

Iren Group

The Group operates in a multi-regional area with more than 8,400 employees, a portfolio of over 1.9 million customers in the energy sector, 2.8 million residents served in the integrated water cycle and more than 3 million residents in environmental services.

IREN: BUSINESS MODEL

Iren, a multi-utility company listed on the Italian Stock Exchange (Borsa Italiana), operates in the following business areas: electricity (production, distribution and sale), district heating (production, distribution and sale), gas (distribution and sale), integrated water service management, environmental services (waste collection and disposal), integrated solutions for energy efficiency of public and private bodies and services for the local authorities.

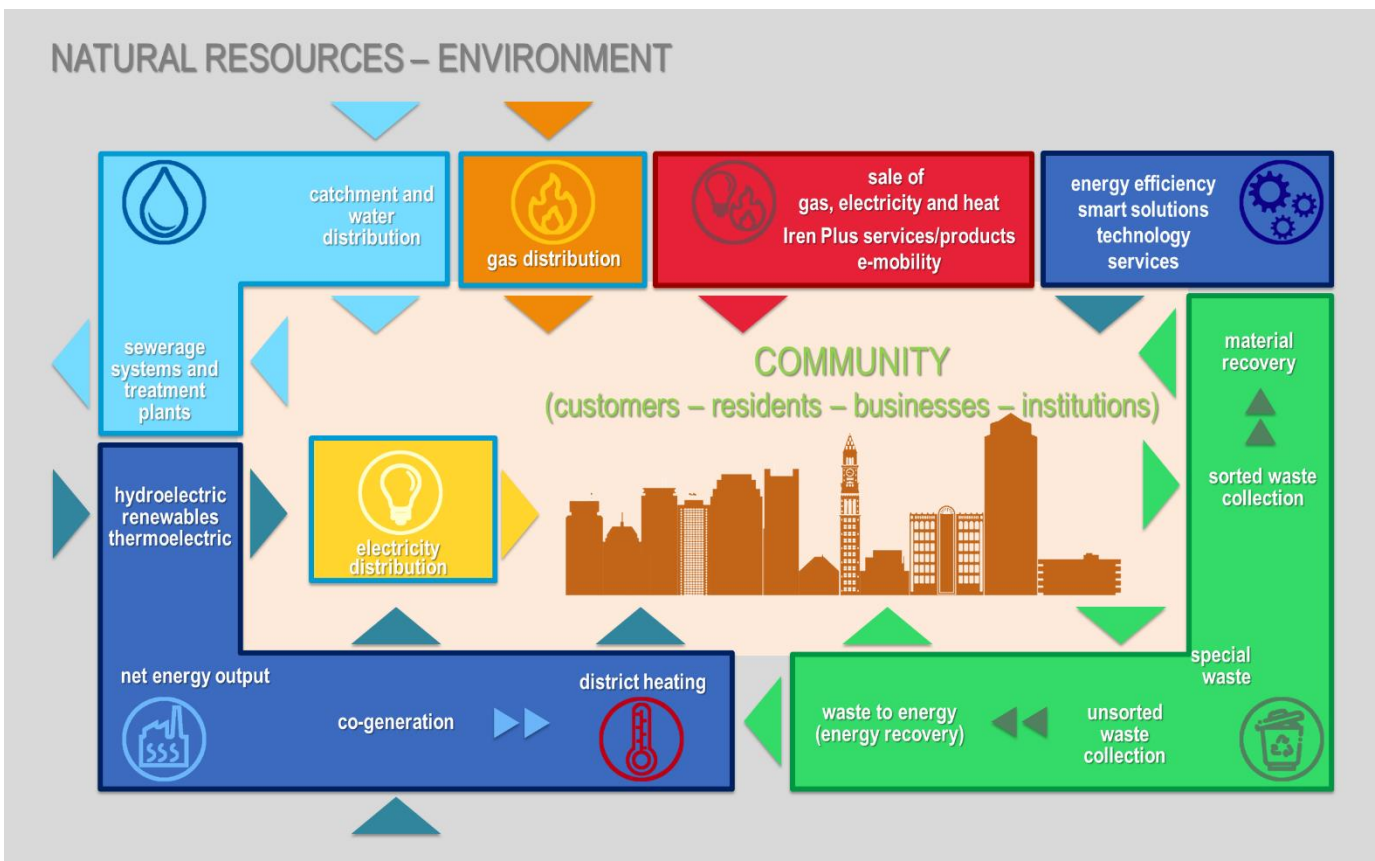
Boasting over a hundred years of experience in providing services to the community, Iren Group is structured according to an industrial holding model (the parent company Iren S.p.A.), which extends to all the Group's corporate staff activities, and four Business Units – governed by four parent companies – that oversee activities by business sector according to a scalable model with the immediate integration of all acquired companies.

Iren focuses on providing services and creating infrastructure to improve and enhance local territories, in full respect of natural resources, the environment and its customers.

The Group's structure aims to consolidate Iren's local presence and its integration in the various supply chains.

BUSINESS UNITS AND AREAS OF ACTIVITY

NETWORKS	<ul style="list-style-type: none"> integrated water cycle (catchments, supply, distribution, sewerage, treatment) gas distribution electricity distribution
ENVIRONMENT	<ul style="list-style-type: none"> waste collection urban hygiene design and management of waste treatment and disposal plants
ENERGY	<ul style="list-style-type: none"> production of electricity and thermal energy district heating management energy efficiency and technological services for public and private bodies public street lighting and traffic light networks
MARKET	<ul style="list-style-type: none"> sale of electricity, gas and heat for district heating products and services in the domain of home automation, energy saving and electric mobility for customers



The business model is designed to promote the sustainable development of Iren Group, with the aim of creating shared value over time for the business and its stakeholders.

Thanks to the synergies between the different business areas, also in a logic of innovation, Iren Group works to reduce the environmental impact and meet the demands of customers and the communities in which it operates, and it is committed to ensuring high safety standards for employees and suppliers.

The results achieved by Iren also in 2020 testify to the solidity and sustainability of its business model, capable of contributing to the achievement of the United Nations sustainable development goals, along with its resilience in facing a global socio-economic crisis, such as the Covid-19 pandemic.

The business model is based on the Group's mission, vision and values approved by the BoD.

Mission: offering our customers and our territories the best integrated management of energy, water and environmental resources with innovative and sustainable solutions to create value over time. For everyone, every day.

