

Integrated Annual Report 2023 Tea Group

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I. Directors' Integrated Report

includes the Consolidated Non-Financial Statement pursuant to Italian Legislative Decree 254/16¹

1. Introduction

Letter to stakeholders (GRI 2-22)

NFS

As was already the case in 2022, 2023 was again marked by the speed and breadth of changes in the macroeconomic context. In the first part of the year, energy market price levels rapidly declined from the extremes recorded at the end of 2022, while interest rates showed the opposite trend, with short-term rates up by roughly 200 bps between the end of 2022 and the start of 2023.

These trends favoured the operational performance of the Tea Group, which marked a significant improvement compared to last year (EBITDA up by Euro 11.9 million), while they held back financial performance, which was impacted by higher borrowing costs as well as the elimination of income from the equity investment in Enipower Mantova, whose management carried out an extraordinary distribution of dividends in 2022, thus providing a higher contribution of around Euro 17 million to the income statement compared to 2023.

The improvement in operations made it possible to limit the reduction in Group profit, which came to Euro 33.3 million, to Euro 11.1 million.

This positive performance can be appreciated from the perspective of the commercial margins of the sales business as well as in terms of costs; the former benefitted from the newfound possibility of setting up commercial offers, no longer influenced by low liquidity in the procurement markets, while on the cost front, there was a significant reduction in expenses linked to energy input.

The trend described once again highlights the considerable reliability of Tea's economic and financial performance, even in the presence of significant turbulence in the external environment. This stability in results over time is based on a balanced mix of regulated and market businesses, financial discipline that maintains growth in debt aligned with business growth and positive interactions with stakeholders, which we discuss in greater detail in the dedicated section of our document.

In this regard, this year the Tea Group has decided to publish the Consolidated Non-Financial Statement (drafted pursuant to Italian Legislative Decree 254/16) in the Directors' Report of the Consolidated Financial Statements of the Group, taking the initial steps towards meeting the requirements set forth in EU Directive 2022/2464 (Corporate Sustainability Reporting Directive - CSRD). This integration between financial and non-financial reporting represents an important new challenge to improve, because it requires companies to adopt accounting-level precision in measuring their sustainability performance and contemplate sustainability criteria and aspects with greater rigour across all financial assessments, development plans and investments.

In this context, the content of Tea's NFS has also improved, with the integration within the financial statements a document that is necessarily more concise than the separate report, but more structured in its measurements. Indeed, we have already started to extend, beyond the requirements set forth in the standard currently in force (GRI 2021), more detailed and efficient environmental performance metrics to all Group processes, in order to prepare ourselves for the changes imposed by new European sustainability standards (European Sustainability Reporting Standard - ESRS) that we will be subject to starting from 2024 reporting.

In order not to interrupt the fruitful path of voluntary sustainability disclosure in all Group subsidiaries as well, we maintained the measurement and disclosure of that detailed data in a separate document named "ESG indicators of Tea Group companies - 2023".

By becoming a benefit corporation, Tea has committed to taking an even closer look at the impact of its business on society. A model pursued through economic sustainability, people's growth, responsibility towards communities and respect for the environment.

The pages that follow rigorously illustrate the commitments and important results achieved, the impact of the Group's work on the surrounding area and the community and our ability to influence an increasingly interconnected system of values. But here it is necessary to underscore that in reporting on "the 2023 of Tea", in compliance with Italian Legislative Decree 254/16 and the more stringent indicators defined by the Global Reporting Initiative, the commitment that drove

¹ The Tea Group's consolidated non-financial statement is included in chapters I1; I3; I4; I5; I6; I7; I8, I9 of this document.

the Group to set its Business Plan targets – and consequently also improve the monitoring of sustainability parameters of processes, plants and infrastructure – and the impact on stakeholders, is clearly evident.

On this page, we point to one significant figure: in 2023, the Group distributed more than Euro 419 million to the region, which represents 90% of all economic value generated. This figure, together with the others illustrated below, is an excellent result, to be placed in the context in which it was achieved.

Again in 2023, particularly consistent concrete support was offered to local communities - municipalities, entities, associations, local promotional associations, etc. - by providing contributions for events and local exhibitions or for social and sports activities, reserved in particular to the youngest members of society. Indeed, support of just under Euro 1 million was provided to these projects, benefitting the accessibility, enjoyability and dissemination of these events.

Tea confirms its support of the Ten Principles of the United Nations Global Compact regarding Human Rights, Labour, the Environment and Anti-Corruption. This annual communication on progress in 2023 reports on the continued efforts made to integrate the Ten Principles into the business strategy, culture and daily operations to contribute to the objectives of the United Nations and in particular those of sustainable development.

We would like to thank the Steering Committee and the Sustainability Working Group, and all the women and men of Tea whose constant commitment ensured that we achieved the results presented here, which we are very proud of.

The Chairman

Massimiliano Ghizzi

The General Manager

Alessandro Beltrami

About us (GRI 2-1; GRI 2-9; GRI 2-22)

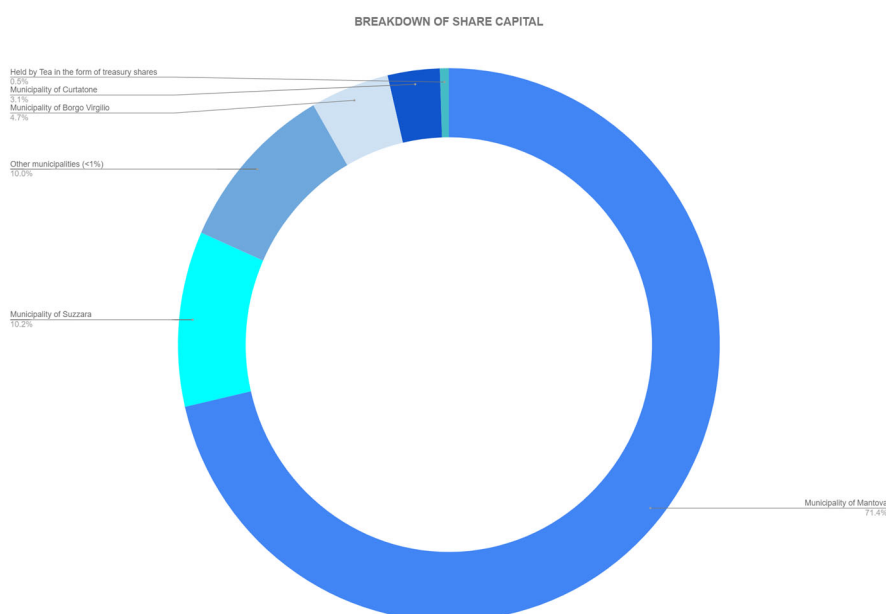
NFS

Our mission (GRI 2-22)

“Tea S.p.A BC designs, executes and manages services intended to meet public and local development, social utility and environmental protection needs. The company pursues aims of common benefit, and operates in an ethical, responsible, sustainable manner towards people, communities and the environment.”

Breakdown of share capital (GRI 2-1)

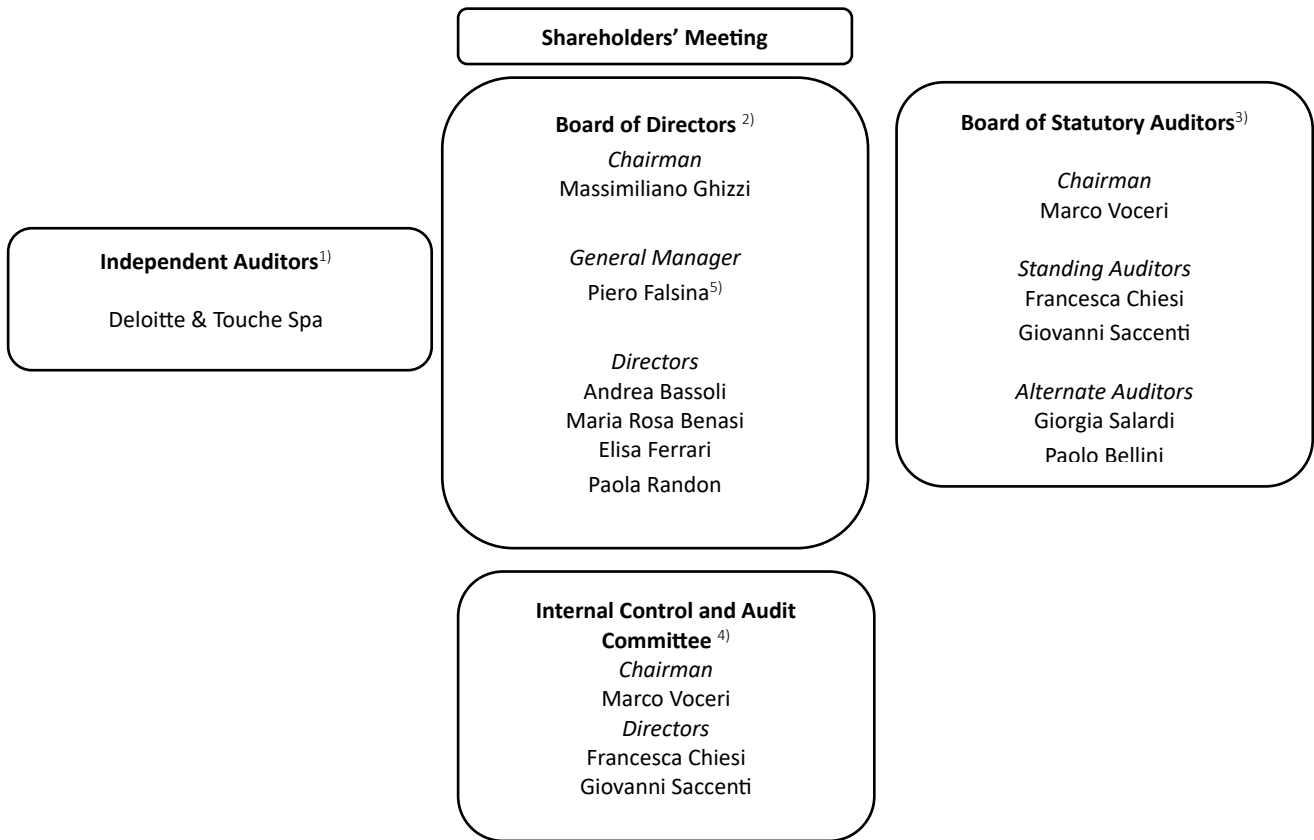
Tea is a joint-stock company with wholly public capital, based in Mantova, whose company name is made up of the acronym "Territorio Energia Ambiente" (Territory, Energy, Environment). The Company's deep roots in the region are also demonstrated by its shareholding structure. Most of the share capital is held by local public administrations in the province of Mantova.



The Group's shareholding structure as at 31/12/2023 was composed of the following 58 Municipalities:

- Acquanegra sul Chiese
- Asola
- Bagnolo San Vito
- Borgo Mantovano
- Borgo Virgilio
- Borgocarbonara
- Bozzolo
- Casalmoro
- Casaloldo
- Castel d'Ario
- Castelforte
- Castellucchio
- Castiglione delle Stiviere
- Commessaggio
- Curtatone
- Dosolo
- Gazoldo degli Ippoliti
- Gazzuolo
- Goito
- Gonzaga
- Guidizzolo
- Magnacavallo
- Mantova
- Marcaria
- Mariana Mantovana
- Marmirolo
- Monzambano
- Motteggiana
- Moglia
- Ostiglia
- Pegognaga
- Piubega
- Poggio Rusco
- Pomponesco
- Ponti sul Mincio
- Porto Mantovano
- Quingentole
- Quistello
- Redonesco
- Rivarolo Mantovano
- Rodigo
- Roncoferraro
- Roverbella
- Sabbioneta
- San Benedetto Po
- San Giacomo delle Segnate
- San Giorgio Bigarello
- San Giovanni del Dosso
- San Martino dall'Argine
- Schivenoglia
- Sermide e Felonica
- Serravalle a Po
- Settimo Milanese
- Sustinente
- Suzzara
- Viadana
- Villimpenta
- Volta Mantovana

Governance (GRI 2-9)



¹⁾ Appointed for the financial years 2017-2025 (art. 14, Italian Legislative Decree 39/2010)

²⁾ In office until approval of the 2024 Financial Statements

³⁾ *Ibid.*

⁴⁾ *Ibid.*

⁵⁾ In office until 31.12.2023

Our history

- 1864 Establishment of the Gas Works
- 1908 Azienda Municipalizzata del Gas di Mantova is founded
- 1948 With the incorporation of the civic waterworks, Azienda Autonoma Municipalizzata Gas-Acqua is established
- 1973 The company changes its name to Azienda Servizi Municipalizzati
- 1978 Launch of district heating in Mantova
- 1989-1995 Acquisition of sewerage treatment, church lighting, cemetery and funeral services
- 1994 The Company becomes a Special Company of the Municipality of Mantova
- 1996-1998 Start-up of the Mariana Mantovana landfill and acquisition of the public lighting service
- 1998 Tea is established through the transformation of Azienda Servizi Municipalizzati di Mantova into a joint stock company
- 2002 Launch of the public greenery and road maintenance service
- 2005 Founding of Tea Onoranze Funebri and Tea Energia
- 2006-2009 Establishment of Tea Acque, Mantova Ambiente, Tea Sei (SEI since 2016) and UniTea
- 2014 Tea Reteluce is founded to manage the public lighting service
- 2016 AqA Mantova is established to manage the water cycle in Castiglione delle Stiviere
- 2019 Depura is created
- 2021 Tea Acque and AqA Mantova merge to form AqA
- 2021 Revere Energia is acquired
- 2021 Tea acquires the status of a Benefit Corporation
- 2022: Tea begins to operate as a BC
- 2023: AqA acquires the status of a Benefit Corporation (BC)

Group Companies (GRI 2-2; GRI 2-6)

NFS

Tea S.p.A BC

This is the holding parent company that owns investments in all the subsidiaries, which are in charge of managing almost all the operating services in the Region. In its current structure, Tea provides all staff services, through which it also exercises the functions of guidance and control defined in the Group Rules. Those functions are separate from operations, to achieve the maximum dynamism, flexibility and innovation. Tea s.p.a. is the owner of networks and plants and of the Mariana Mantovana landfill, and manages the cemetery service and the crematorium of Mantova.

