

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

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Economic and Administrative Index no. 0505831

2020 SUSTAINABILITY REPORT
CONSOLIDATED NON-FINANCIAL STATEMENT 2020
pursuant to Articles 3 and 4 of Legislative Decree no. 254 of 2016

OFFICERS

Board of Directors

Chairperson Francesco Macrì

CEO Alessandro Piazzì

Director and General Manager Paolo Abati

Deputy Director Anna Scrosta

Director Roberta De Francesco

Board of Statutory Auditors

Chairperson Rita Pelagotti

Statutory Auditor Alessandro Mannelli

Statutory Auditor Michele Pietrucci

Independent Auditors

EY S.p.A.

CONSOLIDATED NON-FINANCIAL STATEMENT 2020
pursuant to Articles 3 and 4 of Legislative Decree no. 254 of 2016

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Letter to Stakeholders

The COVID-19 pandemic, which continues to affect nearly every country across the globe, has inevitably had a resounding impact on the Consolidated Non-Financial Statement 2020.

The social and economic consequences of the crisis are clear. As a Group, we have done - and continue to do - everything in our power to limit these consequences and contribute to the recovery.

This experience has once again highlighted how businesses are an integral part of the environmental and social system and how the connection with stakeholders, mutual support and collective action are essential to maintaining performance and pursuing development.

It is no coincidence that our strategic plan for 2021-2025, developed through a broad internal participatory process, takes its initiative from our values and translates them into long-term trajectories that centre around the importance of our people, climate change and the technology transition. These trajectories intersect with eight of the seventeen Sustainable Development Goals (SDGs) approved by the United Nations and aimed to be achieved by 2030.

This year perhaps more than any other, we wish to thank our employees who, despite the difficulties in working remotely, have once again delivered exceptional levels of productivity through their commitment and dedication. We have taken constant action to protect their health and safety and to limit the virus' spread both within and outside the organisation.

The supportive actions we have taken for our customers, suppliers and the community reflect the true meaning of corporate social responsibility.

In terms of the environment, and the fight against climate change in particular, the pandemic has not had a negative impact on the Estra Group as our renewable energy production has continued as normal.

The economic value generated and distributed to stakeholders - suppliers of goods and services (not including suppliers of raw materials), our human resources and the community - has remained constant.

The prompt operational and organisational adjustments implemented by the Group Companies in view of the evolving situation and the actions taken to mitigate the impacts of the crisis are a testament to the Group's resilience.

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 2020 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 2020. The reported data refer to the calendar year 2020; for comparative purposes, where possible the quantitative data of the three-year period 2018-2020 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 18 March 2021 and has been subject to limited review by EY S.p.A. The NFS is published in the section titled “The Group” of the Company website (<https://corporate.estra.it/>).

The COVID-19 pandemic characterised 2020 at a global level. The Consolidated Financial Statements of the Group illustrates the economic and financial effects on the Estra Group, while the social and environmental effects are described in this report in a specific paragraph below.

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 817,167 gas and electricity customers and generated a total consolidated revenue of € 762,350 million in 2020, 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 February 2020, Estra Clima - an Estra Group Company operating in the energy efficiency and renewables sector - acquired Termas S.r.l., a company that owns a co-generation plant combined with a district heating system, situated in the Municipality of Ancona. The Termas plant is equipped with a plant with three heat generators and two co-generation plants, for a total thermal installed output of 19 MW and an electrical output of 3 MW. The district heating network extends for over 4.5 kilometres and serves public and private users, including: the INRCA hospital in Ancona, which contains Viva Servizi, Ancona Ambiente, Fidel Marche, Ancona Entrate, 8 centralised apartment blocks and over 100 residential units. The total operation involved: the acquisition of the plant, the acquisition of the thermal energy sales contracts to public and private end customers, the acquisition of the building where the thermal and electricity generator is installed, and the necessary extraordinary maintenance of the systems to ensure continuous high-quality service over time.

In April 2020 **Estra S.p.A.** acquired a 15% stake in **ECOS S.r.l.**, a special waste management company. On 26/01/2021 the corporate acquisition was completed with the purchase of the remaining 85%.

In November 2020 Estra and Consiag (a shareholder of Estra Spa) acquired a 10% stake in the company Bisenzio Ambiente S.r.l. (5% acquired by Estra and 5% by Consiag), owned by CIPECO S.r.l., through a share capital increase of € 77,000. Bisenzio Ambiente S.r.l. owns a treatment facility for hazardous and non-hazardous special waste in the form of liquid and pumpable sludge.

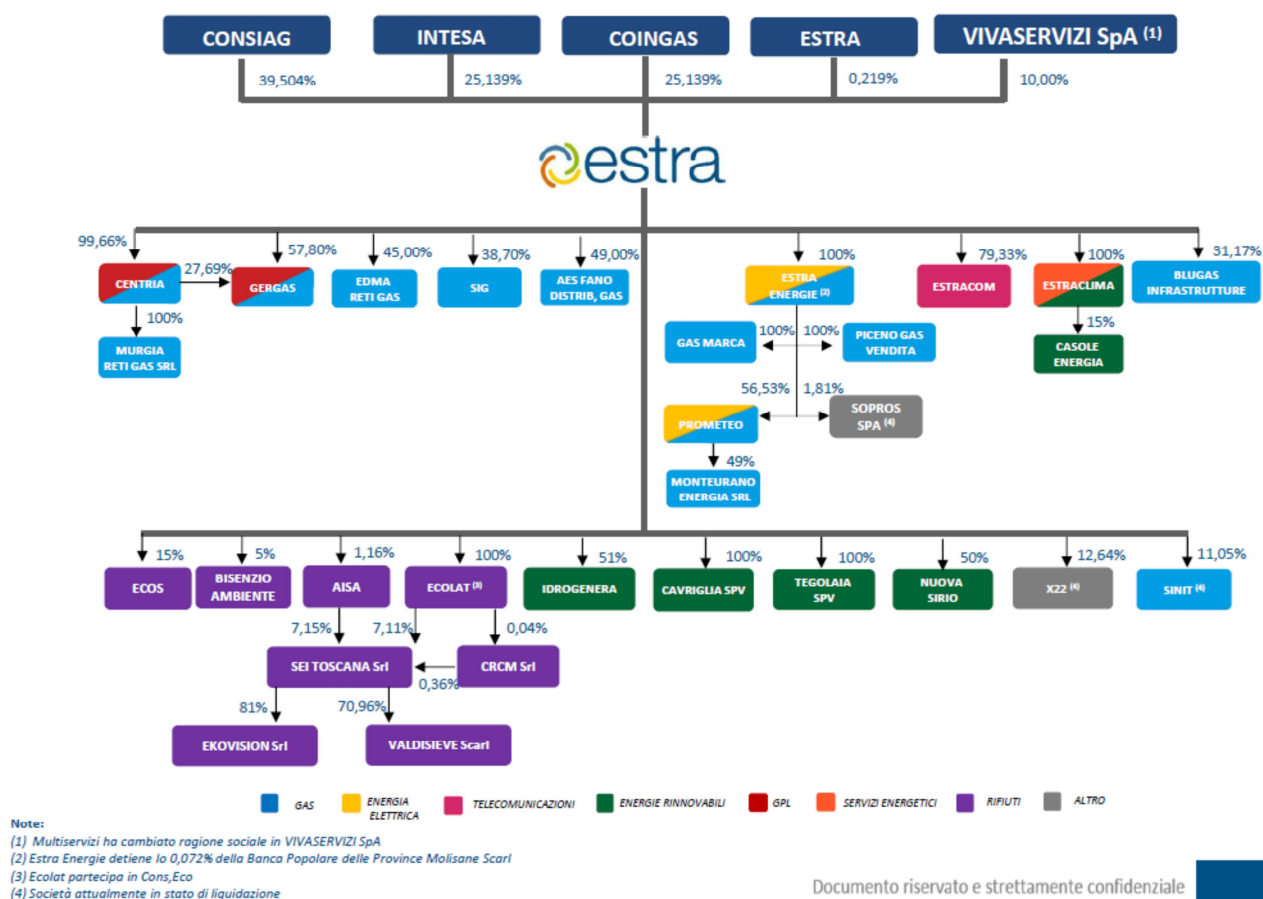
There are plans to acquire full ownership of Bisenzio Ambiente through subsequent steps that will result in a gradual increase in the interest held by Estra until total control is reached.

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 2020 is shown below, indicating the relevant holdings.



On 05/06/2020, Cerved Rating Agency downgraded the rating allocated to Estra S.p.A. from A3.1 to B1.1. The revision reflects the physical repercussions of the COVID-19 emergency on the performance of the Group's core business in the gas and electricity sales sector in 2020. The Agency estimates that the below-forecast economic and financial performance, in terms of volumes, margins and cash flow management, in 2020 will impact the Group's capacity to reduce debt exposure.

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 company 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

The *2021/2025 Strategic Plan* of the Estra Group focuses on the Estra values described above. These have become a fundamental asset to the Group, forming the foundations of the strategic pillars and setting the course to confront the future challenges of the market.

As such, the Group's new strategic pillars, based on Care and Empathy, Accessibility and Proximity - in terms of digital infrastructure - and Sustainability, translate to:

- Growth
- Technological evolution
- Network
- Efficiency

aimed at achieving our target to become a *Green and Digital Services Multiutility Company* through strategies that also seek to pursue the eight SDGs listed in the next chapter, focusing on the centrality of our employees, technological transition and climate change.

Investments

In 2020, the Group's investments totalled € 46.9 million, down by 57% compared to 2019. This reduction is mainly due to the absence of new M&A operations in 2020, which constituted the most significant part of the investments. An analysis of the individual categories reveals a considerable increase in investments in innovation, up 225% compared to the average for the 2018-2019 period, due to the acquisition of IT systems and smart meters.

The following table shows the breakdown of investments made in the 2018-2020 three-year period.

Investments <i>(Thousands, €)</i>	2018	2019	2020
Industrial development	54,602	95,241	24,174
Innovation	44,22	3,317	12,588
Services	6,421	7,101	6,472
Tangible and intangible assets	2,666	3,452	3,657
Total	68,111	109,111	46,891

Value generated and distributed

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 (2018-2020)

(thousands of Euro)	2018		2019		2020	
Economic value generated directly	846,071		1,000,280		765,337	
Economic value distributed to Stakeholders	810,467		944,275		697,179	
<i>Suppliers</i>	731,713	90.3%	857,191	90.8%	617,344	88.5%
<i>Personnel</i>	36,604	4.5%	39,348	4.2%	39,230	5.6%
<i>Shareholders and lenders</i>	27,541	3.4%	27,869	3.0%	18,984	2.7%
<i>Local Authorities</i>	11,958	1.5%	17,258	1.8%	19,498	2.8%
<i>Community and region</i>	2,651	0.3%	2,609	0.3%	2,123	0.3%
Economic value withheld by the Group	35,604		56,005		68,158	

The values for 2018 and 2019 have been revised to take into account updates to the data reported in the 2020 Consolidated Financial Statements.

The economic value generated directly in 2020 is € 765.3 million. A decrease of 23.5 % was recorded compared to 2019 due to the reduction in revenues resulting largely from the fall in the price of natural gas and electricity, the lower volumes of gas sold on the Italian Virtual Exchange (PSV) for balancing activities and the lower volumes of natural gas delivered to industrial clients due to the slowdown of activities caused by the pandemic.

Most of the value produced - € 617.3 million - was distributed to local and national suppliers, representing 88.5% of total value. This is down 28%, in line with the reduction in revenues.

€ 39.2 million was distributed to employees, in line with the € 39.3 million distributed in 2019.

A total of € 18.9 million was allocated to shareholders and lenders in dividends and financial charges. The figure was down 31.9% compared to 2019, mainly as a result of the reduction in dividends distributed (down by over 50%) and to a lesser extent due to the reduction of financial expenses.

In 2020 there was a € 2.2 million increase in value distribution to the Public Administration, due to the higher profits generated in the year.

€ 2.1 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 € 68.1 million. The progressive increase over the three-year period, mainly comprising non-monetary expenses, is an effective indicator of the Group's capacity for self-finance.

1.3 Governance

In 2020 there were 72 members on the Group's Governance and Control Board (Board of Directors and Board of Statutory Auditors), most of whom were men (4 out of 5) and with an average age of 50+.

The table below shows how the number of members fell by 16 (18%) in the three-year period, due to the merger of certain Companies. The predominance of men compared to women remains largely unchanged. In 2020, 75% of members were men, while 25% were women.

	2018	2019	2020
Composition¹			
Number of members	88	76	72
Women	20	19	18
Men	68	57	54
Age			
29 or under			
Women	0	0	0
Men	0	0	0
From 30 to 50 (inclusive)			
Women	13	10	8
Men	21	18	15

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

Over 50 years			
Women	7	9	10
Men	47	39	39
Average age			
Women	47 years	47 years	50 years
Men	55 years	55 years	56 years
Overall average age	52 years	53 years	54 years

In 2020, around two thirds of members of the governance bodies held a degree (62.5%) while a third had a high school diploma (34.7%). The remaining percentage hold lower qualifications, such as the secondary school certificate (1.4%) or primary school certificate (1.4%). The analysis of the data shows that, once again, 72.2% of women board members hold a degree, compared to 59.3% of men.

As regards company seniority, which considers the numbers of roles and not members of the control bodies, in 2020 there were 102 roles: 57 characterised by a seniority of below three years, 23 with seniority between three to six years, and 22 with seniority of over six years. The net prevalence of roles with seniority of under six years (80 out of 102) is equal across both genders.

1.4. Responsible business management

1.4.1. Management Model and Anti-corruption policy

Management Model

Since its foundation, the Estra Group has adopted an Organisational, Management and Control Model pursuant to Italian Legislative Decree no. 231/2001 (hereinafter “MOGC”) 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. The number of Group Companies to have adopted the MOGC has increased over the years, and today includes the following Companies: Estra, Estra Energie, Centria, Gergas, Prometeo, Estra Clima, Estracom, Gas Marca, Ecolat and Piceno Gas Vendita.²

The Supervisory Body constantly monitors the implementation of, and compliance with, the MOGC, with independent powers of initiative, intervention and control that extend to all company sectors and departments. In 2020, Estra updated its Code of Ethics and Organisational, Management and Control Model (now in its sixth edition) in order to evaluate the new offences included in the Decree:

- unlawful trading in influence pursuant to Art. 346 bis of the Italian Criminal Code, introduced to the offences provided for in Art. 25 of Italian Legislative Decree no. 231/2001 by Law no. 3 of 09 January 2019;
- fraud in competitive sport and illegal betting or gambling using prohibited means, pursuant to the new Art. 25-quaterdecies of Italian Legislative Decree no. 231/2001 introduced by Law no. 39 of 03 May 2019;

² With the exception of Piceno Gas Vendita, which has adopted the 231 Model, Companies that do not employ personnel (Cavriglia, Tegolaia, Idrogenera) have not currently adopted a 231 Model. Similarly, Murgia does not currently have a 231 Model.

- c. obstruction of justice and false statements to the Authorities responsible for monitoring information security introduced into Art. 24-bis of Italian Legislative Decree no. 231/2001 by Decree Law no. 105/2019 ("Cybersecurity Decree") converted by Law no. 133 of 18 November 2019;
- d. tax offences introduced by the new Art. 25-quinquiesdecies of Italian Legislative Decree no. 231/2001 by Law no. 157 of 19 December 2019 (misrepresentation through the use of invoices or other documents for non-existent transactions, misrepresentation through other means, issuing of invoices or other documents for non-existent transactions, concealment or destruction of accounting documents, tax evasion);
- e. offences introduced by Italian Legislative Decree no. 75 of 14 July 2020 concerning the implementation of Directive (EU) 2017/1371, so-called PIF Directive (Protection of Financial Interests, Art. 356 of the Italian Criminal Code), fraud against the European Agricultural Guarantee Fund and the European Agricultural Fund for Rural Development, pursuant to Art. 2, paragraph 1, Law no. 898/1986, misappropriation, pursuant to Art. 314, paragraph 1 of the Italian Civil Code (excluding the case of temporary use of the asset), embezzlement through taking advantage of the error of others, pursuant to Art. 316 of the Italian Criminal Code, abuse of office, pursuant to Art. 323 of the Italian Criminal Code, serious VAT fraud in the case of false statements (Art. 4 of Italian Legislative Decree no. 74/2000), misstatement by omission (Art. 5) and undue compensation (Art. 10-quarter of Italian Legislative Decree no. 74/2000) and contraband, pursuant to Italian Presidential Decree no. 43/1973).

All Companies have adapted their Model to the above offences and are scheduled for approval in the first months of 2021.

Whistleblowing (anonymous reporting)

Estra and the other Group Companies have adapted the Model to 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. 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.

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.

In 2020 no reports were submitted using this platform.

In 2021 this platform will be extended to the companies Ecolat and Piceno Gas Vendita, whose Models are currently being reviewed to comply with the aforementioned legislation.

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. The Supervisory Body

of Ecolat is composed of two members, one internal and one external. In 2020, Piceno Gas Vendita established a monocratic Supervisory Board, with the role entrusted to a single internal member.

In 2020 the Supervisory Body held 36 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 30 audits were carried out, divided as follows:

- health, safety and environment: 8 audits;
- procurement, consultation and tenders: 10 audits;
- training pursuant to It. Leg. Dec. 231/2001: 2 audits;
- payment management: 1 audit;
- quality certifications: 6 audits;
- HR: 3 audits.

Moreover, the Supervisory Body constantly monitored the evolution of the COVID-19 emergency, entering into direct dialogue with the HSE representatives at Group Companies and establishing measures at Group level to combat the spread of the virus.

The audits conducted by the Internal Audit department in 2020 focused on the areas inspected by the Guardia di Finanza, including a corporate acquisition process, the management of certain consultancy agreements and sponsorships, methods for use of credit cards and reimbursements through the corporate accounts.

In 2020 there was no record of breaches to the Organisational, Management and Control 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 2018-2020 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.

All newly hired employees receive a copy of the Code of Ethics and a communication with references to the 231 Model and the Supervisory Body. The Organisational, Management and Control Model (MOGC) and the Codes of Ethics are available to view to all employees on the Group Intranet.

Moreover, a specific communication is sent following any amendments to the MOGC: in 2020 Estra sent such a communication to all employees following the updating of the 231 Model.

The table below shows the data relative to employees who have received anti-corruption training. The number of employees to receive such training has almost tripled since the previous year (445 compared with 184). This increase is due to the adoption of an e-learning platform that has enabled greater flexibility and content sharing. This had a clear impact on the percentage of employees who received training out of total employees, increasing from 24.2% in 2019 to 59.4% in 2020.

The increase in the number of trained personnel was distributed across all categories, with an exponential rate of growth among clerical workers (equally distributed across both genders) who represented 75.3% of those who benefited from the training initiative.

As regards the geographical distribution, 93.7% of the employees to receive training were located in the Group's offices in Arezzo, Prato and Siena; this is due to the fact that the majority of Group employees provided with computers are located at these sites and therefore were involved in the e-learning programme.

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

	2018	2019	2020
Number of employees trained on anti-corruption	39	184	445
Messengers	0	1	1
Manual workers	0	21	93
Clerical workers	33	135	335
Middle managers	6	14	16
Managers	0	13*	0
Percentage of total employees	5.5%	24.2%	59.4%
Geographical distribution			
Arezzo	0%	14.1%	15.7%
Prato	5.1%	39.7%	44.5%
Siena	7.7%	14.1%	33.5%
Ancona	64.1%	0%	2.3%
Other areas	23.1%	32.1%	4.0%

* 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 that have adopted the Management Model and the Code of Ethics.

As regards the anti-corruption initiatives that involved members of the management bodies, the data for 2019 corresponds to the members of the Board of Directors and the boards that approved the updates to the 231 Model. In 2020, this data refers exclusively to members of the Board of Directors of the Parent Company Estra SpA, the only Group Company to have approved the updates to the 231 Model. Furthermore, in 2020 all members of the management bodies of the companies Estra, Estra Energie, Estracom, Estra Clima, Prometeo, Centria, Gergas and Ecolat were notified of the anti-corruption policies and procedures.

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

2018			2019			2020		
Total members (no.)	Total members trained (no.)	%	Total members (no.)	Total members trained (no.)	%	Total members (no.)	Total members trained (no.)	%
88	0	0%	76	38	50%	72	8	11

Members of the management bodies who have been informed of anti-corruption policies and procedures

2018			2019			2020		
Total members (no.)	Total members informed (no.)	%	Total members (no.)	Total members informed (no.)	%	Total members (no.)	Total members informed (no.)	%
88	50	57%	76	50	65.8%	72	53	74%

The 231 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 2020, the Management Model and the Code of Ethics were distributed to the 180 employees of Estra S.p.A. in view of the updates to the documentation, while the Group's 27 newly hired employees were provided with the information upon their entry to the company, as is common practice.

In 2019 the updates were notified to employees at Estra, Centria, Estra Energie, Estracom, Gergas and Estra Clima. The table below shows the level of qualification of employees who were informed of updates to the Management Model and the Code of Ethics in the 2019-2020 period. In the previous year the update was notified to several companies which employ more manual and clerical workers and consequently the data are extremely variable.

<i>Employees who were informed of updates to the 231 Model and Code of Ethics by classification</i>	2019		2020	
Managers		19		11
Middle managers		36		14
Clerical workers		522		164
Manual workers		166		15
Messengers		6		3

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

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 2018-2020 three-year period.

In 2020 the percentage of suppliers required to acknowledge and adopt the principles of the 231/2001 Model and the Code of Ethics remained stable at 100% for purchase orders (albeit involving 127 fewer suppliers than in 2019) while there was a considerable increase in relation to orders under contract: 50.5% compared with 27.6% in the previous year (although again, there were 108 fewer suppliers in total).

Total number of suppliers required to acknowledge the 231/2001 Model and the Code of Ethics			
	Total number of suppliers		
2018	2,402*		
2019	2,223**		
2020	2,349***		
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
2018	804	699	86.9%
2019	895	895	100%
2020	768	768	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
2018	1,130	242	21.4%
2019	686	189	27.6%
2020	588	297	50.5%

* 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.

*** Suppliers with trading agreements exclusively with Gas Marca, Piceno Gas Vendita (not managed by the Estra S.p.A. Procurement and Tender Service) and Murgia Reti Gas (which has not adopted a Code of Ethics) are excluded. In addition to this total there were 124 suppliers who acknowledged the Code of Ethics in view of purchase orders or orders by contract signed in the course of 2020 but for which no payment had been received as at 31/12/2020.

Estra S.p.A. has adopted a Code of Ethics and an Organisational, Management and Control Model pursuant to Italian Legislative Decree no. 231/2001. Therefore, 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 Organisational, Management and Control Model of (name of company) on the website (company URL), 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 (name of company), 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 (name) has adopted an Organisational, 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 (name of Company), 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.

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.

In 2020 no commercial business contracts were terminated or were not renewed due to breaches to anti-corruption procedures.

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 2018-2020 three-year period. The number of certifications rose in 2020, in testament to the long-established certifications policy within the Group. In fact, other Group Companies have obtained the “basic” ISO9001, ISO14001 and ISO45001 certifications.

Furthermore, 100% of Group employees operate according to quality, environment and occupational HSE certification standards, while 30% operate according to SA8000 certification standards.

Number and type of certifications ³	2018	2019	2020
ISO9001 Quality	7	7	9

³ The ISO9001, ISO14001 and ISO45001 certifications are held by Estra S.p.A., Estra Energia, Ecolat, Estra Clima, Estracom, Centria, Gergas and Prometeo. Murgia Reti Gas holds the ISO9001 and ISO45001 certifications. 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.

SA8000 Social accountability	1	1	1
ISO14001 Environmental management system	7	7	8
ISO45001 Occupational health and safety management system	7	7	9
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 18295 parts 1 and 2 (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)	4	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.

1.5 Risk management

Established by Estra in 2018, throughout 2020 the Group Risk Management department has strived to consolidate an integrated 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 and development 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 consolidate and develop its Risk Management model with the aim of 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
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

Scope of the Decree	Description of Risk	Management Method
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 • Supplies 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: ISO 45001, 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 COVID-19 pandemic

2020 was characterised by the global impact of the pandemic caused by the COVID-19 virus, which began to spread in Europe in the first few months of the year. Italy was the first country in Europe to be badly affected by the virus, and on 09/03/2020 the Italian government ordered a national lockdown.

In February 2020 Estra established a Committee involving the management boards of all of the Group's subsidiaries. Following the issuance of the "Universal protocol for the regulation of measures to contain the spread of the COVID-19 in the workplace" on 14/03/2020 (Italian Ministerial Decree 26/04/2020, see annex), this committee became the *Group COVID-19 Management Committee* (composed of the HSE, Workers' Safety and Trade Union representatives of all Group Companies and the Management representative). The Committee responsible for managing the emergency carefully monitored the events throughout the year in order to comply with new legislation announced from time to time based on the evolution of the health emergency to implement the measures to contain the disease, issuing a Group regulation containing specific guidelines and operational instructions to cover the various contexts and organisations of Group Companies.

The Group Management, which was constantly informed of the development of the emergency, implemented the measures that became necessary from time to time in order to ensure the highest possible

levels of safety in the workplace while also guaranteeing the continuity of essential public utility services. Essential services such as emergency call-outs for gas and telecommunications service faults were maintained, and the Ecolat waste treatment plant remained operational.

Health and safety in the workplace

On 05/03/2020, following an email sent to all personnel on 24/02/2020, an administrative order was issued by Estra, Estra Energie, Estracom, Estra Clima, Centria, Prometeo and Murgia Reti Gas indicating the conduct to be adopted to prevent the spread of the virus: do not come to work with a high temperature, wash hands regularly, avoid unnecessary travel and use video-conferences or telephone calls, regularly change the air in offices, reduce the presence of external personnel, and avoid gatherings. In view of this administrative order, company meetings and conferences were suspended and employees were prohibited from attending events hosted by third parties.

