation and energy efficiency) (Erasmus+ KA1)</p> <p>In February 2019 the student exchange project for internships abroad in the field of energy efficiency and home automation was proposed. Should it receive funding, the E-Domos project will run for two years and will offer exchange programmes to 150 students and 15 teaching staff. The project would involve 14 schools across 5 Italian regions. The European countries taking part are Spain, the UK, Ireland, Portugal, Bulgaria, Greece, Germany, Belgium and Lithuania.</p>	The project did not gain enough points to access European funding and therefore was not carried out.
<p>Play for Inclusion This project is part of the Estra Group's Corporate Social Responsibility policies. It focuses on the world of sports, a sector that the Group actively engages with through partnerships and projects at all levels. <i>Play for Inclusion</i> represents a contribution towards the practical implementation of the cultural and political evolution currently seen in the field of national sports. The project is an ambitious and innovative programme that aims to design and implement a training course to develop and structure the role of “Inclusion Representative” within sporting organisations. During the programme, the Representative will develop their knowledge, skills and expertise with an understanding of the role that sporting associations play in their respective social contexts.</p> <p>The project is aimed at:</p> <ul style="list-style-type: none"> • ESTRA SPORT CLUB Associations/Clubs • Other Sports Associations/Clubs (registered or operating in Tuscany, the Marche and Umbria). • School Sports Centres/Clubs (Tuscany and the Marche) • Sport Science undergraduates/graduates at the Universities of Florence, Pisa, Urbino and Perugia. 	The project management agreement was signed in November 2019. The relative engagement and training activities will be carried out in 2020.

· Sports experts from CONI/CIP/Sports Associations (operating in Tuscany, the Marche and Umbria)	
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Targets for 2020-2021

Participation as partner in the “Prato Urban Jungle” project.

The project aims to return certain areas in the city of Prato to nature in a sustainable and socially inclusive way through the creation of urban jungles (dense green spaces immersed in urban areas) able to multiply plants’ natural capacity to offset pollution. One of the areas of intervention is the Estra office in Prato.

Note on methodology

The reporting period for this Non-Financial Statement, published on an annual basis, is from 01/01/2019 to 31/12/2019. The reporting boundary reflects that of the Group's Consolidated Financial Statements. This document has been prepared in line with the *GRI - Global Reporting Initiative - Sustainability Reporting Standards* published by the GRI in 2016, according to the "In accordance - Core" option.

The reporting standards

The table below shows the correlation between the material topic of the Estra Group and the corresponding GRI aspects selected.

Material topics	GRI aspects	Internal impact	External impact
Waste Generated	306 - Effluents and Waste	X	
Reduction of internal consumption	302 – Energy	X	
Energy efficiency and production of energy from renewable sources Fight against climate change and reduction of emissions	305 – Emissions	X	
Engagement and development of local communities, environmental education and the circular economy	413 - Local Communities	X	
Economic sustainability and market competitiveness	201 - Economic Performance 202 - Market Presence 204 - Procurement Practices	X	
Correct marketing and internal communications practices	417 - Marketing and Labelling	X	
Customer focus and satisfaction Quality of services, reputation and brand	206 - Anti-competitive Behaviour 419 - Socio-economic Compliance	X	
Innovation, research and development	-	X	
Product liability	416 - Customer Health and Safety	X	
Data protection	418 - Customer privacy	X	
Attracting and retaining resources	401– Employment	X	
Employee welfare and development	404 - Training and Education 402 - Labour/Management Relations	X	
Occupational health and safety	403 - Occupational Health and Safety	X	Suppliers*
Equal opportunities	405 - Diversity and Equal Opportunity	X	
Human rights	407 - Freedom of Association and Collective Bargaining 406 - Non-Discrimination	X	Suppliers*

Sustainable supply chain management	414 - Supplier Social Assessment 308 - Supplier Environmental Assessment	X	Suppliers*
Anti-corruption	205 - Anti-corruption	X	Suppliers*

* Aspects with significant impacts outside the Group were not included within the reporting boundary. The Group aims to incorporate these aspects in the future.