Mantova Ambiente s.r.l.

This is the company that operates in environmental management services, which provides Municipalities and individuals with services of collection, transport, processing, recovery and disposal of hazardous and non-hazardous waste, through own and third-party plants, and road sweeping. It also provides services relating to design and care of public green areas.

AqA s.r.l. BC

It manages all the phases of the integrated water cycle service in the province of Mantova: withdrawal, drinking water purification and distribution, wastewater collection, catchment and treatment, safety control, emergency assistance, invoicing and sale. The Company also manages the water network maintenance service and the analysis laboratory "Acqua Lab", which conducts continuous and rigorous checks on the quality of the water provided and discharged to safeguard health and the environment.

SEI s.r.l. (in extended form: Servizi Energetici Integrati [Tea's subsidiary for management of energy services])

This Company manages the production, maintenance, distribution and sale activities for the district heating and gas distribution service, and for renewable energy development. It also manages land reclamation activities.

Tsf s.r.l.

This company provides funeral services and funeral home services to individuals. It also manages a service centre providing funeral transport services to funeral homes.

Tea Energia s.r.l.

This is the sales company of the Group, operating in the open electricity and natural gas market both for end consumers and for operators.

Tea Reteluce s.r.l.

This company manages the public lighting service in the Municipalities of the Mantova area, comprising 70% of the street lights in the Province of Mantova, and has extended its operations to many municipalities of northern Italy. The Company also handles the management of thermal plants for public and private entities.

Depura s.r.l.

The company manages a special non-hazardous liquid waste treatment plant located in the Municipality of Castiglione delle Stiviere, as well as road and road sign maintenance service and maintenance services for gas distribution networks.

Revere Energia s.r.l.

This company manages the new plant for biomethane production from the organic waste fraction, located in the Municipality of Borgo Mantovano.

Membership in a higher-level Group

Following the implementation of Italian Legislative Decree 118/2011, the Municipality of Mantova - the majority shareholder of the Tea Group - prepares the Consolidated Financial Statements of the Group and other companies under its control.

Key figures 2023

NFS

Operations data

Operation ²	Company	2023 Highlights ³
Energy sales (electricity, gas and heat)	Tea Energia s.r.l. (electricity and gas)	97.77 million cubic metres of gas sold 566.127 GWh of electricity sold, of which 150.145 GWh certified as from renewable sources
	SEI s.r.l. (district heating heat)	129 GWh of heat sold +2.28% MWh of electricity sold and GO certified ⁴ out of the total MWh of electricity sold
Water (integrated water cycle)	AqA s.r.l. BC	75% of residents served in the Province of Mantova 16.452 million cubic metres of drinking water sold -11.83% kWh consumed by wastewater lifting and purification systems out of the total cubic metres of wastewater returned to the environment

² The term "operation" means the complex set of operating activities that may also be allocated to different subsidiaries, which represents a standard line of business for the Tea Group.

³ The percentage changes refer to the difference between the data for 2023 and the data for 2022.

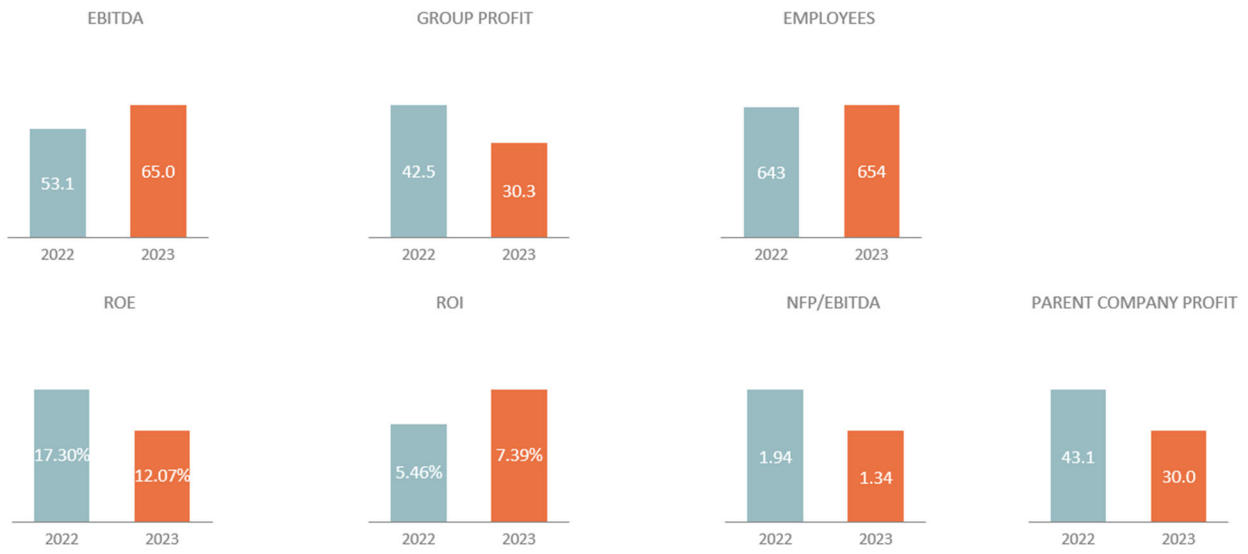
⁴ Guarantees of Origin (GO) are electronic certifications issued by the GSE (Electricity System Operator) to guarantee that any electricity generated derives from renewable sources.

Operation ²	Company	2023 Highlights ³
Environment (waste management, waste cycle)	Mantova Ambiente s.r.l. Depura s.r.l. Revere Energia s.r.l.	305,000 inhabitants served 87.64% separate waste collected (>90% in 22 Municipalities) -15.09% kWh of electricity consumed at the Mechanical-Biological Treatment (TMB) ⁵ plant out of the total quantity of waste entering the plant
Infrastructure (gas distribution networks, district heating distribution network)	SEI s.r.l.	72,835 Gas re-delivery points (RPs) managed -26.01% of thermal energy and electricity (kWh) out of the cubic metres of carrier fluid heated for degree days during the winter, based on the length of pipes and the flow of the fluid handled 7.05 million cubic metres of connections to the district heating network activated
Street Lighting (municipal street lighting networks)	Tea Reteluce s.r.l.	94,754 street lights managed of which 91,728 are LEDs -4.43% kWh of electricity consumed in relation to the average number of LED street lights
Other Businesses (cemetery services, crematorium, funeral services, road maintenance, maintenance of public greenery areas, reclamation, management of thermal plants, energy production)	Tea S.p.A BC, Tsf s.r.l., Mantova Ambiente s.r.l., SEI s.r.l., Tea Reteluce s.r.l. and Depura s.r.l.	6,869 cremations 6.8 GWh generated from renewable sources 362 heating systems managed -39.98% of kWh of electricity consumed at the special non-hazardous liquid waste treatment plant in relation to the tonnes of waste entering the plant +20.71% of kWh of electricity generated for the volume of water entering the turbine, multiplied by the net geodetic elevation difference ⁶ and by the hours of operation of the hydroelectric plants
Structure (staff and logistics services)	Tea S.p.A. BC	-50.07% of thermal kWh from district heating consumed in relation to the product of daily occupancy, the areas occupied and the hours of operation of heating plants -30.92% of electricity consumed in relation to the product of daily occupancy, the areas occupied and the hours of operation of air conditioning plants

⁵ The Italian acronym TMB stands for "Mechanical-Biological Treatment".

⁶ The term "Geodetic elevation difference" or "gross elevation difference" means the difference in height between the free surface of the water offtake section and the level in the section of watercourse where the flow is returned.

Income statement data⁷



⁷ Values are expressed in millions of euros unless specified otherwise.

2. Economic and financial performance and company performance

Reference scenario and competitive context of Group operations

Macroeconomic scenario

The year 2023 was characterised by a shift between the first part of the year, in which inflation trends remained very high in both Europe and the United States, and at the end of the year which saw a progressive cooling in prices, which was more accentuated in Europe.

On an annual basis, inflation in the Eurozone came to 2.9% compared to 9.2% in 2022. The reduction was driven by the energy component (-6.2% compared to the previous year), while the food, alcohol and tobacco price trend continued to remain high (+6.1%). In the United States, 2023 closed with a generalised increase in prices of 4.14%, down compared to 6.5% in 2022.

The initiation of the process of normalisation after the inflationary flareup that began around the end of 2021 and the start of 2022 was made possible by the monetary restriction imposed by the central banks, which brought reference monetary policy rates to 4.5% (reached in September and up from 2.5% at the end of 2022) for the Eurozone and 5.25% (reached in July and up from 4.50% at the end of 2022) in the United States, after a sequence of 10 and 11 consecutive hikes, respectively.

In 2023, the European restrictive manoeuvre was broader than that of the Fed, likely due to the delay with which the ECB launched the rate increase cycle, and therefore the negative impact on growth in the Eurozone was stronger: the increase in GDP was indeed only 0.8%, much lower than the 5.2% recorded in the United States.

In any case, the initial signs of a slowdown in price trends caused central banks to moderate the pace of monetary restriction, and in their final meetings of 2023, both the ECB and the Fed kept interest rates unchanged at the levels reached in September and July 2023.

The announcements that accompanied these decisions highlighted that the central banks are maintaining a high degree of vigilance over possible signs of a resumption in inflation and that they do not believe that the time is ripe for a rate reduction, which in any event the markets expect already in 2024. These expectations are reflected in a Eurozone yield curve which in late December sloped negatively until the 3.5 year maturity.

In the energy markets, 2023 was marked by the easing of tensions provoked by the outbreak of the Russia-Ukraine conflict, after which consumer countries demonstrated that they were capable of diversifying procurement sources and adopting consumption containment actions.

The price of gas at the Virtual Trading Point - VTP (Punto di Scambio Virtuale - PSV) averaged 41.4 Euro/MWh per year compared to 124.1 Euro/MWh in 2022, with a decreasing trend from 66.8 Euro/MWh in January to 32.4 Euro/MWh in July, with a slight recovery at the start of the winter and during the outbreak of new tensions in the Middle East, to then reach 35.4 Euro/MWh in December.

This trend was favoured by an accentuated decline in consumption, which in Italy reached its lowest level since 2015, at 63.1 billion m³, down by 8.4% compared to the previous year. The downturn regarded thermoelectric and civil consumption to a greater extent (-16.2% and -7.4%, respectively), while it was limited to -4% for industrial uses, especially by virtue of a recovery in consumption starting from August.

The storage filling campaign that began after the start of the Russia-Ukraine conflict, along with the reduction in consumption, led to a historically higher level of stocks, a trend contributing further to price containment.

From the perspective of the supply mix, in 2023 the substantial reduction of input from Tarvisio, the entry point for Russian gas, continued (-77%, after -52% in 2022), so that this gas covered just 4% of demand. Likewise, the increase in the share of imports via ship continued, meeting just under 26% of demand, compared to 21% in the previous year.

In October, Israel was struck by a large-scale terrorist attack, to which it reacted by launching a military operation in the Gaza Strip. These events generated a new phase of instability in the Red Sea area, with growing threats to the transit of goods through the Suez Canal.

At the moment, this situation does not seem like it will have impacts on energy and procurement price trends (the VTP forward price for 2024 at the end of December was 34.80 Euro/MWh, substantially in line with the spot price). On the

other hand, it cannot be ruled out that the continuation of geopolitical interference on mercantile traffic in the Middle Eastern area may slow the expected decline in inflation in Europe.

With reference to electricity, network electricity demand was down by 2.8% (306.1 TWh, compared to 315.0 TWh in 2022). Net consumer production recorded a drop of 6.3% to 257.0 TWh compared to 274.6 TWh in 2022, while the foreign balance saw net imports up by 19.2% (51.3 TWh compared to 43.0 TWh in 2022). The national production mix showed a recovery in renewable sources, which contributed to covering 36.8% of requirements (31% in 2022) and recorded an increase in production of 15.4% to 112.7 TWh against 97.6 TWh in 2022, swinging back to production levels just under those of 2021. On the other hand, thermoelectric production fell by 17.4% to 157.9 TWh from 191.3 TWh last year. The reduction in production from coal was significant, which was down to 12.1 TWh from 20.8 TWh in 2022, after the lifting of the measures taken in the initial part of the Russia-Ukraine crisis to maximise the production of electricity from sources other than natural gas.

Sales

At the end of 2022, with Decree Law 176/2022, the "Aid-Quater Decree", the end of the domestic customer gas supply protection service was extended further to 10 January 2024. Thus, it was aligned with the final deadline established for the elimination of the electricity supply increased protection service for the same customers by Decree Law 152/2021, on a transitional basis and pending the performance of the relative competitive procedure for the assignment to them of the gradual protection service.

Therefore, 2023 was particularly characterised by the upcoming elimination of protection services for domestic customers in the two commodities and, at the same time, the harmonisation of this process with the regulation (Italian Legislative Decree 210/2021 for electricity and Decree Law 115/2022, the "Aid-bis Decree", for gas) which establishes that, starting from the protection service termination date, all sellers are required to offer vulnerable customers a natural gas supply under the economic and contractual conditions laid down by ARERA (the Italian Regulatory Authority for Energy, Networks and Environment) (the "vulnerability protection service"). In the course of the year, a number of measures were issued by the Authority to govern and specify how this significant step should be taken.