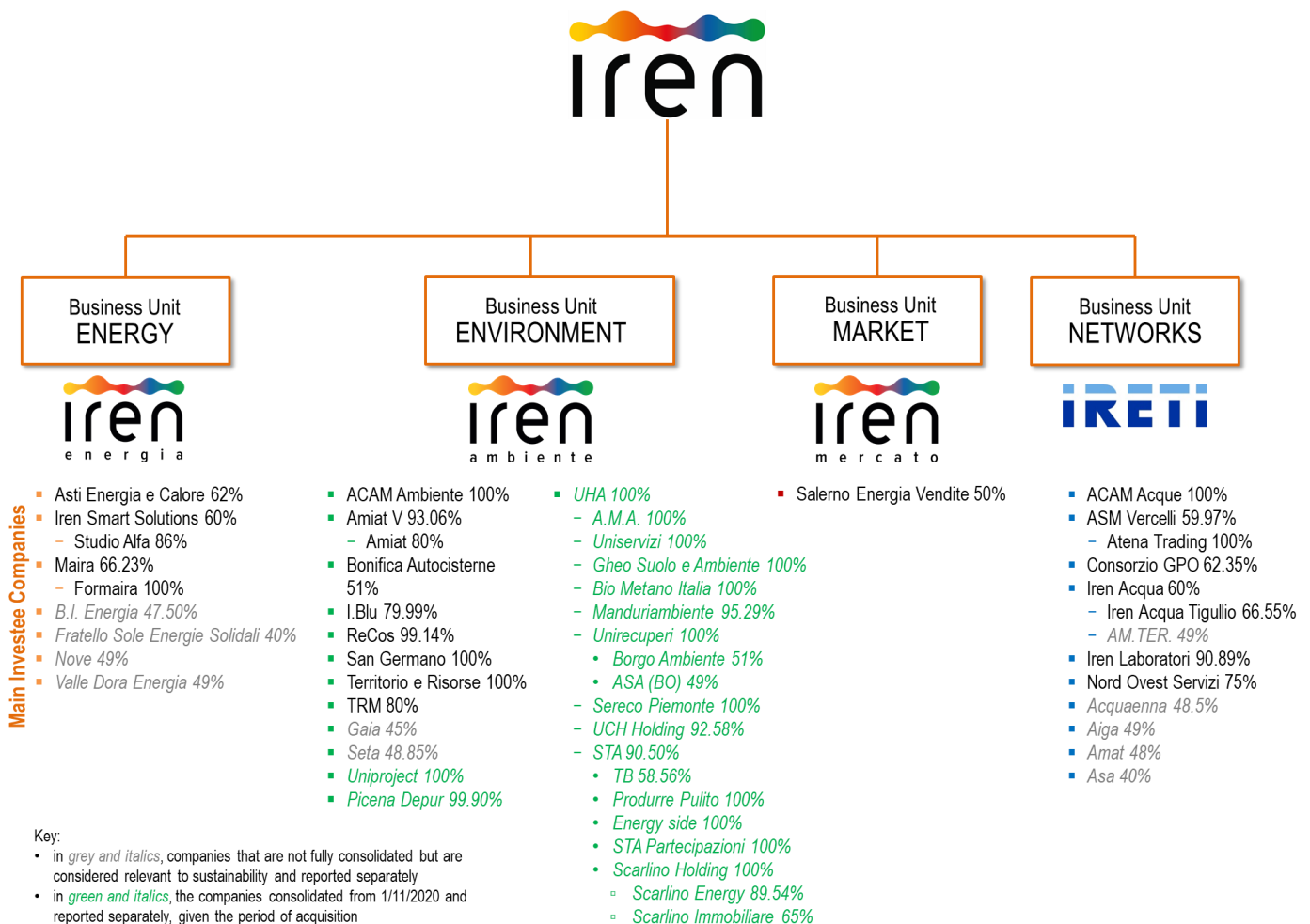
Vision: improving people's quality of life. Making companies more competitive. Looking at territorial growth with a focus on change. Merging development and sustainability into one unique value. We are the multi-utility company that wants to realise this future through innovative choices. For everyone, every day.

To consolidate its vision and mission, Iren has defined a system of values, strategies, policies and operating tools to guide the sustainable management of its businesses. With this in mind, the Group has produced a Strategic Plan (see page 29) to optimise the use and transformation of resources, defining objectives and targets for sustainable development.

The **values** on which Iren Group bases its strategy are: responsibility, belonging, customer satisfaction, growth and enhancement of employees, teamwork, transparency, change and flexibility and sustainability.









Mission, vision and values are an integral part of the Group's Code of Ethics.

IREN GROUP STRUCTURE (31.12.2020)



MAIN AREAS SERVED



-  Electric and/or thermal energy production
 -  Electricity distribution
 -  Waste collection services
 -  Waste recovery/treatment and disposal plants
 -  Integrated water service (in some areas only water network management)
 -  Gas distribution
 -  District heating
 -  Technology services
- Nationwide in Italy**
- Electricity sale
 - Gas sale
 - Commercial environmental services

IREN IN 2020

COVID-19 EMERGENCY MANAGEMENT

In 2020, the Covid-19 pandemic represented also an emergency for Iren Group that had to be managed in a proactive and timely manner, given the massive spread of the infection, as early as February, in the areas where the Group is active. In order to provide extensive information on how the Group has managed the emergency and what impacts it has had, also concerning Consob's Call for Attention (no. 1 of 16/2/2021), these pages provide an overview of the measures adopted, with specific details disclosed in the relevant chapters of this Report.

From an **economic and financial point of view**, the Group demonstrated its ability to effectively pursue its objectives despite the health emergency, increasing investments compared to 2019 and confirming the recovery of the slight delays recorded on some construction sites due to the lockdown. The performance achieved at the end of the year (for detailed analysis, see the chapter "Growing and creating value" and the Consolidated Financial Statements) show a limited impact attributable to the health emergency, confirming the effectiveness and resilience of the **business model** – based on a solid positioning in regulated, semi-regulated and free-market sectors and with a strong integration between Business Units that guarantees economies of scale and intersectoral opportunities – and of the actions undertaken as part of the strategic development pillars focused on people, customers/residents, sustainability, technological evolution and efficiency, digitalisation and growth.

The **growth strategy**, represented in the Business Plan to 2025, also outlines the role that Iren Group will be able to play in the post-Covid-19 recovery, with more than 3.7 billion Euro of investments, of which 2.1 billion Euro related to the concept of multicircle economy, which engages all business areas in projects, services and infrastructures for the responsible use of resources and more than 300 million Euro of investments in digitalisation of internal processes and towards the market. In addition to this, there is the orientation towards a nationwide expansion in the waste sector, energy efficiency and customer products and services, transferring know-how, skills and service quality to other regional contexts. A plan of future action consistent with the Next Generation EU guidelines and the prospects of the country's economic recovery that could involve the utilities in consolidation operations on the areas and encourage the acceleration of investments.