The calculation methodology

The main calculation methods and the parameters used in this document are described below:

- The work-related accidents rate is the ratio between the number of recorded occupational accidents, not including accidents during travel, and the total number of hours worked, multiplied by 1,000,000.
- The rate of work-related accidents with serious consequences (not including fatalities) is the ratio between the number of recorded occupational accidents with serious consequences (not including fatalities) and the total number of hours worked, multiplied by 1,000,000.
- The fatality rate is the ratio between the number of work-related fatalities and the total number of hours worked, multiplied by 1,000,000.
- The severity rate is calculated as the ratio between number of calendar days lost due to accidents (not counting the day on which the accident occurred) and the number of possible working hours in the reference period multiplied by 1,000.

The emission factors used to calculate the CO₂ reported are as follows:

- Direct emissions (Scope 1): for natural gas consumption the emission and conversion factors are taken from the table of national standard parameters published in 2019 by the Italian Ministry for the Environment and the Protection of Land and Sea in relation to the latest update. Methane emissions are calculated with a methane GWP of 28, as indicated by the scientific paper of the Intergovernmental Panel on Climate Change (IPCC) "First Assessment Report IPCC". Furthermore, the quantity of methane is based on an estimate of gas leaks relating to incidents recorded by Centria and Murgia Reti Gas, while Gergas did not record any incidents. Melfi Reti Gas, which was consolidated into the Group in 2019, did not record any incidents in the period prior to the merger. Finally, the Group is currently formulating the estimation method to calculate emissions resulting from physical gas leaks along the distribution network.
- Indirect energy emissions (Scope 2):
 1. *Location based*: these emissions are calculated by multiplying the electricity acquired by the national electricity network by the emission factor taken from Terna's International Comparison of Enerdata figures (2017 and 2016 data);
 2. *Market based*: these emissions are calculated by multiplying the quantity of electricity withdrawn by the national electricity grid by the residual mix emissions factor for Italy according to the *European Residual Mixes, ABI* (2018 data).

Emissions of NO_x and PM₁₀ were calculated according to the most recent emission factors published by Ispra Ambiente in 2017.

Due to the impossibility of accurately determining the consumption of certain users due to the various contract types, certain data has been estimated.

The estimation method adopted does not follow the average consumption indicators per capita published on the AEGESI website as these do not apply to the types of property, given said assets are not constant but rather intermittent.

Based on these considerations, estimates have been made according to the following steps:

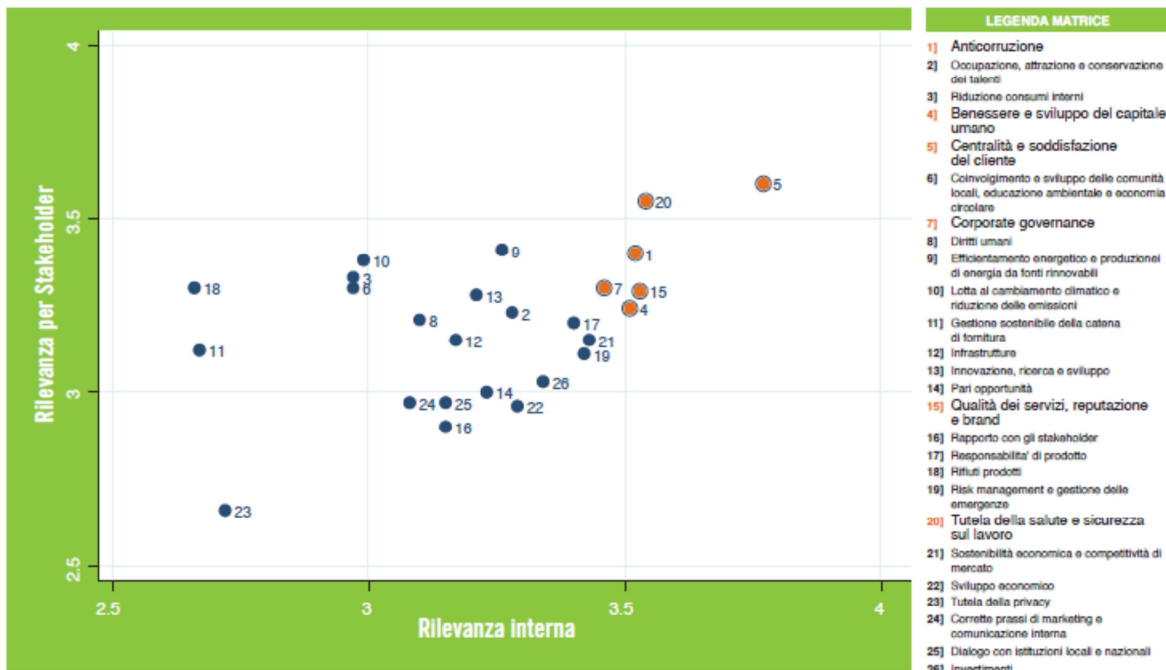
- First, the average consumption the energy carrier is identified based on available data, identifying the consumption in square metres (total consumption of the energy carrier relative to the property, for which data is available, divided by the square metres of said property).
- This value is then multiplied by the surface area of the property for which no consumption data is available in order to estimate average consumption per square metre.
- Finally, the figure is multiplied by a consumption index based on the property's weekly opening hours.