As concerns gas, in March Resolution 100/2023/R/com and Resolution 102/2023/R/gas established: the methods for the identification of vulnerable customers; the reporting obligations of sellers with respect to their customers, served under protection and served in the free market; the supply conditions intended for customers under protection at the date of elimination of this service, with reference to vulnerable customers and therefore fully established by the Authority, as well as non-vulnerable customers, for which the seller has the right to freely exclusively define the fixed rate sale component. With respect to this last component, which will be applied by the various sellers to non-vulnerable customers when protection is eliminated, with Resolution 593/2023/R/gas, ARERA published a comparative analysis in December.

On the other hand, as concerns electricity, regulatory activity concentrated on the competitive procedures required to transition customers from the greater protection to the gradual protection service. First and foremost, consistent with Opinion 174/2023/I/eel issued to the ministry by the Authority, MASE (Ministry of the Environment and Energy Security) Decree of 17 May 2023 defined a specific gradual transition to the free market, which on a priority basis established the conclusion of procedures for the assignment of the gradual protection service only for non-vulnerable domestic customers, at the same time establishing its terms and criteria, while vulnerable customers will continue on a transitional basis to be supplied under the greater protection service conditions. In order to define the regulation of the gradual protection service for domestic customers and the methods for identifying providers, in May Consultation Document 212/2023/R/eel was published, the outcome of which resulted, in early August, in Resolution 362/2023/R/eel, accompanied by Resolution 383/2023/R/eel for the proper identification of vulnerable customers so they can remain in the greater protection service and, at the end of November, integrated by the subsequent Regulation 549/2023/R/eel, which completes the relative regulations. In the meantime, in early July ARERA underscored, in Notice 308/2023/I/eel, the considerable critical issues deriving from the recent Decree Law 48/2023 which introduced, in competitive procedures for the assignment of the gradual protection service but incompatible with the timing currently established for them, the employment safeguard clause for employees working in the call centres of greater protection service providers. The problem was resolved in December when, with Decree Law 181/2023, the above-mentioned provision was amended considering that, in the immediate term, greater protection service providers will continue to provide the service to vulnerable customers. Also in December, in order to be able to implement what is required by Decree Law 183/2023 of 9 December 2023 with respect to the automatic issue of bank account direct debit authorisations by domestic customers for the payment of the bills of gradual protection service providers for non-vulnerable domestic customers, the terms initially established by Resolution 362/2023/R/eel (11 December 2023 for the service assignment auction and 1 April 2024 for its activation) were deferred respectively to 10 January 2024 by Resolution 580/2023/R/eel and to 1 July 2024 by Resolution 600/2023/R/eel.

Also in view of the removal of the current protection systems, in early November, with Resolution 516/2023/R/com, ARERA launched a procedure for the evolution of the Bill 2.0 regulation, for which Consultation Document 517/2023/R/com describes the Authority's initial guidelines for increased bill simplicity and uniformity, with a view to the organic revision of the information provided in the bill and improved distinction of the information deemed essential.

Also concerning the regulation of contractual relationships with customers, ARERA also took action on other fronts with Resolution 250/2023/R/com published in mid-June as a result of Consultation Document 668/2022/R/com. With this resolution, ARERA first of all harmonised sector regulations with Italian Legislative Decree 210/2021 transposing EU Directive 2019/944, which introduces the possibility to apply an exemption, exclusively in the case of fixed price electricity contracts, to the general prohibition against applying early withdrawal charges to small-scale electricity customers. The same resolution also formalises a new method for amending contractual conditions, the 'renewal' of economic conditions, which works alongside those already established by the regulation, of 'unilateral change' and 'automatic evolution'.

During the year, the procedure launched in May with Consultation Document 186/2023/R/eel reached its conclusion. Indeed, at the end of July, Resolution 339/2023/R/eel was issued, defining the procedure for the verification of certain requirements and indicators that need to be respected by companies in order to remain on the list of parties qualified to sell electricity to end customers, established by MASE Decree of 25 August 2022.

In December, the procedure launched in mid-July with Resolution 326/2023/E/com and Consultation Document 327/2023/E/com was also concluded, for the revision of the Regulation governing penalty proceedings and procedural methods for the assessment of commitments which was published, in its new version, with Resolution 598/2023/E/com. The regulation thus amended applies only to proceedings launched subsequent to 22 December 2023, the measure publication date.

Numerous measures were published in order to face exceptional weather events that took place in May in part of Emilia-Romagna, some municipalities in the province of Pesaro and Urbino and the Metropolitan City of Florence. With Resolution 216/2023/R/com, ARERA adopted an initial urgent measure to support utilities and supplies located in the affected municipalities, calling for the suspension of the payment terms of the bills issued or to be issued for supplies located in the areas concerned with due dates starting from 1 May 2023. Subsequently, with Resolution 267/2023/R/com, it established, inter alia, that this automatic suspension would end on 31 August 2023 while also adopting immediate and targeted financial actions to support the operations of sellers working in the municipalities concerned. In August, the Authority again took action with Resolution 390/2023/R/com concerning the suspension of payment terms, extending, at the request of the customer concretely impacted by the disaster, the suspension of payment terms until 31 October 2023. Lastly, at the end of November, with Resolution 565/2023/R/com, ARERA established, with reference to bills issued or to be issued with respect to the months of May, June, July, August, September and October 2023, specific tariff facilitations available to customers if the functional integrity of their homes or offices was compromised by the flooding that took place in May 2023.

Likewise, following the exceptional weather events that occurred in November in the provinces of Florence, Livorno, Pisa, Pistoia and Prato, with Resolution 519/2023/R/com, ARERA suspended the payment terms of bills issued or to be issued for supplies located in the affected areas with due dates starting from 2 November 2023.

At the end of the year, after the proceedings initiated in late September with Resolution 434/2023/R/eel and subsequent Consultation Document 545/2023/R/eel, with Resolution 619/2023/R/eel, ARERA brought the facilitations for businesses with high electricity consumption into line with EU regulations as of 1 January 2024.

On the other hand, the judicial procedure concerning the billing of amounts referring to consumption dating back more than two years is still ongoing. Indeed, in March, with Resolution 86/2023/C/com, ARERA found it necessary to proceed with an appeal against rulings no. 35 and 36 of the Lombardy Regional Administrative Court, Milan, First Section, of 2 January 2023 which cancel in part Resolution 603/2021/R/com and Resolution 604/2021/R/com.

At the end of September, with Resolution 432/2023/I/com, ARERA presented a proposal to the government to continue with what was started, with Resolution 735/2022/R/com, on the progressive transfer of general system charges to general taxation, as set forth in Law 197/2022, the "2023 Budget Law", consistent with intermediate objective 7 of mission 1, component 2 of the NRRP: "eliminating the obligation for suppliers to collect charges not linked to the energy sector". In this context, Report 243/2023/I/com was issued at the end of May and Report 329/2023/I/com at the end of July concerning social bonuses for economic and physical distress, the charges of which it is proposed be converted into tax.

In November, with the publication of Resolution 512/2023/E/eel, the preliminary investigation supplement ordered by ARERA with respect to Tea Energia came to an end. This had been made necessary following ruling 1658/2021 of the

Lombardy Regional Administrative Court which accepted, deeming the method for quantifying the unduly obtained benefit to be lacking, the appeal of the company against Resolution 587/2017/E/eel and Resolution 37/2018/E/eel whereby ARERA adopted, with respect to Tea Energia, prescriptive measures for having carried out programming strategies that were not consistent with the principles of diligence, skill, prudence and foresight. Following Resolution 512/2023/E/eel, Terna re-determined the economic items according to the new calculation criteria.

Consistent with what took place starting from the fourth quarter of 2021 and for all of 2022, a series of legislative provisions issued in the meantime established again for 2023 the expansion of the scope of beneficiaries of the social bonus. First of all, in January Resolution 13/2023/R/com implemented what is set forth in Law 197/2022, the "2023 Budget Law", admitting to the electricity and gas social bonus households with an Equivalent Economic Status Indicator (ISEE) of up to Euro 15,000 (the 'normal' ISEE threshold value for access to the social bonuses of economically disadvantaged households, updated for 2023 by the same resolution, is Euro 9,530), without prejudice to the limit of Euro 20,000 for 'large households', with at least 4 dependent children. Thereafter, in May, also for the latter, the ISEE threshold, applicable for the second, third and fourth quarter of 2023, was raised to Euro 30,000 by Resolution 194/2023/R/com, in implementation of Decree Law 34/2023.

In continuity with what was set forth in the course of 2022 with Decree Law 50/2022 (the "Aid Decree Law"), Decree Law 115/2022 (the "Aid-bis Decree Law"), Decree Law 144/2022 (the "Aid-ter Decree Law"), Decree Law 176/2022 (the "Aid-quater Decree Law"), which ARERA implemented with Resolution 373/2022/R/com, Resolution 474/2022/R/com and Resolution 669/2022/R/com, with Law 197/2022, the "2023 Budget Law", recognised to companies other than those with high electricity and/or natural gas consumption an extraordinary contribution for the first quarter of 2023 as well in the form of a tax credit to partially offset the higher expenses actually incurred to purchase electricity and/or natural gas, respectively. At the end of February, with Resolution 76/2023/R/com, ARERA implemented this regulatory provision, detailing the relative regulations. The same was done by Resolution 259/2023/R/com following Decree Law 34/2023 (the "Aid-quinquies" Decree Law), which recognises the above-mentioned benefit for the second quarter of 2023 as well, while there was no legislative action in this sense for the third and fourth quarter of the year.

In March, with Consultation Document 114/2023/R/gas, and subsequently at the end of July, with Consultation Document 351/2023/R/gas, ARERA described its guidelines on the transition from annual processing to monthly processing of small-scale smart meters for settlement purposes. In response to the consultations, a series of observations emerged that were worthy of further analysis, therefore, with Resolution 604/2023/R/gas of mid-December, ARERA launched additional proceedings, to be concluded by the end of July 2024, in order to guarantee an orderly revision of the balancing and settlement regulations as well as the relative balancing manager incentive mechanism. In the meantime, the incentive parameters of the fifth incentive period, which should have ended with the year 2023, therefore remain valid.

At the end of July, ARERA also initiated a consultation procedure to update the regulations of the Gas Distribution Standard Network Code. In particular, Consultation Document 341/2023/R/gas deals with billing and guarantees; the Authority's guidelines are intended to clarify and organise, and therefore simplify, interactions between distribution partners and distribution users and establish a more detailed regulation of guarantees that also takes into account progress made in the financial sector. The proceedings have not yet concluded.

At the end of October, Resolution 496/2023/R/com implemented the provisions of MASE Decree of 14 July 2023, updating the Authority's measures on guarantees of origin, renewable energy sales contracts and the fuel mix disclosure concerning the electricity sector.

During the year, ARERA also published a number of reports: at the end of January, Report 30/2023/I/com was issued which, as usual, updated to the year that just ended monitoring on the evolution of the electricity and gas retail sale markets, particularly with reference to supply changes, consumer conduct and price trends. In May, with Memo 232/2023/I/com, ARERA reported to the Parliament on the topic of energy poverty and the effectiveness of the electricity and gas social bonuses as tools to combat it. In September, ARERA instead reported to the Senate on a number of topics under its responsibility dealt with in the draft "2022 Market and competition Law" with Memo 401/2023/I/com. In October, with Memo 467/2023/I/com, ARERA provided its contribution regarding the conversion into law of Decree Law 131/2023 containing, inter alia, measures aimed at limiting and mitigating the effects of price increases in the electricity and natural gas sectors. Lastly, at the end of November, with Memo 544/2023/I/com ARERA described to the Parliament the status of the electricity and natural gas sectors, focusing in particular on the issue of supplies and energy market security and electricity and natural gas market trends, specifically with regard to the current status of the free market and the protection system, as well as the evolution of prices in the two markets.

Gas distribution

The sector is subject to ARERA tariff regulation.

In 2023, ARERA continued its gas sector regulatory action on the following main aspects:

- with resolution 163/2023/R/COM, it approved part I “common provisions” and part II “ROSS-Base” of the new Integrated Regulatory Text for Expense and Service Objectives for the 2024-2031 period (TIROSS 2024-2031), postponing to subsequent proceedings and consultations the definition of the new Gas Distribution Tariff Method applicable as of 2026;
- it finalised and implemented regulations on:
 - metering services (269/2022/R/GAS readings and remote readings)
 - restructuring of City Gates Station (Reduction and Measurement) cabin metering activities and the relative performance (512/2021/R/GAS and 433/2023/R/GAS for the approval of the amendments to the SNAM Rete Gas Network Code)
 - assignment of responsibility to distribution companies in the management of the IN-OUT delta (386/2022/R/GAS) and settlement,
 - Directives for the connection of biomethane plants to natural gas networks (179/2022/R/GAS)
- controlling gas prices applied to users, confirming for the year 2023 the elimination of several system charge components, the reduction of VAT to 5% and the recognition of the Gas Bonus, for the latter expanding the access target as well, increasing it significantly with an additional supplementary contribution.

From the point of view of sector structure, the process which, based on Italian Legislative Decree 164/2000 and Ministry of Economic Development Decree no. 226/2011 should lead to the launch of tenders for the award of new concessions at Minimum Local Area (ATEM) level, as identified in the Ministry of Economic Development Decree, is progressing very slowly.

In this context, the Mantova area in particular has been divided into two Local Areas (Local Area 1: North Mantova and Local Area 2: South Mantova), both of which see the Tea Group's presence for a total of around 55 thousand re-delivery points managed in Mantova 1 and approximately 11 thousand re-delivery points in Mantova 2.

At the reporting date, acting as contracting authority the Municipality of Mantova launched preliminary activities for the publication of the tender for ATEM 1 and within the process it defined the reimbursement amount of the Tea Group's networks. For ATEM 2, on the other hand, the contracting authority has not yet begun the preliminary procedure.