In order to guarantee the most effective management of the crisis and the continuity of the essential services managed, on 20 February, Iren established an emergency management committee to deal with a continuously evolving situation in a coordinated and timely manner, directing activities, defining extraordinary measures, organising operational plans to prevent infection and ensuring constant information both internally and externally, maintaining, through the CEO, a close liaison with the Board of Directors.

From 21 February 2020, as soon as the authorities recorded the spread of the infection in the areas of reference, the Group immediately structured the **actions for the protection of workers**, in line with the indications of the health authorities, necessary to

guarantee the continuity of activities and keep 5,000 employees operational for the management of waste collection and disposal, gas and electricity distribution, integrated water service, district heating, energy generation, water quality control and public lighting. The significant investments in digitalisation made by the Group in past years have favoured the effective management of emergencies, also thanks to the continuous introduction of remote work for about 3,000 employees. For an in-depth examination of the actions concerning workers' protection, see the chapter "Iren people".

Iren also took immediate **action concerning customers and communities** (see the chapter "Customers and Communities" on pages 94-119) to support the situations of economic difficulty generated by the pandemic, to ensure the health and safety of people who needed to come into contact with the Group for administrative or service demands and also to reduce situations of discomfort and isolation produced by the lockdown phase. For all the teachers, students and families "forced" to stay at home, Iren Group has offered on the dedicated page #iorestoaCasa with Edulren the opportunity to learn more about the issues of waste, water and energy and has supported numerous distance learning projects.

From the point of view of **service continuity**, energy production plants have continuously operated at full capacity to constantly guaranteeing electricity and gas distribution activities and those relating to the integrated water service management, public lighting, and traffic light networks. Similarly, urban hygiene and waste collection activities continued uninterrupted in all the municipalities served, with a strengthening of street sanitation, the introduction – in line with the indications of the Istituto Superiore di Sanità – of new procedures and methods of door-to-door waste collection for people who are positive or in quarantine, and the entire operation of the treatment and disposal plants, which have contributed to the effective management of waste connected to situations of infection in both the domestic and health sectors. Furthermore, thanks to the implementation of unique Emergency Plans that also involved direct support services for essential services (e.g., procurement, warehousing, vehicle management, information systems, etc.), all this was made possible.

Suppliers have been asked to adopt the same measures for protecting their employees as those adopted by Iren Group, and special procedures have been established for access by the personnel of supplier companies to Iren's premises and for operations to be carried out in contact with the company personnel. Also, the Group adopted specific measures to support its suppliers in taking on the additional costs resulting from the Covid-19 emergency in the performance of contracted activities (for more information, see the section "Customers and Communities" on pages 119-124).

Finally, the Group maintained a **constant flow of communication** both internally and externally and continuous contact with the leading companies in the industry, with Utilitalia, with the regulatory and control bodies and all the relevant bodies, in a logic of collaboration and comparison for the management of the emergency.

In this document, the impacts resulting from the Covid-19 pandemic are described and highlighted with a dotted line in the text to give transparency of the phenomenon to all stakeholders.

IMPORTANT EVENTS IN 2020

Manifestation of interest for the gas sales business unit of Sidigas.com

In January 2020, Società Iripina Distribuzione GAS S.p.A. (Sidigas) accepted the binding manifestation of interest presented by Iren to acquire the business unit of its subsidiary Sidigas.com S.r.l. related to natural gas sales, with a portfolio of about 55 thousand customers (95% of them in the retail sector), mainly in the Province of Avellino. The transaction is subject to the observance of certain pre-conditions. Sidigas S.p.A. and Iren have agreed an exclusivity period for the finalisation of the transaction.

Disposal of the stake in OLT Offshore LNG Toscana

To complete the transaction undertaken in 2019, and following the authorisations obtained from the competent bodies, on 26 February 2020, the Group transferred to SNAM 49.07% of OLT Offshore LNG Toscana. The sale of the equity investment has allowed the Group to optimise its financial structure, freeing up resources to develop the Business Plan's investments and seize opportunities for growth along external lines.

Contract for expansion of Turbigio power station

On 3 March 2020, Iren signed with Ansaldo Energia a contract worth 180 million Euro for the final design, supply and construction of a new, gas-powered combined-cycle electricity generation plant and related auxiliary works, which will make it possible to increase the total installed capacity of the Turbigio site from the current 850 MW to around 1,280 MW. The expansion will make the plant one of those that, operating at high flexibility and in a way complementary to renewable sources, are essential for sustaining the adequacy of the Italian electricity production system. In the Capacity Market auction, the expansion of the power station enabled recognition of the contribution for fifteen years, starting from 2022, totalling 117 million Euro.

Treasury share purchase programme

On 27 March 2020, Iren S.p.A. initiated a second tranche of the share repurchase programme undertaken in 2019. The Shareholders' Meeting, held on 29 April, authorised the Board of Directors to purchase and dispose of treasury shares, for a maximum of 65,000,000 shares (equivalent to 5% of the share capital), for eighteen months from that date, revoking, for the unexecuted portion, the previous authorisation to purchase approved on 5 April 2019. On 12 May, the Board of Directors authorised the Chief Executive Officer to carry out the repurchase programme within the limit of 2% of the share capital, taking into account the shares already held in the portfolio. The purpose of the repurchase programme is to provide the Company with treasury shares to be used in the context of external growth operations. At 31 December 2020, Iren S.p.A. held a total of 15,868,004 treasury shares, equal to 1.22% of the share capital.

Acquisition of the district heating business unit of SEI Energia

On 23 April 2020, Iren Energia and Fineurop Investment Opportunities S.p.A., the contracting party in the composition with creditors of SEI Energia, concluded the sale and purchase contract for the business unit of SEI Energia, itself relating to district heating, already managed under lease by Iren Energia since September 2018, in the municipalities of Rivoli and Collegno and 49% of the company NOVE, manager of the service in the municipality of Grugliasco, for a total connected volume of 5.2 million cubic metres and 150 GWht/year

of thermal energy supplied. For consideration of 24.4 million Euro, the acquisition is part of a plan to integrate with the existing network in the metropolitan area of Turin, exploiting the thermal energy produced by the Group's cogeneration and waste-to-energy plants.