Materiality analysis

This Non-Financial Statement is based on the material topics identified in 2018. The topics were identified by the materiality analysis. The main stages of the analysis are described here:

1. Benchmarking of topics considered “material” by national competitors;
2. Identification of a possible cluster of material topics to be presented to stakeholders;
3. Organisation of a two-part internal survey involving the Estra Sustainability Team and then Senior Management, aimed at defining the list of topics to be evaluated;
4. Delivery of questionnaires on the topics to internal stakeholders (Estra Board of Directors and a group of employees) and external stakeholders (Customers and Users, Suppliers, Shareholders and Members, Bodies and Institutions, Lenders, Environment). For each topic, stakeholders were required to give a score from 0 (not important) to 4 (very important).
5. Approval of the results of the Materiality Matrix by the Board of Directors of Estra S.p.A. on 25 February 2019.

As feedback from stakeholders is essential to defining the topics to be covered by this non-financial statement, in 2020 a new survey will be carried out to create an updated materiality matrix for the Estra Group. We are aware that the constant evolution of the global scenario requires businesses to engage in constructive dialogue with their stakeholders in order to align the interests of the company with stakeholders’ legitimate expectations. The Group's materiality matrix is shown in the graph below:



GRI Content Index

GRI Standard	Disclosure	Page	Omission	
GRI 101: Reporting principles - 2016				
General Disclosures				
GRI 102: General Disclosures	Organizational profile			
	102-1 Name of the organization	E.S.TR.A. S.p.A.		
	102-2 Activities, brands, products, and services	Pages 9-10		
	102-3 Location of headquarters	Registered office in Via Ugo Panziera, Prato (PO)		
	102-4 Location of operations	Italy		
	102-5 Ownership and legal form	Page 10		
	102-6 Markets served	Page 9		
	102-7 Scale of the organization	Pages 8-13		
	102-8 Information on employees and other workers	Pages 35; 41; 42		
	102-9 Supply chain	Pages 70-79		
	102-10 Significant changes to the organization and its supply chain	There were no significant changes to the supply chain.		
	102-11 Precautionary Principle or approach	Pages 21-23		
	102-12 External initiatives	Pages 25-27		
	102-13 Membership of associations	Pages 100-101		
	Strategy			
	102-14 Statement from senior decision-maker	Pages 6-7		
	102-15 Key impacts, risks, and opportunities	Pages 21-23		
Ethics and integrity				