Water sector

ARERA with RESOLUTION no. 477/2023/R/IDR of 17 OCTOBER 2023 published the final results following the application of the integrated water service technical quality regulation incentive mechanism (RQTI) for the years 2020-2021. AqA Srl Benefit Corporation received bonuses amounting to Euro 1,508,787 for the achievement of objectives relating to macro-indicator M1 - water leaks, as it was one of the best operators for this macro-indicator, and M5 - landfill sludge; on the other hand, it received penalties of Euro 465,305 allocated to a provision relating to macro-indicator M3 - drinking water quality, M4 - sewerage system adequacy and M6 - wastewater quality.

In the course of 2023, AqA Srl Benefit Corporation received information from the Single Buyer (AU) for the recognition of the automatic water bonus to those entitled for the years 2021 and 2022 under the simplified system and for 2023 under the ordinary system.

Pursuant to ARERA resolution no. 218/16, amended by resolution no. 609/21, IT tools have been introduced to manage new metering quality standards relating to prior notice concerning the transition to a new reader for all customers with an inaccessible or partially accessible meter and for the verification of the minimum number of reading attempts established by the regulation; in addition, the unique water code was introduced for each contract. In the course of the year 2023, important group projects were concluded in order to optimise billing processes which guarantee greater stability and control of activities.

Environmental services

The year 2023 constituted the second regulatory year with the MTR2 Tariff method. Following the guidelines issued by the Authority, collaboration with the Local Competent Bodies (municipalities) took place only for the part of the definition of user tariffs and for the municipalities that assigned fee-based collection to the Company. Tariffs were constructed on the basis of the financial plans already approved in the year 2022 according to the guidelines provided by ARERA which, with the introduction of the new tariff method (MTR2 - resolution 363/2021), established that the financial plan would cover four years and no longer one, calling for a revision after the first two-year period (consistent

with resolutions 387 and 389 of 23 August and determination 1/2023/DTAC of 6 November 2023). As far as tariff management is concerned, the year 2023 was characterised by the transition to a fee in the municipalities of Moglia and Monzambano, which definitively discontinued levy-based collection management.

In September, the infra-period revision procedure began for financial plans for the years 2024 and 2025, which will be concluded by the end of April of 2024 (without prejudice to extensions). In 2023, it was necessary to adapt the software for the construction of user invoices, as ARERA resolution 386/2023 introduced two equalisation components, the first relating to the management of waste that has been accidentally fished and voluntarily collected in the sea (Law 60/2022 "Save the Sea"), the second relating to the coverage of the facilitations recognised for exceptional and disaster events. The values deriving from the application of these components in user invoices will need to be paid to CSEA (Energy and Environmental Services Fund) or to the state-controlled company operating in the electricity, gas and environment sectors. Its main mission is to collect certain tariff components and system charges from operators; the proceeds from these components is collected in dedicated management accounts and subsequently disbursed in favour of companies according to the rules issued by the Italian Regulatory Authority for Energy, Networks and Environment (ARERA).

The Company thus began an analysis of its current contracts, following resolution 385/2023, to begin to incorporate the new regulations into agreements currently in force. The contractual adaptations, which must be accompanied by an assignment economic and financial plan (PEFA) must be approved by each municipality by 30 May 2024. Lastly, with the introduction of resolution 387/2023 which, as of 1 January 2024, calls for monitoring and transparency obligations on the efficiency of separated waste collection and municipal waste treatment plants with reference to a set of indicators, an adaptation project was initiated on the management system used by the Company for the purposes of this monitoring.

As an evolution to the introduction of Resolution 15/2022/R/rif of 18 January 2022 ("TQRIF"), and with the inclusion of Mantova Ambiente in its first quadrant, thanks to the selection of Local Competent Bodies in 2022 during the approval of the economic and financial plans, in 2023 it was necessary to:

- adapt the home collection frequencies of bulky waste and the relative number of packages collected,
- activate the emergency response service through a free-phone number active 24 hours a day for the local police, military police, fire brigade and municipal managers for the retrieval of dumped waste only in the case of critical situations (hindrance to normal activity, which include critical aspects in terms of security, which generate situations of degradation or impact health/hygiene conditions).

Mantova Ambiente collaborated with the Private Partner for the activation/management of such services.

In 2023, the market study and evaluation was completed with respect to new and innovative collection systems, capable of boosting process efficiency, maintaining high quality parameters of the fractions collected and maximising separated waste collection rates and new indicators focusing on effective waste recycling at packaging production plants. The study took place by signing a framework agreement with the main economic operator in the sector for the manufacture of containers equipped with electronics and the relative emptying equipment. As part of the agreement, in November 2023 Mantova Ambiente began a free six-month trial in the Municipality of Pomponesco, installing 28 hubs, consisting of new containers equipped with electronic locks, user recognition systems, fill-level sensors and volumetric drawers.

Consolidated results for the Group

The results for the year ended 31 December 2023 show a recovery in performance in terms of return on invested capital (ROI = 7.39% compared to 5.46% in 2022), due to the significant improvement in operating income (Euro 40.2 million compared to 29.3 in 2022). The return on equity remained at a value of 12.07%, which is adequate, albeit lower than the 17.03% achieved last year. The reduction was impacted by the higher weight of financial expenses, in relation to the increase in interest rates, as well as the elimination of the exceptional items of 2022 (extraordinary dividend and revaluation) linked to the equity investment in Enipower Mantova.

In absolute terms, revenues decreased by Euro 121.1 million. Operating costs before amortisation, depreciation and write-downs decreased by Euro 134.6 million, with a positive balance of Euro 11.9 million, bringing EBITDA from Euro 53.1 million to Euro 65 million.

The sale of electricity, gas and heat contributed to the reduction in revenues as a result of the sharply declining price trend. On the other hand, landfill revenues rose slightly (Euro +1.9 million).

The trend in commodity prices was also evident in the purchase costs of commodities, as evidenced by the reduction in costs for the purchase of raw materials (Euro -157.8 million).

Costs for services rose by Euro 25.6 million, basically due to the higher costs for gas distribution and electricity transport (Euro +13.3 million) and for increased maintenance services (Euro +7.3 million) and higher waste disposal charges (Euro +3.4 million).

Write-downs of financial assets and receivables fell by Euro 1.3 million due to lower provisions for bad debts, linked to the low level of energy prices, which both reduces the value of receivables while managed volumes remain the same, and moderates the risk of user default.

Amortisation, depreciation and write-downs increased by Euro 1.0 million (Euro +0.7 million in amortisation and depreciation due to the increase in net invested capital and Euro +0.3 million in write-downs on intangible assets).

Net financial income showed a deterioration of Euro 15.8 million, higher than the improvement in operating profitability as commented on above; the EBT therefore declined by Euro 6.8 million. The tax burden increased by Euro 4.3 million due to the different mix between the operating component (up and taxed at the full rate) and the financial component (down and tax at a reduced rate). Therefore, overall, the Group's net profit declined by Euro 12.1 million compared to 2022.

As concerns the capital structure, there was a reduction in working capital due to lower energy prices, which contributed towards a reduction in trade receivables and an improvement in procurement conditions, with less recourse to energy purchases on the power exchange, which is characterised by very short payment terms.

Equity/total assets, at 0.51, and debt/total assets, at 0.49, show a balanced financial structure and a slight improvement over last year.

The current ratio, equal to 1.41, is up compared to 1.32 of the previous year and confirms the company's ability to meet short-term commitments through the rotation of short-term loans.

The liquidity ratio follows a very similar pattern to the current ratio, as it increases to 1.37 from 1.31. This ratio therefore confirms the company's ability to meet payments in the short term.

The fixed capital self-financing ratio is 0.75 and is up compared to the previous year, essentially due to the increase in shareholders' equity.

For an improved presentation and comparability, Euro 18 thousand has been reclassified from "Taxes for the year" to "Other operating costs".

<i>(in thousands of Euro)</i>	At 31 December		
	2023	2022	Change
Revenues	451,915	573,079	-121,164
Other revenues and income	4,609	6,128	-1,519
Costs for raw materials	162,239	320,024	-157,785
Costs for services	184,051	158,420	25,631
Personnel costs	34,348	33,418	930
Other operating costs	5,751	7,842	-2,091

Write-down of financial assets and receivables	5,160	6,445	-1,285
EBITDA	64,975	53,058	11,917
Depreciation/Amortisation and write-downs of non-current assets	24,820	23,777	1,043
EBIT	40,155	29,281	10,874
Financial income	9,574	25,142	-15,568
Financial expenses	6,700	3,750	2,950
Gains (losses) on investments measured using the equity method	95	-717	812
EBT	43,124	49,956	-6,832
Taxes	9,821	5,535	4,286
NET PROFIT	33,303	44,421	-11,118
of which pertaining to the Group	30,342	42,486	-12,144
of which pertaining to minority interests	2,961	1,935	1,026

Reclassified Balance Sheet - sources and applications method (in thousands of Euro)					
Aggregate figures	2023	2022	SOURCES	2023	2022
Intangible assets and Right of use	194,921	177,530	Shareholders' equity	275,845	256,821
Tangible assets	92,833	88,297			
Non-current financial assets	80,897	83,039	Non-current liabilities	143,446	138,539
Inventory	4,828	3,139			
Deferred liquidity	133,076	159,572	Current liabilities	124,354	141,265
Immediate liquidity	37,090	25,048			
Total Applications	543,645	536,625	Total Sources	543,645	536,625

Ratios	2023	2022
Non-current assets / Total assets (I/K)	0.68	0.65
Working capital / Total assets (C/K)	0.32	0.35
Equity / Total assets (N/K)	0.51	0.48
Debt / Total assets (T/K)	0.49	0.52
Current ratio (C/Pc)	1.41	1.33
Liquidity ratio ((Li+Ld)/Pc)	1.37	1.31
Fixed capital self-financing ratio (Equity/I)	0.75	0.74
ROE (Net rev./Equity)	12.07%	17.30%
ROI (EBIT/Ko)	7.39%	5.46%
ROS (EBIT/Sales)	8.80%	5.06%

The net financial position includes current and non-current loans and other non-current liabilities and is net of cash and cash equivalents.

Statement of financial position (in thousands of Euro)			
Aggregate figures	At 31 December		
	2023	2022	Change
Total non-current assets	370,052	349,799	20,253
Net working capital	27,400	38,807	(11,407)
Gross invested capital	397,452	388,606	8,846
Total provisions and others	(34,469)	(28,757)	(5,712)
Net invested capital	362,983	359,849	3,135
Shareholders' equity	275,845	256,821	19,024
Net financial position	87,138	103,027	(15,889)

Total sources of finance	362,983	359,849	3,135
Debt/equity ratio	0.32	0.40	(0.09)

Performance of Group companies

Today, Tea is a Group of multiple companies offering different services, but integrated with the objective of improving the life of the community in terms of sustainability and shared value.

The parent company, Tea, is responsible for coordination of the following operating companies: Mantova Ambiente, Sei, Tea Energia, Tea Reteluce, AqA BC, Tea Servizi Funerari, Depura and Revere Energia.

Tea S.p.A SB

As the Parent Company, Tea S.p.A provides operational and financial support to the subsidiaries.

Operational support is achieved through the provision of centralised administrative and technological services and the provision of specific proprietary technical non-current assets that are instrumental to the activities of the companies.

The parent company also manages a centralised cash pooling system that guarantees its subsidiaries rapid and low-cost access to the financial market: at the end of 2023, loans disbursed by Tea S.p.A to its subsidiaries in the various technical forms amounted to Euro 151,487 thousand, of which Euro 101,000 thousand disbursed in favour of AqA, to support the subsidiary's investment plan.

In the course of the year, the first tranche of the EIB loan was drawn down for Euro 15,000 thousand (transferred, via an intercompany loan, to AqA), while the short-term credit lines were closed.

Activities also began during the year to prepare for negotiations with bondholders regarding the extension of the bond issued in 2017 and maturing in 2024. In the fourth quarter of 2024, an extension to 7 December 2025 was agreed upon, as explained in more detail in the notes in the section Significant events after the reporting period.

The results for the year ended 31 December 2023 show a recovery in performance in terms of return on invested capital (ROI = 4.72% compared to 3.94% in 2022), due to the significant improvement in operating income (Euro 19.6 million compared to 16.0 in 2022). The return on equity remained at a value of 11.00%, which is adequate, albeit lower than the 17.00% achieved last year. The reduction was impacted by the elimination of the exceptional items from 2022 (extraordinary dividend and revaluation) linked to the equity investment in Enipower Mantova, partially offset by revaluations of equity investments in subsidiaries and associates.

In absolute value, revenues remained aligned with the results of 2022 at roughly Euro 52.6 million. Operating costs before amortisation, depreciation and write-downs decreased by Euro 1.4 million due to the elimination of several 2022 non-recurring cost components and therefore favourably impacted EBITDA, which rose from Euro 26.7 million to Euro 28.1 million.

Amortisation, depreciation and write-downs decreased by Euro 2.2 million due to lower amortisation and depreciation (landfill and software) and write-downs recognised in 2022.

Financial income declined by Euro 13 million as a result of the decline in the distribution of dividends (Euro -6.7 million) and the lower revaluation of Enipower Mantova (Euro -9.5 million).

From the financial perspective, Tea SpA's NFP improved further, from Euro -13.6 million to Euro 22.1 million.

Sei

The Company manages the energy infrastructures belonging to the Group or managed on behalf of Municipalities: it provides the natural gas distribution service in 12 Municipalities of the Province of Mantova (including the provincial capital), and the district heating service in the Municipality of Mantova. Its other activities include the production of electricity from renewable sources with a view to developing renewable energy plants, particularly photovoltaic.

As mentioned in the paragraph on the regulatory context, the Company is managing the activities under the responsibility of the outgoing concessionaire in preparation for the call for tenders for Atem 1 (North Mantova), also in

the uncertainty of the timing of publication of the tender. From this point of view, an important step is the closure of the process of determining the residual industrial value of the networks pertaining to SEI, which has led to the substantial recognition of the company's estimates.

For Atem 2, on the other hand (South Mantova), the Contracting Authority has not yet begun the preliminary procedure.