The deterioration of the general situation led to the identification and implementation of further measures, defined with the administrative order of 10/03/2020 which reiterated the previous measures and added the following:

- the closure of offices every Friday until 03/04/2020 and the placement of all personnel (except those on retention) on furlough;
- the mass use of remote working or the use of unused holidays, contractual leave and overtime recovery. During the lockdown, 465 out of the total 761 employees worked remotely (mainly for clerical duties);
- enforcement of social distancing in cafeterias and partner restaurants.

Offices were closed to the public and remained so from 12/03/2020 to 03/05/2020. A communication was sent to customers listing the alternative channels of communication for services such as connections, activations, takeovers, transfers, reports, queries and complaints, providing the same quality of service available in branch while maintaining public safety by staying at home. Branches were reopened on a staggered basis based on regional conditions and the progressive adjustment of offices to the provisions adopted to contain the virus.

At the Group's branches, access was restricted on a quota-based system, screens were installed at work stations to divide operators and customers, and self-service cleaning stations with gloves and sanitising products were established. The measures were implemented in all branches and stores managed by employees of the companies Estra Energie and Prometeo, and were issued as guidelines to externally operated stores and branches.

In line with the changes to the national situation in relation to the pandemic and the regulations established by the competent bodies (DPCM - Regional Orders, Reports issued by ISS, INAIL guidelines, etc.) the Estra Group implemented numerous initiatives to safeguard the occupational health and safety of its personnel. These included but were not limited to:

- anyone with a temperature above 37.5° and/or with symptoms resembling those of COVID-19 was barred from entering the workplace;
- throughout the emergency, anyone entering the workplace was required to sanitise their hands, wear a face covering and have their temperature taken on site, initially by dedicated personnel and using the "temperature scanner", and then through self-certification, declaring to have taken their temperature before arriving at work, to not be subject to any COVID restrictions, to not have had contact with anyone who has tested positive for COVID in the last fourteen days, to not have recently arrived from areas of countries with high rates of infection, etc.;

- all technical and operational personnel were provided with appropriate PPE (masks, gloves, goggles, overshoes, sanitiser, disinfectant) and all employees were required to wear a face mask in all indoor and outdoor workplaces, when in the presence of other people, and in public or common areas;
- social distancing of at least one metre (1.8 metres where possible) in offices or other workplaces;
- regulated access to workplaces and, in particular, regulated access of employees to company offices and to common areas to avoid gatherings and the non-observance of social distancing, and the reduction to the minimum of access to company offices by consultants, customers or suppliers;
- instructions and specific directives to regulate the access of external personnel identifying the sanitising services specifically made available to guests and external personnel;
- increased cleaning and sanitising of workplaces;
- regular sanitising of air conditioning systems;
- installation of self-service cleaning stations with gloves and sanitiser products in company offices to enable employees to sanitise their work stations;
- installation of screens in customer service areas to separate operators and visitors;
- indication of maximum capacity of company offices and common spaces (conference rooms, canteens, printing rooms, etc.) based on size;
- elevators to be used one at a time;
- installation of signs indicating anti-COVID measures;
- suspension of in-person meetings and training, transfers (reduced to a minimum and/or suspended when prohibited by national restrictions);
- car travel limited to individual use; in the event that it was necessary to share a car, vehicle occupants were required sit as far apart as possible, wear a face mask and ventilate the cabin. The vehicle had to be sanitised after each use using the kit provided;
- office cafeteria services operated in compliance with the applicable restrictions, preventing gatherings, respecting social distancing and mandatory mask wearing. Employees were required to spend the minimum time necessary in the cafeteria. All surfaces and chairs in the cafeterias were cleaned and sanitised by canteen personnel after each use.
- Anyone in the office or in the workplace (including in external environments) displaying symptoms of respiratory infection such as a cough or breathing difficulties and fever was required to telephone their representative and HR. Anyone with such symptoms was required to isolate from anyone else in the office or workplace and to immediately notify the competent health authority by calling the COVID-19 emergency line established by the Region or the Ministry of Health;
- particular attention was given to safeguarding/protecting the health of vulnerable workers, in collaboration with medical professionals.

With regard to the management of construction sites, at the start of the pandemic the Italian Government issued precise instructions on how to prevent the risk of contagion from COVID-19 at construction sites, recommending the suspension of non-essential works and later adopting the Protocol to contain the spread of COVID-19 at construction sites, issued on 24/04/2020 and still in force. Within their scope of competence, other Institutions/Authorities (Ministries, Regions, ARERA, Utilitalia, etc.) also issued resolutions, guidelines and recommendations aimed at containing and preventing the spread of the virus.

The anti-COVID measures issued specifically for construction sites at a national and local level were incorporated into the construction site safety plans, in particular the Safety and Coordination Plans drawn up by the Client and the Operational Safety Plans developed by the contractors. The safety measures adopted provided for:

- the use of PPE (masks, gloves, goggles, aprons);
- the use of hand sanitiser;
- the sanitising of all common areas and equipment;
- training and information of workers;
- temperature monitoring;

- symptom management procedures.

Furthermore, for external works not typically classified as construction work, such as access to domestic residences (including in the presence of people infected with COVID-19), a specific guideline was issued with instructions on how to reduce the risk of contagion.

To avoid the use of the temporary redundancy fund (furlough) that would have penalised certain employees more than others, on 02/04/2020, in line with the provisions issued by the Government and the Protocol signed at national level with Trade Unions, a company agreement was signed, establishing:

- that employed personnel would have their working hours reduced by a minimum of two days per week, based on the scheduling of the various duties;
- that any unworked days/hours would be covered using outstanding holiday leave;
- that once any outstanding holiday leave entitlement was used, any other unworked hours would be classed as “negative working hours”, which must equal less than 40% of workable hours per month. As such time that normal activities could resume, managers would establish a calendar providing for the implementation of a longer working day and week, thus allowing for the recovery of the negative hours.

In April 2020 the decision was made to adopt measures to support employees infected by the Coronavirus, with the stipulation of an insurance policy valid for all employees of all Group Companies until 31 December 2021. The policy applies in the event of hospitalisation from COVID-19 and provides for:

- compensation for each day spent in hospitalisation;
- compensation for each day spent in intensive care;
- assistance in the initial post-recovery stages, including:
 - o GP referral, ambulance transportation, domestic helper referral, childcare, school drop-off, grocery home delivery service, pet sitter.

On 08 May 2020 the Estra Group and the Trade Unions signed a protocol to implement the measures necessary to the gradual recovery of the Group's activities with the aim of preventing and safeguarding against the spread of COVID-19 in the workplace. The Protocol established the provisions relative to access, attendance at work and the use of common spaces and the cafeteria. In particular, it identified a series of criteria aiming at promoting the return to work, establishing rotas to alternate days in the office and spent working from home, taking into account the following elements:

- limitations related to the viability of maintaining social distancing in the office;
- emergency management personnel;
- personnel unable to work remotely;
- proximity to the office;
- personnel able to travel to work without public transport;
- employees with an office with only one workstation;
- alternating personnel in the case of shared offices, particularly if the workers belong to different company services;
- personnel with children under 14 years of age;
- particular attention to safeguarding/protecting the health of vulnerable workers, in collaboration with medical professionals.

In June 2020, the Estra Group promoted voluntary finger-prick antibody tests, carried out in company offices by authorised medical personnel. These tests were made available free-of-charge by the Region of Tuscany, in view of which approximately 51% of Group employees in offices with multiple personnel in Tuscany (Prato, Siena and Arezzo) took part in scheme, and all of the tests returned negative results.

In December 2020, voluntary screening was set up to detect asymptomatic cases through the use of lateral flow tests carried out in company offices by authorised medical personnel. 42% of Group employees took part and only one test returned a positive result.

The implementation of the Anti-COVID-19 Protocol was monitored throughout the various stages of the crisis through specific check-lists designed to detect any instances of non-compliance.

In December 2020 a handbook was published and distributed to promote the management of COVID-19 cases and close contacts, indicating the measures to be adopted and the conditions that must be met before returning to the workplace. The handbook considered the following cases:

- employee with COVID-19 symptoms and/or positive test result;
- employee who has been in close contact with a colleague who has tested positive for COVID-19;
- employee in a household with someone who has tested positive for COVID-19.

Employees who have tested positive for COVID-19 may only return to work following a negative test result, proven either by a certificate issued by the Department of Regional Prevention or a negative lateral flow test result.

As at 31/12/2020 there were 19 cases of COVID-19 in the Estra Group, none of which were related to or contracted at work.

The above provisions were implemented according to the provisions issued at a national level based on the evolution of the health emergency. Most of the provisions remain in force.

Social welfare and support

The COVID-19 emergency has required everyone to do their part, both in terms of individual conduct but more broadly in terms of social support. The Group has shown its commitment in this regard during other unfortunate events that have affected the regions in which it operates, first and foremost among them the earthquake that struck Central Italy almost three years ago.

Customers

Since the start of the pandemic, the decision was made not to apply the interest on arrears usually applicable on overdue or due bills between 9 March and 20 April, on the condition that the payment was made by 30 April. Even in the case of overdue bills, the payment could be made in three monthly instalments with the first payment paid the month after the due date on the bill.

Subsequently a measure was adopted for domestic customers who were unemployed, furloughed, self-employed and eligible for income support, as well as for business clients forced to cease their activities as a result of the COVID-19 pandemic. Customers falling into the above categories with an active supply contract who were up to date with their payments before the pandemic could request to pay bills issued between 10 March and 03 May 2020 over a maximum of six instalments or otherwise request a one-month extension. For bills for a total of over € 5,000, specific payment plans were established and interest was not applied.

An awareness-raising campaign was carried out to inform citizens that social bonus requests, an important support for families in financial difficulties, had been delayed until 30/05/2020.

Suppliers

For suppliers managing the Group's stores or branches, a fixed rate was established and any penalties for targets not achieved as a result of operating capacity due to lockdown were suspended.

Contracts with door-to-door gas and electricity sales agents were suspended and were reactivated once conditions and national restrictions allowed.

The expiry dates of certain contracts relative to jobs in offices, sites or stores were deferred, as were contracts for energy efficiency works on third-party buildings.

The updates to the Site Safety and Coordination Plans included the definition of new prices for anti-COVID measures paid by the Group to contractors.

Community

The Estra Group made the decision to donate financial resources to support the local region, making a total contribution of € 100,000 to four hospital units in the four cities in which it operates (Prato, Arezzo, Siena and Ancona; € 25,000 per hospital). The contribution was announced to the hospitals' managers who will decide how to use the resources to tackle the crisis. Donations were made to the following units:

- ospedale San Donato di Arezzo (USL Toscana Sud-Est);
- ospedale Le Scotte di Siena (Azienda Ospedaliero-Universitaria Senese);
- ospedale Santo Stefano di Prato (USL Toscana Centro);
- ospedale Torrette di Ancona (Azienda Ospedaliero-Universitaria Ospedali Riuniti).

The Group's "Energicamente" project aimed at primary and first-grade secondary school pupils helped to support remote learning in schools. The possibility of using the energy innovation and sustainable consumption digital training platform was greatly appreciated by teaching staff, with 867 teachers participating in the project across 20 regions of Italy.

From 1 August to 13 September 2020 in Arezzo, in collaboration with the Municipality and the ERA association, Estra supported a social integration project and psychological/social survey aimed at children who had been the most severely affected by the COVID-19 pandemic. The project was based on the concept that sport and play represent important opportunities for physical, psychological and inter-relational growth, particularly for children with disabilities and their families. The isolation and social restrictions adopted as a result of the COVID-19 pandemic have had a profound impact on the social well-being of every member of society, but children most of all.

Impact on the Group's business activities

The Group's activities are considered "essential" services and therefore were not subject to any business interruptions due to lockdown. However, there were certain limitations:

- All non-urgent activities regarding the distribution of natural gas and the telecommunications services, such construction works and operating activities not strictly linked to safety and service continuity, were downscaled or suspended. Activities normalised over the following months, although anti-COVID measures remained in place.
- For the sale of natural gas and electricity, consumption of gas and electricity fell particularly among retail and industrial clients due to the closure of businesses during the lockdown and the subsequent reopening at reduced levels. Meanwhile, there was an increase in requests to pay by instalments by domestic customers and, in general, a moderate increase in payment times, which normalised in the second part of the year. In this context, the diversification of the Group's business portfolio, characterised by a combination of activities on the unregulated and regulated markets, was key to

reducing the impacts of the pandemic, with regulated activities remaining unaffected in the short term by the market trends related to the pandemic. The sale of natural gas and electricity was carried out almost entirely through telesales and in stores/branches when these were permitted to reopen. It should be noted that the discounted gas and electricity prices at the start of 2020 led energy-intensive clients to renew contracts for 2021.

- There was a decrease in heating sales through the district heating network served by the biomass plant at Calenzano due to the closure of hotels, offices and sports facilities connected to this network.
- As a public service, Ecolat's activities never ceased to operate. The only limitation occurred during the national lockdown, when Grosseto residents were unable to deliver recoverable urban waste. This waste was delivered en masse later in the year, leading to some logistical difficulties.

From an environmental standpoint, with specific reference to the fight against climate change, the pandemic did not have any particular negative impacts on the Estra Group as the production of energy from renewable sources continued as normal and its reduction, in certain cases, was not related to the health emergency but rather the cessation of plant activities due to technical difficulties.

Other aspects related to the environmental impact were negligible and are reported in the specific chapter.

Focus on remote working

The Estra Group never ceased activities and instead promoted working from home through remote working, with a view to reducing travel and the presence of personnel in company offices to a minimum, thus preventing the spread of the virus.

The average presence at the offices with the highest number of personnel conducting work on site, calculated on the basis of the clock-in data of clerical staff for Estra Group companies, was as follows:

- May 2020: Prato 26%, Siena 25%, Arezzo 21%, Ancona 19%, Osimo 39%, Ascoli 45%, Mirandola 39%.
- October 2020: Prato 49%, Siena 41%, Arezzo 40%, Ancona 41%, Osimo 52%, Ascoli 59%, Mirandola 52%.
- December 2020: 40% of employees on site and 60% of employees working from home. In detail: Prato 41%, Siena 34%, Arezzo 34%, Ancona 33%, Osimo 41% (due to the transfer of personnel to the Ancona office, the data for Osimo in December represents only one third of the employees recorded at the same site in October), Ascoli Piceno 32%, Mirandola 53%.

Working from home represented a total of 313,435 hours in 2020, equating to 42,112 days of remote working.

Given the exponential increase in the number of employees working from home or remotely, the Management of the Estra Group companies deemed it worthwhile to conduct surveys to analyse the experience and obtain data to assess whether to continue remote working even once the health emergency has passed. One survey was aimed at service and area managers while the other was aimed at all other employees. The questionnaires were compiled in late August/early September 2020.

The results of the surveys are summarised below, underlining the environmental aspect that highlights the environmental benefits of the new working methods, in addition to those of a financial nature or relating to the work-life balance. At the date of approval of this document, a Group organisational model for the use of remote working had yet to be defined and therefore it was not possible to estimate the future stability and data of this approach.

Nei sondaggi, al personale è stato chiesto quanti chilometri avessero percorso in meno, per recarsi al lavoro, operando in smart working o da remoto. The results were as follows:

Possible answer	Answers	%
Between 10 and 20 km for each day of remote working	294	55%
Between 20 and 40 km for each day of remote working	119	22%
Between 40 and 60 km for each day of remote working	55	10%
Over 60 km for each of remote working	71	13%
Total	539	100%

55% of respondents to the two surveys had travelled between 10 to 20 km less as a result of remote working, while 22% had travelled between 20 to 40 km less. Estimating the kilometres saved over 20 working days, taking the average of the possible range, a total of 301,220 fewer kilometres were travelled in one month.⁴

The cautious estimate of polluting emissions avoided and financial savings over 20 days of remote working is significant:

- estimated polluting emissions avoided⁵: 44.6 kg NOx, 7.09 kg PM10;
- estimated financial saving: based on petrol cars and a cost of € 10 of fuel for every 100 km, taking the figure of 301,220 kilometres otherwise travelled, the saving is € 30,120 (an average of € 55 per capita).

General survey

50% of respondents would have chosen to work remotely even before the pandemic. Of these, 36% did not because they were unaware of the company agreement permitting it. With regard to how work has changed as a result of working from home:

- positive:
 - o 70% for logistical reasons (work-life balance, commute, etc.);
 - o 20% for work responsibilities and hours;
 - o 17% for technological conditions;
 - o 15% for relations with managers and colleagues;
- negative:
 - o 21% due to technological conditions;
 - o 14% for work responsibilities and hours.

Over 70% (78-74) of respondents did not experience logistical difficulties when working remotely; they had suitable space at home, equipment and fast connections.

Workers operating remotely had access to the following technological equipment:

- company mobile phone: 50%;
- company laptop: 64%;
- personal mobile phone: 42%.

⁴ See Note on Methodology for the emission factor.

⁵ See Note on Methodology for the calculation.

87% were able to access their office computer from home (via remote desktop solutions or VPN).

95% had access to one or more collaborative platforms (e.g. Webex, Zoom, Skype, Microsoft Teams, Google Meet, Wildix, etc.);

For 78% of respondents, working hours remained the same as their standard office hours.

When working remotely, 69% of respondents felt that the targets to be met were clearly defined.

With regard to productivity when working from home:

- 52% reported no change.
- 46% reported an increase.

Based on their experience, the following factors were deemed most important to enabling remote working to be used in an optimal and regular manner:

- the precise definition of individual targets and results (27%);
- greater trust by the company/body and its senior management (22%);
- specific training on communications tools and technology (20%);
- rethinking working processes (18%).

The impact of remote working was evaluated as follows:

- negative impact:
 - o management of emergencies and the effectiveness of coordination and communication (12%);
- positive impact:
 - o incentive to innovate (37%);
 - o work-life balance (30%);
- very positive impact:
 - o work-life balance (40%);
 - o level of independence and productivity (28%);
 - o motivation and job satisfaction, incentive to innovate and effectiveness (22%).

72% would continue to work from home on a part-time basis even after the pandemic, while 19% would choose to work remotely full-time.

The most commonly cited advantages and disadvantages of working from home are listed below:

- advantages: better work-life balance, improved work organisation;
- disadvantages: technological difficulties, excessive workload without overtime.

The most commonly cited suggestions for working from home are listed below:

- transitioning from “hours worked” to “achievement of objectives”;
- simplifying company procedures with a greater emphasis on digital documents;
- updating available technology;
- flexible working hours (not enforcing office hours at home).

Managers' survey

Respondents did not experience logistical difficulties when working remotely; they had suitable space at home, equipment and fast connections.

Reported advantages of working from home included:

- improved work-life balance and stimulus for greater autonomy and responsibility (23%);
- promotion of a corporate culture focused on results (20%);
- support for innovation (16%).

The main criticisms of working from home were:

(respondents could give more than one answer)

- difficulties in providing workers with the necessary technology (27%);
- difficulties in sharing information (24%);
- data security concerns (21%);
- difficulties in monitoring the progress of activities (19%).

28% of the issues associated with working from home reported regarded:

- the equipment at their disposal (40%);
- the software at their disposal (15%);
- the difficulty in collaborating with colleagues (12%);
- the organisation of tasks and objectives (9%).

The responses to the last two questions were closely linked, with most of the problems relating to the availability of equipment. While the responses generally cited “equipment” or “technology”, the general survey provided more specific answers: PCs, office chairs, connections, digital documents.

When working from home, the productivity of the service for which the respondents were responsible:

- remained unchanged (57%);
- increased (33%);
- reduced (10%).

The most commonly cited advantages and disadvantages of working from home are listed below:

- advantages: no change in productivity, time optimisation, increased responsibility;
- disadvantages: technical issues, difficulty in consulting paper documents, constant contactability.

62% of respondents made suggestions for the continuation of remote working in the future. Most suggestions involved restructuring work based on new schedules and the monitoring of objectives and projects.

1.7 Targets and results

Targets for 2020	Results in 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.).	<p><i>Target achieved</i></p> <p>The platform became fully operational in 2020. At present the company entrusted with delivering the training is Paradigma; the incorporation of the content of the 231 model onto the Docebo platform managed by HR may be considered in the future.</p>
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.	<p><i>Target achieved</i></p> <p>Directors employed by the company were inserted into the annual 231 training programme managed by the HR service and attended meetings during the year with the Supervisory Body, which took the minutes. External directors receive the legislative updates to the content of the Model and to the interim report during the meetings of the Boards of Directors. Taken from the minutes of Board of Directors' meetings: In 2020, at the time of appointment, the Directors signed a statement declaring themselves to be aware that the Company has adopted an Organisational, Management and Control Model pursuant to Italian Legislative Decree no. 231/2001, and to have acknowledged the same.</p>
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.	<p><i>Target achieved</i></p> <p>In 2020 individual action plans were defined 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. In particular, the activities regarded specific projects associated with external risks (cyber security, compliance, suppliers, climate change) and internal risks (strategic risks, operating risks and financial risks). As regards the organisation of the risk management service, a special department comprising a manager and four members of staff has been established.</p>
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	<p><i>Target achieved</i></p> <p>In December 2020 the certification procedure was</p>

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.	<p>completed for Murgia Reti Gas. Prometeo received the Certification for the Quality, Environment and Occupational Safety Systems (standards ISO 9001-14001 and 45001).</p> <p>Centria: The field of application of the ISO 27001 certification issued on 02/11/2020 was extended. Skills certification not conducted due to COVID-19. The campaign to promote the acknowledgement and compliance of the Code of Ethics by all employees via an online questionnaire was completed.</p>
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Targets for 2020/2021	Results in 2020/2021
Adoption of a platform for the management of governance, risk and compliance activities.	In August 2020 the Company launched a project to implement a database management system aimed at rationalising and simplifying "Governance", "Risk Management" and "Compliance" processes ("GRC Tools"). This system was developed on the "Ragic!" platform and aimed to systematise all of the data of the control departments and share the results of any audits. The implementation began using the data of the internal audit department and the supervisory body. Targets to be achieved in 2021: extension of the system to privacy.
Development and consolidation of the Risk Management service through the updating of the "Top Risk" action plan.	<p>Updating of the Corporate Risk Profile and the ERM Policy; launch of the periodic monitoring process of actions to mitigate the "Top Risks" (Monitoring Action Plan); identification, for the main "Top Risks", of a set of indicators to enable the dynamic monitoring of risks (Key Risk Indicators) and the impact of each risk on company targets and performance (Key Performance Indicators).</p> <p>In order to respond to the growing legislative requirements (e.g. Non-Financial Statement pursuant to Italian Legislative Decree no. 254/2016), the increased focus of investors on sustainability issues and changes to the reference risk management frameworks (e.g. the COSO and WBCSD integrated guidelines), the risk mapping process will also consider so-called ESG Risks relating the Environmental, Social and Governance</p>

	factors.
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Targets for 2021/2022

To define an Anti-corruption Compliance Programme, inspired by the values and principles defined in the Code of Ethics, with the aim of establishing a general code of conduct to be adopted by the Group's Directors, managers and employees, as well as by third parties.

To broaden the list of Companies that have adopted the Model pursuant to Italian Legislative Decree no. 231/2001. Companies that conduct relevant activities (including in reference to their sector of operation) that are averagely structured may choose to adopt the Model (ECOS and Murgia Reti Gas).

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.

In 2020 the Materiality Matrix of the Estra Group, last amended in 2018, was updated.

The processes leading to the definition of the new Materiality Matrix are summarised below.

- Benchmarking analysis: a precise and structured analysis of the relevant material topics for competitors and large reference companies in other sectors was conducted. This analysis aimed to provide an understanding of the principal sustainability macro-trends.
- Qualitative analysis and comparison of external documents and of the context to provide further background on the topics (national and international sustainable development trends, European policies and mega-trends in the energy sector, impact of COVID-19 on sustainability reporting).
- Analysis of internal company documents (Strategic Plan, Business Plan, Code of Ethics, MOGC) to identify the most important topics relative to the value of sustainability on which to direct the sustainability reporting.
- Definition of the initial list of topics and involvement of the Work Group and Management Committee: based on the topics identified in the previous year and the first three phases of the process, the team responsible for sustainability reporting produced a list of possible topics to be presented to Stakeholders for evaluation.
- Presentation of the list to members of the Sustainability Reporting Work Group, who were asked to choose a maximum of 25 topics, without assigning priority, providing comments and suggestions for new topics as well as on the possible merging of multiple topics. The sustainability reporting team analysed and compared the feedback, identifying 21 material topics and carefully evaluating the decisions and any merging of topics.
- Meeting with the Management Committee, which was asked to evaluate the 21 topics identified. The Management Committee was involved in the process to assign an internal order of priority, or rather to evaluate the main economic, environmental and social impacts of each topic on the company. The sustainability reporting team received the feedback from the Management Committee and developed the definitive list of 17 material topics.
- Definition of the implementation methods of the Materiality Analysis: based on the analysis of the Stakeholder Map, the sustainability reporting team identified the categories of stakeholders to be involved. The stakeholders were involved in the process to assign an external order of priority, or rather to evaluate the topics that have a substantial impact on the assessments and decisions of the stakeholders themselves. The method of engagement was defined for each stakeholder category:
 - online questionnaire for all employees;
 - multi-stakeholder focus group (trade unions and directors, customers, suppliers, banks, industry associations, environmental and consumer associations, institutions) conducted remotely with stakeholders from Ancona, Arezzo, Prato and Siena;

- online questionnaire for all customers registered on the website.