102-16 Values, principles, standards, and norms of behaviour	Page 11	
102-17 Mechanisms for advice and concerns about ethics	Pages 15-16	
Governance		
102-18 Governance structure	Pages 13-15	
Stakeholder engagement		
102-40 List of stakeholder groups	Page 28	
102-41 Collective bargaining agreements	All employees are subject to National Collective Labour Agreements (CCNL).	
102-42 Identifying and selecting stakeholders	Pages 28-30	
102-43 Approach to stakeholder engagement	Pages 28-30	
102-44 Key topics and concerns raised	Pages 28-30	
Reporting practice		
102-45 Entities included in the consolidated financial statements	Pages 108-111	
102-46 Defining report content and topic Boundaries	Pages 108-111	
102-47 List of material topics	Pages 108-111	
102-48 Restatements of information	No restatements of information included in the previous year's report were made.	
102-49 Changes in reporting	No significant changes were made compared to the previous year.	
102-50 Reporting period	2019	

	102-51 Date of most recent report	Consolidated Non-Financial Statement 2018	
	102-52 Reporting cycle	Annual	
	102-53 Contact point for questions regarding the report	Corporate Relations and Press Office Manager ssaccenti@estraspa.it	
	102-54 Claims of reporting in accordance with the GRI Standards	Pages 108-111	
	102-55 GRI content index	Pages 112-121	
	102-56 External assurance	Pages 122-124	
GRI 200 Economic Standard Series			
Economic performance			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Pages 108-111	
	103-2 The management approach and its components	Pages 12-13	
	103-3 Evaluation of the management approach	Pages 12-13	
GRI 201: Economic performance 2016	201-1 Direct economic value generated and distributed	Pages 12-13	
Market Presence			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Pages 108-111	
	103-2 The management approach and its components	Pages 36-37	
	103-3 Evaluation of the management approach	Pages 36-37	
GRI 202: Market Presence 2016	202-2 Proportion of senior management hired from the local community	Page 36	
Procurement Practices			
GRI 103: Management	103-1 Explanation of the material topic and its Boundary	Pages 108-111	

Approach 2016	103-2 The management approach and its components	Pages 75-78	
	103-3 Evaluation of the management approach	Pages 75-78	
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	Pages 77-78	
Anti-corruption			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Pages 108-111	
	103-2 The management approach and its components	Pages 15-19	
	103-3 Evaluation of the management approach	Pages 15-19	
GRI 205: Anti-corruption 2016	205-2 Communication and training about anti-corruption policies and procedures	Pages 17-18	
	205-3 Confirmed incidents of corruption and actions taken	Page 16	
Anti-competitive Behaviour			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Pages 108-111	
	103-2 The management approach and its components	Pages 54-55	
	103-3 Evaluation of the management approach	Pages 54-55	
GRI 206: Anti-competitive Behaviour 2016	206-1 Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	Pages 54-55	
GRI 300 Environmental Standards Series			
Energy			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Pages 108-111	
	103-2 The management approach and its components	Pages 80-81; 83-86	

	103-3 Evaluation of the management approach	Pages 80-81; 83-86	
GRI 302: Energy 2016	302-1 Energy consumption within the organization	Pages 83-86	
Emissions			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Pages 108-111	
	103-2 The management approach and its components	Pages 80-81; 93-95	
	103-3 Evaluation of the management approach	Pages 80-81; 93-95	
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	Page 94	
	305-2 Energy indirect (Scope 2) GHG emissions		
Effluents and Waste			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Pages 108-111	
	103-2 The management approach and its components	Pages 80-81; 88-89	
	103-3 Evaluation of the management approach	Pages 80-81; 88-89	
GRI 306: Effluents and Waste 2016	306-2 Waste by type and disposal method	Page 88	
Supplier Environmental Assessment			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Pages 108-111	
	103-2 The management approach and its components	Pages 70-79	
	103-3 Evaluation of the management approach	Pages 70-79	
GRI 308: Supplier Environmental Assessment 2016	308-1 New Suppliers that were screened using environmental criteria	The Group does not currently apply a standard procedure to assess all new suppliers according to environmental criteria.	