The district heating service has activated new connections for a total of 50,000 m³ of served volume and distributed thermal energy for a total of 129 GWht.

Also in 2023, due to the DN600 Feeder combined with enhancement of the accumulation system implemented at the "Carlo Poma" Hospital plant, it was possible once again to use almost fully the heat sold by EniPower Mantova as the production source of the heat input to the network.

In 2023, the "Carlo Poma" Hospital plant system was modified, while in 2022 2 12.5 MWt boilers were already deactivated to stop using the ETS. The work carried out in 2023 entailed the installation of 4 new 2.95 MWt boilers in order to recover half of the potential lost with the discontinuation of ETS, while however maintaining the exemption from ETS costs. The 2 removed 12.5 MWt boilers were placed in storage on via Taliercio.

During the year 2023, ARERA initiated the District Heating Service Tariff regulation procedure which, following quick consultations, with deed 638/2023/R/TLR approved a Transitional Tariff Method for the year 2024 (MTL-T), postponing to subsequent proceedings and consultations the Regular Tariff Method as of the year 2025.

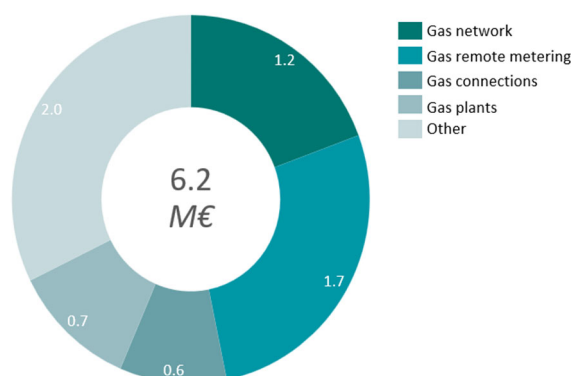
Also in 2023, ARERA established a new open-ended regulatory period for the regulation on Technical Quality RQTT and Service Transparency TITT, in addition to formalising the obligation of district heating service participation in ARERA settlement procedures.

As regards the Renewable Sources service, please take note of the following:

- The "Marenghello" power station produced approximately 1,667,000 kWh in 2023 (2022 production: 1,228,000 kWh). The increase in production (roughly +26.3%) can be attributed to the greater availability of water flowing through the turbine compared to the previous year and the technical modifications introduced with the floating barrier installed to block floating debris, which can now be removed without shutting down the power station.
- The "Vasarina" power station produced approximately 2,253,000 kWh in 2023 (2022 production: 1,852,000 kWh). The increased production (+17.8%) compared to 2022 was due as in the case of Marenghello, with the exclusion of the initial months of the year, to the abundant rain that made it possible to have a constant and abundant water flow in line with 2022 production.
- The contract for the maintenance and operation of the biogas cogeneration plant at the Mariana Mantovana landfill continued normally, the plant consisting of two biogas-fuelled cogenerators with a capacity of 330 kW for a total annual production of 2.457 GWhe. There was a decrease in the production of biogas from the landfill due in part to maintenance on wells and in part to the nature of landfill products, which contain increasingly less organic material due to separated waste collection.

Capital expenditure

The Company's total CapEx was Euro 6.2 million, with breakdown as shown in the chart below (figures in millions of Euro).



Tea Energia

In the course of 2023, the gas and electricity market returned to price levels which, albeit still high compared to historical averages, basically reabsorbed the speculative peaks of the second half of 2022, while on the other hand maintaining high volatility with highly significant fluctuations in the very short term and therefore still demonstrating high market fragility, which continues to have a considerable underlying speculative element.

Turnover in 2023 reflects the sharp decline in prices compared to 2022 plus a now systemic decline in consumption of both gas and electricity. These declines can be attributed to weather factors, an increased focus on consumption due to higher prices and the relative cost burden on both household and business budgets, as well as an economic level still below previous levels.

Although within a highly competitive market, Tea Energia has increased its supplied customer base with growth of 17.0% over 2022.

The company's margin before taxes, also thanks to a careful acquisition policy, has grown substantially from Euro 4.7 million in 2022 to Euro 9.4 million in 2023.

The decline in market prices, along with a radical restructuring of payment and collection terms, has allowed for a significant contraction in invested capital, positively impacting the financial position, which reduced considerably from Euro 29.5 million to Euro 4.2 million.

From the operational perspective, the procurement restructuring process has been concluded, so that today we are operating in full autonomy as a shipper of all of our gas requirements, thus allowing for an optimisation of volumes purchased directly with the national transport system and thereby excluding a share of the intermediation margin.

The company's customer portfolio is still nearly entirely represented by index-linked tariff contracts; fixed price positions are residual and totally hedged on purchase, thus reducing exposure to the risk of any price fluctuations.

On the investment side, improvements in IT systems have continued, in support of business activities and in particular the development of the new CRM system, which will begin operating in the first half of 2024.

Tea Reteluce

During the financial year 2022, the company saw the number of street lights under management increase to around 94,750 (+2% compared to 2022).

The increase in street lights derives from the acquisition in tender of contracts for the management of public lighting systems in the municipalities of the province of Brescia. With these new acquisitions, the Company now operates in 65 municipalities in 12 provinces in Northern Italy and was confirmed as the leading operator in the lighting sector in terms of the number of street lights managed in the province of Mantova.

In the course of 2023, electricity and methane gas prices decreased considerably compared to the exceptional price increases of 2022. The average electricity price during the year, referring to the national single price, decreased compared to the average for the previous year by 250%, going from an average price of 322 Euro/MWh to a new average price of 138 Euro/MWh. To deal with decreasing raw material prices, as of 1 January 2023 ARERA reintroduced free market system charges for the Public Lighting tariff for around 46 Euro/MWh, thus limiting the overall price reduction.

In the municipalities managed, energy consumption was limited as a result of continuous optimisations in remote control and thanks to the use of a business intelligence application. The development of a Tea Group application for the centralisation and standardisation of supervision and control systems is also in the advanced phase, which, as soon as it is completed, will be capable of directly monitoring consumption from the e-distribution meter to automatically acquire consumption values.

The activity connected with electric mobility continues, which has found new impetus with the regional calls for tenders that incentivise electric charging infrastructure: 20 new charging points located in Marcaria and Borgo Virgilio were installed in 2023. All the charge points can be accessed via an App which allows the user to select their preferred electricity provider as long as it has an agreement with the payment circuit used. This system makes a European network of over 18,000 charge points available to users. A software application was also installed that makes it possible to monitor all the charge points under management in real time.

AqA

In 2023, the company became a benefit corporation, integrating its articles of association with a dedicated mission, which will have an important impact on all company activities.

At regulatory level, in the course of 2023 AqA Srl Benefit Corporation applied the annual tariff increase of 3.7% determined pursuant to the MTI-3 and approved during the Provincial Council on 28/11/2022, introducing differentiated increases for each tariff area in order to achieve convergence of the tariff applied to all AqA customers by 2027.

In 2023, operational management recorded significant increases in costs with particular reference to the prices of the main raw materials and construction materials. Energy purchase costs rose by 70% between 2021 and 2022, with a reduction of 42% from 2023 to 2022, that of reagents recorded increases of 130.4% for purification activities and 68% for drinking water purification activities and that of construction materials registered an increase of 25% compared to the year 2021.

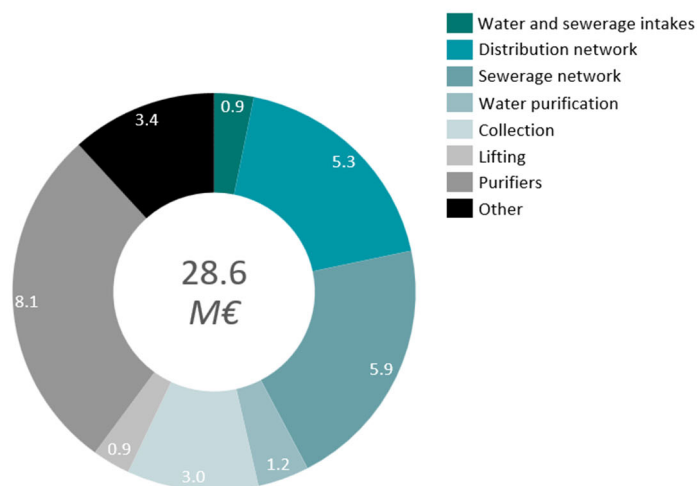
Between the end of 2022 and the start of 2023, AqA submitted its projects to request funds under the NRRP and the PNISSI, in order to finance drinking water infrastructure and minimise water leaks.

In this context, in 2023 some significant districting projects were finalised, particularly for Castiglione delle Stiviere and Viadana network flow metering and regulation, with a view to reducing leaks which in 2022 amounted to more than 40% in Castiglione and 50% in Viadana. Furthermore, we continued with our installation of smart meters, expanding the data acquisition network by means of antennas installed locally, and the replacement of old network sections which had a high incidence of localised leaks, particularly in the municipality of Curtatone and San Giorgio.

The priority of the AqA Srl Benefit Corporation capital expenditure plan was to secure the drinking water of the municipalities served; indeed, 11 new wells were drilled to replace old wells as well as add new ones, increasing the capacity to supply water drawn from the aquifer by more than 30%.

Capital expenditure

The Company's total CapEx was Euro 28.6 million, with breakdown as shown in the chart below (figures in millions of Euro).



Mantova Ambiente

The scope of activity of the Company in the course of 2023 was expanded as a result of the entry of the Municipality of Guidizzolo with the acquisition, by means of a call for tenders, of rental, transport, disposal and waste recovery services for Euro 817,392.32 plus VAT for the 1/01/2023 - 31/12/2026 period (all other activities are excluded, including domestic collection and road sweeping). The operational service is carried out with the help of the Private Partner within the framework of a well-established partnership strengthened over the years of the current concession.

In continuity with previous years, also in the year 2023 the Company provided the ice prevention and snow ploughing service in seven municipalities in the Province of Mantova (Goito, Gonzaga, Mantova, Marcaria, Pegognaga, Roncoferraro and Roverbella).

In terms of the promotion of raw and secondary materials (RSM), there has been a fluctuating market trend dictated primarily by the reference production chains (paper, glass and steel manufacturers).

For cellulose-based waste (paper and cardboard), the Company has decided to deliver the paper collected to the free market which, thanks to the contracts signed, guaranteed that consortium performance increased by Euro 1 per tonne; corrugated cardboard was instead sent for recycling through the consortium circuit.

For plastic waste, the only possible treatment solution is that of the Corepla consortium, especially in a market situation where the value of oil in 2023 recorded a strong peak and declining trend.

For waste consisting of glass and tins, in 2023 the recyclable material was delivered to the free market, which tripled its sales value.

Furthermore, the result for the year was positively impacted by the Mechanical - Biological Treatment plant commercial implementation and the raising of prices for accessing the Mariana Mantovana landfill.

The quantities of municipal waste produced in the Municipalities managed in the year 2023 totalled 153,101 tonnes, of which 129,830 tonnes of sorted waste (paper, glass, aluminium, plastic, organic waste), achieving an average percentage of waste collected separately of 87.64% and an average per capita production of 1.375 kg/inhab*die.

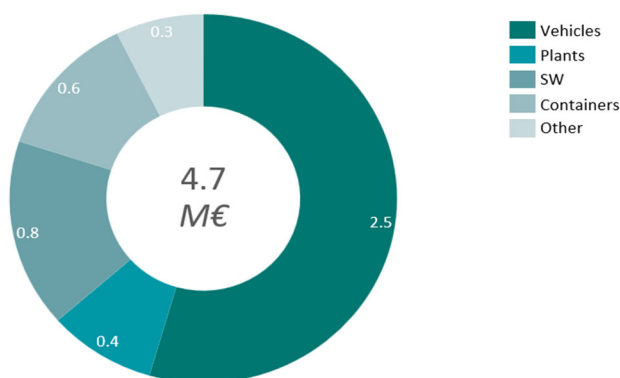
The Municipalities with domestic or mixed collection recorded very high separated waste collection percentages, some reaching over 90%.

In 2023, the Ceresara mechanical biological treatment plant processed 66,817 tonnes of waste; the composting plant in Pieve di Borgo Mantovano processed a quantity of waste of 6,518 tonnes, of which 3,898 green tonnes (European List of Wastes (LoW) 20 02 01) and 2,620 tonnes of organic waste (20 01 08), from which 2,725 tonnes of mixed composted soil improver was produced, while the landfill located in Mariana Mantovana owned by the parent company Tea Spa BC and assigned to the management of Mantova Ambiente, disposed in the course of 2023 of 141,806 tonnes of special non-hazardous waste, of which roughly 8,623 tonnes delivered to the Ceresara mechanical biological treatment plant.

As concerns the Greenery Service, aside from the creation of Te Park, during the period Mantova Ambiente consolidated the management of the municipalities in the province of Mantova which progressively joined the contract awarded to the Institutionalised Public Private Partnership (EU model of public services management; Mantova, Asola, Bagnolo San Vito, Marcaria, Sermide and Felonica, Medole) with the addition of the municipality of Castelgoffredo. Through a public tender, instead, the service confirmed the management of the municipality of Arluno (MI) for an additional 3 years. Aside from this management, the contracts awarded in the Municipality of Settimo Milanese and Suzzara are still in effect.

Capital expenditure

The Company's total CapEx was Euro 4.7 million, with breakdown as shown in the chart below (figures in millions of Euro).



Tea Servizi Funerari

In 2023, the Company, in light of negative results, began a business repositioning and reorganisation programme in the second half of the year in order to reduce operating losses.

During the second half of the year, the company organisation was realigned with changed market requirements from the perspective of operating costs as well as that of the price levels applied, in addition to radical actions with respect to counterparties considered to be insolvent.

This action allowed for an economic rebalancing of activities in the second half of the year, albeit against a contraction of services higher than the average decline in mortality in the area served.