Acquisition of seven property complexes

At the end of April 2020, Iren repurchased from REAM SGR S.p.A. seven property complexes for management and operational support use located in Turin, Genoa, Parma and Reggio Emilia, which were already the subject of lease agreements. The total value of the transaction was 97 million Euro, with zero impact on net financial debt.

Shareholders' Meeting

On 29 April 2020, the Ordinary Shareholders' Meeting approved the Company's Financial Statements for the year 2019 and the Directors' Report. It also resolved to distribute a dividend of 0.0925 Euro per ordinary share (excluding treasury shares), confirming the Board of Directors' proposal. The dividend was payable from 24 June 2020. The Meeting also approved Section One of the Report on the 2020 Remuneration Policy and Compensation Paid in 2019 and cast a favourable consulting vote on Section Two.

Subscription of an 80 million Euro loan for sustainable investments in the water sector

On 6 May 2020, Iren signed a Public Finance Facility (PFF) with the Council of Europe Development Bank (CEB) for an amount of 80 million Euro and a duration of 16 years to finance a significant part of the investment plan in the water infrastructures in the provinces of Genoa and Parma, concerning, in particular, the expansion and improvement of the aqueduct and sewerage network and the treatment systems. The agreement is part of the sustainable management of water resources promoted by CEB in line with Iren's development targets and contributes to strengthening the Group's financial structure.

Agreement with Engie for the extension of district heating in Turin

On 15 May 2020, Iren Energia and Engie signed a function-based agreement for the development of district heating in Turin. Under the agreement, Engie will produce thermal energy from its cogeneration plant in Leini and transport it to the area covered by Iren Energia's distribution network, which will thus extend the district heating network to the north-east area of the city by 2024, serving a potential connected volume of 17 million cubic metres. The significant increase in users served will thus be possible without building new production sites in the urban area.

Acquisition of control of Nord Ovest Servizi and Asti Energia e Calore

On 21 July 2020, Iren Group acquired from ASTA S.p.A., through Ireti and Amiat, 50% of the shares of Nord Ovest Servizi S.p.A. (NOS) increasing to 75% and, through Iren Energia, 28% of Asti Energia e Calore S.p.A. (AEC), standing at 62%, with a total outlay of 6.5 million Euro. NOS holds an equity investment (45%) in Asti Servizi Pubblici S.p.A., a subsidiary of Municipality of Asti, which operates in the integrated water system, environment and transport sectors, and which in turn holds the remaining 38% of AEC. The transaction is part of Iren Group's area consolidation strategy.

Acquisition of I.Blu and partnership with Idealservice in environmental services

Following the preliminary agreement signed and all the conditions precedent having been met, on 12 August 2020, Iren Ambiente completed the purchase of 80% of the share capital of I.Blu from Idealservice for the amount of 16 million Euro. I.Blu operates in the selection of plastic waste to be sent to recovery and recycling, through two plants with a total capacity of 200,000 tons/year, and in the processing of plastic waste for the production of Blupolymer (a polymer for civil uses) and Bluair ("reducing agent" for steel-making plants). The Company plans to increase the existing plants' capacity and build a new plant to treat heterogeneous plastics (plasmix) that currently have no outlet in the recycling market. The operation will allow Iren to become a national leader in selecting plastics and, in the future, in the treatment of plasmix. Also, Iren Ambiente and Idealservice have signed an agreement that provides subcontracting of selection activities and services on multi-material plants and a partnership between Idealservice and San Germano for the collection of municipal solid waste in some areas of Northern Italy.

Business Plan to 2025

On 29 September 2020, the Board of Directors approved the 2020-2025 Business Plan, which confirmed the strategic framework of the previous Plan and presents an increase in the investments and margins that will continue the growth recorded in recent years (for more details see page 29).

Confirmation of Iren's rating

On 20 October 2020, the Fitch agency confirmed the Group's BBB rating with a stable outlook. The assessment is mainly based on the update of the Business Plan to 2025, which confirms the prevalence of regulated and quasi-regulated activities, resulting in a limited impact of the adverse market effects of the Covid-19 emergency. In addition, Fitch assesses positively the Group's liquidity profile.

Sustainable finance operations

At the end of October 2020, Iren and the European Investment Bank (EIB) signed a 100 million Euro Green Energy Loan with a 16-year term, and they will implement the loan to finance development and

efficiency projects for the district heating network in Turin. The transaction further strengthens the overall stock of finance instruments adopted in 2017 to finance the Group's sustainable investments. Furthermore, on 19 December 2020 and for the fourth consecutive year, Iren successfully concluded the issue of a Green Bond for a total amount of 300 million Euro, with securities with a minimum denomination per unit of 100,000 Euro and maturing on 17 January 2031, intended to finance projects that contribute to the achievement of the sustainability targets defined in Iren's Business Plan to 2025 (for more information see page 66).

Acquisition of Unieco's Environment Division

On 17 November 2020, Iren Group completed Unieco's Environment Division's acquisition after obtaining clearance from the Antitrust Authority. The activities of the Environment Division, located in Piedmont, Emilia-Romagna, Marche, Tuscany and Puglia, are carried out through many subsidiaries and associated companies that oversee the main sectors of the environmental chain: intermediation, treatment, sending for disposal and disposal of special hazardous and non-hazardous waste, along with collection and management of mechanical-biological treatment plants, composting, energy enhancement and disposal of municipal waste. The transaction allows Iren Ambiente to consolidate its national position in the environmental sector, expanding the regional area served and gaining a strategic position in waste collection in the region of Tuscany, together with the strengthening of its role as the primary operator in the treatment and disposal of special waste.

Adoption of the new Corporate Governance Code

On 18 December 2020, the Iren's Board of Directors decided to adopt the Corporate Governance Code, approved by the Corporate Governance Committee of Borsa Italiana with publication on 31 January 2020, which the Company will apply as of 1 January 2021. At the same time, the Board of Directors approved a document highlighting the Company's governance solutions regarding the provisions of the Code, as published on the Group's website.