The analysis was conducted by assigning relevance to the various material topics on a scale of 1 to 5, where 1=not relevant, 2=slightly relevant, 3=moderately relevant, 4=relevant and 5=very relevant.

- Implementation of the Materiality Analysis: in October-November 2020 the stakeholder engagement process was conducted as described above.
- Data collection and statistical analysis of the results: the sustainability reporting team processed the results from the online survey and the focus groups and produced the Materiality Matrix graph.

Stakeholders were asked to assign a materiality rating with regard to the Estra Group on the following 17 topics.

Topics
• ETHICS, INTEGRITY AND ANTI-CORRUPTION
• RISK MANAGEMENT AND THE ABILITY TO REACT TO CHANGING SCENARIOS
• INTEGRATION OF SUSTAINABILITY ASPECTS IN COMPANY STRATEGIES
• EMPLOYMENT, DEVELOPMENT AND ENHANCEMENT OF HUMAN CAPITAL
• PROTECTION OF THE RIGHTS, HEALTH AND SAFETY OF EMPLOYEES
• COMPANY WELFARE
• SERVICE QUALITY AND SAFETY AND CUSTOMER SATISFACTION
• BRAND REPUTATION AND CORRECT MARKETING AND COMMUNICATIONS PRACTICES
• PRIVACY AND DATA PROTECTION
• RESPONSIBLE SUPPLY CHAIN MANAGEMENT
• ENERGY EFFICIENCY, RENEWABLE ENERGIES AND SUSTAINABLE MOBILITY
• REDUCTION OF INTERNAL CONSUMPTION AND WASTE
• STAKEHOLDER RELATIONS AND DIALOGUE
• DEVELOPMENT OF LOCAL COMMUNITIES AND EDUCATION TO PROMOTE SUSTAINABLE DEVELOPMENT
• INNOVATION, RESEARCH AND DEVELOPMENT
• CREATION OF SUSTAINABLE ECONOMIC AND FINANCIAL VALUE
• PROTECTION OF HUMAN RIGHTS

The main material topics identified were:

- service quality and safety and customer satisfaction
- employment, development and enhancement of human capital
- protection of the rights, health and safety of employees
- ethics, integrity and anti-corruption
- risk management and the ability to react to changing scenarios
- protection of human rights

- creation of sustainable economic and financial value
- brand reputation and correct marketing and communications practices





The process concluded with the approval of the results of the Materiality Matrix (cf. Note on Methodology) by the Board of Directors of Estra S.p.A. on 30 November 2020.





The main topics identified are consistent with the pillars of the current Strategic Plan (Growth, Technological Evolution, Network and Efficiency) founded on the principles of Care and Empathy, Accessibility, Proximity and Sustainability:

- the creation of sustainable economic and financial value, and risk management and the ability to react to changing scenarios, correspond to Growth, Network and Efficiency;
- service quality and safety and customer satisfaction, and brand reputation and correct marketing and communications practices represent the foundation of Estra's Growth;
- topics relating to human resources (employment, health, safety) and human rights attest to the importance afforded by stakeholders to our People, the main driver upon which all of the other topics depend.

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

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

SDGs	Material topics that contribute to achieving the SDGs
	<ul style="list-style-type: none"> • Energy efficiency, renewable energies and sustainable mobility • Reduction of internal consumption and waste
	<ul style="list-style-type: none"> • Protection of the rights, health and safety of employees • Employment, development and enhancement of human capital • Company welfare
	<ul style="list-style-type: none"> • Responsible supply chain management • Innovation, research and development • Service quality and safety and customer satisfaction • Creation of sustainable economic and financial value • Risk management and the ability to react to changing scenarios • Integration of sustainability aspects in company strategies
	<ul style="list-style-type: none"> • Development of local communities and education to promote sustainable development • Stakeholder relations and dialogue

		<ul style="list-style-type: none"> • Reduction of internal consumption and waste • Service quality and safety and customer satisfaction • Brand reputation and correct marketing and communications practices • Privacy and data protection
		<ul style="list-style-type: none"> • Energy efficiency, renewable energies and sustainable mobility • Reduction of internal consumption and waste
		<ul style="list-style-type: none"> • Protection of human rights • Ethics, integrity and anti-corruption

The table below shows the relationship between the topics of Decree no. 254/2016 and the material topics discussed in the NFS. The column “NFS Topics” column does not contain any of the material topics identified by the Materiality Analysis, or rather any of the topics that

- company management and external stakeholders consider material as they represent indispensable instruments for the positive performance of the company. Instead, these topics are described throughout the NFS as they correspond to all five areas of application of the Decree (Risk management and the ability to react to changing scenarios, Integration of sustainability aspects in company strategies, stakeholder relations and dialogue).

Scope of Decree 254/2016	NFS Topics
Fight against active and passive corruption	Ethics, integrity and anti-corruption
Personnel	Employment, development and enhancement of human capital Company welfare Occupational health and safety

Social	Service quality and safety and customer satisfaction Stakeholder relations and dialogue Innovation, research and development Development of local communities and education to promote sustainable development Privacy and data protection Brand reputation and correct marketing and communications practices Sustainable supply chain management
Environment	Reduction of internal consumption and waste Energy efficiency, renewable energies and sustainable mobility
Human rights	Protection of human rights

2.2 Stakeholder map

The Estra Group reports its economic, social and environmental performance for the 2018-2020 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.

On 03/12/2020 the first edition of the quarterly newsletter **Impronta Estra** was sent to all of our stakeholders. The newsletter represents a new point of contact with shareholders, municipalities, customers, suppliers, environmental and consumer associations, financial and social institutions, employees and banks. The aim is to establish a channel of dialogue to enable Estra to communicate periodically with its stakeholders, providing updates on the Group's initiatives, objectives and results on the topic of sustainability.

The same stakeholders will be able to play an active role in the editorial project, enhancing their specific skills with regular columns and features that will characterise the various issues of the newsletter. The newsletter aims not only to inform and update stakeholders on the projects and initiatives that are closely linked to Estra's commitment to sustainability, but also to contribute to the promotion and development of a comprehensive cultural of sustainability able to share and enhance ideas and best practices from the outside world.

The main stakeholder engagement initiatives of the Estra Group carried out in 2020 are shown below. Due to the health emergency, compared to 2019 there is a considerable reduction in the number of in-person activities that could not be held on digital platforms.

Stakeholder	Initiatives in 2020	Frequency/Events 2020
Shareholders and members	Shareholders' meeting and meeting with indirect members ⁶	18
Customers	Newsletter to subscribers to the customer area	monthly
	Broadcast of Estra TV visible to the public on office screens	monthly
	Meetings with Tuscan consumers' associations for voluntary self-regulation protocols for unsolicited contracts	2
	Arezzo – Convenzione Cooperativa Taxi for free journeys for people aged over 65	17.12.2020
Personnel	The Estra <i>Caffè</i> internal communication project aimed at introducing local communities to the Estra world, offering an opportunity to discover the many trades conducted within the different Group Companies and telling stories of the everyday lives of the employees who contribute to the Estra community and the success of the business.	100 interviews 41 episodes of the <i>Estra caffè</i> web series
	Centria 4 Safety newsletter	4
	<i>Sicurezza in Estra</i> newsletter	2
	News bulletins on the Intranet	149
Community and region	Estra-Legambiente webinar aimed at teachers and Group employees on <i>Schools, families, regions and new social inequalities: energy poverty</i>	3.6.2020
	Estra-Legambiente webinar aimed at teachers and Group employees on <i>Opportunities for sustainable learning in and outside school to promote active citizenship</i>	17.6.2020
	Estra-Legambiente webinar aimed at teachers and Group employees on <i>Electric micromobility and how young people can travel to and from school independently</i>	20.10.2020
	Estra-Legambiente webinar aimed at teachers and Group employees on <i>Sustainable living at home and school: new habits and uses</i>	3.11.2020
	Posts published on the Facebook Page	145

⁶ The data includes the meetings of Estra members, and the meetings of each Estra member with its own members, in which topics relating to the Estra Group were discussed (Consiag, Coingas, Intesa and Viva Servizi),.

	Information published on the company website	141
	Press conferences	13
	Press releases	76
	Regional and local 60-second radio and TV news bulletins	every fortnight
Bodies and Institutions	Ascoli Piceno - Opening of new branch	6.2.2020
	Florence - Opening of new store	17.2.2020

3. Our people

3.1 Employment

As reflected in the Code of Ethics, Estra believes that its people are an essential element for the creation of value and the improvement of internal processes. As such, caring for our employees, developing their skills, promoting well-being and supporting their aspirations represent key factors that encompass the very identity of the Estra Group and its most treasured asset: our human capital.

In 2020 the Estra Group had a workforce of 749 employees (-12 compared to 2019), all of which were employed on collective bargaining contracts. Of these, 13 are agency staff.

*Total number of employees**

2018	2019	2020
707	761	749

* 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.

As shown in the table below, in 2020 there were no particular changes to employee breakdown by area of activity compared to 2019. However, it should be noted that the most significant increase (+15%) was recorded in the environmental services sector.

Number of employees by sector	2018	2019	2020
Distribution of gas, methane and LPG	246	277	273
Energy services	25	23	22
Gas and/or electricity sales	233	236	230
Telecommunications	12	12	13
General services	191	186	180
Environmental services	-	27	31

The employee breakdown by professional level was largely unchanged on the previous year. There were slight variations to clerical workers (-9), manual workers (-1) and messengers (-2), as shown in the table below.

Number of employees by professional level	2018	2019	2020
Managers	21	21	21

Middle managers	35	40	40
Clerical workers	517	533	524
Manual workers	130	162	161
Messengers	4	5	3

The figures for 2020 closely reflect those of 2019, including in terms of gender, except for the clerical workers category which recorded a slight decrease among both genders. As regards agency staff, of the 8 clerical workers 5 were women and 3 were men, while the trend was reversed in the manual workers category with 4 men and one woman.

Breakdown of employees by qualification and gender	2018		2019		2020	
	Men	Women	Men	Women	Men	Women
Managers	19	2	18	3	18	3
Middle managers	25	10	31	9	31	9
Clerical workers	263	254	271	262	267	257
Manual workers	130	0	150	12	149	12
Messengers	4	0	5	0	3	0

As in the previous year, in 2020 the number of employees by location did not show any significant variations. Modest variations were observed in: Grosseto (+4), Arezzo (-4), Prato (-3) and Siena (- 4).

Number of employees by location	2018	2019	2020
Ancona	36	35	35
Arezzo	106	104	100
Ascoli Piceno	19	17	17
Bari	-	19	17
Campobasso	2	1	1
Caserta	3	3	3
Chieti	1	1	1
Cosenza	1	1	1
Foggia	-	11	10
Grosseto	14	40	44
Isernia	12	14	14
L'Aquila	2	1	1
Lucca	2	2	2
Macerata	6	6	6
Modena	9	9	7

Naples	2	2	2
Palermo	1	1	1
Perugia	3	3	3
Prato	269	283	281
Reggio Calabria	3	3	3
Rieti	6	7	5
Siena	201	190	186
Teramo	9	8	9

In line with the previous year, the average level of seniority of Group employees in 2020 continued to rise, coming in at 15 years and 2 months (6 months more than in 2019). With regard to gender, the average seniority among male employees is 16 years and 2 months, while among female workers it is 13 years and six months.

In 2020, the breakdown of employees by level of qualification continued to demonstrate a gradual reduction in the number of employees whose highest qualification is a primary or secondary school certificate (-0.4% compared to 2019 and almost 1% fewer than in 2018). The data relative to gender remains constant: more than 93.3% of total employees hold a high school diploma or above (121 out of 281 women have degrees) compared to 74.6% of men alone (134 out of 468 have degrees). It was not possible to obtain information on level of qualification for foreign members of the workforce at Ecolat (1.3% of total employees).

Qualification	2018	2019	2020
Primary or secondary school certificate	18.0%	17.5%	17.1%
High school diploma	48.4%	47.3%	47.6%
Degree	33.6%	34.0%	34.0%

3.1.1 Protected categories

In 2020, there were 44 employees belonging to protected categories (-2 compared to 2019). These include 38 people with legal disabilities (2 of which are occupational disabilities) and 6 orphans and/or widows/widowers. They are mostly men (2 out of 3) with an average age of 51 and an average seniority of 15 years. In terms of contract type, the composition of employees in protected categories has remained largely stable, with only very slight percentage variations among clerical workers (+3.2%), manual workers (-1.6%) and messengers (-1.9%).

Protected categories	2018	2019	2020
Women	13	15	14
Men	27	31	30
People with legal disabilities	35	40	38

Orphans and/or widows/widowers	5	6	6
Middle managers	1	1	1
Clerical workers	34	35	35
Manual workers	4	6	5
Messengers	1	4	3

	2018	2019	2020
Middle managers	2.5%	2.2%	2.3%
Clerical workers	85.0%	76.1%	79.5%
Manual workers	10.0%	13.0%	11.4%
Messengers	2.5%	8.7%	6.8%

3.1.2 Contracts and remuneration

For the Estra Group, guaranteeing job security not only represents a strategic target of company policy but is, above all, a conscious ethical decision.

In the 2019-2020 period, the number of permanent contracts was around 730 (728 in 2019 and 727 in 2020). Consequently, in the year in question 97% of the workforce was employed on a permanent basis. This is the highest percentage achieved to date (+1.4% in 2019), due partly to the reduction in the total workforce that mainly involved personnel on temporary contracts (-33.3% compared to the previous year). The reduction had a greater impact on men (-10 temporary employees).

During the year, 17 employees (14 men and 3 women) previously employed on a temporary basis were given permanent contracts. This involved 12 clerical workers and 5 manual workers, with an average age of 34.

Breakdown of employees by contract type and gender	2018	2019	2020
Permanent	663	728**	727****
Men	411	454	457
Women	252	274	270
Temporary	44*	33***	22*****
Men	30	21	11
Women	14	12	11

* 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)

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

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

In 2020, the ratio of remuneration of women to men, based on the annual basic salary of directors, middle managers and clerical workers, was in line with the previous year. Conversely, total annual remuneration increased across all three of the above categories, confirming the progressive reduction of the gender pay gap across all roles and responsibilities.

Variable remuneration and bonuses increased by 12% compared to 2019 as a result of the successful achievement of targets, both in the form of rewards for Directors through the Management by Objectives (MBO) system, and in the form of individual bonuses for other employment categories. Additional remuneration in the form of collective performance bonuses or one-off payments fell.

Annual basic salary*: ratio of remuneration of women to men	2018	2019	2020
Managers	89%	94%	95%
Middle managers	100%	98%	98%
Clerical workers	95%	91%	91%

Annual total salary*: ratio of remuneration of women to men	2018	2019	2020
Managers	79%	78%	87%
Middle managers	95%	92%	93%
Clerical workers	91%	87%	89%

* The table does not include data for Ecolat, manual workers or messengers, as there are no female messengers and only 12 female manual workers.

3.1.3. New hires and terminations

The Estra Group has always been characterised by its ability to combine the provision of high-quality services with a particular focus on the development of the regions in which it operates. As such, it implements specific initiatives to benefit communities and adopts policies aimed at enhancing local talent and supporting personal and professional growth. It is no coincidence that 95.2% of the Group's Directors (20 out of 21) originate from Central Italy (mainly Marche and Tuscany), with positive repercussions for the development of the local region.

Unlike the incremental trend seen in recent years, the number of new hires reduced significantly in 2020 (-69% compared to the previous year). This is due to the impact of the health emergency that began in March 2020, which led recruitment processes to be suspended. The 27 new hires (of which 16 are agency staff), included 14 manual workers and 13 clerical workers. There was a very slight weighting towards male workers (14 men and 13 women), and the average age was around 36.

Considering the new hires by age bracket, it is interesting to note that, unlike the situation in 2019, most new hires were under 30, with a slight decrease in absolute terms compared to the previous year. The number of new hires in the middle age and 50+ brackets fell. Analysing the data by gender, it is noted that new hires of men are mainly in the under 30 category, while new hires aged between 30 and 50 were mainly women. The number of new hires in the over 50 bracket was fairly even across both genders. The trends described above are also reflected in the recruitment rate, as shown in the tables.

New hires (subdivided by gender and age)	2018	2019	2020 ⁷
Total	83	88	27
Men	53	61	14
Women	30	27	13
New hires by age			
29 or under	23	19	13
Between 30 and 50 (inclusive)	46	36	11
Over 50 years	14	33	3

Recruitment rate*	2018	2019	2020
Total	0.12	0.12	0.04
Men	0.12	0.13	0.03
Women	0.11	0.09	0.05
Recruitment rate by age**			
29 or under	0.45	0.37	0.32
Between 30 and 50 (inclusive)	0.11	0.08	0.03
Over 50 years	0.06	0.12	0.01

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

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

As regards contract terminations, in line with the previous two-year period there was a 15% increase in the number of terminated contacts in 2020, in particular among clerical and manual workers (21 and 15 terminations respectively). This increase mainly regarded employees under 30 (mainly men) those in the middle-age bracket (mainly women). Conversely, the number of contract terminations among employees over 50 fell by 4.

In general, contract terminations were mainly due to retirement, dismissals, expiry of temporary and agency contracts, as well as transfers to other companies.

The general turnover rate showed very minor increases, with the most significant increase among female employees. There was also a significant increase in turnover rate among employees under 30. The increase in the number of contract terminations and turnover rate among employees under 50 is due to the suspension of recruitment activities and contract renewals as a result of the pandemic.

⁷ There were five employees who were hired and left the company in the same year. Unlike in previous years, in 2020 the data is recorded under both new hires and contract terminations.

Contract terminations (subdivided by gender and age)	2018	2019	2020
Total	22	34	39
Men	15	24	23
Women	7	10	16
Number of contract terminations by age			
29 or under	2	5	8
Between 30 and 50 (inclusive)	10	8	14
Over 50 years	10	21	17

Turnover rate*	2018	2019	2020
Total	0.03	0.04	0.05
Men	0.03	0.05	0.05
Women	0.03	0.03	0.06
Turnover rate by age**			
29 or under	0.04	0.10	0.20
Between 30 and 50 (inclusive)	0.02	0.02	0.03
Over 50 years	0.04	0.08	0.06

* Calculated as number of contract terminations/total employees by gender

** Calculated as number of new contract terminations/total employees by age

3.2 Employee well-being

Employee well-being is pursued by the Group through:

- professional opportunities in compliance with all applicable legal provisions and, therefore, without 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”;
- solutions, methods and actions able to improve the life of employees and promote a healthy work-life balance;
- company welfare measures such as flexible benefits;
- 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 easily accessible internal communications and document sharing system;

- 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 diversity to be a key development and growth factor. With this in mind, in 2019 the Group - along with 26 other public utility companies associated with Utilitalia (The Italian Federation of water, environmental and energy companies) - signed the “Patto Utilitalia - La Diversità fa la Differenza” agreement promoted by the Commission established within the Federation to promote diversity within its member companies. By signing the agreement, the signatories undertake to integrate the *Diversity&Inclusion* approach into their company process. This entails:

- the definition and implementation of inclusive company policies that involve all levels of the organisation;
- the adoption of selection, recruitment and orientation policies that guarantee equal processes and practices regardless of gender, age, culture or ability, focusing exclusively on professional skills based on the company's requirements;
- the adoption of support measures to guarantee a healthy work-life balance and improve company welfare;
- transparent and objective appraisal, career progression and bonus policies;
- the definition of strategies and training programmes based on the specific training requirements, with a broad reach across the workforce;
- the adoption of a monitoring system able to objectively monitor and annual report the performance and progress effectively achieved by the company in terms of diversity;
- reporting of company progress in terms of diversity and the adoption of policies to raise awareness, both within and outside the company, on the importance of the inclusive measures adopted.

The Commission aims to translate the commitments undertaken with the Pact into best practices, identifying specific actions, policies and strategies to ensure their translation into concrete actions. Moreover, in order to monitor the results achieved, the Commission is developing an index that will provide a clear and unequivocal tool to measure the performance and improvements made by the companies in terms of Diversity Management.

To date, the Group aims to pursue integration and inclusion activities aimed at promoting diversity through its internal HR department. Unfortunately, due to the COVID-19 pandemic the Group was not able to implement these actions and its activities have been rescheduled for 2021.

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). There is nonetheless a significant female presence in companies with a greater focus on administrative activities.

The ratio of men to women in the company workforce has remained constant in recent years: 62.4% and 37.6% women. These percentages remained unchanged in 2020.

Employees by gender	2018	2019	2020
Men	441	475	468
Women	266	286	281

With regard to age, in 2020 over 57% were aged between 30 and 50. As shown in the table below, the percentage breakdown of employees across the three age brackets has not changed significantly in the last three years. The number of employees aged over 50 has gradually increased by around 2% each year.

Employees by age	2018		2019		2020	
29 or under	51	7.2%	51	6.7%	41	5.5%
Between 30 and 50 (inclusive)	428	60.6%	444	58.3%	431	57.5%
Over 50 years	228	32.2%	266	35.0%	277	37%

In 2020, 77 employees requested and obtained at least one period of parental leave, most of them women. Unlike in the previous two-year period, thanks to the continuous improvement in data collection processes this data now reports parental leave by hour, rather than by day, and includes optional maternity leave granted for children aged between 6 and 12. The significant increase in the number of employees who took parental leave is a direct consequence of the ongoing health emergency, during which certain parents had to request specific COVID-19 parental leave due to school closures. This leave is designed for employees with children whose work cannot be carried out remotely and is paid at a rate of 50% of their normal salary.

Employees granted parental leave by gender	2018	2019	2020
Men	12	13	30
Women	27	37	47

Number of employees who took parental leave (maternity/paternity)	2018	2019	2020
Number of employees who took mandatory maternity leave (including early maternity leave)	16	17	10
Number of employees who took optional maternity leave	43	34	26
Number of employees who took mandatory paternity leave	7	7	12
Number of employees who took optional paternity leave	7	6	6
Number of employees who took COVID-19 parental leave	-	-	51

The total number hours of parental leave taken in 2020 was 14,597. This was considerably lower than the figure in the previous two-year period (17,346 hours in 2018 and 18,551 hours in 2019), reflecting the reduction in number of hours in optional and mandatory maternity leave, including early maternity leave (approx. -50%) and, at the same time, the addition of 5,045 hours of the aforementioned COVID-19 parental

leave. In fact, while the number of employees who took parental leave increased in 2020, the total number of hours of leave was lower because most employees benefited from extraordinary COVID leave, characterised by fewer hours per period of leave in comparison to maternity leave.

Hours of parental leave divided by type	2018	2019	2020
Optional maternity	7,464	7,882	3,974
Mandatory maternity, including early maternity	9,258	10,257	4,837
Optional paternity	440	206	312
Mandatory paternity	184	206	429
COVID-19 parental	-	-	5,045

As regards career breaks, unlike in the previous year where there was an exponential increase in both absolute and percentage terms, there was a sharp fall in 2020 (-75% compared to 2019). Rather than reflecting a drop in the Group's commitment to the growth and development of its employees (which represent one of Estra's key values), this was due to the fact that fewer requests were received by Group Companies for the identification of higher professional profiles in order to meet organisational needs. Finally, 82% of all career progressions were among clerical workers (23 out of 28). The remaining 18% was divided between manual workers (4) and managers (1).

Career breaks by gender and % of total employees	2018	2019	2020
Men	22	78	17
% of total employees (men)	5.0%	16.4%	3.6%
Women	28	33	11
% of total employees (women)	10.5%	11.5%	3.9%
Total career breaks	50	111	28
% of total employees	7.1%	14.6%	3.7%

3.2.2 Work-life balance

Having signed the Agreement for flexible working hours with trade unions (RSU) and established the cafeteria service in the Prato, Siena and Arezzo offices in 2012, the Estra Group explicitly promotes and encourages a healthy work-life balance among its workers.

As shown by the other indicators, the data regarding employee breakdown by contract type are in line with those of the previous year. Of the 749 employees in the workforce, in 2020 11% were part-time (+2 in absolute terms compared to 2019, with a weekly average of 31 hours), while the large majority (666 out of 749, 89%) are full-time. An analysis of the data based on gender shows a prevalence of men among full-time employees (68%), while the majority of part-time employees are women (82%). In 2020 the majority of clerical workers who requested a transition from full-time to part-time were women (6 out of 7). Conversely, 5 employees transferred from part-time to full-time (4 clerical workers, including 3 women and one man, and 1 manual worker).

Employees by contract type	2018	2019	2020
Full-time	649	680*	666**
Men	434	463	453
Women	215	217	213
Part-time	58	81	83
Men	7	12	15
Women	51	69	68

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

** of which 9 are agency staff (4 men and 5 women)

This year, characterised by a scenario dominated by the effects of the COVID-19 pandemic, has seen a greater emphasis on the topic of diversity: in particular, the rapid transition to large-scale remote working revealed a number of disparities surrounding gender, technical and digital skills, and personal situations in general. It is essential to maintain a healthy balance between work (both career and professional ambition) and private life, and businesses must therefore provide concrete solutions.

Like many businesses, this year Estra had to confront the challenge of enabling and managing remote working for most of its employees. While dictated by unfortunate circumstances, this decision nonetheless represented an invaluable opportunity for managers and employees to trial new approaches to work on a large scale. The Estra Group had already established agile or flexible working in 2018 following an agreement between the Group and the relative trade unions, based on individual agreements. Specifically, under this agreement workers were allowed to organise their own work autonomously on the condition that predefined targets were 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 2020, the number of employees working remotely increased significantly as a result of the ongoing pandemic. Before the national lockdown imposed in early March with the Decree of the President of the Council of Ministers, agile working involved a total of 16 employees. Over the next 10 months, from 11 March exactly (apart from 2 cases, which began the next day), the number of employees working remotely increased to 465.