Depura

The year 2023 marked 51% growth in revenues from sales and services over the previous year, with a significant increase in terms of special non-hazardous waste treatment at the Castiglione delle Stiviere plant (Euro +642,000) and in the road maintenance sector (Euro +779,000).

In the course of 2023, the Castiglione delle Stiviere plant processed a total of 60,778 tonnes of liquid special non-hazardous waste, marking an increase of 15,258 tonnes compared to 2022.

On 18 September, the Province of Mantova issued executive deed PD/1567, ordering the ten-year renewal of the A.I.A. (Integrated Environmental Authorisation) of the Castiglione delle Stiviere plant and authorising the creation of a new treatment section for non-hazardous liquid waste containing PFAS. Work on the PFAS Remover section, which began in October, concluded at the end of November. Through a dedicated sworn appraisal, the "Non-hazardous liquid waste treatment system - PFAS - of Castiglione delle Stiviere" investment, for a significant total value for the purposes of the facilitation of Euro 880,639.18, was deemed eligible for the Operating Assets Tax Credit linked to the "Transition 4.0 Plan", according to art. 1, paragraph 1057 of Law 178/2020, amended by art. 1, paragraph 44 of Law 234/2021; interconnection with the company production management system or the supply network and the functionality of the investment for the "Transition 4.0" technological and/or digital transformation was verified on 22 December 2023.

As regards the road maintenance and gas network maintenance sector, the operating scope remained unchanged, but the level of activity increased considerably due to the extraordinary maintenance requested by contracted customers (Municipality of Mantova and Tea Group companies).

In the month of October 2023, the SOA LAGHI certification body issued certification no. 8660/57/01, with a duration of five years, to DEPURAZIONE in relation to the categories "OG 3 - Roads, motorways, bridges, viaducts, railways, underground railways" and "OS 10 - Non-luminous road signs" in classification II (works in amounts up to Euro 516,000). This will enable the company to participate in calls for tenders issued by local authorities for road maintenance, thus being able to expand its range of customers.

Revere Energia

In the second half of September 2023, the plant start-up phase began.

1,706 tonnes of inoculum were used to activate the biological anaerobic digestion phase.

On 16 November 2023, the plant injected the first Standard Cubic Meter of biomethane into the SNAM network; the goal to be reached by 31 December as the initial necessary condition for eligibility for CIC (Consumer Injection Certificates) incentives.

The waste received and treated amounted to 3,098 tonnes, while 136,285 standard cubic metres of biomethane was produced.

At year-end, the following machines: sand trap, pasteuriser and cogenerator were still non-operational, due to the emergence of a number of construction problems.

The absence of the pasteuriser will require Revere Energia to dispose of the digested product at authorised and other plants, as set forth in the Authorisation, through operation R10 recovery in agriculture, forcing the company to sustain higher costs not planned in the early part of 2024.

Business outlook

The first three months of 2023 were characterised by weather trends basically in line with those of the previous year. Electricity sales recorded an increase in active supply points of 30% compared to the same period of the previous year.

This allowed for an increase in volumes sold, up by 26.8% to 160.7 GWh. On the other hand, growth in gas sale contracts (+1.7%) was more limited and unable to offset the reduction in consumption, which in the first quarter therefore led to a drop in sales of 11.4% to 43 million cubic metres.

Overall, in any event, the number of active supply points increased by 18% to just over 172 thousand and the commercial margin improved slightly despite the reduction in prices. The average national single price (PUN) for the first three months of 2023 was down by 42% compared to the first quarter of 2022, while the average for the VTP for the first three months of 2023 was down 48.4% compared to the first quarter of 2022.

Sales of heat through the district heating service rose by 10.4% to 72.1 GWh; however, the price reduction led to a slight decrease in the commercial margin. Overall, the set of energy businesses in the market showed basically stable margins compared to the previous year.

The regulated businesses recorded a slight improvement, particularly with reference to the water business, which is starting to recover in tariffs the increases in energy costs and other operating costs incurred in the previous two years.

The Group's investment activities began at a faster pace than in the first few months of last year (+56.6% to Euro 14.1 million), with the prevalent contribution of the water business.

The plant for the production of biomethane from OFMSW being built by Revere Energia is completing testing started at the end of 2023 so that the plant can begin regular operations. During the first quarter of 2024, it processed 4,674 tonnes and injected 470 thousand cubic metres of natural gas into the network, obtaining 492 consumption injection certifications.

At financial level, the basically positive performance of operating profitability, along with normal seasonal trends which favour the first few months of the year, allowed the Group to improve its Net Financial Position by Euro 20 million.

During the year, the investment plan will continue, particular for the water business.

The future development of operations will remain dependent on energy commodity price scenarios.

Related party transactions

Details of transactions between the Group and Related Parties, identified on the basis of criteria defined in IAS 24 "Related Party Disclosures", for the year ended 31 December 2023, are provided below. Though related party transactions are carried out at arm's length, there is no guarantee that, if they were concluded between or with third parties, the latter would have negotiated and signed the related contracts, or completed the transactions at the same conditions and in the same manner.

PARENT COMPANY	Trade receivables	Financial receivables	Trade payables	Financial payables
Municipality of Mantova	2,196,417		182,883	10,002,899
COMPANIES SUBJECT TO THE CONTROL OF THE PARENT COMPANY				
ASTER Srl - Agenzia Servizi Al Territorio	66,071		9,000	
ASPeF - Azienda Servizi alla Persona e alla Famiglia	60,552			
Valdaro Spa	698			
OTHER RELATED PARTIES				
Unitea Srl ²	341,567			
Blugas Infrastrutture Srl ²	2,536,301	5,909,114		
Biociclo Srl ³	79,117		208,100	
S.I.S.A.M. Spa Società Intercomunale Servizi Alto Mantovano ¹			36,000	

Progetto Mantova Scarl ¹	6,316		1,216,683
Casalasca Servizi Spa ³	605,491		112,683
Green Alliance ³			
Last Service Srl in liquidazione ³			
A3M Luce Srl ¹	335,164	3,684,596	735,410
Acque della Concordia Srl ¹			1,413,362 400,000
Enipower Mantova Spa ²			
S.I.E.M. -Società Intercomunale Ecologica Mantovana Spa ¹	4,670		64,631
Apam Spa ²			

PARENT COMPANY	Operating revenues	Operating costs	Financial income and (expenses)
Municipality of Mantova	9,696,893	1,271,412	
COMPANIES SUBJECT TO THE CONTROL OF THE PARENT COMPANY			
ASTER Srl - Agenzia Servizi Al Territorio	150,190	438	
ASPeF - Azienda Servizi alla Persona e alla Famiglia	366,745		
Valdaro Spa	698		
OTHER RELATED PARTIES			
Unitea Srl ²	1,213,009		
Blugas Infrastrutture Srl ²	38,008		193,436
Biociclo Srl ³	6,004	876,288	
S.I.S.A.M. Spa Società Intercomunale Servizi Alto Mantovano ¹			237,124
Progetto Mantova Scarl ¹	20,968	14,362,815	
Casalasca Servizi Spa ³	1,330,044	462,849	
Green Alliance ³			
Last Service Srl in liquidazione ³			
A3M Luce Srl ¹		2,904,254	127,932
Acque della Concordia Srl ¹		10,217,715	
Enipower Mantova Spa ²			
S.I.E.M. -Società Intercomunale Ecologica Mantovana Spa ¹	151,953	387,761	
Apam Spa ²			

⁽¹⁾ Minority shareholders

⁽²⁾ Investee companies of the Parent Company Tea Spa BC

⁽³⁾ Investee companies of subsidiaries

Treasury shares

Tea S.p.A. BC, at 31 December 2023, owned 1,516 treasury shares with a par value of Euro 259. These shares derive from the voluntary liquidation of Smea Spa on 21 December 2000. Tea Spa BC had a 5.84% interest in Smea.

The carrying amount is equal to the value of shares deriving from the voluntary liquidation. In compliance with law, the percentage is within the limit established in articles 2357 and 2357 bis of the Italian Civil Code, and a specific undistributable reserve was allocated under shareholders' equity for the same amount.

3. General information

Methodological Note (GRI 2-2; GRI 2-3; GRI 2-4; GRI 2-5)

NFS

For the first year, the Tea Group's Consolidated Non-Financial Statement (hereinafter, also the NFS), which adopted the GRI Standards 2021 defined by the Global Reporting Initiative, is being published within the Directors' Report of these Consolidated and Separate Financial Statements, as will be required by the European Sustainability Reporting Standards (ESRS) that will become mandatory for the Tea Group for reporting relating in the fiscal year 2024.

The Tea Group is a public-interest entity (pursuant to article 16, paragraph 1, of Italian Legislative Decree no. 39 of 27 January 2010) and complies with the minimum number of employees, balance sheet total and net turnover which exceed the thresholds envisaged by article 2, paragraph 1 of Italian Legislative Decree no. 254⁸ of 30 December 2016 for the application of the obligations set forth therein, including preparing the NFS.

The contents of this Report relate to the period between 1 January 2023 and 31 December 2023. In order to ensure the comparability of the Group's performance, where possible the data are presented with specific evidence of the impacts generated in the three-year period 2021-2023, also with the aim of fostering the internal assessment and improvement of the environmental, social and governance (ESG) performance of the Group and each operating company over time.

This NFS has received a limited assurance engagement, in accordance with the criteria indicated by the International Standard on Assurance Engagements – ISAE 3000 Revised, from the designated auditor Deloitte & Touche S.p.A. (also engaged to audit the Financial Report), according to the procedures envisaged by the laws currently in force. The engagement was conducted in line with the procedures indicated in the “Independent Auditors' Report” included at the end of the document.

The 2023 NFS was approved by the Tea S.p.A. Board of Directors (BoD) on 22.04.2024 and is available in a digital version on the company website⁹.

This NFS has been prepared in accordance with the 2021 GRI Sustainability Reporting Standards defined by the Global Reporting Initiative (GRI), according to the “in accordance “ Option.

The reporting in the Tea Group's NFS is guided by the principles on document quality and content outlined in GRI Standard 1 - Foundation:

- **Accuracy:** quantitative data are reported with the maximum detail available on the organisation's impacts, with an indication of the boundary of reference and the methods of measurement or estimation, and with control and reconciliation methods such as to minimise margins of error, applying the principle of prudence in the case of estimates. Qualitative information is consistent with all the evidence collected and analysed.
- **Balance:** all information is reported in a transparent and objective manner, highlighting positive and negative impacts, distinguishing facts from opinions, without either emphasising aspects favourable to the organisation or omitting or downplaying unfavourable aspects.
- **Clarity:** data and information is presented as clearly as possible, accompanied by numerical tables, charts or text with multiple summaries and graphics. The most important information on environmental and social impacts is reported at the Group consolidated level and also at the individual company level. Each abbreviation or acronym is described in full in the first appearance, and is further described in the “Acronyms” section at the end of the document. The document is drawn up in the national language (Italian) and in English.
- **Comparability:** all the quantitative data shown are reported with the comparison of at least two previous years, where available, and always applying constant and internationally accepted units of measurement and conversion factors, with explanatory notes on the proportional ratios and always specifying the cases in which changes were applied to the boundary or calculation methods that affected the data of one year with respect to previous or subsequent years. Historical data has always been restated in cases where there have been changes in calculation methods or conversion factors that altered the comparability of an impact over time. All the most significant data and information is accompanied by contextual information that allows benchmarking between the organisation's impacts and those of its competitors.

⁸ Implementation of Directive 2014/95/EU of the European Parliament and the Council of 22 October 2014, amending Directive 2013/34/EU as regards disclosure of non-financial and diversity information by certain large undertakings and groups.

⁹ <https://www.teaspa.it/irj/portal/ts>

- **Completeness:** no data or information has been omitted that was available, or traceable or calculable by the organisation to report its impacts, whether negative or positive. No material information has been avoided in this document, not even in cases for which the GRI standard allows the publication of reasons for omission. The method of consolidation of Group data is specified in this methodological note ("Reporting boundary" section).
- **Sustainability context:** information and data on the organisation's material impacts and issues are reported with respect to the context outlined by the latest scientific research on climate change and environmental, social and governance sustainability, and in alignment with UN principles, EU sustainability criteria and the Paris Agreement targets.
- **Timeliness:** information and data are reported annually, and cover the period of the financial statements in a consistent and coherent manner over time. Where significant activities or events have occurred after the end of the financial year but are known at the time the NFS is drawn up, the document includes a discussion of the matter.
- **Verifiability:** all quantitative data reported are recorded on a dedicated IT platform, which is compiled directly by the data owners, subject to validation by their managers. The platform is managed centrally by a dedicated team, which also performs checks on proper compilation and reconciliation, and is also accessible to the independent external audit team that provides limited assurance on the NFS. Each piece of data recorded on the IT platform is supported by a specific source, physical measurement source or original spreadsheet or explanatory note on the method of estimation or determination. Any uncertainty or variability in the data displayed is described in specific explanatory notes.

Material issues for sustainability (GRI 3-1)

Underlying the reporting process in the 2023 NFS, Tea updated its analysis of dual materiality based on re-examining the risks and impacts of Group operations, both in relation to the categories of relevant stakeholder (inside-out impacts) and in relation to financial institutions (outside-in impacts), while focusing attention on the issues of respect of human rights, anti-corruption and supply chain due diligence.

By updating the 2023 materiality analysis, in advance of the biennial deadline set out in General Procedure 153 Tea AFC (OP 4 - 2019) "Preparation of the Tea Group's Non-Financial Statement", the BoD was able to enhance the identification of the highly material topics for the Group, an action that was begun in the 2022 NFS.

The topics assessed in the 2023 Analysis as highly material were selected in accordance with the procedure required by GRI Standard 2021, by measuring the impacts generated and experienced for all the ESG topics previously included in the old Materiality Matrix of the organisation (drawn up pursuant to the GRI Standard 2016). The topics were also reorganised, grouping similar and complementary topics together, to overcome conceptual redundancies as well as to launch - on a preparatory and voluntary basis - a convergence of the topic areas with the 10 thematic principles that will be adopted in future reporting compliance with the new ESRS (European Sustainability Reporting Standards).