BUSINESS SECTORS

	Energy services	Water cycle systems	Environmental services
	<i>Production of electricity and thermal energy, distribution and sale of electricity, gas and heat (district heating)</i>	<i>Civil and industrial water mains, sewerage and treatment activities</i>	<i>Collection, recovery, treatment and disposal of urban and special waste</i>
Retail and business customers	1,904,302 (electricity and gas)	859,441	
Citizens served	895,745 (district heating)	2,765,363	3,061,547
Volumes	<p>Electricity</p> <ul style="list-style-type: none"> produced: 10,110 GWh sold: 16,922 GWh distributed: 3,587 GWh <p>Gas</p> <ul style="list-style-type: none"> sold: 3,018 million cubic metres distributed: 1,250 million cubic metres <p>Heat</p> <ul style="list-style-type: none"> produced: 2,944 GWh sold: 2,325 GWh volume served: 97 million cubic metres 	Water sold: 175 million cubic metres	Waste treated ⁽¹⁾ : 3,081,055 t
Networks and plants	<p>30 hydroelectric plants 7 thermoelectric cogeneration plants 1 thermoelectric plant 3 waste-to-energy plants 3 landfills (post-operation) 4 biogas plants (3 treatment plants and 1 biodigester) 95 photovoltaic systems</p> <p>Distribution networks</p> <ul style="list-style-type: none"> Electricity: 7,795 km Gas: 8,115 km District Heating: 1,064 km 	<p>1,356 treatment plants 7 dams</p> <p>Water mains network: 19,944 km Sewerage systems: 11,189 km</p>	<p>3 waste-to-energy plants 2 operating landfills 39 treatment, selection, storage and recovery plants</p> <p>195 collection centres (of which 32 managed by San Germano)</p>

⁽¹⁾ The figure also includes the quantities treated by the companies of the former Unieco Environment Division, which are reported separately in this document (see page 22).

PRODUCTION OF ELECTRICITY AND THERMAL ENERGY

Main indicators	Volumes
total installed electrical power (electricity set-up)	2,858 MWe
of which installed photovoltaic power	24 MWe
installed thermal power	2,605 MWt
electricity produced	10,110 GWh
thermal energy (heat) produced	2,944 GWh

Electricity produced by plants fuelled by eco-friendly sources (renewable or high-efficiency cogeneration), which account for 70% of the Group's plant portfolio, accounts for more than 73% of all production.

Iren has 95 photovoltaic plants, which produced 21,076 MWh of electricity in 2020.

MARKET

The Group operates in the sale of electricity, gas and heat for district heating, and of extra-commodity services and products, in particular for energy efficiency. It is present throughout Italy, with a greater concentration of customers in the central-northern area. The main sources available are the Group's production plants.

SALE OF NATURAL GAS

Main indicators	Volumes
gas procured	3,018 million m³
gas sold to end customers	1,081 million m ³
gas consumption by the Group	1,728 million m ³
gas in storage as at 31/12	209 million m ³
retail customers	906,152
protected	286,520
free market	619,632

SALE OF ELECTRICITY

Main indicators	Volumes
electricity sold	16,922 GWh
to end customers and wholesalers	7,296 GWh
on the Stock Exchange	9,626 GWh
retail customers	970,663
protected market	217,060
free market	753,603

Volumes sold to protected market customers, mainly distributed in Turin, Parma and Vercelli where the Group also acts as the protected market service operator, came to 372 GWh. In 2020, 326.3 GWh of certified green energy was sold.

SALE OF HEAT FOR DISTRICT HEATING

Main indicators	Volumes
heat sold	2,325 GWh
thermal energy purchased from third parties	14 GWh
customers served	53,258

Through its own co-generation and transport networks, the Group offers the service of district heating to Turin, Nichelino, Moncalieri, Beinasco, Collegno, Grugliasco, Rivoli, Reggio Emilia, Parma, Piacenza and Genoa. With district heating, customers help to protect the environment with low running costs and greater reliability and safety compared to traditional heating plants.

MARKETING OF SECURITIES

In 2020, just over 3.2 million CO₂ allowances (EUA) were purchased in order to meet the obligations provided for in the Emissions Trading Scheme (ETS) legislation related to emissions generated by Iren Group plants. Furthermore, over 28,084 Energy Efficiency Certificates (EEC) were also purchased at the average price of 259.71 Euro/EEC in order to meet the annulment obligations provided annually for the distributor Ireti.

GAS DISTRIBUTION

The distribution service, managed in 105 municipalities, guarantees the withdrawal of natural gas from Snam Rete Gas pipelines and its transportation through local gas pipeline networks for delivery to end users. Iren Group also manages the distribution and sale of LPG, particularly in the province of Reggio Emilia and in the province of Genoa, via 14 and 7 storage plants respectively, located in various towns within the municipalities that are still not reached by the natural gas network. The LPG distribution activity is closely connected to the gradual "methanisation" of the area.

Local Area	km of network	End customers	Distributed gas (million m ³)
Emilia-Romagna	6,088	399,145	862
Liguria	1,692	317,045	340
Piedmont	335	27,674	48
Total	8,115	743,864	1,250

ELECTRICITY DISTRIBUTION

City	km of network	End customers	Electricity distributed (GWh)
Parma	2,538	129,251	859
Turin	4,711	566,119	2,552
Vercelli	546	28,936	176
Total	7,795	724,306	3,587

In Turin and Parma, the activities concerning the distribution of electricity are carried out by the company Ireti, while distribution in Vercelli is assigned to ASM Vercelli.

DISTRICT HEATING

Area	km of network	Volume (million m ³)	Residents served ⁽¹⁾
Turin and surrounding municipalities	701	71.3	660,651
Reggio Emilia	221	13.6	126,356
Parma	103	6.1	56,734
Piacenza	29	2	18,165
Genoa	10	3.7	33,839
Total	1,064	96.7	895,745

⁽¹⁾ Estimated data

The Turin district heating network is the most extensive in Italy. In 2020, the development projects outlined in the Business Plan continued (for more information, see page 87).

INTEGRATED WATER SERVICE

Main indicators	Volumes
Water networks	19,944 km
Sewerage systems	11,189 km
Residents served	2,765,363
Municipalities served	241
Water sold	175 million m ³

The integrated water service, which includes the procurement and distribution of drinking water, management of the sewerage systems and water treatment activities, is managed in the following provinces (in some areas only water network management): La Spezia, Genoa, Imperia, Savona, Parma, Piacenza, Reggio Emilia, Asti, Cuneo, Vercelli and Mantua.

ENVIRONMENTAL SERVICES

The Group manages environmental health services in the provinces of Piacenza, Parma, Reggio Emilia, La Spezia, Vercelli and in the city of Turin. Through the company San Germano, as the contractor, it provides the waste collection service in several areas of Piedmont, Liguria, Lombardy and Sardinia.