Specifically, 220 men and 245 women transitioned to remote working, with a total of 313,435 hours worked remotely, equating to 42,112 days.

To evaluate their experiences and transform remote working from an emergency measure to combat the spread of the virus into a structured, efficient and sustainable approach to work, the Estra Group sent a questionnaire to all workers who worked remotely during the pandemic. The results of the survey are summarised in the chapter titled “The Group” of this document.

Other measures introduced by the Group to promote a healthy work-life balance include the use of a high-quality video-conferencing system, known as Cisco Webex, to enable communications between the Group’s main offices. Specifically, the communications system facilitates remote meetings, conferences and video-calls between internal and external personnel. While predominantly a video-conferencing tool, Cisco Webex 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, both physically and remotely, and from the 22 conference rooms at the Ancona, Arezzo, Prato, Osimo and Siena offices. In particular, 509 videoconferences were held in the Prato office in 2020, for a total of 1,174 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. In this regard, 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.), over the years Estra has put together 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 2018 employees have been given personal login details to the dedicated AON platform from where they can choose from 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.

In 2020 the company AON delivered two remote training courses for employees to promote company welfare, illustrating how the portal works and responding to employees' queries and requests for information.

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

At the Estra Group, internal communication is mainly managed through the MyEstra intranet portal, designed to promote 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 2020 the number of employees with access to MyEstra reached 718, equating to 95.9% of the workforce. Certain performance indicators (unique visitors and average duration) recorded growth close to the levels achieved in 2018, and the bounce rate also increased. Downloads and intranet visits were down compared to 2019 by 3.8% and 7.8% respectively.

A closer analysis of the news bulletins published during the year reveals a decline in the number of annual news reports compared to the previous year (-33); of the 149 bulletins published: 75 regarded Estra news (-3 compared to 2019), 63 were press releases (-11 compared to 2019) and 11 involved CRAL (-36 compared to 2019). The decline in news bulletins is due to the COVID-19 pandemic, which resulted in fewer press conferences being held (and therefore fewer press releases), while CRAL suspended activities from March onwards and throughout much of the year.

MyEstra data	2018	2019	2020
Employees with access to the Intranet	644	734	718*
Actions carried out on the platform	157,302	127,019	114,520
Unique visitors	1,765	1,649	1,741
Duration of average visit	00:07:53	00:06:48	00:07:00
Downloads	5,086	3,124	3,005
Bounce rate	13%	16%	18%
No. visits to the Intranet	24,019	21,556	19,872

* All Group employees except Ecolat personnel.

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; in particular, potentially hazardous situations must be reported to the competent managers and management personnel responsible for occupational HSE 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). Reports may also be submitted to the Supervisory Body, the company doctor and the company trade union representatives, using the specific channels made available to all employees, such as the dedicated email address, the online communication channel and the relevant post boxes located in the Group's main offices, all of which guarantee anonymity. Centria, which holds the SA 8000 certification, has a dedicated representative.

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 those to identify hazards and assess the risks relative to accidents, in order to identify corrective actions based on the list of controls and the improvements that must be carried out on 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

The Estra Group implements a management policy which considers the dangers associated with working activities with inherent risks of accident. By defining specific procedures, instructions and regulations, subject to regular updates, the Group guarantees an internal risk management control system. As noted in the opening paragraph, particular attention is also given to training and raising awareness among employees with regard to occupational health and safety. To summarise, 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.

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, operating companies must also confront dangers associated with exposure to noise and chemicals, fires, explosions and manual lifting of loads, as well as those relating to the risk of COVID-19.

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.

The Group is continuing to pursue the gradual process to reduce the total number of accidents launched in 2019. In 2020 there were only 6 accidents reported (-1 compared to 2019), with consequent declines in the accident frequency and severity rates. This trend is partly due to the Group's major investments in health and safety training that have characterised the three years in question.

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)	2018	2019	2020
Total number of accidents	14	7	6
Men	14	6	3
Women	0	1	3

Accident rate (total and by gender)	2018	2019	2020
Accident rate*	12.57	6.09	4.97
Men	19.80	8.09	3.86
Women	0	2.45	6.96

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

Accident severity rate (overall and by gender)	2018	2019	2020
Accident severity rate*	0.37	0.08	0.07
Men	0.58	0.10	0.07
Women	0	0.03	0.07

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

Accidents reported in 2020 mainly involved manual workers, resulting in total of 84 days of convalescence (-13 compared to 2019), 62% of which regarded men. As for the type of accident, the recorded accidents regarded road accidents (rear-end collisions), bruising to hands, arms and legs, as well as 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 accidents mentioned above, in 2020 two commuting accidents were recorded (i.e. occurring during the commute to or from work).

As regards accidents to workers not employed by the Group but whose place of work is under the control or supervision of the Group (such as construction sites, works conducted at its offices and branches, customer care activities at stores and branches, etc.), only 2 accidents were reported, both of which took place at workplaces controlled by Centria, resulting in a total of 24 days of convalescence.

As seen in previous years, in 2020 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.

In recent years, much attention has been given to the causes of “near misses” at work. A near miss is any work-related event that might have led to injury or death but which, due to pure chance, did not. 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 through the introduction of appropriate measures and improved processes.

In 2020 10 near misses were reported, 1 at Centria and 9 at Ecolat. The reports regarded potential accidentals relating to slips, falls from height/tripping, non-compliance with safety procedures, temperatures in the workplace and a fire. To prevent these situations from occurring again in the future, for each near miss a careful analysis of the event and the associated risk was conducted and specific measures were taken, such as the adoption of overshoes with non-slip soles to be used in the event of wet floors, meetings with employees and maintenance companies, and engagement with inspection personnel.

Furthermore, no occupational illnesses of employees or former employees for which the company was declared ultimately responsible were recorded. 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.

Other conditions include those related to poor posture, screen use and, in certain cases, the use of company vehicles.

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;
- the use of CE-certified equipment, work surfaces and anti-glare monitors;
- position of work stations away from direct sources of heat and direct and artificial light;
- adoption of ergonomic furniture.

In 2020 there were no confirmed cases of occupational illness, resulting in an occurrence rate of zero.

3.3.2 Freedom of Association

At the end of 2020 a total of 239 employees were members of trade unions, equating to 32% of the workforce. In terms of gender, most trade union members are men (177), in line with the previous two-year period.

Number of workers who are trade union members, subdivided by gender	2018	2019	2020
Total	245	243	239
Men	174	181	177
Women	71	62	62

3.4. Protection and enhancement of human capital

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

This strategic company policy is further highlighted by the care with which the HR service manages employee data. With specific regard to training, the Talentia 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, 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 2020 a total of 654 employees took part in training courses (423 men and 231 women). In absolute terms, 47 fewer employees took part compared to the 701 participating employees in 2019.

In 2020 a total of 17,854 hours of training were delivered (14,629 hours for male employees and 3,225 hours for female employees), equating to an average of 3 courses (male employees attended 4 courses while female employees attended 2) and 23 hours per worker (30 for men and 11 for women)⁸. The decline in total training hours in 2020 compared to the previous year was due to health emergency that resulted in a reduction in the number of training activities.

⁸Thanks to improvements in data collection techniques, since 2019 the data also includes employees who ceased working for company, and employees who were hired and ceased working for the company in the same year. Average training hours have been calculated based on 801 employees for 2019 and 788 employees for 2020.

Total number and average number of training hours	2018	2019	2020
Total number of training hours	29,996	23,439	17,854
Average number of training hours per worker	42	29	23

Training activities regarded a broad range of topics, attributable to seven main categories:

- mandatory occupational health and safety training (general and sector-specific);
- technical and professional training aimed at the development of specific skills required for certain roles;
- communication (sales techniques, public speaking, communication using social media, etc.);
- risk management (e.g. refresher on 231 topics);
- work and tax (public contracts, tax adjustments, Certification on Income 2020, etc.);
- management (project manager, cost management models, financial risk analysis, etc.);
- IT (intermediate and advanced Excel, and the Microsoft Office package).

In 2020, in line with the Estra Group's commitment to promoting the professional development of its employees, short individual coaching sessions were conducted to support personal growth by helping employees to recognise and optimise their own resources.

A detailed analysis of the training data shows that 3,485 hours regarding occupational health and safety training while 2,509 regarded IT and digitalisation (33% of the total). Most of the training courses were delivered online⁹ (49.3%), with 26.2% delivered in person and 24.4% as a combination of the two.

As regards the number of hours by professional level, training aimed at managers (both men and women) more than doubled in the course of one year. Conversely, a decline was recorded in the other categories, particularly among manual workers (-60 compared to 2019). In particular, certain managers took part in an Executive Master's in Business Administration, equating to 264 hours.

Average hours of training by qualification and gender	2018	2019	2020
Managers			
Men	64	58	164
Women	62	40	107
Middle managers			
Men	105	39	61
Women	65	32	37
Clerical workers			

⁹ Delivery method data was calculated on 17,145 hours, as 709 hours were delivered in a way that did not directly correspond to the three methods described above.

Men	48	33	19
Women	17	15	9
Manual workers			
Men	64	39	26
Women	-	63	3
Messengers			
Men	0	9	8
Women	-	-	-
Total			
Men	57	36	30
Women	19	18	11

In 2020 the Estra Group launched a new training programme: Estra Training. The aim of the programme is to develop customer service and management skills. Its central strategy is to empower employees operating in the customer care sector and those involved in delivering services to end customers.

Estra Training revolves around an online training platform aimed at operators at its call centres, branches, stores and customer care departments, enabling data to be organised in an innovative and structured way and consolidating a unique and interactive knowledge base. The platform brings together a complex and varied set of information, not only focusing on the technical and procedural knowledge that represents the “traditional” training received by operators but also providing space for valuable content, collaborative tools, and even the co-authoring of training materials.

The aim is to develop a circular training model where all participants are encouraged to make active contributions and where all available knowledge, both top-down and bottom-up, is used to provide the best possible customer service. “Area experts” were appointed in various company departments, recognising those with strong sector know-how. These area experts play an active role in the customer service training process (writing/reviewing/validating content, participating in discussions and webinars, etc.). Meanwhile, customer services operators provide essential and valuable feedback about their experiences to the company through forums, surveys and questionnaires. Sometimes, this feedback, such as examples of customer care best practices, is translated into concrete measures to improve the service, benefiting everyone involved, especially customers. An editorial calendar, a reporting system and regular error-checking ensure that the system is operating effectively.

Estra Training is built around a true community that promotes a collaborative environment and fuels a new training culture, a culture of shared responsibility, of customer communication, and of customer value for the company as a whole.

In 2020 a total of 307¹⁰ call centre operators and branch and store representatives receive training, of which 119 were Group employees and 188 were employed by partner firms. Each operator received an average of 41 hours per course; 22 hours related to courses published in 2020 while 19 hours related to courses

¹⁰ For privacy reasons, the accounts of operators who no longer work for the Estra Group are deleted after 6 months. The figures therefore underestimate the actual data.

published in 2019 and still accessible in 2020. In total, the courses were consulted for 12,616 hours (53.8% of which referred to courses published in 2020).

Considering 2020 only, 235 courses were published, of which 226 were e-learning courses, 6 were webinars and 3 were delivered in classrooms. The courses covered various topics including tariffs, contracts, customer care and call handling. Average registration was 148 for e-learning courses, 64 for the webinars and 11 for the classroom sessions. Compared to the total number of registrations, 33,448 users signed up to e-learning courses, 384 to webinars and 33 to in-person courses. Each user attended an average of 195 courses, while the average course completion rate was 75%.

This proves that Estra Training is also an effective way of promoting the well-being of the people involved in it, enabling them to take an active role in consolidating the skills needed to deliver a positive customer experience. Even before the COVID-19 pandemic, it offered equal opportunities and flexible access to training, removing geographical barriers and enabling all participants to choose training times and methods that best suit their professional needs. Thanks to the webinars and meetings with management and area experts, Estra Training helps to promote the inclusion of all employees in all aspects of company life.

3.4.1. Internships

The Estra Group's company policy is not only aimed at its own human capital: it also extends to high school students, undergraduates and graduates, offering opportunities to train within the company through the internship programme. Internships can be part of a curriculum or be extracurricular: 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 2020 a total of 16 internships were launched.

As shown in the table below, 7 extracurricular internships were started and concluded in 2020, for a total of 1296 days. In addition to these, 7 internships were launched in 2019 and continued in the following year.

Extracurricular internships	2018		2019		2020	
	No.	%	No.	%	No.	%
Women	8	57.1	6	60.0	5	71.4
Men	6	42.9	4	40.0	2	28.6
Total	14	100	10	100	7	100

The extracurricular internships, which were promoted by the University of Siena and the Siena and Prato Employment Centres, took place in the Siena and Prato offices (1 and 6 internships respectively). The internships regarded diverse topics such as strategies for development and the environment, trading and supply, gas operations, sales, credit management, planning and control, as well as risk and process management and integrated compliance. Interns were mainly women (71.4%), with an average age of 27, and are Law or Economics graduates (85.7%).

In line with the negative trend seen in 2019, the number of curricular internships fell compared to the previous year, as did the number of months (13.9 in 2020), and total days fell from 996 in 2019 to 426 in 2020. This was due to the health emergency that reduced the number of interns. Of the 9 internships, plus 1

launched in 2019 that ended in 2020, 6 were part of the Development of Transferable Skills and Orientation Programmes (formerly known as the school-work programme).

Curricular internships	2018		2019		2020	
	No.	%	No.	%	No.	%
Women	4	12.5	2	9.5	7	22.2
Men	28	87.5	19	90.5	2	77.8
Total	32	100	21	100	9	100

Curricular interns had an average age of 21 and were mainly undergraduates. The internships were promoted by high schools, technical colleges (ITS) and universities.

3.5 Targets and results

Targets for 2020	Results in 2020
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.).	<i>Target achieved</i> The platform became fully operational in 2020. At present the company entrusted with delivering the training is Paradigma; the incorporation of the content of the 231 model onto the Docebo platform managed by HR may be considered in the future.
Increase the number of unique visitors to MyEstra	<i>Target not achieved</i> Likely due to increased difficulties in accessing the company intranet due to the predominance of remote working in 2020.
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.	<i>Target achieved</i> From February to July 2020 the Estra Caffè video stories starring Group employees were posted on the company intranet MyEstra, with 2 episodes per week to describe the jobs, passions and hobbies of 100 Group employees operating in different companies and offices.

<p>Technological improvements to MyEstra</p> <p>Aiming to remove the access security certification and implement a new access portal for company systems (Ughetto) integrated with MyEstra.</p>	<p><i>Target partially achieved</i></p> <p>Following internal audits by the IT department, it was not possible to remove the access security certificate, nor will it be in the future. In early 2020 the "Ughetto" portal was made available to all employees, enabling access to all of the company's apps.</p>
<p>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</p>	<p><i>Target not achieved</i></p> <p>The aim was to make the work group operational. It consisted of employees in the Development, Sustainability and Institutional Relations, Internal Auditing and Human Resources departments but this was blocked by the health emergency.</p>
<p>Signing of the trade union agreement on smart working for 2020</p>	<p>Target superseded by COVID emergency. In 2020 no specific agreements for remote working were required.</p>
<p>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.</p>	<p>Remote training delivered on the following dates:</p> <p>Monday 06/04/2020 from 08:30 to 10:00 and 15:00 to 16:30</p> <p>Wednesday 08/04/2020 from 10:30 to 12:00</p>
<p>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"</p> <p>Furthermore, 8 hours of training on the topic of sustainability are planned.</p>	<p>The project promoted by the Tuscany Region was postponed due to the pandemic and has been rescheduled for June 2021. Nearly all of the hours have been rescheduled and will be delivered in June.</p> <p>The sustainability course was delivered on 07/07/2020.</p>
<p>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</p>	<p>Yes - The Talentia software used for training and to monitor the expiry of obligatory HSE training was implemented and is now used by most Group Companies. Moreover, specific reports have been repeated to organise and filter expiring</p>

occupational health and safety training.	certifications by employee role.
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Targets for 2021

Implementation of the HR IT system (Talentia) to monitor training gaps through performance appraisals conducted using the software made available by HR to managers.

Implementation of Basic Training delivered remotely for new hires and continuous updates on privacy and data protection. Definition of a continuous and broad-reaching training plan for employees and collaborators delivered remotely. Creation and publication of specific content.

Evaluation of gaps and the need for updates of company personnel on the topic of privacy resulting from internal audits, reports and changes to regulations and legislation. Analysis of training requirements for updates and continuous training on important topics, evaluation of the content and planning and delivery of the training.

Increased use of remote technologies for meetings, training, etc.

Commencement of the work of the internal Work Group established as part of 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

Targets for 2021-2022

Restructuring of the MyEstra portal:

- 2021 design of new portal
- 2022 launch of new portal

Implementation of employee engagement activities.

Company awards to reward everyday actions that best represent the Group's values.

Promote company volunteering initiatives/company volunteering day.

Encourage colleagues to save energy at work and in their own homes (when working remotely) through a set of guidelines.

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. This objective is pursued through the development of innovative solutions, the monitoring of processes and the innovation of the services on offer.

Similarly, customer communication plays an important role in establishing relations with customers. In this regard, Estra uses clear and transparent language in its communications, including those conducted through its online channels, to effectively engage with all of its customers, promoting a relationship characterised by continuous dialogue with a view to building long-term trust.

In order to ensure greater proximity and support to customers, Estra has adopted a strategy 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, in 2019 Estra Energie and Prometeo implemented a voluntary self-governance protocol for unsolicited contracts and activations, in partnership with leading consumers' associations. The Protocol defines a series of procedures aimed at providing all consumers with extensive guarantees in contractual relations. In fact, the sales process was structured around a procedure with a pronounced emphasis on clarity and transparency: the customers' wish to switch to Estra is confirmed on multiple occasions, with telephone follow-ups for all door-to-door contracts, the choice between written or telephone confirmation in the case of contracts made over the phone, the availability of all contractual documentation and phone call recordings that finalise and confirm the contract before the contract becomes binding, two-stage telephone verification to confirm the receipt of the contractual documentation and the customer's consent, and many opportunities for the customer to exercise their right to reconsider, enabling such notification at various stages of the contractual process.

As defined in the Protocol, in 2020 two meetings of the Control Board were held, one in November for Estra Energie and one in December for Prometeo. During the two meetings, conducted remotely due to the restrictions on in-person events during the COVID-19 health emergency, the statistics and progress reports of the complaints and settlements during the year were presented. Furthermore, the new project relative to the Estra Group Charter of Responsibilities was presented to both committees.

From 01 July 2020, all gas and electricity customers were due to be moved onto the free market (the deregulation was then postponed to January 2023 for private customers and to January 2021 for SMEs). This is a significant change for many customers, particularly older people who are more likely to be victims of unfair commercial practices.

In 2020 there was only one open administrative case for anti-competitive behaviour and monopoly practices: this referred 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. On 13 January 2020, the State Council issued a judgement overturning the fine imposed by the AGCM on 25 January 2012, ruling that the offence of abuse of a dominant position had not occurred. In execution of this judgement, the entire amount of the original fine was reimbursed.

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

Compared to 2019 the number of end customers for gas fell by 1.7% in 2020 while the number of end customers for electricity rose by 14.3%. With regard to contract type, in the 2018-2020 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.

	2018	2019	2020
Number of gas PoDs			
End market - Free	328,074	363,261	387,968
End market - Regulated	315,387	272,313	236,901
Total	643,461	635,574	624,869
Number of electricity PODs			
End market - Free	110,598	145,662	175,729
End market - Regulated	20,146	19,197	16,569
Total	130,744	164,859	192,298

Sales volumes for methane gas and electricity fell in 2020 compared to 2019. This decline was due to the fall in gas and electricity consumption particularly among retail and industrial clients as a result of the business

closures during the lockdown and the subsequent reopening at reduced levels and not always on a continuous basis.

	2018	2019	2020
Gas volumes sold (Mln m³)			
End market - Free	1,201	1,695	1,192
End market - Regulated	282	236	203
Total	1,483	1,931	1,395
Electricity volumes sold (GWh)			
End market - Free	604	734	731
End market - Regulated	45	44	33
Total	649	778	764

The number of telecommunications customers, who are mainly located in Tuscany, particularly Prato and Florence, remained stable. However, the number of customers served by the district heating network increased thanks to the acquisition of Termas S.r.l., a company that owns a co-generation plant connected to a 5.5 km district heating network in the municipality of Ancona, which joins the Group's existing plants in Siena, Calenzano and Sesto Fiorentino.

Number of customers	2018	2019	2020
District heating	1,084	1,119	1,328
Telecommunications	4,052	4,028	4,170

The fibre optic network is one of the Group's areas of excellence. Since its foundation, the Group has chosen to invest in expanding the network mainly in the metropolitan area of Florence, Prato and Pistoia through its company Estracom. 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, superfast broadband, with various innovative, high added value services.

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

The data for 2020 confirm the positive and consistent expansion of the infrastructure, with a 16.7% increase in km of network.

Fibre optic infrastructure	2018	2019	2020
Fibre optic infrastructure (km of cable)	662	790	948

Much like the Group's 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 2018-2020 three-year period are given below.

A comparison of 2020 and 2019 shows a slight fall in gas introduced into the grid (-1.7%), while the total number of active PoDs remained stable and total network length increased slightly (+0.4%).

Methane gas distribution service users (thousands)

	2018	2019	2020
No. of active PODS	447	516	516

Gas input into the network (Mln m³)

2018	2019	2020
654	663	652

Natural gas network length (km)

2018	2019	2020
6,378	6,984	7,015

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

	2018	2019	2020
No. of active PODS	5,516	5,360	5,293

LPG volumes sold (Mln m³)

2018	2019	2020
0.932	0.863	0.782

LPG network length (km)

2018	2019	2020
145	144	143

4.1.2 Privacy

The confidentiality of data and transactions is of primary importance to the Estra Group and consequently specific security measures are adopted to prevent the loss, unlawful or improper use of, and unauthorised access to, personal data. The data protection policy is available 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 27001:2013.¹¹

In 2020 two complaints relating to privacy breaches were filed with the Italian Competition Authority. The outcome of both cases was positive, in that the data controller was not subject to any penalties.

A total of 137 requests were received to exercise the rights provided for by Articles 15-21 of the GDPR and/or to request information and clarifications regarding the processing of data by the data controllers.

In line with the previous two-year period, no cases of theft or loss of customer data were reported.

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 by ARERA (Italian Regulatory Authority for Energy, Networks and Environment), in partnership with municipalities and consists of a discount applied to the gas and electricity utility bill. The social bonus aims to support the many families in economic difficulty and those who require specialist electromedical equipment due to serious illness. 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).

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

Gas bonuses allocated by the Group's main sales companies

	2018	2019	2020
No. of bonuses allocated	19,750	21,403	20,510

¹¹ For more information on the companies which have been awarded the certification, please refer to the "Certifications" paragraph in the chapter "The Group".

Value of bonuses allocated (€)	1,832,272	2,126,349	1,902,494
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Electricity bonuses allocated by the Group's main sales companies

	2018	2019	2020
No. of bonuses allocated	6,337	8,656	9,725
Value of bonuses allocated (€)	592,752	829,792	873,331

Support for customers in financial difficulty is also provided through the ability to pay utility bills in instalments. A total of 27,934 gas and electricity utility bills were paid in instalments, of which 88% referred to gas supply. The instalments set up in 2020 mainly relate to the schemes established by ARERA to support customers with objective payment difficulties (e.g. unemployed, on furlough, etc.) due to the COVID-19 pandemic, and enable customers to pay utility bills over a maximum of 6 instalments.

4.1.4 Online utility bills, customer area and app

The number of gas and electricity customers who have chosen to receive their bills by email continues to grow, contributing to protecting the environment through the reduced use of paper while also offering a simple and convenient billing system. This increase - caused by the ever-increasing focus on 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 to manage their supply.

The increase regards gas, electricity and telecommunications customers who have chosen to receive their utility bills online, which amount to 14.3% and 26.5% of the total.

Methane gas customers

	2018	2019	2020
Online billing	9.2%	11.3%	14.3%
Total customers	59,482	71,873	89,246

Electricity customers

	2018	2019	2020
Online billing	18.6%	21.8%	26.5%
Total customers	24,317	35,981	51,041

Telecommunications customers

	2018	2019	2020
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Online billing	10.7%	7.2%	7.8%
Total customers	434	289	323

The number of customers registered on the customer web portal continues to grow, confirming the importance of the service which enables users to submit meter readings, view and pay bills and change certain details of their contract. As well as the increased number of members, the significant rise in accesses to the customer web area in 2020 is also linked to the COVID-19 pandemic, which resulted in the closure of stores and branches throughout the lockdown and, consequently, led customers to use alternative communication channels, such as the customer web area.

Customer web area	2018	2019	2020	Variation 2019-2020
Number of registered customers	153,357	233,713	291,421	24.6%
No. of accesses to the portal	1,051,861	1,283,891	2,105,894	64%

In line with the data above, in 2020 the number of customers who downloaded the Estra App rose significantly.

The Estra App	2018	2019	2020
Customers who have downloaded the Estra App in the relative years (Android/iOS)	22,080	29,528	44,411

4.2 Quality of services and customer-oriented approach

4.2.1 Customers served in branch

In 2020, despite the slowdown of activities during the lockdown imposed in response to the COVID-19 pandemic, the Group continued its activities to re-establish physical points of contact with customers. The strategy is based on developing the concept of “help desks” aimed at the creation of spaces able to provide a fulfilling and convenient service. 2020 marked the opening of the new branded in-store branches in Florence and Vallefoglia and the new branded agency in Polignano. Furthermore, the Ascoli Piceno and Poggibonsi stores relocated to more easily accessible locations. The new locations have been completely redesigned, with larger and better equipped spaces where 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 which 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, news 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 87 in 2020, mainly located in Central and Southern Italy.