The process of analysis developed in 2023 (for details, see the chapter "Materiality and impact analysis") was organised into the following steps:

- **analysis of the material topics in Tea's business sectors:** as the GRI Sector Standards for the sectors of interest for the organisation are still unavailable, and as the ESRS Sector Standards have not been issued, the SASB/IFRS Foundation Sector Standards (Industry-Specific Sustainability Accounting Standards) issued in June 2023 were examined, as they are the most authoritative and up-to date of the standards available. The 4 industry standards applicable to the Tea Group are those of the infrastructure sector; Electric Utilities & Power Generators, Gas Utilities & Distributors, Water Utilities & Services and Waste Management;
- **analysis of the impacts generated by the company** (inside-out) on highly material topics, by involving external stakeholders, in permanent round tables, public events and rolling survey questionnaires, which made it possible to assign a degree of materiality to each impact generated.
- **analysis of the impacts experienced by the company** (outside-in), to assess the financial impacts experienced by the organisation on highly material topics, to which to assign a severity index, also by dialoguing with all of Tea's stakeholders in the financial community. This step entailed an update to the initial "dual materiality" methodology", begun by Tea in 2022 on a voluntary basis, complementary to the GRI 3 - 2021 procedure;
- **prioritisation of impacts** after an internal assessment of the respective degrees of significance of the impacts generated and experienced by the company and determination of their overall weight on each issue relevant to the organisation. In this area, the reflection on the company's strategic approach, policies and principles of conduct was updated;

- **determination of material topics**, through the above analyses, the definition of an updated proposal of highly material topics for the organisation was finalised, taken on by the Tea Group Sustainability Steering Committee and proposed to the BoD;
- **examination and approval**, to complete the process, of the 2023 Materiality Analysis by the highest governance body (BoD), at the meeting of 13 December 2023.

Reporting boundary

As required by Italian Legislative Decree 254/2016, the reporting boundary of non-financial information matches that of the Consolidated Financial Statements, including the companies consolidated line-by-line, for the financial reporting at 31 December 2023¹⁰.

Reporting process

To define the content of the NFS, Tea involved the Working Group for Sustainability. The collection and reporting of annual quantitative data was based on a preliminary process of updating the survey of the sources of consumption and generation of energy and resources conducted by the data owners of all Group companies.

2023 also saw a major improvement in the process of data collection on the dedicated IT system, "Plant Register", which, in addition to the already high levels of efficiency and accuracy in collecting and reporting sustainability parameters (with their automatic processing according to national and international conversion factors), added a new procedure of formal validation of the data by the data owner of each consolidated company, integrated into the system and protected by tracing, blocking and dating functions ("Sustainability governance" chapter).

Calculation methodologies (GRI 2-4)

Scope 1 - the reporting of all of the organisation's direct emissions has been carried out since the first year of reporting (2017), using the UK Government GHG Conversion Factors for Company Reporting (DEFRA), which are specifically available for the reporting year, in the period in which Tea Group is drafting its NFS. Remember that DEFRA factors are one of the most authoritative and recognised European sources for converting energy volumes into the units of measure (GJ) used by GRI standards for reporting on energy consumption.

Note also that the emission reduction targets that have always been included in the organisation's business plans, and the emission reduction targets in the "Impact Reports" of Tea s.p.a. Benefit Corporation, not to mention the emission reduction targets included in the MBO incentive system for Tea Group management, are always calculated using DEFRA factors, as in previous years.

Scope 2 - the organisation's indirect emissions calculated using the location-based method, influenced by the national characteristics of the electricity distribution grids, are reported using the national conversion factors of the Italian entity ISPRA (Institute for Environmental Protection and Research) for emissions deriving from electricity and steam. However, the emissions calculated using the market-based method, influenced by any quantities of electricity purchased with Guarantee of Origin certificates from renewable sources, are reported using the conversion factors of the entity in charge of guaranteeing European energy sources, AIB (Association of Issuing Bodies).

Further specific information regarding the calculation of environmental and social indicators, the latter with particular reference to occupational health and safety and human resources management, is also provided in the text of the document, or alternatively in the footnotes.

Where previously published data have undergone calculation/reporting changes, these have been restated and clearly noted in the text.

To guarantee the reliability of the data, the use of estimates was reduced to a minimum, suitably noting the presence and nature of these estimates in these cases.

Data Tables

Note that the chronological numbering of the data tables in the NFS is fixed and independent from the structure of the document published annually, to keep the number of each table consistent with its computerised source in the Tea Group Plant Register. For this reason, each specific table retains its original number without considering either its position in the document structure (which may change year to year) or whether there are other tables before or after it. For example, a table number may not specifically follow the number of the table that precedes it, or the numbers of

¹⁰ For a list of companies consolidated line-by-line see the section entitled "Consolidation scope and principles" contained in the Explanatory Notes to the Consolidated Financial Statements.

two tables that follow each other are not in chronological order, due to the removal or addition of other tables compared to the original structure.

Conversion and emission factors

The conversion and emission factors used to calculate energy consumption and GHG emissions (Scope 1, Scope 2 and Scope 3) are as follows.

Energy consumption (GJ)

- *Defra UK Government GHG Conversion Factors for Company Reporting - Full set 2023 version 1,1 - Fuel properties - Natural Gas;*
- *Defra UK Government GHG Conversion Factors for Company Reporting - Full set 2023 version 1,1 - Fuel properties - Gas Oil;*
- *Defra UK Government GHG Conversion Factors for Company Reporting - Full set 2023 version 1,1 - Fuel properties - Petrol (average biofuel blend);*
- *Defra UK Government GHG Conversion Factors for Company Reporting - Full set 2023 version 1,1 - Fuel properties - Diesel (average biofuel blend);*
- *Defra UK Government GHG Conversion Factors for Company Reporting - Full set 2023 version 1,1 - Fuel properties – CNG;*
- *Defra UK Government GHG Conversion Factors for Company Reporting - Full set 2023 version 1,1 - Fuel properties – LPG;*
- *Defra UK Government GHG Conversion Factors for Company Reporting - Full set 2023 version 1,1 - Fuel properties - Landfill gas;*
- *Defra UK Government GHG Conversion Factors for Company Reporting - Full set 2023 version 1,1 - Fuel properties - Biogas;*
- *Defra UK Government GHG Conversion Factors for Company Reporting - Full set 2023 version 1,1 - Fuel properties - Biomethane.*

Direct (Scope 1) GHG emissions

- *Defra UK Government GHG Conversion Factors for Company Reporting - Full set 2023 version 1,1 - Fuels - Natural Gas;*
- *Defra UK Government GHG Conversion Factors for Company Reporting - Full set 2023 version 1,1 - Fuels - Gas Oil;*
- *Defra UK Government GHG Conversion Factors for Company Reporting - Full set 2023 version 1,1 - Fuels - Petrol (average biofuel blend);*
- *Defra UK Government GHG Conversion Factors for Company Reporting - Full set 2023 version 1,1 - Fuels - Diesel (average biofuel blend);*
- *Defra UK Government GHG Conversion Factors for Company Reporting - Full set 2023 version 1,1 - Fuels - CNG;*
- *Defra UK Government GHG Conversion Factors for Company Reporting - Full set 2023 version 1,1 - Fuels - LPG;*
- *Table 7.SM.7 Chapter 7.SM - IPCC_AR6_WGI_Full_Report - Methane (CH4);*
- *Defra UK Government GHG Conversion Factors for Company Reporting - Full set 2023 version 1,1 - Bioenergy - Biogas - Landfill gas;*
- *Defra UK Government GHG Conversion Factors for Company Reporting - Full set 2023 version 1,1 - Bioenergy - Biogas - Biogas.*

Fugitive emissions

- *ISPRA NIR 383/2023 page 130, Table 3.44 Length of low and medium pressure distribution network (km) and network emission factors for CH4 - "CH4 emission factor (kg/km)";*
- *Defra UK Government GHG Conversion Factors for Company Reporting - Full set 2023 version 1,1 - Refrigerant & other - Kyoto protocol-blends - R410A.*

Indirect GHG emissions (Scope 2 - Location-Based)

- *ISPRA NIR r386/2023 - Table 1.13 - Efficiency and decarbonisation indicators for the national energy system and the electricity sector 2022 - Gross electricity production;*
- *ISPRA NIR r386/2023 - Table 1.13 - Decarbonisation indicators for the national energy system and electricity sector 2022 - Heat production.*

Indirect GHG emissions (Scope 2 - Market-Based)

- AIB - European Residual Mixes 2020 - Version 1.0, 2023-06-01 - Table 2;
- ISPRA NIR r386/2023 - Table 1.13 - Decarbonisation indicators for the national energy system and electricity sector 2022 - Heat production.

Other indirect GHG emissions (Scope 3)

To calculate emissions using the spend-based method (measured based on the financial amounts spent), for the category of “purchased goods”, the emission factors published in Global Version 6 of the Multi Region Input Output database (MRIO) of the CEDA (Comprehensive Environmental Data Archive), were used, which associates economic trade with carbon emissions.

To calculate emissions using the physical-based method (measured based on the unit emissions of goods multiplied by the annual volume purchased) the emission factors published in Version 3.10 of Ecoinvent, the global database of reference on impacts associated with the production and use of goods and services, over the phases of a product lifecycle, as well as the emission factors published by Defra - UK Government.

- *CEDA 6 Global - Other Basic Inorganic Chemical Manufacturing;*
- *CEDA 6 Global - Water, sewage and other systems;*
- *CEDA 6 Global - Custom computer programming services;*
- *CEDA 6 Global - Average EF (obtained as the average of all Efs used and applied to the expenditure items <20k);*
- *CEDA 6 Global - Other plastics product manufacturing;*
- *CEDA 6 Global - Automobile manufacturing;*
- *CEDA 6 Global - Software publishers;*
- *CEDA 6 Global - Other nonresidential structures;*
- *CEDA 6 Global - Waste management and remediation services;*
- *CEDA 6 Global - All other chemical product and preparation manufacturing;*
- *CEDA 6 Global - Totalizing fluid meter and counting device manufacturing;*
- *CEDA 6 Global - Other basic organic chemical manufacturing;*
- *CEDA 6 Global - Motor and generator manufacturing;*
- *CEDA 6 Global - Metal crown, closure, and other metal stamping (except automotive);*
- *CEDA 6 Global - Asphalt paving mixture and block manufacturing;*
- *CEDA 6 Global - All other wood product manufacturing;*
- *CEDA 6 Global - Machinery, equipment, and supplies;*
- *CEDA 6 Global - Automatic environmental control manufacturing;*
- *CEDA 6 Global - Industrial and commercial fan and blower and air purification equipment manufacturing;*
- *CEDA 6 Global - Automotive repair and maintenance;*
- *CEDA 6 Global - Greenhouse, nursery, and floriculture production;*
- *CEDA 6 Global - Paper Bag and Coated and Treated Paper Manufacturing;*
- *CEDA 6 Global - Tire manufacturing;*
- *CEDA 6 Global - Analytical laboratory instrument manufacturing;*
- *CEDA 6 Global - Plumbing fixture fitting and trim manufacturing;*
- *CEDA 6 Global - Other fabricated metal manufacturing;*
- *CEDA 6 Global - Other durable goods merchant wholesalers;*
- *CEDA 6 Global - Forestry and logging;*
- *CEDA 6 Global - All other miscellaneous electrical equipment and component manufacturing;*
- *CEDA 6 Global - Warehousing and storage;*
- *CEDA 6 Global - Transportation structures and highways and streets;*
- *CEDA 6 Global - Air conditioning, refrigeration, and warm air heating equipment manufacturing;*
- *CEDA 6 Global - Valve and fittings other than plumbing;*
- *CEDA 6 Global - Commercial and industrial machinery and equipment repair and maintenance;*
- *CEDA 6 Global - Office furniture and custom architectural woodwork and millwork manufacturing;*
- *CEDA 6 Global - Watch, clock, and other measuring and controlling device manufacturing;*
- *CEDA 6 Global - Other electronic component manufacturing;*
- *CEDA 6 Global - Stationery product manufacturing;*
- *CEDA 6 Global - Investigation and security services;*