Main indicators	Iren Group	of which San Germano
Waste treated ⁽¹⁾	2,893,324 t	328,794 t
Urban waste treated ⁽¹⁾	2,178,286 t	325,871 t
Sorted waste collection	69.3%	-
Residents served	3,061,547	751,734
Municipalities served	307	141

⁽¹⁾ The figure does not include the waste treated by the companies of the former Unieco Environment Division, which is shown separately in the column opposite.

Since 2020, with the acquisition of I.Blu, three plastic recovery and processing plants located in Veneto, Friuli Venezia-Giulia and Emilia-Romagna have entered the Group's perimeter.

The environmental services include the collection and sending for recovery or disposal of solid urban waste or similar and non-hazardous special waste, as well as its transportation to plants belonging to the Group or third parties.

SMART SOLUTIONS

The Group, bolstered by its technological expertise, operates through Iren Smart Solutions in the following sectors:

- energy efficiency of public and private buildings;
- consultancy and monitoring of energy saving;
- global service (integrated management of electrical and technological plants of complex property assets);
- photovoltaic and thermal energy production systems;
- artistic and public street lighting. The management concerns the cities of Turin, Alba, Arborio, Asti, Vercelli, Moncucco T.se, Fidenza, Rivergaro, Fiorenzuola D'Arda, Biella and other municipalities in the Biella area. In these areas, the Group has outlined a structured plan to replace the traditional bulbs with new LED devices that guarantee a reduction in electricity consumption and urban light pollution of over 50%.

In Turin, the Group also manages the city's traffic lights.

Furthermore, Iren Smart Solutions (ESCO, UNI 11352, UNI CEI EN ISO 50001 and F-gas certified) plans, funds, installs and provides a full management service for systems and plants which enable a reduction in energy consumption and generate concrete and long-lasting economic advantages, proposing innovative technological and contractual solutions to maximise the advantages to the customer.

OTHER SERVICES

The Group's telecommunications network extends over the Turin area and from the ridge of the Susa Valley to Susa. In Turin, the fibre optic network extends for almost 200 km and connects over 400 customer sites, including the Group's main sites where it is used, specifically, to monitor and remotely control the electricity distribution, district heating, water and public street lighting networks, and for the data collection system for electricity meters and apartment buildings with district heating. Through the Group's network, various passage points for restricted traffic areas (ZTL), traffic light regulators and remote control of the water network are also managed. The network reaches Genoa, Parma, Piacenza and Reggio Emilia, through a redundant 10 Gbps infrastructure dedicated to the Group. In 2020, a 10Gbps

connection to Frankfurt was also built at the data centres where the Cloud services of the main operators are provided. The network is completed with interconnections to mobile operators to acquire traffic via 2G/3G/4G networks from devices installed in the region.

COMPANIES REPORTED SEPARATELY

FORMER UNIECO ENVIRONMENT DIVISION

As of 1 November 2020, Iren Group acquired 21 companies from the former Unieco Environment Division (highlighted in Iren Group structure as at 31 December 2020 on page 15). Given the acquisition's timing, which did not allow for a structured collection of information, these companies are presented briefly and separately in this report and will be consolidated in the Sustainability Report for FY 2021. The data and information refer to the consolidation period (1 November - 31 December 2020) and analyse 20 consolidated companies and one investee company (ASA – Azienda Servizi Ambientali ScpA), which is relevant for sustainability dimensions (see page 25).

ACTIVITIES MANAGED

The 20 Companies operate in the recovery and disposal of urban and special waste in various Italian regions: Piedmont, Emilia-Romagna, Marche, Tuscany and Puglia.

One of these Companies' distinctive features is their complete control of the environmental supply chain – with a targeted focus on the plant components with the highest added value – from waste collection, storage/treatment, intermediation and final disposal, guaranteeing a robust industrial integration between the various phases. In addition, the Company has consolidated experience in the design of treatment plants, as well as in the provision of technical services to support plant optimisation and site remediation.

The sectorial and geographic location established the grounds for the acquisition transaction carried out by Iren Group, which, in this way, confirms its strategy of strengthening its positioning on a national scale in the waste management sector.

The new companies consolidated by Iren Group manage a total of 10 plants for the storage, recovery, treatment and disposal of urban and special waste and 2 landfills. In the final months of 2020, the Companies treated a total of approximately 190,000 tons of waste, of which 55% was special waste and 45% urban waste. Of these wastes, about 72% were treated in the storage and disposal chain and the remaining portion in the intermediation chain, i.e. on behalf of third-party companies that do not acquire the material availability of waste.

Type of plant	Number
Material recovery plants	3
Storage and transfer plants	2
Mechanical-biological treatment plants	3
Liquid treatment plants	2
Landfills	2

The operating and reporting Companies are as follows:

- A.M.A. manages a waste treatment plant with adjoining landfill in the province of Cuneo;
- Energy Side offers energy consulting aimed at identifying savings opportunities for small, medium and large enterprises;
- Gheo Suolo e Ambiente deals with disposal, recovery and intermediation of waste in the Reggio Emilia area;
- Manduriambiente has built and now manages a platform for the treatment and disposal of unsorted urban waste (selection, biostabilisation and landfill) in the Taranto area;
- Picena Depur, operating in the Marche region, carries out treatment activities through biological treatment of sewage;
- Produrre Pulito, operating in the Florence area, manages special hazardous and non-hazardous waste of different kinds from production activities and intermediaries;
- Scarlino Energia, based in the Grosseto area, produces electricity from the combustion of special non-hazardous waste and manages the treatment of liquid waste;
- Sereco Piemonte operates a storage and treatment plant for hazardous and non-hazardous waste in the Turin area;
- STA is active in the intermediation of special non-hazardous waste;
- TB manages a mechanical-biological treatment plant (MBT) for urban waste from the Arezzo area;
- Uniproject operates a non-hazardous liquid waste treatment plant in the province of Ascoli Piceno;
- Unirecuperi is active in the intermediation of special waste, in environmental remediation and protection works and the transfer, treatment and recovery of special non-hazardous waste through a storage, sorting and treatment platform in the Ferrara area;
- Uniservizi manages the collection and sending for disposal of civil waste.

Scarlino Holding, STA Partecipazioni, UCH Holding and UHA, on the other hand, are industrial and/or financial holding companies; Scarlino Immobiliare is a real estate company, while Biometano and Borgo Ambiente are currently inactive.

ENVIRONMENTAL DIMENSION

The impacts considered significant concerning the activities carried out by these companies are mainly related to the energy consumption of the plants (electricity and natural gas), the use of water resources and the waste produced by the treatment processes (mainly leachate). The figures referring to reporting period are summarised below:

	u.m.	Volumes
Electricity consumption	MWh	3,331
Natural gas consumption	m ³	3,630
Water withdrawals	m ³	20,619
Waste produced	t	6,775

In addition, biogas is extracted from the two landfills managed for electricity production, which, in the last two months of 2020, amounted to 971 MWh.