	2018	2019	2020
Number of stores	81	84	87

In 2020 the number of customers served in-branch fell as a result of the temporary closure of all stores and branches during the first national lockdown caused by the COVID-19 health emergency, which was in force for nearly two months. Furthermore, all branches in the Adriatic remained closed long after the first lockdown and for much of the year. This forced closure and the subsequent regulated access and enduring fear of infection has led to a general reduction in the number of customers coming into branches.

As shown by the data below, this has had a direct impact on all alternative means of communication put in place by the Group to confront the emergency, from call centres and online chat functions to written information requests, WhatsApp and Facebook.

	2018	2019	2020
Number of customers served in branch¹²	244,145	260,566	159,874

The average waiting time in branch in 2020 was largely in line with the previous year, increasing slightly from 11 minutes in 2019 to 12 minutes in 2020. It should be noted that the data was impacted by the effects of the pandemic as once they were permitted to reopen, access to Estra stores was restricted and regulated in compliance with the legislation in force to prevent the spread of the COVID-19 virus. Customers were therefore required to wait outside and as such could not take a number to be served by an operator until they had entered the building a few minutes before being served.

	2018	2019	2020
Average waiting time in branch (minutes)	10	11	12

4.2.2 Call centres

In 2020 the number of calls to Estra Energie and Prometeo call centres rose significantly (+14.7% compared to 2019) but the number of calls with a positive outcome fell (16.3%), with increased waiting times (from 60 seconds in 2019 to 99 second in 2020) and a resulting fall in level of service (from 79.86% in 2019 to 58.17% in 2020).

The increase in the number of calls to call centres is a direct consequence of the closure of branches caused by the pandemic. In fact, although direct communication channels were closed, customers were able to continue to carry out all activities such as connections, activations, takeovers, switches and requests for information thanks to the service offered by call centres and other communication channels such as email, the website and online chat.

The reduction in the number of calls with positive outcomes and the increase in waiting times, as well as the overall increase in calls received, also related to a problem with a call centre supplier which postponed the start of its activities due to the health emergency. Consequently, all incoming calls had to be handled by two of the Group's suppliers.

¹² The number of customers served in branch in 2020 regards Estra Energie, Gas Marca and Prometeo.

Since 2018 the waiting time for customers calling the call centre has been calculated including the time in which the customer listens to the pre-recorded menu before speaking to an operator.

As in the previous two-year period, in 2020 accessibility was 100%.

Number of calls (call centres) to operators, total and with positive outcomes

2018		2019		2020	
Received	Answered	Received	Answered	Received	Answered
652,614	620,602	770,474	614,979	903,151	515,001

4.2.3 Complaints and queries

In the 2018-2020 three-year period the total number of complaints to Group companies steadily reduced. In particular, those relating to gas and electricity sales companies have fallen: 3,957 in 2018, 2,884 in 2019 and 2,036 in 2020.

Complaints regarding methane gas distribution companies also fell from 179 in 2019 to 83 in 2020, considering complaints made to Centria, Gergas and Murgia Reti Gas.

The maximum response times to complaints and written information requests in 2020 were met in 100% of cases for all of the Group's distribution companies.

The average complaints response time at Estra Energie, which receives more than half of total complaints, was 20 days, down slightly on the 21 days recorded in 2019.

	Written complaints	Cases pending a response as at 31/12	Responses processed within the maximum time period
2018	3,994	27	3,967
2019	3,066	98	2,968
2020 ¹³	2,119	6	2,107

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 remained unchanged, with 74 complaints received in 2020 compared to 75 in 2019. All complaints except one were responded to within the maximum period (30 days), with an average time of 20 days, complying with the maximum time established by ARERA in 99% of cases.

In 2020 written requests for information for Estra Energie and Prometeo increased by 44.4% from 1,753 in 2019 and 3,150 in 2020.

The significant increase in this data is partly due to the increased difficulties that customers experienced in reaching and speaking to call centre operators for the reasons described above, and partly due to the general

¹³ Complaints in 2020 relate to Estra Energie, Prometeo, Gergas, Centria and Murgia Reti Gas.

increase in communications received from customers through alternative channels as a result of branch closures during the lockdown

Despite the significant increase in requests, the maximum responses times were met in 98% of cases, and the average response time fell from 20 days in 2019 to 16 days in 2020.

	Written requests for information	Cases pending a response as at 31/12	Responses processed within the maximum time period
2018	714	0	712
2019	1,753	28	1,721
2020	3,150	43	3,100

In 2020 there was an increased use of all alternative digital communication channels made available to customers by the gas and electricity sales companies for the reasons noted above and in view of the branch and store closures during the national lockdown.

In 2020 the virtual assistance service was launched on the website estra.it thanks to the partnership with one of the winning start-ups of the 2018 E-qube challenge. The chatbot enables users to access immediate assistance 24/7, providing automated customer service through an artificial intelligence algorithm that learns and improves over time, increasing user satisfaction and reducing help desk costs. The virtual assistant responds to repetitive questions, interpreting them and forwarding only the most complex queries to a human operator.

Other communications channels

	Chat	Website	WhatsApp	Facebook	ChatBot
2019	9,520	7,669	1,088	349	N/A
2020	14,413	8,307	1,494	720	998

4.2.4 Settlements

Settlement procedures are alternative dispute resolution (ADR) mechanisms that enable the parties to avoid going to court and to amicably resolve disputes. Naturally, this is the fastest and most cost-effective way of resolving customer complaints against companies, particularly those processed by Sportello del Consumatore Acquirente Unico (Single Buyer service of the ARERA Consumer Help Desk). The use of this service declined in the 2018-2020 three-year period, falling from 94 settlements in 2018 to 67 in 2020.

The numbers show that in 72% of cases in 2020, 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

	2018	2019	2020
Closed positively	1	5	0
Closed negatively	1	3	0
Pending	1	4	0
Total	3	12	0

Number of settlements through the Sportello del Consumatore Acquirente Unico

	2018	2019	2020
Closed positively	73	62	48
Closed negatively	7	15	13
Pending	11	6	6
Total	91	83	67

4.2.5 Disputes with customers¹⁴

The table below shows the disputes opened by customers against Group companies. At the end of 2020 there were 16 judicial and extra-judicial cases open.

	2018	2019	2020
Judicial cases brought by customers against Group companies that were open at year-end	5	7	13
Judicial cases brought by customers against Group companies that were concluded during the year	4	8	4
Extra-judicial cases brought by customers against Group companies that were open at year-end	1	6	3
Extra-judicial cases brought by customers against Group companies that were open at year-end	17	13	12

4.2.6 Quality of the gas distribution service

4.2.6.1 Standards

In 2020, Centria and Murgia Reti Gas did not conduct any customer satisfaction surveys as these were carried out in the previous year. Centria has scheduled this activity for 2021.

¹⁴ There were no significant claims for compensation made by customers.

Gergas carried out its survey in 2020 on 66 users. The data shows that customer satisfaction is in line with expectations, except in the case of tariff transparency, where levels were slightly lower than expected but nonetheless evaluated as “very good”.

As regards “Customers Relations Aspects” and “Technical Aspects”, the level of satisfaction was “very good”.

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 0 to 4):

- satisfaction regarding waiting times for technical works was 3.6;
- satisfaction regarding staff courtesy was 3.2;
- satisfaction regarding case handling was 3.6;
- satisfaction regarding the resolution of technical issues was 3.6.

Considering the responses received, no critical issues were identified. The survey will be repeated in order to constantly monitor end customer satisfaction and to take action where required.

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 20 minutes for Gergas and 35 for Murgia Reti Gas, with a 99% 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;
- replacement of old meters with new, latest-generation electronic meters.

Electronic meters

	2018	2019	2020
Number of electronic meters installed in the year	71,588	131,630	57,338
Total number of electronic meters in operation	188,176	319,806	370,562

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 2020, the companies managing the distribution service responded to faults in the distribution system in 36 minutes or under.

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)		
		2018	2019	2020
Centria	On the distribution plant	33.51	32.93	32.11
	Downstream of the POD	32.72	32.74	32.32

Gergas	On the distribution plant	23.37	20	20.06
	Downstream of the POD	20.24	18.44	20.30
Murgia Reti Gas	On the distribution plant		38.71	35.51
	Downstream of the POD		36.17	35.46

According to ARERA, 90% of emergency gas calls must be answered within 120 seconds. In 2020 this requirement was met by both Gergas (98%) and Murgia Reti Gas (100%).

Centria has chosen to adopt a higher standard than the level required by ARERA: 99% of calls must be answered within 100 seconds, with success rates of 99.9% in 2020, in line with 2019.

Thanks to the addition of a new workstation at the Centria call centre, the average waiting time to speak to an operator in 2020 fell.

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

Number of calls		
2018	2019	2020
17,281	19,482	21,151

Average waiting time before speaking to an operator (seconds)		
2018	2019	2020
59.4	86.2	64.27

The number of cases where the gas distribution service quality level was not met and where the right to automatic compensation applies remained more or less the same in 2020 both at Centria and Murgia Reti Gas. No cases of this nature were recorded at Gergas.

Number of failures to meet the gas distribution commercial quality standard with right to automatic compensation		
2018	2019	2020
318	436	204

4.2.6.2 Inspections

The gas management and distribution activities of the Estra Group not only require the full commitment of the Group as a whole but also the very specific skills and abilities of the human capital at directly associated businesses. This enables the Group to not only comply with the regulatory requirements set out by AEEG, but also to go beyond them with a view to providing the highest possible level of service. Estra considers inspections to be part of its duty towards the community and the local area. Indeed, by constantly and carefully monitoring infrastructure it is possible to promptly intervene in the event of gas leaks that may occur along the network.

Specifically, the monitoring 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 rapid intervention.

The company communicates directly with residents in its areas under management through messages posted on its company vehicles, aimed at providing information and/or raising awareness among residents by providing tips and practical advice on how to prevent combustible gas explosions in domestic residences.

The table below shows Group's capillary focus towards its distribution networks in numbers. In 2020, efforts to safeguard infrastructure led to inspections of 100% of the total grid, including the high/medium and low pressure networks.

Gas distribution network inspections	2018	2019	2020
Total metres of high- and low-pressure network	2,952,853	3,076,546	3,081,430
Metres of high- and low-pressure network inspected	2,951,446	2,544,937	3,068,295
Total metres of low-pressure network	3,469,302	3,843,850	3,899,272
Metres of low-pressure network inspected	3,467,424	3,004,267	3,898,139
Number of repairs	19	23	33

In 2020 the number of inspections on metering devices on the low, medium and high pressure networks increased by over 45%. This was due to a substantial rise in the number of inspections on low pressure metering devices. The variation between PODs depends on the region in which the operation was carried out.

Metering devices inspected					
Number of high- and medium-pressure POD			Number of low pressure POD		
2018	2019	2020	2018	2019	2020
538	256	202	3,786	4,098	6,147

As regards overhead connection inspections, the total number of metres inspected fell from 10,781 in 2019 to 8,922 in 2020. The constant decline over the three-year period was not due to specific factors but rather due partly to the sample region chosen for the inspections, whose non-uniformity may inevitably lead to

variations in data, and partly to the fact that the company prioritised inspections of underground connections.

Overhead connection inspections	2018	2019	2020
Metres of high- and low-pressure network inspected	825	757	245
Metres of low-pressure network inspected	12,078	10,024	8,677
Number of high- and medium-pressure connections	332	189	73
Number of low-pressure connections	1,708	2,223	2,223
Number of repairs	55	34	69

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

The number of repairs increased significantly in 2020 due to inspections on newly acquired areas (Isernia) which had not yet been inspected.

In 2020 the Company decided to launch a broader network monitoring programme than in previous years focused mainly on underground connections.

Underground connection inspections	2018	2019	2020
Metres of high- and low-pressure network inspected	2,100	4,135	33,912
Metres of low-pressure network inspected	41,315	84,862	445,057
Number of high and medium connections inspected	412	463	3,912
Number of low-pressure connections inspected	6,958	9,090	51,615
Number of repairs	32	28	28

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

The increase is significant, particularly when considering that in 2019 the Group inspected 88,997 metres of underground connection, compared to the some 478,969 metres inspected in 2020.

4.3 Targets and results

Targets for 2020	Results in 2020
Open new stores in Assisi and Casalbordino for Prometeo and in Ascoli Piceno, Poggibonsi, Cassino, Ischia, Pagliare	<i>Target partially achieved</i>

del Tronto and Florence for Estra Energie.	The Assisi and Casalbordino stores are expected to open in 2021. Ascoli Piceno opened in 2020, Poggibonsi opened in 2020, Florence opened in 2020. Cassino is work in progress, due to open in 2021, at Pagliare del Tronto the planning phase is complete, works are due to start in 2021, Ischia not viable.
Gergas: Renewal of 10 reduction units	<i>Target achieved</i>
Centria Average arrival time for emergency gas call-outs < 35 minutes Average time for gas supply activation < 3.5 days	<i>Target achieved</i> Arrival time for emergency call-out sites - leaks downstream of the POD: 32.32 minutes Arrival time for emergency call-out sites - leaks upstream of the POD: 32.11 minutes Average gas supply activation time: 3.32 days.
Centria: Increase the number of connections inspected (overhead and underground) by 10%	<i>Target achieved</i> 9,550 connections inspected in 2019; 55,816 connections inspected in 2020, an increase of 584%.

Targets for 2021

Centria

Average arrival time for emergency gas call-outs < 35 minutes.

Average time for gas supply activation < 3.5 days.

Gergas

Renewal of 13 gas regulation units.

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.

This chapter illustrates the data recorded in the 2018-2020 three-year period, with the exception of fees paid to municipalities, purchases of raw materials (gas and electricity), inter-group purchase orders and remuneration for participation on the Boards of Directors of the various Group Companies.

In 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

To measure supplier quality, in the absence of a standard procedure shared by all Estra Group companies, Estra, Centria, Estra Energie, Estracom, Estra Clima and Murgia have adopted an structured 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 2020 the trade partners subject to assessment received an average score of 92.7 out of 100¹⁵. This is slightly down on previous year (94 in 2019), when the calculation was conducted on the data of five of the aforementioned six companies, Murgia having only adopted the assessment system this year.

Centria is the main Estra Group company that operates in the methane distribution sector and is certified according to SA 8000. As part of its corporate risk assessment procedure, it closely evaluates suppliers based on the criteria established by the certification and requires suppliers to comply with the requirements set forth by the certification. In this regard, the Company regularly monitors the corporate risk that characterises the supplier's activities and conducts communications activities and/or inspections. Specifically, Centria has adopted an assessment system to evaluate the corporate risk of its suppliers, classifying the levels of potential risk 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. Each level corresponds to a monitoring procedure that becomes increasingly complex as the level of risk increases, as shown below:

- suppliers with a risk level of 0 are sent information informing them of the SA8000 certification and the main objectives of the Corporate Social Responsibility Policy;

¹⁵ For clarity, it should be noted that this score is the weighted average of the percentages of the supplier assessment, considering quality, environment and safety.

- 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 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, and are prepared to follow the self-assessment process through questionnaires to verify compliance with the above requirements;
- suppliers with a risk level of 3 must comply with the criteria for level 2 and must consent to being personally audited.

The table below shows the results of the assessment of corporate risk of Centria's suppliers in 2020, divided by product category.

Detailed analysis:

PRODUCT CATEGORY	Level of Corporate Risk				
	3	2	1	0	Total
Other			58	58	116
Works contracts	5	1	2		8
Consultancy services			3	1	4
Supplies		30	45	5	80
Works		2	1		3
Professionals		2	10	8	20
Pressure regulators		1			1
Restoration			1	26	27
Services	4	4	40	23	71
Methane gas sector			1		1
Other				1	1
Total	9	40	161	122	332

The analysis of 332 suppliers revealed the following:

- 122 suppliers (36.7%) have a risk level of 0;
- 161 suppliers (48.5%) have a risk level of 1;
- 40 suppliers (12.0%) have a risk level of 2;
- 9 suppliers (2.6%) have a risk level of 3;

Comparing the percentage data with the previous year, there was a slight increase in the number of supplier with a risk level of 2 (+5.6%) and a fall in the number of trade partners with a risk level of 0 (-10.2%).

In addition, suppliers whose activities are characterised by significant environmental impacts are required to hold adequate environmental certifications such as ISO 14001.

5.1.2 Supplier Register

In 2020, the number of economic operators listed on the Supplier Register adopted by Estra S.p.A. and Centria was 588. Of these, 465 were certified (33 with expired certifications), 3 were pending assessment by the competent Service, while 87 had begun to complete the registration form but had not yet completed it ("suppliers whose registration is incomplete").

On 01 February 2020 the Supplier Register was renewed and all trade partners listed on the register, in force from 2016 to 2019, were sent a notification informing them how to register on the new Economic Operator

Register, due to remain in force until January 2023. The renewal also involved product categories that have been restructured following changes to the company's requirements.

	2018	2019	2020
Operators listed on the Supplier Register	509	688	588
<i>of which certified</i>	410	401	465
<i>of which certified but whose certification has expired</i>	62	146	33
<i>pending audit by the competent service</i>	19	79	3
<i>whose registration is incomplete</i>	18	42	87

Furthermore, as in the case of the previous register, 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. This is to guarantee the corporate and professional integrity of the suppliers that collaborate with the Estra Group.

The new Regulation also states that the Register adopted by Estra S.p.A. and Centria Srl is also available to other Estra Group companies.

Disputes with suppliers

The number of judicial and extra-judicial disputes brought by suppliers against one of the Group Companies fell by a third compared to the previous year and was in any case negligible, as shown in the table below. As at 31 December 2020, there were 4 open disputes (3 judicial and 1 extra-judicial); conversely, during the year 4 disputes were closed, all of which were extra-judicial, attesting to the commitment of the Estra Group to amicably settle disputes with suppliers.

As regards the subject of the dispute, most disputes concerned the non-payment of invoices for services delivered and requests for the release of deposits. Finally, it is noted that there were no considerable requests for compensation by suppliers.

Number of disputes with suppliers by type	2018	2019	2020
Judicial cases brought by suppliers against Group companies that were open at year-end (regardless of start date)	0	1	3
Judicial cases brought by suppliers against Group companies that were concluded during the year (regardless of start date)	1	1	0
Extra-judicial cases brought by supplier against Group companies that were open at year-end (regardless of start date)	0	6	1
Extra-judicial cases brought by suppliers against Group companies that were concluded during the year (regardless of start date)	3	5	4

5.1.3 Tender procedures

In 2020 the Estra Group launched one public tender procedure and 12 negotiated procedures for works, supply and service contracts. In order to participate in the tender procedures, suppliers were required to hold certifications that guarantee compliance with the established environmental and social requirements, despite the fact the Estra Group has not currently adopted a standard procedure aimed at assessing suppliers based on social and environmental criteria.

The table below shows the certifications required from suppliers both in public tender and negotiated procedures. There was an increase in requests for compliance with SA8000, which certifies corporate management aspects relating to matters of corporate social responsibility, with a particular focus on topics such as human rights, respect for workers' rights, prevention of child labour and guarantees of occupational health and safety. Other certifications frequently requested are:

- ISO 9001, which evaluates quality management systems;
- ISO 14001, which certifies the environmental management system of an organisation;
- OHSAS 18001, which certifies the occupational health and safety system.

Finally, the request for SOA statements aims to guarantee the possession by contractors of the economic, technical and organisational requirements required by current Public Contract law (Italian Legislative Decree no. 50/2016 as amended and Presidential Decree no. 207/2010).

As regards the subject of the tenders, the only public tender procedure in 2020 concerned methane gas network maintenance works and the extension and replacement of pipes. The negotiated procedures concerned contracts for works to extend and maintain the methane gas network and the supply of electronic metering devices with remote reading and management capabilities. They also concerned consultancy services for specific projects and communications activities.

Public tender procedures	2018	2019	2020
Total amount (€ thousands)	17,635	19,732	5,675
Number of procedures	6	5	1
Certifications required	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	ISO 9001 (5 procedures) ISO 14001 (4 procedures) OHSAS 18001 (4 procedures) SA 8000 (2 requests for compliance) SOA Statements (3 procedures)	ISO 9001 ISO 14001 OHSAS 18001 SA 8000 (1 request for compliance) SOA Statement Other certifications (Completion)

	(1 procedure)		certifications for similar works)
	Other certifications (4 procedure)		

Negotiated procedures	2018	2019	2020
Total amount (€ thousands)	5,102	883	3,132
Number of procedures	9	4	12
Certifications required	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)	SA 8000 (10 requests for compliance) SOA Statements (3 procedures) Certifications for specific works (6 procedures)

The significant increase in the number of negotiated procedures in 2020 is partly due to the entry into force of Italian Legislative Decree no. 76/2020, converted into Law no. 120/2020, which simplified tender procedures by enabling more rapid selection mechanisms and raising the maximum threshold for negotiated procedures. Following the Decree, Estra Group companies increased the use of the Supplier Register, which could now be used for supplies of values between € 500,000 and € 1,000,000.

In line with the transparency guidelines of the Estra Group, in 2020 Estracom - which as a telecommunications company is not subject to the Procurement Code - nonetheless decided to request that its suppliers listed in the relevant category of the Supplier Register sign a framework agreement. The works in question had a total value of just under € 17 million. The framework agreement defines the general conditions for the execution of works and the guidelines regulating the relative implementing contracts; it also provides for the principle of rotation, in order to guarantee work to a higher number of suppliers.

5.2 Value of supplies

5.2.1 Our suppliers in figures

In 2020 the Estra Group engaged in business dealings with over 2,300 suppliers. The data for the three-year period shows that the number of suppliers fell by just under 150 in 2020, due to the reduction in activities during the lockdown.

Number of suppliers

2018	2019	2020
2,419	2,444	2,302

In line with the previous year, in 2020 91% of the Group's suppliers (2,096 out of 2,302) were composed of partnerships and share capital companies, as well as freelance professionals and affiliated practices. The remaining 9% are represented by associations (5.1%) and cooperatives and consortia (3.9%). Furthermore, 98.6% of trade partners are registered in Italy.

With regard to the type of services provided, the Group's trade partners are divided into those that provide services to the distribution service and the sales service. As regards gas distribution, suppliers are mainly companies that specialise in gas network maintenance, the supply and installation of gas meters, and quality certification updates. With regard to the sales, which refers to Estra Energie, Prometeo, Gas Marca and Piceno Gas Vendita), suppliers are mainly companies offering services in customer care and client acquisition, including store and branch management, PAP agencies and retailers, telesellers and gas distributors. Moreover, the services offered by Estracom's trade partners include connections, customer care (both for end users and municipal authorities), and the supply and maintenance of hardware and software. Estra Clima deals with construction firms (works at apartment blocks managed by the Group) and suppliers of materials required to operate the biomass plant in Calenzano. The services that concern the parent company Estra relate to software maintenance and supply, vehicle leasing, sponsorships and marketing projects. Finally, Ecolat mainly deals with suppliers of transport services, electromechanical plant maintenance, and hardware supplies.

In terms of geographical distribution, the Group's suppliers are distributed unevenly across Italy. 65.4% of the Group's trade partners are located in Central Italy due to the Group's close ties with its region of origin and development. The remaining 34.6% are divided between the North (28.1%), South (4.9%) and the Islands (1.6%). This percentage breakdown is more or less unchanged on the previous year.

	2018	2019	2020
North	24.6%	26.9%	28.2%
Central	70.7%	66.9%	65.4%
South	3.5%	5.1%	4.9%
Islands	1.2%	1.1%	1.5%

On a regional level, in 2020 Tuscany remained the region with the highest number of trade partners: 976 companies, equalling 43% of total suppliers. Lombardy was second at 15.5%, following by Marche at 9.7%, Lazio at 5.3% and Emilia Romagna at 5.2%.

Focusing solely on Central Italy, the number of suppliers fell from 1,611 in 2019 to 1,485 in 2020. This decline had a profound impact on the decrease at national level, as noted at the start of this paragraph.

Secondly, while no significant percentage variations such to affect the strong connection with the regions of Central Italy were recorded, there was nonetheless a slight increase in trade partners from Abruzzo and Marche, while the percentage of suppliers from Tuscany fell slightly (-1.1).

	2018	2019	2020
Abruzzo	4.6%	4.4%	5.1%
Lazio	8.3%	8.1%	8.2%
Marche	16.6%	14.3%	14.8%
Molise	2.7%	3.6%	3.5%
Tuscany	65.2%	66.8%	65.7%
Umbria	2.6%	2.8%	2.7%
Total suppliers in Central Italy	1,679	1,611	1,485

In 2020, the total value of supplies procured by the Estra Group was exactly in line with the previous year, when the threshold of € 250,000,000 was exceeded. This confirms the positive trend seen in the past three years.

Total value of supplies (€ thousands)	2018	2019	2020
	249,418	258,058	258,513

In 2020, considering Italian supplies only which represent 99.9% of total supplies, the total value was € 258,149,000, generated mainly by partnerships and share capital companies, as well as freelance professionals and affiliated practices (96.1% of the total, exactly in line with 2019).

The total value of supplies reflects the data regarding the geographic distribution of trade partners, confirming the Group's commitment to positioning itself as a national multi-utility company while also retaining strong links to its regions of origin. In particular, in 2020 there was a slight increase in percentage terms of the value of supplies in the North and the Islands, while the opposite trend was observed in Central Italy.

Geographical distribution of total supply value in percentage terms	2018	2019	2020
North	31.7%	34.5%	36.7%
Central	66.0%	62.4%	59.9%
South	1.5%	2.3%	2.3%
Islands	0.8%	0.8%	1.1%

Tuscany consolidated its leadership with around 45% of total Italian supply value. The significant fall in percentage terms in the Marche region is also of note, where the value of supplies has decreased by some 9.2% over two years (-4.6% in 2020 compared to 2019).