GRI 400 Social Standards Series

Employment			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Pages 108-111	
	103-2 The management approach and its components	Pages 36-38	
	103-3 Evaluation of the management approach	Pages 36-38	
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	Pages 36-38	
Labour/Management Relations			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Pages 108-111	
	103-2 The management approach and its components	Pages 44-45	
	103-3 Evaluation of the management approach	Pages 44-45	
GRI 402: Labour/Management Relations 2016	402-1 Minimum notice periods regarding operational changes	Page 45	
Occupational Health and Safety			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Pages 108-111	
	103-2 The management approach and its components	Pages 45-48	
	103-3 Evaluation of the management approach	Pages 45-48	
GRI 403: Occupational Health and Safety – 2018	403-1 Occupational health and safety management system	Page 20	
	403-2 Hazard identification, risk assessment, and incident investigation	Pages 45-48	
	403-3 Occupational health services	Pages 45-48	
	403-4 Worker participation, consultation, and communication on occupational health and safety	Pages 45-48	

	403-5 Worker training on occupational health and safety	Page 49	
	403-6 Promotion of worker health	Pages 45-48	
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Pages 45-48	
	403-9 Work-related injuries	Pages 45-46	
	403-10 Work-related ill health	Professional Illnesses: 0	
Training and Education			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Pages 108-111	
	103-2 The management approach and its components	Pages 48-51	
	103-3 Evaluation of the management approach	Pages 48-51	
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	Page 50	
Diversity and Equal Opportunity			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Pages 108-111	
	103-2 The management approach and its components	Pages 13-14; 38-41	
	103-3 Evaluation of the management approach	Pages 13-14; 38-41	
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	Pages 14; 32; 39-41	
	405-2 Ratio of basic salary and remuneration of women to men	Pages 35-36	
Non-discrimination			
GRI 103: Management	103-1 Explanation of the material topic and its Boundary	Pages 108-111	

Approach 2016			
	103-2 The management approach and its components	Pages 38-41	
	103-3 Evaluation of the management approach	Pages 38-41	
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	No cases of discrimination were detected in 2019.	
Freedom of Association and Collective Bargaining			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Pages 108-111	
	103-2 The management approach and its components	Pages 44-45; 48	
	103-3 Evaluation of the management approach	Pages 44-45; 48	
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	In 2019 no risks of infringements to the rights of freedom of association or collective bargaining were detected for any Group operation, nor for major suppliers participating in tenders or operators enrolled on the Supplier Register.	
Local Communities			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Pages 108-111	
	103-2 The management approach and its components	Pages 99-106	
	103-3 Evaluation of the management approach	Pages 99-106	
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	Pages 99-106	
Supplier Social Assessment			

GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Pages 108-111	
	103-2 The management approach and its components	Pages 70-79	
	103-3 Evaluation of the management approach	Pages 70-79	
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	The Group does not currently apply a standard procedure to assess all new suppliers according to environmental criteria.	
Customer Health and Safety			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Pages 108-111	
	103-2 The management approach and its components	Pages 66-68	
	103-3 Evaluation of the management approach	Pages 66-68	
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	Pages 67-68	
Marketing and Labelling			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Pages 108-111	
	103-2 The management approach and its components	Pages 54-55	
	103-3 Evaluation of the management approach	Pages 54-55	
GRI 417: Marketing and Labelling 2016	417-3 Incidents of non-compliance concerning marketing communications	In 2019 there were no cases of non-compliance with regulations and/or corporate governance codes concerning marketing communications.	
Customer Privacy			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Pages 108-111	

	103-2 The management approach and its components	Page 58	
	103-3 Evaluation of the management approach	Page 58	
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	Page 58	
Socio - economic Compliance			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Pages 108-111	
	103-2 The management approach and its components	Pages 15-19	
	103-3 Evaluation of the management approach	Pages 15-19	
GRI 419: Socio-economic Compliance 2016	419-1 Non-compliance with laws and regulations in the social and economic area	In 2019 no significant fines were imposed for social or economic offences (significant refers to fines over 45,000 Euro).	
Innovation, research and development			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Pages 108-111	
	103-2 The management approach and its components	Pages 99-100	
	103-3 Evaluation of the management approach	Pages 99-100	

This Consolidated Non-Financial Statement was approved by the Board of Directors of Estra S.p.A. on 06 April 2020 and was produced by

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