Most companies have certifications related to the environmental management of activities and quality, as shown in the table below.

	ISO 9001	ISO 14001	ISO 16247	ISO 50001	EMAS
AMA		x			
Energy Side	x		x	x	
Gheo Suolo e Ambiente		x			x
Manduriambiente		x			
Produrre Pulito	x	x			
Scarlino Energia		x			
Sereco	x	x			x
TB		x		x	
Uniproject		x			
Unirecuperi	x	x			
Uniservizi	x				

SOCIAL DIMENSION

The newly consolidated companies' workforce consisted of 200 employees as at 31/12/2020, with a female presence of 22.5%.

Personnel by position and gender	Total	Women
Executives	4	1
Junior managers	11	1
White collars	102	39
Blue collars	83	4
Total	200	45

In the two months November-December 2020 in the companies that became part of Iren Group, there were no work-related accidents.

The effects produced by the companies on the supply chain are significant: since November 2020, purchase orders have been issued for a total of approximately 17.2 million Euro. There are 9 social cooperatives among suppliers.

GOVERNANCE ASPECTS

The companies that have joined Iren Group mainly adopt a traditional type of corporate governance system. The Boards of Directors consist of 59 members, 10 of whom are women.

COMPANIES OUTSIDE THE REPORTING BOUNDARY

B.I. ENERGIA

B.I. Energia S.r.l. is the investee of Iren Energia (47.5%) and Consorzio di Bonifica dell'Emilia Centrale [Central Emilia Conservation Consortium] (52.5%), which manages the flowing water hydroelectric plant on the river Secchia, in San Michele dei Mucchietti (Modena), which uses the drop of an existing barrier to produce electricity.

The 1.8 MW plant became operational in August 2017 and will benefit from the all-inclusive tariff for 20 years, pursuant to the Italian Ministerial Decree of 06/07/2012. During the last two months of 2020, the plant was not operational due to extraordinary maintenance.

Main indicators	u.m.	2020	2019
Production of electricity	MWh	2,385	3,590

FRATELLO SOLE ENERGIE SOLIDALI

Fratello Sole Energie Solidali is a social non-profit enterprise founded in 2018 by Iren Energia (40%) and Fratello Sole (60%) and operates in support of charitable and socially useful entities in the field of energy costs savings. It provides management and energy efficiency services to the real estate complexes of its 11 founding members, comprising over 2,000 buildings (1,000 in 2019).

In 2020, new members joined Fratello Sole, including the Cantiere Sociale Rete Cauto linked to Caritas Brescia, and Iren will formalise new memberships in the early months of 2021.

Fratello Sole Energie Solidali is responsible for planning and implementing energy efficiency initiatives through its technological partner Iren Smart Solutions. Furthermore, the Company can develop e-mobility project for its customers.

In 2020, the Company achieved an overall savings of 105.7 MWh, thanks to the refurbishment of two thermal power stations serving as many buildings and started new works that will lead to an overall energy savings of more than 315 MWh/year.

VALLE DORA ENERGIA

Valle Dora Energia S.r.l., a subsidiary of the Municipalities of Chiomonte, Salbertrand, Exilles and Susa and an investee of Iren Energia (49%), was established to develop the redevelopment projects for the hydroelectric plants at Chiomonte and Susa which, in 2016, were admitted to the rankings by the GSE (Gestore dei Servizi Energetici) for incentives on the energy produced. Keeping these plants in operation also ensures important functions of public utility for the local area (protecting irrigation easements, hydro-geological protection and fire prevention service). The total output of the plants is 16.8 MWe (7.6 MWe for the Susa plant and 9.2 MWe for the Chiomonte plant).

In 2020, there was a significant increase in production due to the entry into production of the two plants downstream of the upgrading work.

Main indicators	u.m.	2020	2019
Total electricity production	MWh	23,501	903
Susa plant	MWh	3,306	903
Chiomonte plant	MWh	20,195	0

NOVE

Nove S.p.A. – owned by Municipality of Grugliasco (51%) and Iren Energia S.p.A. (49%) – manages district heating customers in the city of Grugliasco. The operational management of the Company and the district heating network is entrusted, through a service agreement, to Iren Energia.

Main indicators	u.m.	2020	2019
Residents served	no.	327	n.a.
Heat sold	GWht	59.4	n.a.

ACQUAENNA

Acquaenna S.C.p.A., owned by Ireti (48.5%), manages the integrated water service in the optimal territorial area of Enna (excluding the municipality of Barrafranca). The Company operates across all stages of the water cycle (catchments, supply, distribution, sewage and treatment), implementing the Area Plan approved by the Mayors' Assembly, planning and making investments and testing with new technological solutions. Acquaenna implements a Quality System certified in accordance with ISO 9001.

Main indicators	u.m.	2020	2019
Residents served	no.	148,035	151,988
Municipalities served	no.	19	19
Water sold	m ³	6,642,267	6,300,000
Water networks	km	823	821
Sewerage systems	km	522	522
Wastewater treatment plants	no.	18	18
Employees as at 31/12	no.	104	108

AIGA

AIGA S.p.A. is the subsidiary of Municipality of Ventimiglia (51%) and investee of Ireti (49%), which managed the integrated water service in Ventimiglia, for a catchment area of approximately 27,000 inhabitants, until the end of 2021 when the area's market operator took over.

AIGA, with its 10 employees, manages 150 km of water networks, 90 km of sewerage systems and a treatment plant. In 2020, the water sold was about 2 million m³.

AMAT

AMAT S.p.A. is the company owned by the Municipality of Imperia (52%) and an investee of Ireti (48%), which manages the integrated water service in Imperia and in 4 municipalities of the province, for a catchment area of about 47,000 inhabitants. AMAT manages, with its 47 employees, 326 km of water networks, 240 km of sewerage systems and a treatment plant.

In 2020, water sold was approximately 4.4 million m³. The Company pays particular attention to monitoring environmental impacts by systematically checking discharges, ascertaining leaks and surveying the network for proper sizing.

AM.TER.

AM.TER. S.p.A. – established by the Municipalities of Campo Ligure, Cogoleto, Masone, Mele and Rossiglione together with Iren Acqua (49%) – in the west of the Province of Genoa manages the integrated water service in the areas of the member municipalities and the Municipalities of Arenzano and Tiglieto.