Distribution of supply value by region (%)	2018	2019	2020
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Abruzzo	1.5%	1.5%	1.3%
Basilicata	0.0%	0.1%	0.1%
Calabria	0.3%	0.4%	0.6%
Campania	0.5%	0.7%	0.6%
Emilia Romagna	7.0%	4.7%	4.7%
Friuli Venezia Giulia	0.1%	0.1%	0.1%
Lazio	13.9%	4.6%	4.3%
Liguria	0.1%	0.4%	1.9%
Lombardy	11.7%	12.2%	13.9%
Marche	17.5%	12.9%	8.3%
Molise	1.0%	0.3%	0.3%
Piedmont	10.2%	13.6%	13.8%
Apulia	0.8%	1.1%	1.1%
Sardinia	0.5%	0.5%	0.8%
Sicily	0.3%	0.3%	0.3%
Tuscany	31.5%	42.2%	44.7%
Trentino-South Tyrol	0.1%	0.1%	0.2%
Umbria	0.6%	0.9%	0.9%
Aosta Valley	0.0%	0.0%	0.0%
Veneto	2.4%	3.3%	2.1%
Total value of Italian supplies (€ thousands)	248,926	257,530	258,149

The figure for Tuscany, which is already significant at a national level, has an even greater impact when considering Central Italy only. In this case, the value of supplies in Tuscany represents approximately three-quarters of total supplies, with a further increase of 6.9% compared to 2019, which in turn registered a sharp increase of 20% compared to 2018. This increase is largely offset by the opposite trend in the Marche region, where the value of supplies fell by 6.6%. The data for the other regions remained largely unchanged.

Supply value in Central Italy	2018	2019	2020
Abruzzo	2.3%	2.4%	2.2%
Lazio	21.0%	7.4%	7.1%
Marche	26.5%	20.6%	14%
Molise	1.5%	0.5%	0.5%
Tuscany	47.7%	67.7%	74.6%
Umbria	1.0%	1.4%	1.6%

5.2.2 Contracts and procurements

The Estra Group procures goods and services through two main channels:

- orders under contract, resulting from a tender procedure or direct instruction;
- authorised procurements, for which a quote is requested, and authorised rapid procurements for supplies required by a specific service for emergency situations (for which a quote is therefore not requested).

In 2020, orders under contract, authorised procurements and rapid authorised procurements represented around 75.8% of total supplies, equating to € 196,034,000. In the same year, Gas Marca and Piceno Gas Vendita made orders under contract, authorised procurements and rapid authorised procurements for a total value of € 75,664.

Considering the trend of the last three years, it is noted that the value of orders under contract fell by around 15% (-10.7% compared to 2019), while the value of authorised procurements and rapid authorised procurements fell by 25.8% (-6.7% in the last year). The reduction in rapid authorised procurements is due to the fact that most Group companies do not use them, while the more general decrease relates to impact of the health emergency on Group companies not directly associated with gas and electricity sales.

*Orders under contract (thousands, €)**

2018	2019	2020
216,478	206,551	184,368

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

2018	2019	2020
15,621	12,423	11,590

The data do not include 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 2020	Results in 2020
Maintain the voluntary certification as “Tender Specialist” for two resources, issued by Eni.c (the Italian Certification Body)	<i>Target achieved</i>
Review the categories of the Supplier Register with the gradual aim of only engaging consultancy services from professionals entered on the Register	Project in progress. Due to the COVID-19 pandemic, this will be presented to the Board of Directors in 2021.
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	Estracom uses the Supplier Register for negotiated procedures.
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	<i>Target achieved</i>

Targets for 2021-2022

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

Definition of a procedure for the identification and management of contracts not covered by the Procurement Code.

Definition of a guideline that defines the criteria for the appointment, composition and operation of tender committees and commissions for contracts pertaining to special works, services and supplies, with a view to ensuring the correct performance and impartiality of the tender process in line with existing legislation.

6. The Environment

6.1 Environmental policy

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, Ecolat and Prometeo.

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 2020 no fines or environmental sanctions were imposed on the Estra Group.

6.2 Environmental mitigation

Like all companies that provide goods and services through the use of human resources and materials, Estra is not immune to the generation of environmental impacts. In Estra's case, for example, these impacts relate to the consumption of 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. One such example is 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.

In 2020, in order to translate the Group's overall energy performance into easily comparable indicators over time, for the first time an “energy intensity” index has been recorded, formed of the ratio between total Group energy consumption (including methane, electricity, diesel and petrol) and the total number of Estra Group employees. The index calculates consumption per employee, based on total consumption. In 2020, this figure was 226 gigajoules. Along with the data on total Group energy consumption, the energy intensity indicator will help to contextualise the Group's efficiency in relation to other organisations.

6.2.1.1 Methane consumption

Methane consumption concerns the use of office buildings and retail spaces (offices, sites, and stores), transformer cabins, co-generation plants and the Ecolat waste separation and recovery plant. It also includes methane leaks caused by environmental events and physical leaks, or rather “normal” leaks associated the gas distribution process.

The table below shows the Group's methane consumption, not including methane leaks which do not really class as consumption and therefore are discussed separately at the end of the paragraph. The increase in methane consumption to operate plants (co-generation plants in particular), which led to a change in the distribution of overall consumption in 2020 compared to 2019, is of particular note. In fact, plants represent 67.5% of total methane consumption (compared with 51% in 2019), while the remaining third relates to gas

distribution to transformer cabins (26.4%) and for use of offices, stores and branches (6.1%). This reflects the acquisition of the new Termas cogeneration plant in Ancona in February 2020.

Methane consumption of the Estra Group

	2018		2019		2020	
	m ³	Gigajoule	m ³	Gigajoule	m ³	Gigajoule
Methane consumption at sites, offices and stores	217,256	7,659	216,560*	7,645	205,186*	7,239
Methane consumption - gas distribution	1,009,310	35,581	943,165	33,297	883,422	31,168
Methane consumption - plants	1,222,928	43,112	1,206,994	42,611	2,257,554	79,649

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

Consumption at offices, stores and branches fell by 5.3% compared to 2019 as a result of the pandemic, which reduced in-person presence at work and incentivised remote working.

Methane consumption by Ecolat in 2020 was 1,452 cubic metres. It should be noted that of this, 85% (1,234 cubic metres) represents actual plant consumption while the remaining 15% relates to office consumption.

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.

Overall, in 2020 methane gas consumption for gas distribution fell by 6.3% compared to 2019.

Methane gas consumed by Centria for its transformer cabins fell by a further 2.8% compared to the previous year. 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 10 optimised plants are operating normally and continuously. In 2020 the systems enabled the provision of the necessary services to ensure the optimum operation of the gas decompression stations while also avoiding the consumption of 75,964 cubic metres of natural gas, equal to 62 TOE.

The Estra Group operates five co-generation plants which can be 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.
- the Termas co-generation plant at Ancona, fuelled by methane, is equipped with a plant with three heat generators and two co-generation plants, for a total electrical output of 3,000 kW and a total thermal output of 19,000 kW.

In 2020 the plants consumed 2,256,320 cubic metres, marking a significant increase of 87% compared to the previous year. Methane consumption by the renewable energy plant increased by 24%. This is due to the fact that the plant was subject to a prolonged period of downtime, resulting in the consumption of methane to enable the continuation of services to users. As regards the plants fuelled by methane, the increase was much greater (+110%) due to the acquisition of the new Termas co-generation plant. The table below shows the breakdown of this consumption.

Methane consumption of co-generation plants

	2018		2019		2020	
	m ³	GJ	m ³	GJ	m ³	GJ
Plant fuelled by biomass	350,547	12,358	324,663	11,462	403,246	14,227
Plants fuelled by methane	872,381	30,754	882,331	31,149	1,853,074	65,378
Total	1,222,928	43,112	1,206,994	42,611	2,256,320	79,605

The data for methane leaks refer to Centria; Murgia Reti Gas and Gergas did not record any methane leaks due to environmental events. In fact, in 2020 there was only one environmental event, compared to the five events reported in 2019. This referred to a leak of 2,381 cubic metres of methane resulting from damage to a pipe caused by third parties, which occurred in Chiusi in the province of Siena.

As noted at the start of the paragraph, for the sake of greater transparency and clarity the data for 2020 include gas leaks and physical gas leaks, which are part and parcel of gas distribution activities. These leaks, attributable to the three distribution companies Centria, Gergas and Murgia Reti Gas, amount to 2,153,880 cubic metres; when leaks due to environmental events are factored in, the total amounts to 2,156,261 cubic metres.

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 plant, the Ecolat waste separation and recovery plant, the photovoltaic (and wind) 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 2020 a total of 3,687,949 kWh was consumed, with a decrease due to COVID of 381,072 kWh (-9.4%) 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. With regard to electricity consumption at offices, branches and stores, it is noted that 7.6% (281,753 kWh) relate to the 100% certified and renewable “Scelta Pura Luce” tariff.

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 2020, consumption covered by this particular energy source returned to its 2018 levels.

*Electricity consumption of the Estra Group**

	2018		2019		2020	
	kWh	Gigajoule	kWh	Gigajoule	kWh	Gigajoule

Electricity consumption from the grid	5,653,232	20,352	6,605,027	23,778	7,136,870	26,693
<i>of which and offices, branches and stores</i>	3,695,876	13,305	4,069,021	14,648	3,687,949	13,277
Solar electricity consumption by offices	74,872	270	59,121	213	74,588	269

* 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 2020, compared to the previous year electricity consumption from the grid relative to co-generation plants increased for biomass plants (+13%) and methane plants (+106.3%). This was due to the same reasons described in the previous paragraph in relation to methane consumption.

Electricity consumption from the grid - co-generation plants

	2018		2019		2020	
	kWh	GJ	kWh	GJ	kWh	GJ
Plants fuelled by biomass	166,432	599	187,591	675	211,914	763
Plants fuelled by methane	751,201	2,704	737,181	2,654	1,520,967	5,475
Total	917,633	3,303	924,772	3,329	1,732,881	6,238

In 2020, electricity consumption from the grid at photovoltaic plants - Caviglia, Tegolaia, Gibilisco and Teseco in particular - fell by 5.5% compared to the previous year.

Electricity consumption from the grid - photovoltaic plants

2018		2019		2020	
kWh	GJ	kWh	GJ	kWh	GJ
397,107	1,430	400,996	1,444	379,051	1,365

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 2018 and 2019. In 2020, this consumption increased by 7.6% compared to the previous year.

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

2018		2019		2020	
kWh	GJ	kWh	GJ	kWh	GJ
626,442	2,255	768,655	2,767	826,810	2,977

In 2020 the fault resulting in the downtime of the wind farm in 2019 was repaired; consequently the plant in Sardinia consumed 32 kWh.

Finally, Ecolat’s electricity consumption was 530,629 kWh; as in the case of methane, 509,404 kWh (96%) was consumed by the plant and only 11,143 (2.1%) by the office. The remaining 1.9% was used by another company based in the same building as Ecolat but which does not belong to the Estra Group.

6.2.1.3 Vehicle consumption

In 2020 the Estra Group had 323 vehicles (24 fewer than the 347 in 2019) including a campervan converted into a mobile store, two electric vehicles¹⁶ and a scooter. Of these, 25 are owned by the Group while the remaining 298 were leased.

Leased vehicles represent 92.3% of the total, compared to 87.9% in 2019. This data is a clear reflection of the Group's policy to lease vehicles rather than to buy them outright. This decision reduces the environmental impact through the progressive replacement of vehicles with latest-generation models (72.5% of vehicles are classed as Euro 6 and 21.4% as Euro 5). Moreover, the policy offers greater safety for employees who have access the new and technologically advanced vehicles while also offering greater economic efficiency.

Distance travelled in 2020 fell by 15.6% compared to 2019. This was due partly to the reduction in total Group vehicles but mainly to the COVID-19 emergency. In fact, during the pandemic all Group employees were required to restrict inter-office transfers to unavoidable cases only and to limit journeys to essential travel, leading to the reduced use of company vehicles.

As regards fuel type, in 2020 almost all vehicles (304 out of 323, or 94.1%) were diesel-powered. The remaining 5.9% is split between petrol (5%), methane (0.3%) and electricity (0.6%).

Consequently, most of the mileage was travelled by diesel vehicles (96.4%), with the remainder by vehicles powered by other fuels (petrol, methane, electricity).

Vehicle fleet

	2018	2019	2020
Number	318	347	323
Distance travelled (km)	6,784,322	7,078,176	5,971,324 ²

Vehicle consumption also refers to the fuel use of the mobile store which, although diesel-powered, uses a small amount of petrol 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.

In line with the lower distance travelled, the consumption of combustible fuels by the Group's vehicles also fell in 2020 compared to 2019. In fact, total diesel and petrol consumption fell by 12% to 459,083 litres, compared to 523,526 litres in 2019.

However, petrol consumption increased by +55.2% compared to 2019, due to the addition of three petrol-powered vehicles, increasing total petrol vehicles from 13 in 2019 to 16 in 2020. This led to a higher total mileage and consumption among petrol vehicles.

¹⁶The 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.

² Total distance (km) does not included the distance travelled by the two electric vehicles as this data was not available.

Total diesel consumption also includes work machinery without registration plates operating within the Ecolat plant, which in 2020 consumed an estimated 55,000 litres of diesel.

In 2020 all but one of the seven dual-fuel (petrol and gas) vehicles in operation in 2019 were decommissioned due to the difficulty in accessing methane distributors; no data is available for the remaining vehicle. The electricity consumption shown in the table refers to one of the Group's two electric vehicles (specifically the vehicle at the Group's office in Siena). The consumption of the other electric vehicle is included in the consumption data for the Prato office.

	2018		2019		2020	
	L	GJ	L	GJ	L	GJ
Diesel	430,366	18,453	514,401	16,777	444,917	15,991
Petrol	6,272	196	9,125	287	14,165	445

	2018		2019		2020	
	m ³	GJ	m ³	GJ	m ³	GJ
Methane	4,957	174	1,555	55	N/A	N/A

	2019		2020	
	kWh	GJ	kWh	GJ
Electricity	309	1	743	3

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 2019-2020 data also include Ancona.

Water consumption at Group sites

2018	2019	2020
m ³	m ³	m ³
12,995	14,100	10,760

Water is used to guarantee the operation of the biomass plants in Calenzano and the district heating system in Sesto. These plants consumed 10,423 cubic metres of water in 2020 compared to 12,975 cubic metres in the previous year, with a percentage reduction in water consumption of 20%. In detail, in 2020 the consumption at the two plants is measured as the algebraic difference between water withdrawn (11,543 cubic metres) and water discharged (1,120 cubic metres).

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.

The Ecolat plant uses water to clean the storage area and the fuel tank of unregistered machinery. 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.

In 2020 the Ecolat plant consumed 2,143 cubic metres of water compared to 753 cubic metres in 2019, an increase of 184.6%. In detail, in 2020 the consumption at the plants is measured as the algebraic difference between water withdrawn (from the public water system and groundwater) and water discharged for treatment, which was 172 cubic metres. The clear increase in water consumption is due to various leaks that occurred in the groundwater system (the amount withdrawn from groundwater nonetheless stayed within the authorised annual limits). The leaks were reported to the relevant office of the Tuscany Region and notified to the competent body. Total water reserves stored in fire protection systems at the start and end of the 2019-2020 two-year reporting period were 90 cubic metres.

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

The Group is continuing to pursue energy efficiency measures at its offices. In particular, in 2020 the works to replace the air conditioning units at the Via Panziera offices were completed. The replacement of the air conditioning units at the Via di Grignano offices is currently being evaluated in collaboration with the landlord. Meanwhile, the “Urban Jungle” shade protection project is being studied for the Prato office.

Moreover, works are underway to separate energy utilities at the Arezzo, Prato and Siena offices to reduce consumption and enable energy usage to be allocated more effectively.

6.2.3.2 Electric mobility

Encouraging the use of vehicles with a lower environmental impact is one of the main actions required to reduce greenhouse gas emissions and the dependency on fossil fuels. Consequently, for several years Estra has invested in electric mobility through the installation of a charging network and, more recently, the sale of sustainable mobility equipment such as e-bikes, with 41 e-bikes sold in 2020 (compared to 34 in 2019).

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 app available for IOS and Android systems. To activate and manage charging and mobile

payments, users must simply connect to the wireless hotspot at the e-charging station, download the “Estra ricarica” 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. In 2020 the “Estra ricarica” app was redesigned and redeveloped thanks to the partnership with Enernia, an innovative start-up based in Modena that operates in the electric mobility sector.

At the end of 2020 there were 19 charging stations installed in Tuscany and the Marche (+6 compared to last year's total). In 2021, additional stations are due to be installed in various municipalities in Tuscany.

In November 2020, working in partnership with the Italian start-up MiMoto, Estra launched the first 100% Italian electric scooter service in the city of Florence. With a fleet of over 50 scooters, the scooter sharing service has become a strategic choice for urban travel, disincentivising the use of private vehicle and improving local mobility. At the end of 2020, less than two months since its launch, the service had 2,000 registered users with a total distance travelled of 9,000 km.

In order to progressively reduce its environmental impact on the local area, in 2020 the Estra Group continued to operate 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. This proved to be strategic in 2020 due to the COVID-19 pandemic, which led to business travel being strongly disincentivised in favour of videoconferencing systems.

6.2.3.3. Replacement of asbestos roofing

With regards to the gas distribution system, in 2020 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 2020, in particular, 5 asbestos roofs were removed and replaced in the municipalities of Chianciano, Chiusi, Sant'Albino, Valiano and San Biagio, thus removing a substance that is highly dangerous both to the environment and human health. The works were entrusted to companies 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 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

The amount of waste generated continued to fall throughout the 2018-2020 period. In 2020 total waste generated was 42% lower than in 2019. In particular, there was a sharp reduction in the amount of hazardous waste generated compared to the previous year (-94%). While the general reduction in waste reflects the positive trend seen throughout the Estra Group, the significant scale of the reductions in 2020 was largely due to external factors that go beyond the scope of the Group's traditional policy to minimise hazardous waste. In this regard, the most important factor related to the sharp reduction in waste produced by the biomass co-generation plant. This plant generates three main types of waste: fly ash, bottom ash and water used to extinguish bottom ash.

In 2020 the waste produced by the plant totalled 236,560 kg, compared to 526,650 kg in 2019 and 509,900 kg in 2018. The factors leading to this reduction in 2020 are described below:

- change of classification of some of the extinguishing water of the co-generation plant. In the past this waste was divided into hazardous and non-hazardous waste. The analyses conducted in 2019 (and

confirmed in 2020) showed that the pH was below the threshold for hazardous waste. The waste could therefore be reclassified as “non-hazardous”, and could be sent for recovery rather than disposal in landfill.

- reduction in the activities of the biomass co-generation plant due to urgent extraordinary maintenance, which drastically reduced its productivity. This led to a reduction in the use of combustible fuel to produce heat and electricity, with a consequent reduction in amount of ash produced by the plant.
- use of suppliers that deliver a higher quality of combustible raw material. This raw material contains fewer impurities (leaves, green branches and earth) and consequently has higher calorific and combustion values, and thus produces less ash.

Other factors that impacted total waste reduction were the direct result of 9 months of remote working. In fact, the consumption of copier paper fell, with fewer reams of paper purchased, and there was a sharp reduction in the number of meals prepared and provided.

As regards the composition of the waste, a detailed analysis shows that most waste (94%) was sent for recovery rather than disposal, demonstrating the Group's willingness to prioritise recovery over disposal with a view to general waste sustainability.

In 2020 Ecolat, the Estra Group company that provides environmental services, processed 18,963 tonnes of mixed materials, 2,893 tonnes of packaging, 30 tonnes of paper, 3,086 tonnes of wood, 2,787 tonnes of glass, 14 tonnes of plastic and 58 tonnes of tyres. It should be noted that in December Ecolat invested in a waste shredder, enabling a reduction in volume of around 30-40%, and optimising the transfer of waste to landfill.

Waste generated by the Estra Group

Kg	2018	2019	2020
Total general waste	910,577	810,692	471,525
Total non-hazardous waste	835,537	774,688	469,215
Total hazardous waste	75,040	36,004	2,310
Total waste sent for recovery	830,294	746,176	441,162
Total waste sent to landfill	80,283	64,516	30,363
Total non-hazardous waste sent for recovery	828,869	744,928	439,672
Total non-hazardous waste sent to landfill	6,668	29,760	29,543
Total hazardous waste sent for recovery	1,425	1,248	1,490
Total hazardous waste sent to landfill	73,615	34,756	820

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 2020 Estra offset the equivalent of 2,558,456 standard sheets of paper by planting 307 trees. Due to the COVID-19 pandemic, in 2020 this data was below the 3,235,893 standard sheets of paper offset by the 389 trees planted in 2019.

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 in Arezzo, Siena, Murgia, Rieti and Fano.

6.2.5 NOx and PM10 emissions produced

In 2020, total NOx and PM10 emissions produced fell by 18.2% due to the travel restrictions imposed by the pandemic and the consequent reduction in the vehicle use.

As regards the type of emissions produced, the data collected at the end of 2020 with regard to nitrogen oxide and mixtures thereof (NOx) show a reduction of around 18.3% compared to 2019, while PM10 emissions (particulate matter) fell by 16.4% compared to 2019.

NOx and PM10 emissions produced by vehicle use

	2018 (tonnes)		2019 (tonnes)		2020 (tonnes)	
	NO _x	PM10	NO _x	PM10	NO _x	PM10
Diesel	4.319863	0.265286	4.138956	0.284356	3.457801	0.237709
Petrol	0.012545	0.001282	0.130109	0.005054	0.032170	0.005117
Methane	0.004164	0.001071	0.002565	0.000754	N/A	N/A
Total	4.336572	0.267639	4.271631	0.290344	3.489971	0.242826

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 production of energy from renewable sources represents the key element for all multi-utility companies. Estra has long recognised the strategic importance of renewables, not only with regard to the present day but more specifically in the medium and long term.

Most of the energy produced derives 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 2020, in line with 2019, 86.4% of the Group's energy production 2020 referred to solar, 13.4% to biomass and 0.2% to hydroelectric.

*Total electricity produced from renewable sources**

	2018		2019		2020	
	kWh	Gigajoule	kWh	Gigajoule	kWh	Gigajoule
Photovoltaic	26,909,950	96,876	28,561,958	102,823	27,857,303	100,286
Biomass	4,611,450	16,601	5,126,000	18,454	4,311,626	15,522
Wind	12,668	46	0	0	2,220	8
Hydroelectric	144,653	521	91,886	331	84,409	304

* 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, 27,745,233 kWh in 2019 and 26,780,202 kWh in 2020; electricity generated from biomass and sold was 3,118,637 kWh in 2018, 3,519,769 kWh in 2019 and 2,970,868 in 2020; electricity generated from hydroelectric sources and sold was 144,653 kWh in 2018, 90,134 kWh in 2019 and 82,721 kWh in 2020.

Photovoltaic

In 2020, photovoltaic production remained largely in line with 2019, falling slightly by 704,655 (2.5%). In the 2018-2020 three-year period electricity production from photovoltaic systems was stable, amounting to 27,776,404 kWh per year.

Although the Estra Group possesses several photovoltaic plants, two thirds of the production relate to the plants at Caviglia and, in particular, Tegolaia.

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.

In 2020 electricity produced from biomass fell by 15.9% compared to 2019 due to the downtime that occurred during the year.

Wind

Electricity is produced from the small wind farm owned by Estra Clima in Sardinia. In 2020 the resolution of a technical fault enabled wind energy production to restart, with 2,220 kWh of energy produced.

Hydroelectric

In 2020 electricity production from hydroelectric systems (by Idrogena) fell by 8.1% compared to 2019. Consequently, electricity sold to the national grid fell from 90,134 in 2019 to 82,721 in 2020 due to climatic events.

As mentioned above, the Calenzano biomass plant produces thermal energy. This is used for heating and to produce domestic hot water for 600 apartments, 7 apartment blocks, 3 sports facilities, 2 hotels, 6 public building and 1 church. In 2020 a total of 17,494,171 kWh was produced, representing a decrease of over 27% compared to 2019. Similarly, thermal energy transferred by the biomass plant fell by 23.3% compared to 2019. These declines are due to the downtime that occurred in the year.

Thermal energy produced from the biomass plant*

2018		2019		2020	
kWh	Gigajoule	kWh	Gigajoule	kWh	Gigajoule
22,528,946	81,104	24,074,439	86,668	17,494,171	62,979

*The thermal energy transferred was 7,773,164 kWh in 2018, 7,983,301 kWh in 2019 and 6,126,697 kWh in 2020.

In 2020, cooling energy produced by the biomass co-generation plant decreased by 19.1% (-240,940 kWh), while cooling energy transferred increased by 40.2% (+260,885 kWh) compared to the previous year.

Thermal energy produced from the biomass co-generation plant*

2018		2019		2020	
kWh	Gigajoule	kWh	Gigajoule	kWh	Gigajoule
581,142	2,092	1,259,340	4,534	1,018,400	3,666

*The cooling energy transferred was 404,977 kWh in 2018, 649,458 kWh in 2019 and 910,343 kWh in 2020.

Green energy

In 2019 Estra extended its range of energy contracts available to domestic customers with Pura Luce, a certified renewable energy package designed to offer an attractive alternative focused on protecting the environment and the local region. In fact, Pura Luce guarantees the supply of energy exclusively from renewable sources certified with GOoS, guaranteeing complete compliance with international standards and offering certainty of origin.