The supply sources consist of 103 sources, 13 rivers and 3 wells.

The water is treated in 9 treatment plants and 16 disinfection plants, distributed throughout the region. The municipal treatment plant of Rossiglione deals with the final discharge of the sewerage systems of the Municipalities of Campo Ligure and Masone.

AM.TER. adopts an integrated Quality, Safety and Environmental management system, in accordance with ISO 9001, ISO 45001 and ISO 14001.

Main indicators	u.m.	2020	2019
Residents served	no.	45,369	45,660
Municipalities served	no.	7	7
Water sold	m ³	2,097,247	2,210,100
Water networks	km	290	290
Sewerage systems (including connections)	km	127	127
Wastewater treatment plants	no.	11	14
Employees as at 31/12	no.	14	15

ASA

ASA S.p.A. is an investee of the Municipalities of the provinces of Livorno, Pisa and Siena and Ireti (40%) that manages the integrated water service in five regional sub-districts: North-West (main municipality Livorno), Alta Val di Cecina (main municipality Volterra), Bassa Val di Cecina (main municipalities Cecina and Rosignano M.), Val di Cornia (main municipality Piombino) and Isola d'Elba (Elba Island). The Company also manages gas distribution in Livorno, Collesalveti, Rosignano Marittimo, Castagneto Carducci and San Vincenzo. ASA is ISO 9001 certified.

Main indicators	u.m.	2020	2019
Residents served (IWS)	no.	416,331	417,977
Municipalities served (IWS)	no.	32	32
Water sold	m ³	24,360,229	25,908,949
Water networks	km	3,611	3,515
Sewerage systems	km	1,358	1,234
Wastewater treatment plants	no.	73	74
Residents served by gas distribution	no.	219,240	221,145
Gas distribution customers	no.	99,005	98,909
Municipalities served by gas distribution	no.	5	5
Natural gas distributed	m ³	91,360,792	86,864,724
Employees as at 31/12	no.	492	476

A.S.A. AZIENDA SERVIZI AMBIENTALI

The company ASA S.C.p.A., the investee of Unirecuperi S.r.l. (49%), manages the design and construction of plants for the disposal of both urban and special hazardous and non-hazardous waste, the organisation and management, directly and indirectly, of plants for the disposal of waste produced by third parties and the remediation of polluted sites and is the manager of the landfill for non-hazardous waste located in the Municipality of Castel Maggiore (BO). In 2020, the ASA landfill received no waste for disposal. ASA implements a Quality System certified in accordance with ISO 14001, ISO 9001 and OHSAS 18001.

GAIA

GAIA S.p.A., the investee of Iren Ambiente (45%), manages waste treatment, recovery and disposal plants in the province of Asti. GAIA's activities are spread across the entire province of Asti, in a catchment area of approximately 208,100 residents, with a structured plant system: 12 collection centres for citizens to dispose of sorted waste collection, a sorted waste reclamation plant, a plant for the mechanical-biological treatment of unsorted waste (Asti), a compost plant (San Damiano d'Asti) for the recovery of organic waste and a landfill for non-hazardous waste (Cerro Tanaro).

In recent years, with the new collaborations in Piedmont, Valle d'Aosta, Liguria and Emilia Romagna, the volume of waste to be treated has exceeded the capacity of the plants.

To achieve economically sustainable development, GAIA has worked to adopt a transparent policy and to gradually integrate its Management System, improving it with Quality, Environment, Safety and Social Responsibility certifications. All of the sites managed by the Company are EMAS certified.

Main indicators	u.m.	2020	2019
Waste collected in Eco-stations	t	7,661	9,394
Waste treated at the plants	t	153,594	181,703
sorted waste reclamation	t	36,552	39,607
mechanical-biological treatment	t	43,141	46,115
transfer station	t	6,676	13,985
composting	t	31,343	6,940
non-hazardous waste landfill	t	35,882	75,056
Employees as at 31/12	no.	147	143

SETA

SETA S.p.A. is the contractor of the integrated urban waste collection service for Catchment Area 16 in the province of Turin. Operating in the waste collection and disposal sector, it is 51.15% controlled by a few municipalities in the Consortium of Catchment Area 16 (area to the north of Turin), both directly and indirectly through the consortium, and is an investee of Iren Ambiente (48.85%).

SETA also manages the controlled landfill called Chivasso 0 for the disposal of non-hazardous waste and 10 collection points spread across the territory, where users can dispose of the sorted waste sent for recovery.

SETA has adopted a Quality, Safety and Environmental management system certified in accordance with ISO 9001, ISO 45001 and ISO 914001.

Main indicators	u.m.	2020	2019
Residents served	no.	226,216	227,044
Municipalities served	no.	31	31
Urban waste collected – sorted	t	59,288	58,836
Urban waste collected – unsorted	t	41,039	41,000
Percentage of sorted waste collection	%	59.0	59.0
Employees as at 31/12	no.	224	218

AWARDS AND RECOGNITION

In 2020, Iren Group received various recognitions relevant to corporate and environmental responsibility. Below is a summary of the main acknowledgements received.



Iren has been awarded the Top Employer certification for the third consecutive year, the official recognition of the Company's excellence in HR policies and strategies and their implementation to contribute to people's well-being, improve the work environment and the world of work.



Iren won the Top Utility 2020 award in the Diversity category, which recognises the commitment to policies for the enhancement of diversity, particularly gender, inclusion and social responsibility in the management of human resources and corporate strategies.



Iren was confirmed in the Top10 of the Integrated Governance Index 2020 – the quantitative analysis model on the degree of integration of ESG (Environmental, Social and Governance) factors in the corporate strategies – and in the Top5 of the “ESG Digital Governance” extraordinary survey area.



Iren was one of the winners, in the Online Training category, of HR Mission 2020, an initiative promoted by the Italian Association for Personnel Management to recognise and enhance the creativity and innovation put in place by companies during the Covid-19 emergency.



Iren Group was ranked among the Best Improvers in the 2020 edition of Webranking Italia, the leading European survey, curated by Lundquist, which evaluates and classifies the transparency of communication on the digital channels of the largest Listed Companies, based on the fundamental requests of stakeholders.



Ecohitech Award 2020 – an award aimed at best practices and cases of excellence in the smart city domain, promoted by the Tecno Consortium of Key Energy – gave a special mention to the lighting redevelopment project of the City of Vercelli “Vercelli Led”, by Iren Smart Solutions, as the best Italian project of integrated smart lighting based on LED technology with innovative content.