At the end of 2020 there were 21,377 active contracts, compared to 641 in the previous year, attesting to the success of the new tariff. In 2019 consumption relating directly to the Pura Luce tariff was 282,739 kWh, while in 2020 it is estimated to be around 27.5 million kWh.

In November 2020 the Group extended its green solutions to gas customers with the Scelta Pura Gas tariff. In just two months, 8,692 Scelta Pura Gas contracts were signed, for an estimated total consumption of 1 million cubic metres. This tariff guarantees the offsetting of the CO₂ emissions associated with customers' gas consumption by funding international projects that develop renewable energies and aim to combat climate change.

In particular, the Estra Group signed a three-year agreement with AzzeroCO₂, a sustainability and energy company founded by Legambiente and Kyoto Club, to launch a structured project to offset the CO₂ emissions produced during the combustion of methane gas. The emissions are offset through the purchase of CO₂ credits on the voluntary market, linked to certified Gold-Standard international renewable energy projects selected for their social, environmental and economic credentials and conforming to leading internationally recognised auditing standards.

Furthermore, Estra has signed up to "Mosaico Verde", a major national reforestation campaign devised and promoted by AzzeroCO₂ and Legambiente which aims to unify the need for local institutions to restore green spaces with the desire of businesses to invest resources to create or protect forests as an action of corporate social responsibility. The actions supported by Estra aim to plant around 9,000 trees in the 2021-2024 period. Specifically, the project will involve municipalities and parks in Central Italy, the Estra Group's region of origin.

6.3.1.2 Energy production from non-renewable sources

In addition to the plants that produce energy from renewable sources, the Estra Group also owns four methane gas plants in Sesto Fiorentino, Siena and Ancona which produce non-renewable energy. These co-

generation plants owned by Estra Clima contribute to the production of electricity, thermal energy and cooling energy.

Energy production from non-renewable sources increased significantly by 113.6% compared to 2019, mainly due to the acquisition of the new co-generation plant at Ancona. As shown in the table below, the most striking increase regarded thermal energy production (+134.3%), while electricity increased by 30.1%. Cooling energy decreased by 19.6%. It should be noted that cooling energy is only produced by the Sesto and Calenzano plants and that due to the lockdown, in 2020 production decreased as a result of the enforced closure of hotels, sports facilities and certain public offices.

Consequently, during the year the total amount of energy transferred was 78.9% higher than in 2019.

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

	2018		2019		2020	
	kWh	Gigajoule	kWh	Gigajoule	kWh	Gigajoule
Electricity	864,561	3,112	761,727	2,742	990,952	3,567
Thermal energy	6,383,500	22,981	6,991,160	25,168	16,381,440	58,973
Cooling energy	517,770	1,864	609,953	2,196	490,342	1,765

* 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, 652,769 kWh in 2019 and 631,341 kWh in 2020; transferred thermal energy from non-renewable sources was 5,584,583 kWh in 2018, 5,885,315 kWh in 2019 and 11,434,993 kWh in 2020; transferred cooling energy from non-renewable sources was 450,239 kWh in 2018, 435,681 kWh in 2019 and 408,618 kWh in 2020. 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 2020 self-consumption of photovoltaic energy increased by 40% compared to 2019. The reason for this increase was the deterioration of the rephasing components of the transformers which increased electricity loss and thus increased consumption.

The biomass plant recorded a fall in self-consumption of 13% compared to the previous year due to the reduced operation of the plant.

*Self-consumption of electricity by photovoltaic systems**

2018		2019		2020	
kWh	Gigajoule	kWh	Gigajoule	kWh	Gigajoule
662,730	2,386	698,981	2,516	979,746	3,527

* Estimates refer to the 2018-2019 period only and were 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. The data for 2020 refers to actual data, not estimates.

Self-consumption of electricity by biomass systems

2018		2019		2020	
kWh	Gigajoule	kWh	Gigajoule	kWh	Gigajoule

1,502,498	5,409	1,606,241	5,782	1,401,893	5,047
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Self-consumption of electricity by the hydroelectric plant was estimated at 1,200 kWh.

6.3.3 Energy efficiency

Saving energy and improving energy efficiency are key business drivers for Estra, and are handled directly by the Group company Estra Clima. In 2020 its activities mainly focused on the replacement of traditional boilers for residential customers with the installation of condenser boilers equipped with external temperature control sensors. A total of 313 interventions were carried out with the significant increase compared to 2019 (+69%) directly relating to the introduction of the new debt transfer contract formula, which provides for income tax breaks of 50% or 65% for those who purchase a condensing boiler, with the possibility of transferring the credit to the supplier (in our case Estra) without having to wait 10 years to recover the overall benefit.

As regards apartment renovations and reconditioning, 16 projects were carried out in 2020, a 50% reduction on the 32 conducted in 2019. This reduction was a direct result of the pandemic which reduced to a minimum the number of apartment renovations in view of the greater complexity of the work compared to, for example, a boiler replacement.

In 2020 no energy efficiency measures were taken with regard to public street lighting. This activity requires participation in public tender procedures for the award of new contracts, and Estra Clima did not take part in any such procedures during the year. The only currently active contract is the agreement with the municipality of Calenzano launched in 2019 to improve the energy efficiency of the public lighting systems with the installation of 20 video-surveillance cameras to monitor the correct operation of the plants, and three new e-vehicle charging stations.

Number of projects carried out

Type of project	2018	2019	2020
Apartment renovation and reconditioning	17	32	16
Replacement of domestic boilers	91	185	313
Works with ESCO formula	1	0	0
Public lighting works	0	1	0
Co-generation plants installed	1	0	0

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 and distribution 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.

Scope 1 emissions increased over the three years but particularly in 2020, rising sharply by 564% compared to 2019. This increase is mainly due to the fact that the data for 2020 also includes emissions resulting from physical gas leaks not related to environmental events. Physical gas leaks amounted to 2,153,880 cubic metres in 2020, resulting in 43,422 tonnes of CO₂ and representing 99.9% of emissions from gas leaks. Not considering physical gas leaks and focusing only on gas leaks caused by environmental events (as in the 2019 data), there was a 97% reduction in emissions (1,671 tonnes in 2019 compared to only 48 tonnes in 2020).

Another contributing factor, albeit to a lesser extent, in the increase in emissions (in this case from combustion) was the increase in methane consumption by plants, with particular reference to the new non-renewable co-generation plant in Ancona. This resulted in 3,676 tonnes of CO₂ emissions, representing 47% of total combustion emissions, net of the reduction of office and vehicle consumption relating to the pandemic.

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)	2018	2019	2020
Scope 1 emissions - from combustion	5,993	6,059	7,848
Scope 1 emissions - from methane	232	1,671	43,470*

* Connection data for Murgia Reti Gas was not available; emissions relating to physical leaks have been estimated and therefore may be higher than those reported.

As regards Scope 2 emissions (calculated according to the location-based and market based approach), the data was substantially in line with 2019. In fact, during the year Scope 2 emissions increased by just 1.2% according to the location-based criteria, and remained unchanged according to the market-based criteria. Scope 2 emissions were calculated considering consumption at the Group's offices, branches, stores and plants.

The table below compares total Scope 2 emissions in the 2018-2020 period, calculated according to the location-based and market-based approaches.

Total Scope 2 emissions

CO ₂ (tonnes)	2018	2019	2020
Scope 2 emissions - Located Based	2,035	2,371	2,398
Scope 2 emissions - Market based*	2,694	3,192	3,194

*Consumption relating to the "Scelta Pura Luce" tariff has been excluded.

6.3.4.2 Emissions avoided

Emissions avoided refer to two main categories:

- energy efficiency measures;
- energy production from renewable sources (mainly photovoltaic).

*Total emissions avoided (tonnes)**

Total emissions avoided (tonnes)	CO ₂
2018	12,057

2019	12,455
2020	14,391

Considering the data of the two items mentioned above, in 2020:

- the amount of CO₂ emissions avoided due to energy efficiency measures increased by 37.1%, rising from 307 to 421 tonnes in 2020 thanks to CO₂ savings enabled by apartment renovation and reconditioning and the replacement of boilers in domestic residences;
- emissions avoided due to electricity production from renewable sources, equating to 10,838 tonnes of CO₂, fell by 10.6% compared to 2019.

During the year emissions were also avoided thanks to the production of thermal energy (3,096 tonnes) and cooling energy (36 tonnes). Therefore, emissions avoided due to renewable energy production in 2020 amounted to the equivalent of 13,970 tonnes of CO₂.

However, as highlighted in the table below the most significant portion of emissions avoided continued to be represented by the production of electricity from renewable sources.

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

	2018	2019	2020
	CO ₂	CO ₂	CO ₂
Electricity production from photovoltaic systems	10,091	10,254	9,360
Electricity production from biomass systems	1,729	1,840	1,449
Electricity production from wind systems	5	0	0.7
Electricity production from hydroelectric systems	54	33	28

6.4 Targets and results

Targets for 2020

Consumption and Energy efficiency	Results in 2020
Complete the measures taken to improve the energy efficiency of the air conditioning units at the Prato office (Palazzina di Via di Grignano)	In 2020 the works to replace the air conditioning units at the Via Panziera offices were completed. The replacement of the air conditioning units at the Via di Grignano offices is currently being evaluated in collaboration with the landlord.
Gradually replace the lights in the company offices of Estra S.p.A. with LED lamps	Siena office: completed in the corridor leading to the executive suite. Prato office: in progress. Arezzo office: in progress, as part of the ongoing renovation.

<p>Optimise and reduce electricity consumption in the Arezzo office through:</p> <ul style="list-style-type: none"> • 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. 	<p>The first phase of the office renovation has been completed for the ground floor. The replacement of air conditioning units is being assessed by Estra Clima.</p>
<p>Continue the energy efficiency policy at the Arezzo, Prato and Siena offices with:</p> <ul style="list-style-type: none"> • the replacement of windows and vertical insulation panels; • the installation of underfloor insulation with hot/cold insulation panels. 	<p>Siena office: completed with the renovation concluded in 2021. Prato office: under review as part of the Urban Jungle shade protection project. Arezzo office: in progress as part of the renovation of the first floor of the office building and under review for the cafeteria/changing rooms.</p>
<p>Centria: Replacement of 12 asbestos roofs.</p>	<p><i>Target partially achieved</i></p> <p>In 2020 5 roofs were replaced (Chianciano, Chiusi, Sant'Albino, Valiano, San Biagio).</p>
<p>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)</p>	<p>The installation of energy-efficient pre-heating systems for 10 transformer room heating systems was completed in 2018-2020 (Bibbiena, Bucine, Monte San Savino, Cerchiaia, Trequanda, Caviglia, Montespertoli, Porto di Mezzo, Isola d'Arbia, Asciano), with digital regulators, 6 of which are combined with new supplementary absorption heat pump generators fuelled by methane gas. The 10 optimised plants are operating normally and continuously. In 2020 the systems enabled the provision of the necessary services to ensure the optimum operation of the gas decompression stations while also avoiding the consumption of 75,964 cubic metres of natural gas, equal to 62 TOE, and the release into the atmosphere of 148 t of CO2</p>
<p>Murgia Reti Gas</p> <p>Define plant standards and standardise transformers in view of the takeover of licences in the province of Campobasso.</p>	<p><i>Target achieved</i></p>

Optimise energy consumption through the gradual separation of energy utilities in order to reduce consumption and enable energy usage to be allocated more effectively	In progress at all three offices in Arezzo, Prato and Siena.
Electric mobility	Results in 2020
Install 9 new e-vehicle charging stations.	<i>Target partially achieved</i> Installation of 6 new charging stations (1 in Lucignano, 3 in Montemurlo, 2 in Sesto Fiorenino) and award of the tender for the installation of 1 charging station in Capolona.
Waste	Results in 2020
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 2020 157 such devices had been installed, representing over 90% of the Estra Group's printing facilities
Estra Energie and Estracom: increase digital billing for gas, electricity and phone contracts	Online billing for gas, light and telecommunications contracts increased by 8.3% in 2020.
Replace Estra Group printers that do not comply with the Print Releaf standard	At the end of 2020, 60% of the printers complied with the Print Releaf standard: In 2020 6 devices were replaced in Estra Energie offices.

Targets for 2021

Incentivise and implement electronic billing.

Optimise the use of multifunction printers to reduce consumption of paper and consumable goods.

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

The 2021 energy efficiency programme will focus on the Arezzo 1 plant. Furthermore, cost-benefit analyses are being carried out for the installation of another 6 systems in 6 transformer rooms.

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

Replacement of 7 asbestos roofs.

- 2 to be replaced in 2021;

- 5 newly acquired roofs to be scheduled for replacement in 2021-2023.

Completion of the renovation of the “Ex Sori” area at the Prato office, including the installation of energy-efficient lighting and air-conditioning systems.

New management of technological plants using remote software.

A pilot project is currently being trialled. This will end with the conclusion of renovation works of the “Ex Sori” rooms at the Prato office.

Install 10 new e-vehicle charging stations.

Sign contract for biomass plant ash recovery. The current supplier sends this waste to landfill, resulting in a higher environmental impact.

Remote management of the water plant at the Estra S.p.A. office in Prato.

Installation of energy efficiency measures on the first floor of the Arezzo office.
Replacement of LED lights and fan coil units.

Sale of 40 wall boxes/charging stations distributed through corporate channels.

Sale of 60 e-bikes distributed through corporate channels.

Launch of project to sell and promote electric kick scooters, distributed through corporate channels.

Sale of 100,000 energy-saving LED bulbs, distributed through corporate channels, many as competition prizes associated with a lighting catalogue with the aim of promoting energy savings.

Ecolat: 30% reduction in volume of processed waste.

Targets for 2021-2022

Replace the printers that do not comply with the Print Releaf standard adopted by the Estra Group.
Update the offices in Siena, Arezzo, Murgia, Rieti and Fano with the installation of operational printers in 2022.

Launch of project to lease electric cars, distributed through corporate channels.

Introduction and availability of sustainable mobility vehicles in the Group's fleet (e.g. electric cars, electric scooters, e-bikes, electric kick scooters).

Continue the implementation of sustainable mobility sharing services, expanding in new regions or developing new partnerships (e.g. kick scooter sharing).

Targets for 2021-2023

Increase the digitalisation of documents with the adoption of new management methods at Group level.

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

Targets for 2022-2023

Participate in at least five tender procedures for the installation of charging stations on public land in indirect member municipalities.

7. The community and the local area

7.1 Innovation, research and development

Innovation is one of the Estra Group's key pillars, directing its activities and investments and involving all sectors and Group companies. The main innovation, research and development projects conducted in 2020 were as follows:

5G trials: Estra took part in the pilot project promoted by the Italian Ministry of Economic Development for the pre-commercialisation of 5G in the 3.6-3.8Ghz frequency range. Through an agreement with the University of Florence and the University Centre of the City of Prato (PIN), two case studies were developed: "Sensors and IoT" and "Citizen video-surveillance". The 5G trials concluded on 30/06/2020.

E-QUBE - Start Up & Idea Challenge. In 2019 the third E-qube Start Up & Idea Challenge was launched, which in 2019-2020 is in collaboration with Nana Bianca and Startup Italia. The initiative, which aims to identify interesting start-ups and projects in the digital&energy sector, was suspended due to the COVID-19 pandemic.

AIRES NETWORK CONTRACT Estra, SEI Toscana, Acea Ambiente and fourteen 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. ALIA Servizi Ambientali, Reti Ambiente, ASEV, Consorzio Polo Tecnologico Magona, INSTM Consorzio Interuniversitario Nazionale per la Scienza e Tecnologia dei Materiali, Tiemme, Sienambiente, Cispel Confservizi Toscana, CSA Impianti, Ecologia Soluzione Ambiente, CREA, Ekovision, SSIP and Scapigliato Spa have also signed the contract. In 2020 the companies and research organisations involved in the contract, either individually or through small partnerships, took part in various initiatives and projects regarding topics of interest to the network.

ALLEANZA TERRITORIALE CARBON NEUTRALITY SIENA: in 2017 the Fondazione Monte dei Paschi di Siena, the Province of Siena, the University of Siena, the Municipality of Siena and the Tuscany Region founded the "Alleanza Territoriale Carbon Neutrality: Siena" to support the Siena Carbon Free project. Estra joined the Alliance in 2019. In September 2020, the Alliance launched a new website and started a campaign focused on the public and social value of being carbon neutral; the promotional campaign aimed to raise awareness among those who live, produce and work in the province about important public and social value of being carbon neutral.

ESTRA TRAINING: the 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. A new area devoted to the sales network is currently being developed and will enter into production in early 2021.

CENTRAL TELECONTROLLO: the new remote monitoring system was developed with an innovative approach, designed to support the decision-making process and improve working processes. The system, which has not yet been fully implemented, will not only supervise the systems but also will also represent 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 (e.g. a biomethane reception area or a hydrogen injection 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 to its dialogue and relations with reference institutions and stakeholders, with the aim of managing its activities in the interests of everyone involved. This approach is also adopted in view of Estra's 139 indirect member municipalities in the provinces of Ancona, Arezzo, Firenze, Grosseto, Macerata, Pistoia, Prato and Siena. Given the importance of the services provided, Estra works closely with these municipalities with a view to implementing initiatives aimed at generating positive effects for the region and its residents. Thanks to this participatory engagement, Estra has become a stable point of reference for the municipalities that rely on the Group for certain needs.

Estra also plays an important role in the local and national public services policy: the Group's chairperson is also the deputy chairperson 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.

In the higher education sector, Estra has always sought to pursue dialogue and collaboration through both 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, CNA, Confservizi Cispel Toscana, Fondazione ITS Energia e Ambiente della Toscana and ITS di Colle Val d'Elsa di Siena.

In line with 2019, in 2020 Estra was once again 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 continuous dialogue with external stakeholders and the quality of Estra's reputation are also evidenced by the press coverage of the Group's news. In 2020, 8,287 news articles and 51 radio or television items covered the Group. 86% of the articles were positive or neutral in tone.

7.3 Local community development initiatives

The Estra Group plans and implements numerous community and regional development projects and initiatives, with the aim of promoting a culture of sustainability and the adoption of lifestyles consistent with the responsible and sensible use of natural resources.

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

In 2018 Estra launched the PMIR (Project Manager for Sustainability Report/Integrated Report) project, an innovative training programme aimed at creating a new professional role: the Sustainability Report Project Manager. The idea was inspired by the legislative requirement introduced by Directive 2014/95/EU which represents an important step in the promotion and positive value of the sustainable practices of SMEs, institutions and non-profit organisations. The creation of this new professional role not only represents a response to a legal obligation, however; it also meets the need for a more conscious society able to assess the social consequences of business decisions, and the operational requirements of businesses and organisations that are becoming increasingly aware of the importance of sustainability.

The PMIR project was funded by the Erasmus+ 2014/2020 Programme “Key Action 2: Cooperation for Innovation and Exchange of Good Practices” and was supported by multiple leading international partners such as the University of Siena (Italy) Euromasc (Norway), BXL Europe (Belgium), Camera di Commercio Italiana per la Germania (Germany), Badajoz Chamber of Commerce (Spain) and OpenCom (Italy).

The training programme involved 60 participants from Italy, Germany, Spain, Belgium and Norway, was designed according to the ECVET (European Credit system for Vocational Education and Training) method and was divided into a 6-month theory component with MOOC videos and webinars on CSR topics, sustainability reporting, communication, data and project management, and a final exam.

The 19 students who achieved the best marks progressed to the second stage of the programme, a ten-day on-the-job training position at one of the European companies supporting the Project. Due to the COVID-19 pandemic, only 3 of the 19 participants were able to complete the training between February and early March 2020. The other 16 participants were able to take part in redesigned course delivered online, enabling them to complete their experience and receive the Europass Mobility Certificate. The project ended in October 2020.

Journalism Award “Estra for Sport. Reporting good news”.

The “Estra for Sport. Reporting good news” Journalism Award was founded by Estra in order to recognise the professionals and publicists registered on the relative professional register and students at the School of Journalism who have best expressed the social and educational value of sport, highlighting its role as an important social and educational network and a tool for regional growth. 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.

2020 was characterised by two main events of the Journalism Award: the awards ceremony for the third edition of the prize, and the launch of the fourth edition.

On Monday 19 October at the CONI Salone d’Onore, in the presence of the CONI Giovanni Malagò and the USSI Chairman Luigi Ferrajolo, the Awards Ceremony of the III Edition of the Estra for Sport Award was held. In addition to the awards in the “Television and radio”, “Printed media” and “Web and Blog” categories, two Special Commendations and four Special Awards were also awarded: the “Career Award” to Marino Bartoletti, journalist, presenter and television screenwriter, the “Woman of Sport Award” to Alessandra Giardini, the “Redaelli Award” to Massimiliano Cassano and the “Good News Stars Award” to volleyball champions Matteo Piano and Luca Vettori. The special guest was Olympic high jump champion Sara Simeoni, a role model for women and women's sport.

In November 2020 the registration opened for the IV edition of the “ESTRA FOR SPORT: REPORTING GOOD NEWS” award. This year the award will feature three recognitions for the best performance in the “Television and radio”, “Printed media” and “Web and Blog”, as well as four Special Awards: “Career”, “Woman of Sport” aimed at a women's sport reporter, “Daniele Redaelli”, aimed at reporters under 30, whether they are post-graduates, journalism students, apprentices or columnists for national newspapers, and “Estra for the region”, dedicated to journalists in the regions where the Group has the most significant presence (Tuscany, Marche, Abruzzo, Umbria and Molise).

This year's edition also introduces an important new feature: the “Reporting good sports news” call to action, a cash prize aimed at the Sports Associations that work to promote the educational value of sport in the Abruzzo, Marche, Molise, Tuscany and Umbria regions, reinforcing Estra’s strong connection with its local region. A panel of judges will select the top five “best practices” (one for each region) and each winning team will receive a donation of € 3,000 to support local sports initiatives. The initiative is yet another tangible tool to support the local community and the region.

Environmental education

Raising awareness among new generations about environmental education and the responsible use of resources has always been one of the key commitments pursued by the Estra Group. For this reason, the Estra Group has launched two important initiatives aimed at schools of all levels, aiming to promote the development of an environmental conscience and incentivise more conscious behaviour among young people.

Energicamente

The **Energicamente** project confirms the Estra Group's commitment to raising awareness about environmental education and energy savings among young people, highlighting the role that schools can play in the development of a culture of sustainability founded on information and actions that aim to promote more conscious behaviour from childhood.

Now in its 10th year, in the 2019/2020 academic year the Energicamente project promoted by Estra in partnership with Legambiente was aimed at students, teachers and the families of pupils at primary and secondary schools.

The project revolved around a fun and educational programme that uses an interactive and innovative digital approach. Training was provided online through the dedicated Energicamente platform (www.energicamentonline.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 covered a wide range of topics and aimed 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 and Ambiente (Energy, Sustainable Development, Technology, Reducing consumption and Environment). The EstraExperience interactive games representing the project's recreational approach supported the learning modules through interactive lessons (*EstraLesson*), quizzes and sessions with participating teachers. The content enabled students to develop specific knowledge and develop transferable

“soft” and “hard” skills such as creativity, initiative, and how to work towards a target. The recreational and educational programme ended 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 summarised the knowledge they had gained. The prize was awarded to the eight best multi-disciplinary projects.

During the tenth edition of the project, the COVID-19 pandemic and the resulting national lockdown led to the long-term suspension of all in-person school activities, with the closures continuing until the end of the school year. During the last few months of the year, thanks to its digital approach the project was able to be carried out using the remote learning methods that schools were required to embrace. Instead of an invitation to EstraDay, a special day focused on energy, the winners were awarded a voucher for educational material redeemable at participating retailers.

Furthermore, the families of children who took part in the programme were able to 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.

As shown in the table, the project which ended in 2020 extended across some 20 regions with participation from over 700 schools.

Recreational and educational programme

Impact		Schools		Teachers		Teams of students	
Regions	20	Primary	398	Primary	455	Primary	91
Provinces	83	Secondary 1st Grade	349	Secondary 1st Grade	412	Secondary 1st Grade	210
Municipalities	473	Total	747	Total	867	Total	301

Teachers who signed up to Energicamente had the opportunity to take part in a series of 4 webinars organised by Estra and Legambiente Scuola e Formazione, representing a useful methodological support to help teachers plan, manage and assess the programme with their students in class, focusing on the promotion of citizenship skills. The webinars were well attended, with over 400 teachers taking part.

The programme of the four webinars and their content were as follows:

- 03 June 2020 - Schools, families, regions and new social inequalities: energy poverty (390 participants)
- 17 June 2020 - Opportunities for sustainable learning in and outside school to promote active citizenship (430 participants)
- 20 October 2020 - Electric micromobility and how young people can travel to and from school independently (87 participants)
- 03 November 2020 - Sustainable living at home and school: new habits and uses (166 participants)

For the 2020/2021 edition, the project was relaunched with a new website and more modern content, consolidating the digital approach to enable accessibility even in the event of a repetition of the challenges of online teaching experienced as a result of the COVID-19 pandemic.

This resulted in the launch of Energicamente - The Sustainability School, the new educational programme for the 2020/2021 edition of the project - now in its 11th year - promoted by Estra in collaboration with Legambiente, in line with the Sustainable Development Goals and Global Goals promoted by the UN.

The new Energicamente platform is 100% digital and offers a fun programme of games, learning activities and missions designed to actively and directly involve students who have the opportunity to “learn by doing”. The online challenge, aimed at promoting merit among the students, enables children and young people to work as a team, to earn points individually and as a class, to climb the ranks and to win the prizes offered their school.

As in previous editions of Energicamente, children are accompanied along their journeys by a team of five superheroes: Elio, Sofia, Ted, Regina and Aurora. With the support of the mascots, the students learn about the Sustainable Development Goals, starting with Goal 7 “Clean and accessible energy”, which aim to build an equal and sustainable future by 2030. They will also learn about Goal 9 “Businesses, innovation and infrastructure”, Goal 11 “Sustainable towns and cities”, Goal 12 “Responsible consumption and production”, Goal 13 “Climate action” and Goal 17 “Partnership for the Goals”.

Energicamente - The Sustainability School can be integrated into science and technology curriculums as well as those of Italian, maths, history and geography. The programme can also be incorporated into civil education classes on the topics of “Sustainability” and “Digital citizenship”. Registrations is still open and will end on 13 May 2021. The registrations to date are as follows:

Schools		Teachers		Teams of students	
Total	241	Total	251	Total	251

As well as the online programme, the Energicamente project also involves classes enrolled in the “Together for the Global Goals” competition which ends on 22 April 2021. Focusing on Goal 17 “Partnership for the Goals” and Estra's five key values (proximity, sustainability, accessibility, empathy and care), the competition asks students to present a creative project that describes their idea to improve the world, starting with their immediate surroundings. A panel of experts will select the most sustainable projects that offer a creative and simple solution to tangible local needs. The top three classes will win technological devices and educational materials.

In addition, this year teachers will have access to four dedicated webinars created by Estra in collaboration with Legambiente. The webinars aim to increase awareness of the Global Goals considered by the project and offer invaluable opportunities for dialogue and debate, promoting a shared reflection on Italy's recovery that begins with our schools, and increasing knowledge of the Global Goals explored through the Energicamente project. The objective is to provide schools and teachers with an effective tool that can help them discuss the topics and processes of sustainable development in class as part of the civil education curriculum.

The first webinar was held on 14 December 2020 and was dedicated to Goal 7 of the UN Agenda: Clean and accessible energy. The topic was introduced by Gianni Silvestrini, Scientific Director of Kyoto Club. The debate featured contributions from Ida Lacamera, Condominio Green – Civico 5.0, Via San Gregorio 49, Milan who talked about the experience of living in a green apartment block, Alessandra Capizzi, an educator from Legambiente Scuola e Formazione, and Francesco Aiazzi from Estra Clima who talked about the wood-fuelled Biomass plant in the Municipality of Calenzano that produces energy and heat. The moderator was Vanessa Pallucchi, Deputy Chairperson of Legambiente. 203 teachers attended the online event.

Roarr! Save, recycle... roar!

Now in its third year, the environmental education programme *Roarr! Save, recycle... roar!* aimed at first, second and third-grade primary school classes, the project has become even bigger, with the schools in

Siena, Arezzo, Prato and Ancona now joined by students and teachers from Grosseto and Perugia. The 2019/2020 edition ended in March 2020 with excellent results: over 4,500 students from 179 classes in 39 municipalities learned what it means to respect the planet through practical exercises focused on saving energy, recycling and sustainable mobility.

Created by Straligut Teatro in collaboration with Estra, the project mainly took place on an online platform dedicated to teachers, students and families, offering a range of activities to be done at home or in school aimed at developing the skills, abilities and knowledge needed to promote sustainable development and lifestyles, global citizenship and the importance of a culture of sustainability among the youngest generation.

The games and activities of the Roarr! project help to build environmental and ecological awareness focused on renewable energy sources and the importance of separated waste collection and recycling. Furthermore, it guides students towards the conscious use of digital technologies, developing their skills, incentivising initiative, facilitating teamwork and teaching them 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. 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. Due to the COVID-19 pandemic, the awards ceremony scheduled for spring 2020 was postponed to autumn 2020. When it became clear that it would be difficult to organise theatre workshops with external collaborators or for children to come to watch a theatre performance, the decision was made to transform the problem into an opportunity. Thanks to the teachers, families and partners involved in the project, the Roarr! theatre awards went digital. Based on the experiences developed during the lockdown, online workshops were organised, using video-conferencing to enable teachers and children to interact, while the theatre performances were streamed live, representing genuine digital interactive shows designed to overcome the barriers of video and actively involve young viewers.

Furthermore, additional prizes were distributed through *Estraclick*, the photography competition on the project's Facebook page, with vouchers for educational materials awarded to the albums that received the most votes on social media.

The 2019/2020 competition

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

Winning schools/classes that received a prize

Schools	Primary school classes
26	44

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	Facebook Fanpage	Impressions Page	Cover Posts	Post interactions
111,915	185,437	10,474	947,947	670,946	53,177

The fourth edition of the ROARR! project aimed at schools for the 2020/2021 academic year was launched in October 2020 and revolves around the goals of the 2030 Agenda indicated by MIUR and the Italian Ministry of the Environment.

The project always features a captivating ecological treasure hunt: each class is provided with an online album and must collect 50 “eco-actions”, or environmentally friendly actions. The top three classes in each region will win a digital theatre prize. In fact, the winning classes will have the opportunity to star in interactive digital theatre workshops: thanks to live-streamed shows, kits to construct their own sets and costumes, and video tutorials, they will create their very own creative and original theatre production, bringing the magic of theatre to video but with the pace and energy of the digital world.

The project features some activities that were trialled the previous year: the “ROARR! Pledge”, a video-conference call during which children introduced to the aims and rules of the game, and the “twinings”, where different Roarr! teams meet online on GoogleMeet to get to know one another, exchange ideas and environmentally friendly tips, and promote the spread of good environmental practices.

As well as the Facebook page, this year the project will also have a presence on another social media channel: Instagram.

The 2020/2021 competition

Schools	Primary school classes	Teachers	Students
39	256	344	6,400

* Data as at 31/12/2020, competitions and registrations still open.

Art Bonus and sponsorships

In 2020 the Estra Group offered continuous support to various bodies and foundations, contributing a total of € 216,010 in donations and sponsorships. In particular, the Group supported the Fondazione Teatro

Metastasio di Prato -Contemporanea Festival 20 with a donation of € 10,000 provided through the National Art Bonus scheme, and the Museo del Tessuto, with a donation of € 30,000.

In 2020 Group spending on sponsorships fell, mainly due to the fact that many projects, sports events and cultural and social initiatives did not take place due to the COVID-19 pandemic.

Sponsorships

2018	2019	2020
€ 1,862,194	€ 1,721,030	1,209,400

7.4 Targets and results

Targets for 2020	Results in 2020
<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. • Sports experts from CONI/CIP/Sports Associations (operating in Tuscany, the Marche and Umbria) 	<p>The project management agreement was signed in November 2019. The training and engagement activities did not take place due to the ban on in-person events due to the pandemic. The project will not be rescheduled.</p>
<p>Participation as partner in the "Prato Urban Jungle" project.</p> <p>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</p>	<p>In 2020 the PUJ initiative was officially launched and the pre-planning activities of the urban planting project were carried out. In particular, the co-design of the project in collaboration with the local community was developed and the preliminary plans for the three Urban Jungles to be established in the city of Prato were defined.</p>

intervention is the Estra office in Prato.	The activities proposed on the application form presented to the European Commission were developed consistently but were delayed due to the ongoing pandemic.
Resubmission of the digital literacy project “Anche io uso Internet” (I use the internet too) and extension to Ancona	The project will not be carried out.

Targets for 2021

Launch of Urban Jungle project at Estra’s Prato office.
Installation of sensors on three pilot projects in collaboration with CNR.

Targets for 2021-2022

Design and implementation of stakeholder engagement initiatives to create opportunities for dialogue and debate about sustainability topics and raise awareness among stakeholders of the social and environmental impacts generated by the Group in its areas of operation.

Launch projects to support families in need, promoting a culture of solidarity and social responsibility to combat energy poverty, including through actions to promote the sustainable use of resources and energy production.

Targets for 2022-2023

Completion of Urban Jungle project. The time frame for completion is currently being redefined due to problems related to the pandemic; the final deadline is expected to be April 2023.

Note on methodology

The reporting period for this Non-Financial Statement, published on an annual basis, is from 01/01/2020 to 31/12/2020. The reporting boundary reflects that of the Group's Consolidated Financial Statement; the reported data include all fully consolidated subsidiaries. This document has been prepared in line with the *GRI - Global Reporting Initiative - Sustainability Reporting Standards* 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
Reduction of internal consumption and waste	302 – Energy 306 - Effluents and Waste	X	

Energy efficiency, renewable energies and sustainable mobility	305 – Emissions	X	
Development of local communities and education to promote sustainable development	413 - Local Communities	X	
Creation of sustainable economic and financial value	201 - Economic Performance 202 - Market Presence 204 - Procurement Practices	X	
Brand reputation and correct marketing and communications practices Service quality and safety and customer satisfaction	206 - Anti-competitive Behaviour 419 - Socio-economic Compliance 417 - Marketing and Labelling 416 - Customer Health and Safety	X	
Innovation, research and development	-	X	
Privacy and data protection	418 - Customer privacy	X	
Employment, development and enhancement of human capital	401– Employment 404 - Training and education 405 - Diversity and equal opportunity	X	
Protection of the rights, health and safety of employees Company welfare	403 - Occupational Health and Safety 402 - Labour/management relations	X	Suppliers*
Protection of human rights	407 - Freedom of Association and Collective Bargaining 406 - Non-Discrimination	X	Suppliers*
Responsible supply chain management	414 - Supplier Social Assessment 308 - Supplier Environmental Assessment	X	Suppliers*
Ethics, integrity and 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.
- To calculate mileage not travelled due to remote working, four categories have been defined: 10-20 km, 20-40 km, 40-60 km, and 60km+. For each category, the number of employees was identified and the average of the category was multiplied by the number of employees and the number of days spent remote working. The total mileage not travelled was calculated as the sum of the four categories.

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 2020 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) "Fifth Assessment Report IPCC". Furthermore, the quantity of methane is based on an estimate of gas leaks relating to incidents recorded by Centria, while Murgia Reti Gas and Gergas did not record any incidents. Finally, to calculate emissions resulting from physical gas leaks along the distribution network the Group used ARERA Resolution 39/2020/R/GAS, which refers to the documents published by the Technical Association of the European Gas Industry (Marcogaz), specifically "Assessment of methane emissions for Gas Transmission & Distribution System Operators" and "Survey Methane Emissions for Gas Distribution in Europe."
- 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 (2018 and 2017 data);
 2. *Market based*: these emissions are calculated by multiplying the quantity of electricity withdrawn by the national electricity grid (net of energy consumed by the "Scelta Pura Luce" tariff) by the residual mix emissions factor for Italy according to the *European Residual Mixes*, AIB (2019 data).

Emissions of NO_x and PM₁₀ were calculated according to the most recent emission factors published by Ispra Ambiente in 2018.

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 of 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 area in 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.

As regards the data for emissions avoided:

the Group applied an internal methodology to calculate emissions avoided through the production of electricity, thermal energy and cooling energy from renewable sources. To calculate emissions avoided due to renewable electricity, the quantity of electricity was multiplied by the emission factor taken from Terna's International Comparison of Enerdata figures (2018 and 2017 data).

As regards heating and hot water production:

- the calculation considered the thermal energy transferred to users of the biomass-powered district heating network, which was subsequently converted into primary energy considering the average seasonal performance of a condenser boiler (average seasonal performance of 94%). This primary energy was converted into consumption of methane equivalent using the calorific value indicated by SNAM Rete Gas for the supply of the Calenzano area. The calorific value of SNAM Rete Gas for the Calenzano area refers to the output of the natural gas distribution plant "34675600 - PoD PRATO". The conventional calorific output for 2020 is published at the link https://www.snam.it/it/trasporto/adempimenti-reporting-autorita/PCS_Convenzionale/ and is: 0.039365 GJ/m³. The value of methane equivalent is then used to calculate the CO₂ emissions and, therefore, emissions avoided.

As regards air conditioning systems:

- the calculation considered the cooling energy transferred to users of the biomass-powered district heating network which was subsequently converted into primary energy, considering the seasonal energy efficiency ratio (SEER) of the cooling unit (9.54). This primary energy was then converted into consumption of electricity equivalent. The value of electricity equivalent was then used to calculate the CO₂ emissions and, therefore, emissions avoided.

Finally, not all thermal energy produced by the biomass plant and transferred to the grid originates from the biomass plant; some of it derives from the methane boiler used as a backup in the case of plant downtime due to maintenance or fault. Therefore only the part relative to energy effectively derived from renewable sources is considered in the calculation of emissions avoided, not including the thermal energy produced from the woodchip boiler.

Materiality analysis

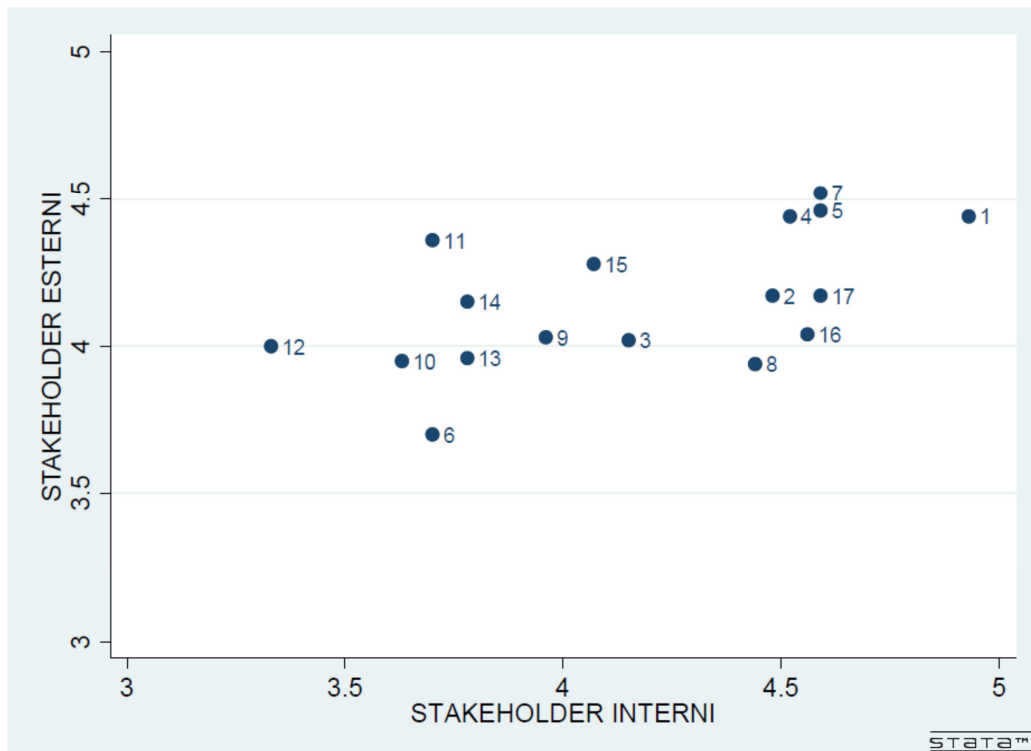
This Non-Financial Statement is based on the material topics identified in 2020 and approved by the Board of Directors of Estra S.p.A. on 30 November 2020. The topics were identified by the materiality analysis. The main stages of the analysis are described here:

- Benchmarking of topics considered “material” by national competitors and large reference companies in other sectors;
- Qualitative analysis and comparison of external documents and of the context to provide further background on the topic;
- Analysis of internal company documents to identify the most important topics relative to the value of sustainability;
- Definition of the initial list of topics and engagement of the Work Group and the Management Committee involved in the process to assign an internal order of priority, or rather to evaluate the main economic, environmental and social impacts of each topic on the company. The Management Committee identified a list of 17 topics, in response to which stakeholders were asked to assign a materiality rating with regard to the impact on the Estra Group;
- Stakeholder engagement, through focus groups and online questionnaires, in order to assign an external order of priority, or rather to evaluate the topics that have a substantial impact on the assessments and decisions of the stakeholders themselves.

The 17 material topics are as follows:

Material Topics
1. ETHICS, INTEGRITY AND ANTI-CORRUPTION
2. RISK MANAGEMENT AND THE ABILITY TO REACT TO CHANGING SCENARIOS
3. INTEGRATION OF SUSTAINABILITY ASPECTS IN COMPANY STRATEGIES
4. EMPLOYMENT, DEVELOPMENT AND ENHANCEMENT OF HUMAN CAPITAL
5. PROTECTION OF THE RIGHTS, HEALTH AND SAFETY OF EMPLOYEES
6. COMPANY WELFARE
7. SERVICE QUALITY AND SAFETY AND CUSTOMER SATISFACTION
8. BRAND REPUTATION AND CORRECT MARKETING AND COMMUNICATIONS PRACTICES
9. PRIVACY AND DATA PROTECTION
10. RESPONSIBLE SUPPLY CHAIN MANAGEMENT
11. ENERGY EFFICIENCY, RENEWABLE ENERGIES AND SUSTAINABLE MOBILITY
12. REDUCTION OF INTERNAL CONSUMPTION AND WASTE
13. STAKEHOLDER RELATIONS AND DIALOGUE
14. DEVELOPMENT OF LOCAL COMMUNITIES AND EDUCATION TO PROMOTE SUSTAINABLE DEVELOPMENT
15. INNOVATION, RESEARCH AND DEVELOPMENT
16. CREATION OF SUSTAINABLE ECONOMIC AND FINANCIAL VALUE
17. PROTECTION OF HUMAN RIGHTS

The collection and statistical analysis of the data from the online surveys and focus group led to the identification of the following Materiality Matrix.



All of the material topics received a high score (3.3 being the lowest), suggesting that internal and external stakeholders deem the identified topics to be of relevance to the Estra Group, and also reflecting the difficulty in explaining that lower scores do not devalue the topic but simply help to create the necessary hierarchy.

The main material topics identified were:

- service quality and safety and customer satisfaction
- employment, development and enhancement of human capital
- protection of the rights, health and safety of employees
- ethics, integrity and anti-corruption
- risk management and the ability to react to changing scenarios
- protection of human rights
- creation of sustainable economic and financial value
- brand reputation and correct marketing and communications practices

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.T.R.A. S.p.A.	
	102-2 Activities, brands, products, and services	Pages 6-7	
	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	Pages 7-8	
	102-6 Markets served	Pages 6-7	
	102-7 Scale of the organization	Pages 6-11	
	102-8 Information on employees and other workers	Pages 46, 53	
	102-9 Supply chain	Pages 85, 86	
	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 19-22	
	102-12 External initiatives	Pages 35-39	
	102-13 Membership of associations	Page 118	
	Strategy		
	102-14 Statement from senior decision-maker	Page 5	
	102-15 Key impacts, risks, and opportunities	Pages 19-22	
	Ethics and integrity		

	102-16 Values, principles, standards, and norms of behaviour	Pages 8-9	
	102-17 Mechanisms for advice and concerns about ethics	Pages 12-13	
	Governance		
	102-18 Governance structure	Pages 11-12	
	Stakeholder engagement		
	102-40 List of stakeholder groups	Page 40	
	102-41 Collective bargaining agreements	All employees are subject to National Collective Labour Agreements (CCNL).	
	102-42 Identifying and selecting stakeholders	Pages 40-42	
	102-43 Approach to stakeholder engagement	Pages 40-42	
	102-44 Key topics and concerns raised	Pages 40-42	
	Reporting practice		
	102-45 Entities included in the consolidated financial statements	Page 127	
	102-46 Defining report content and topic boundaries	Pages 127-128	
	102-47 List of material topics	Pages 37; 130-132	
	102-48 Restatements of information	Only one restatement was made in relation to economic value generated and distributed Pages 10-11	
	102-49 Changes in reporting	No significant changes were made in 2020 compared to the previous year.	
	102-50 Reporting period	2020	
	102-51 Date of most recent report	Consolidated Non-Financial Statement 2020	
	102-52 Reporting cycle	Annual	
	102-53 Contact point for	Sustainability, Corporate Relations and	

	questions regarding the report	Press Office Manager ssaccenti@estraspa.it	
	102-54 Claims of reporting in accordance with the GRI Standards	Page 127	
	102-55 GRI content index	Page 133	
	102-56 External assurance	Page	
GRI 200 Economic Standard Series			
Economic performance			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	Pages 127-128	
	103-2 The management approach and its components	Pages 10-11	
	103-3 Evaluation of the management approach	Pages 10-11	
GRI 201: Economic performance 2016	201-1 Direct economic value generated and distributed	Pages 10-11	
Market Presence			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	Pages 127-128	
	103-2 The management approach and its components	Page 43	
	103-3 Evaluation of the management approach	Page 43	
GRI 202: Market Presence 2016	202-2 Proportion of senior management hired from the local community	Pages 47-48	
Procurement Practices			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Pages 127-128	
	103-2 The management approach and its components	Page 85	
	103-3 Evaluation of the management approach	Page 85	

GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	Pages 91-93	
Anti-corruption			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Pages 127-128	
	103-2 The management approach and its components	Pages 11-12	
	103-3 Evaluation of the management approach	Pages 11-12	
GRI 205: Anti- corruption 2016	205-2 Communication and training about anti-corruption policies and procedures	Pages 15-18	
	205-3 Confirmed incidents of corruption and actions taken	Page 14	
Anti-competitive Behaviour			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Pages 127-128	
	103-2 The management approach and its components	Pages 11-12	
	103-3 Evaluation of the management approach	Pages 11-12	
GRI 206: Anti- competitive Behaviour 2016	206-1 Legal actions for anti- competitive behaviour, anti- trust, and monopoly practices	Pages 69-70	
GRI 300 Environmental Standards Series			
Energy			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Pages 127-132	
	103-2 The management approach and its components	Pages 95-96	
	103-3 Evaluation of the management approach	Pages 95-96	
GRI 302: Energy 2016	302-1 Energy consumption within the organization	Pages 96-101	
Emissions			
GRI 103: Management	103-1 Explanation of the	Pages 127-128	

Approach 2016	material topic and its Boundary		
	103-2 The management approach and its components	Pages 96-96	
	103-3 Evaluation of the management approach	Pages 95-96	
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	Pages 110-111	
	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 127-128	
	103-2 The management approach and its components	Pages 95-96	
	103-3 Evaluation of the management approach	Pages 95-96	
GRI 306: Effluents and Waste 2016	306-2 Waste by type and disposal method	Pages 104-105	
Supplier Environmental Assessment			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Pages 127-128	
	103-2 The management approach and its components	Pages 85-86	
	103-3 Evaluation of the management approach	Pages 85-86	
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 127-128	
	103-2 The management approach and its components	Pages 43-45	
	103-3 Evaluation of the management approach	Pages 43-45	

GRI 401: Employment 2016	401-1 New employee hires and employee turnover	Pages 47-49	
Labour/Management Relations			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Pages 127-128	
	103-2 The management approach and its components	Pages 43-45	
	103-3 Evaluation of the management approach	Pages 43-45	
GRI 402: Labour/Management Relations 2016	402-1 Minimum notice periods regarding operational changes	Page 57	
Occupational Health and Safety			
GRI 403: Occupational Health and Safety – 2018	403-1 Occupational health and safety management system	Pages 18-19	
	403-2 Hazard identification, risk assessment, and incident investigation	Pages 23-26, 58-61	
	403-3 Occupational health services	Pages 23-26, 58-61	
	403-4 Worker participation, consultation, and communication on occupational health and safety	Pages 23-26, 58-61	
	403-5 Worker training on occupational health and safety	Page 62	
	403-6 Promotion of worker health	Pages 23-26, 58-61	
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Pages 23-26, 58-61	
	403-9 Work-related injuries	Pages 58-59	
	403-10 Work-related ill health	Professional Illnesses: 0	
Training and Education			
GRI 103: Management	103-1 Explanation of the material topic and its Boundary	Pages 127-128	

Approach 2016	103-2 The management approach and its components	Page 61	
	103-3 Evaluation of the management approach	Page 61	
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	Page 62	
Diversity and Equal Opportunity			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Pages 127-128	
	103-2 The management approach and its components	Pages 11-12; 50	
	103-3 Evaluation of the management approach	Pages 11-12; 50	
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	Pages 11-12, 50-53	
	405-2 Ratio of basic salary and remuneration of women to men	Pages 46-47	
Non-discrimination			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Pages 127-128	
	103-2 The management approach and its components	Page 50	
	103-3 Evaluation of the management approach	Page 50	
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	No cases of discrimination were detected in 2020.	
Freedom of Association and Collective Bargaining			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Pages 127-128	
	103-2 The management approach and its components	Page 61	
	103-3 Evaluation of the management approach	Page 61	

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 2020 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 127-128	
	103-2 The management approach and its components	Page 118	
	103-3 Evaluation of the management approach	Page 118	
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	Pages 119-125	
Supplier Social Assessment			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Pages 127-128	
	103-2 The management approach and its components	Pages 85-86	
	103-3 Evaluation of the management approach	Pages 85-86	
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 127-128	
	103-2 The management approach and its components	Page 82	
	103-3 Evaluation of the management approach	Page 82	
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	Pages 82-83	

Marketing and Labelling			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Pages 127-128	
	103-2 The management approach and its components	Pages 69-70	
	103-3 Evaluation of the management approach	Pages 69-70	
GRI 417: Marketing and Labelling 2016	417-3 Incidents of non-compliance concerning marketing communications	In 2020 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 127-128	
	103-2 The management approach and its components	Page 73	
	103-3 Evaluation of the management approach	Page 73	
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	Page 73	
Socio - economic Compliance			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Pages 127-128	
	103-2 The management approach and its components	Pages 12, 13	
	103-3 Evaluation of the management approach	Pages 12, 13	
GRI 419: Socio-economic Compliance 2016	419-1 Non-compliance with laws and regulations in the social and economic area	In 2020 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 127-128	
	103-2 The management approach and its components	Pages 117, 118	

	103-3 Evaluation of the management approach	Pages 117, 118	
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This Consolidated Non-Financial Statement was approved by the Board of Directors of Estra S.p.A. on 18 March 2021 and was produced by

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