- *CEDA 6 Global - Millwork;*
- *CEDA 6 Global - Electronic and precision equipment repair and maintenance;*
- *CEDA 6 Global - Amusement parks and arcades;*
- *CEDA 6 Global - All other food and drinking places;*
- *CEDA 6 Global - Plastics bottle manufacturing;*
- *CEDA 6 Global - Other nondurable goods merchant wholesalers;*
- *CEDA 6 Global - Light truck and utility vehicle manufacturing;*
- *CEDA 6 Global - Other industrial machinery manufacturing;*
- *CEDA 6 Global - Electronic computer manufacturing;*
- *CEDA 6 Global - Petrochemical manufacturing;*
- *CEDA 6 Global - Architectural, engineering, and related services;*
- *CEDA 6 Global - Lighting fixture manufacturing;*
- *CEDA 6 Global - Broadcast and wireless communications equipment;*
- *Ecoinvent 3.10 - aluminium cans primary production;*
- *Ecoinvent 3.10 - battery cell production, Li-ion, LiMn2O4, RoW;*
- *Ecoinvent 3.10 - cable production, unspecified, RoW;*
- *Ecoinvent 3.10 - cellulose fiber production, RoW;*
- *Ecoinvent 3.10 - ceramic tile production, RoW;*
- *Ecoinvent 3.10 - electric motor production, for electric scooter;*
- *Ecoinvent 3.10 - furniture production, wooden, GLO;*
- *Ecoinvent 3.10 - glass fibre production, RER;*
- *Ecoinvent 3.10 - Granulo + injection;*
- *Ecoinvent 3.10 - gravel production, crushed;*
- *Ecoinvent 3.10 - injection moulding ROW;*
- *Ecoinvent 3.10 - kraft paper production, RER;*
- *Ecoinvent 3.10 - market for synthetic rubber;*
- *Ecoinvent 3.10 - nylon 6 production;*
- *Ecoinvent 3.10 - Plastics: average plastics, production, closed-loop recycling;*
- *BEIS 2023 - Plastics: average plastics, production, virgin;*
- *Ecoinvent 3.10 - polybutadiene production, RoW;*
- *Ecoinvent 3.10 - Polycarbonate production, RER;*
- *Ecoinvent 3.10 - polyethylene production, granulate RoW;*
- *Ecoinvent 3.10 - polyethylene production, high density, granulate RoW;*
- *Ecoinvent 3.10 - polypropylene production, granulate;*
- *Ecoinvent 3.10 - polyurethane production, flexible foam, TDI-based, high density;*
- *Ecoinvent 3.10 - printed wiring board production, through-hole mounted, unspecified, Pb free, RoW;*
- *Ecoinvent 3.10 - Scrap metal + zinc coating;*
- *Ecoinvent 3.10 - stainless steel production, RoW;*
- *Ecoinvent 3.10 - steel production, converter, low-alloyed RoW;*
- *Ecoinvent 3.10 - steel production, low-alloyed, hot rolled;*
- *Ecoinvent 3.10 - synthetic rubber production, RoW;*
- *Ecoinvent 3.10 - textile production, cotton, weaving;*
- *Ecoinvent 3.10 - tin production, RoW;*
- *Ecoinvent 3.10 - wire drawing, copper, RoW;*
- *Ecoinvent 3.10 - wood cladding production, softwood;*
- *Ecoinvent 3.10 - zinc coating, pieces, RER;*
- *Defra UK Government GHG conversion factors for company reporting - Full set 2023 version 1,1 - Managed asset - vehicles (Managed cars "by size" - Average car) - Unknown;*
- *Defra UK Government GHG Conversion Factors for Company Reporting - Full set 2023 version 1,1 - Water treatment;*
- *Defra UK Government GHG Conversion Factors for Company Reporting - Full set 2023 version 1,1 - Water supply;*
- *Defra UK Government GHG Conversion Factors for Company Reporting - Full set 2023 version 1,1 - Waste disposal - Refuse - Commercial and industrial waste - Combustion;*
- *Defra UK Government GHG Conversion Factors for Company Reporting - Full set 2023 version 1,1 - Waste disposal - Refuse - Commercial and industrial waste - Landfill;*

- Defra UK Government GHG Conversion Factors for Company Reporting - Full set 2023 version 1,1 - WTT Fuels - Natural Gas;
- Defra UK Government GHG Conversion Factors for Company Reporting - Full set 2023 version 1,1 - WTT Fuels - Gas Oil;
- Defra UK Government GHG Conversion Factors for Company Reporting - Full set 2023 version 1,1 - WTT Fuels - Petrol (average biofuel blend);
- Defra UK Government GHG Conversion Factors for Company Reporting - Full set 2023 version 1,1 - WTT Fuels - Diesel (average biofuel blend);
- Defra UK Government GHG Conversion Factors for Company Reporting - Full set 2023 version 1,1 - WTT Fuels - CNG;
- Defra UK Government GHG Conversion Factors for Company Reporting - Full set 2023 version 1,1 - WTT Fuels - LPG;
- Defra UK Government GHG Conversion Factors for Company Reporting - Full set 2023 version 1,1 - WTT Bioenergy - Biogas - Landfill gas;
- Defra UK Government GHG Conversion Factors for Company Reporting - Full set 2023 version 1,1 - Transmission and distribution - T&D - UK Electricity;
- Defra UK Government GHG Conversion Factors for Company Reporting - Full set 2023 version 1,1 - Transmission and distribution - Distribution - district heat & steam;
- Defra UK Government GHG Conversion Factors for Company Reporting - Full set 2023 version 1,1 - homeworking - Homeworking (office equipment + heating);
- Defra UK Government GHG Conversion Factors for Company Reporting - Full set 2023 version 1,1 - Waste disposal - Construction - Average construction - open loop;
- Defra UK Government GHG Conversion Factors for Company Reporting - Full set 2023 version 1,1 - Waste disposal - Construction - Asbestos - Landfill;
- Defra UK Government GHG Conversion Factors for Company Reporting - Full set 2023 version 1,1 - Waste disposal - Construction - Insulation - Landfill;
- Defra UK Government GHG Conversion Factors for Company Reporting - Full set 2023 version 1,1 - Waste disposal - Construction - Tyres - closed loop;
- Defra UK Government GHG Conversion Factors for Company Reporting - Full set 2023 version 1,1 - Waste disposal - Construction - Wood - closed loop;
- Defra UK Government GHG Conversion Factors for Company Reporting - Full set 2023 version 1,1 - Waste disposal - Construction - Wood - landfill;
- Defra UK Government GHG Conversion Factors for Company Reporting - Full set 2023 version 1,1 - Waste disposal - Other - Glass - closed loop;
- Defra UK Government GHG Conversion Factors for Company Reporting - Full set 2023 version 1,1 - Waste disposal - Other - Clothing - closed loop;
- Defra UK Government GHG Conversion Factors for Company Reporting - Full set 2023 version 1,1 - Waste disposal - Refuse - Household residual waste - combustion;
- Defra UK Government GHG Conversion Factors for Company Reporting - Full set 2023 version 1,1 - Waste disposal - Refuse - Organic: mixed food and garden waste - composting;
- Defra UK Government GHG Conversion Factors for Company Reporting - Full set 2023 version 1,1 - Waste disposal - Refuse - Commercial and industrial waste - combustion;
- Defra UK Government GHG Conversion Factors for Company Reporting - Full set 2023 version 1,1 - Waste disposal - Refuse - Commercial and industrial waste - landfill;
- Defra UK Government GHG Conversion Factors for Company Reporting - Full set 2023 version 1,1 - Waste disposal - Electrical items - WEEE - Large - open loop;
- Defra UK Government GHG Conversion Factors for Company Reporting - Full set 2023 version 1,1 - Waste disposal - Electrical items - WEEE - mixed - open loop;
- Defra UK Government GHG Conversion Factors for Company Reporting - Full set 2023 version 1,1 - Waste disposal - Electrical items - WEEE - mixed - landfill;
- Defra UK Government GHG Conversion Factors for Company Reporting - Full set 2023 version 1,1 - Waste disposal - Electrical items - Batteries - open loop;
- Defra UK Government GHG Conversion Factors for Company Reporting - Full set 2023 version 1,1 - Waste disposal - Metal - Metal:mixed cans - open loop;
- Defra UK Government GHG Conversion Factors for Company Reporting - Full set 2023 version 1,1 - Waste disposal - Metal - Metal:scrap metal - open loop;

- Defra UK Government GHG Conversion Factors for Company Reporting - Full set 2023 version 1,1 - Waste disposal - Paper - Paper and board: mixed - closed loop;
- Defra UK Government GHG Conversion Factors for Company Reporting - Full set 2023 version 1,1 - Waste disposal - Plastic - Plastic: average plastics - open loop.

Biogenic CO₂ emissions (outside of scope)

- Defra UK Government GHG Conversion Factors for Company Reporting - Full set 2023 version 1,1 - Outside of scope - Biogas - Landfill gas;
- Defra UK Government GHG Conversion Factors for Company Reporting - Full set 2023 version 1,1 - Outside of scope - Biogas - Biogas.

Our local services (GRI 2-1; GRI 2-6)

NFS

The Tea Group's operations are carried out in Italy, mainly in the Province of Mantova, where its headquarters are located, and in neighbouring regions.

The operations of some subsidiaries also extend into other provinces. Among the more significant operations, Tea Energia manages sales outlets and customers in Brescia, Modena and Verona, and Tea Reteluce manages public lighting services and networks in many municipalities in northern Italy.

The table below provides details of the services provided, the sector of activity, the geographical areas served and the types of customers and beneficiaries (**Table 1**)

Table 1 (GRI 2-6) - Tea services and geographical areas served				
Tea companies	Services provided	Geographical areas served	Sectors served	Type of customer and beneficiary
Tea Energia s.r.l.	Sale of electricity	Province of Mantova, neighbouring provinces of Lombardy, Emilia-Romagna and Veneto	Sale of Electricity to end users	Retail and Business Customers
SEI s.r.l.	Sale of methane gas	Province of Mantova, neighbouring provinces of Lombardy, Emilia-Romagna and Veneto	Sale of gas to end users	Retail and Business Customers
Mantova Ambiente s.r.l.	Waste management service	Province of Mantova, 2 municipalities in Lombardy (Botticino and Settimo Milanese)	Collection, transport and disposal of municipal solid waste	Domestic, non-domestic and industrial
	Waste treatment and disposal service	Province of Mantova, Lombardy, Northern Italy, Italy	Plant for the Mechanical Biological Treatment (TMB) and disposal (landfill) of municipal solid waste and special non-hazardous waste, and composting of OFMSW	Public and private entities
	Energy recovery from the organic waste fraction	Province of Mantova and neighbouring areas	Plant for the production of biomethane	GSE and own use
	Hospital waste collection	Province of Mantova	Hospital waste collection from public and private health facilities	Health facility administrators and owners of private clinics
	Public greenery management service	Municipalities of the Province of Mantova and neighbouring areas	Design and maintenance of green areas, gardens, trees and street furniture	Public administrations and owners of areas and property

Table 1 (GRI 2-6) - Tea services and geographical areas served				
Tea companies	Services provided	Geographical areas served	Sectors served	Type of customer and beneficiary
AqA s.r.l. BC	Water supply management service	All Municipalities in the Central South and several Municipalities in the Northern district of the Optimal Territorial Area (ATO) of the Province of Mantova	Catchment, purification and distribution of drinking water	Domestic, non-domestic and industrial
	Sewerage system management and wastewater treatment service	All Municipalities in the Central South and several Municipalities in the Northern district of the Optimal Territorial Area (ATO) of the Province of Mantova	Wastewater collection and treatment	Domestic, non-domestic and industrial
	Maintenance service for drinking water distribution networks and wastewater collection service	All Municipalities in the Central South and several Municipalities in the Northern district of the Optimal Territorial Area (ATO) of the Province of Mantova	Operation, maintenance and construction of drinking water distribution networks, of connections to users and of meters, as well as of sewage collection networks	Operators of water distribution and sewage collection networks
	Analysis Laboratory	All Municipalities in the Central South and several Municipalities in the Northern district of the Optimal Territorial Area (ATO) of the Province of Mantova	Chemical and physical analyses of liquid, solid and gaseous matrices	Operators of the integrated water service, businesses and public and private entities
SEI s.r.l.	Production, distribution and sale of heat from district heating	City of Mantova	Heating and cooling of public and private buildings	Retail and business customers
	Gas distribution service	10 networks of Municipalities in the Province of Mantova ATEM 1 and 2	Gas distribution	Gas sales company
	Energy production from renewable sources	Territories of the Province of Mantova and neighbouring areas	Management of hydroelectric, photovoltaic and co-generation plants	GSE and own use
	Reclamation and environmental consulting service	Areas of the Province of Mantova and neighbouring areas	Reclamations and environmental consulting for public and private areas	Public administrations and owners of areas and property
Tea Reteluce s.r.l.	Street lighting service	60 networks of Municipalities in the Province of Mantova, in Lombardy, Piedmont and Valle d'Aosta	Street lighting and artistic lighting	Public administrations
	Heat management service	Territories in 3 Municipalities in the Province of Mantova and of 1 in the Province of Cremona	Thermal building management	Public administrations and property owners
Tea s.p.a. BC	Cemetery and cremation services	Municipalities of the Province of Mantova and neighbouring areas	Management of cemeteries and cremation plants	Municipal administrations
Tsf s.r.l.	Funeral services	Territories of the Province of Mantova and neighbouring areas	Organisation of funerals and related services	Private customers

Table 1 (GRI 2-6) - Tea services and geographical areas served				
Tea companies	Services provided	Geographical areas served	Sectors served	Type of customer and beneficiary
	Funeral transport services	Territories of the Province of Mantova and neighbouring areas	Funeral transport and related services	Private enterprises
	Farewell ceremony venue	Territories of the Province of Mantova and neighbouring areas	Custody, preparation, showing of the deceased in a dedicated funeral parlour, decorated for visits from mourners	Private enterprises and private customers
SEI s.r.l.	Maintenance service for Gas distribution networks	10 networks of Municipalities in the Province of Mantova ATEM 1 and 2	Operation, maintenance and construction of distribution networks, of connections to users and meters	Operators of gas distribution services
Depura s.r.l.	Road and road sign maintenance	Municipality of Mantova and neighbouring areas	Repairing and resurfacing of roads and pavements, installation and maintenance of vertical and horizontal signs and of street furniture, cleaning of public fountains and management and maintenance of public automated toilet facilities	Municipal administrations and private customers
	Disposal of special liquid non-hazardous waste	Province of Mantova and neighbouring territories belonging to the regions of Lombardy and Veneto	Septic tank purging companies, treatment plant operators, industrial wastewater	Public and private entities

Membership associations (GRI 2-28)

NFS

Over the years, the Companies in the Tea Group have participated in various national and local associations, with a significant role. Specifically, since 2023 the Group has endorsed the Global Compact, an initiative of the United Nations to promote the UN Sustainable Development Goals and corporate citizenship on a global scale. This participation aims to further strengthen the commitment to sustainability, as the main lever for change. Even more so today, all of our actions are focused on the future, on developing shared solutions for the economy, for local areas and for communities.

WE SUPPORT



The Tea Group was also one of the first Italian signatories of the Ukraine Business Compact and supported the UKraine Recovery Conference, held in London on 21 and 22 June 2023. This endorsement confirms Tea's support of all the initiatives for Ukraine's development and recovery,



UKRAINE BUSINESS COMPACT

which can and must be reborn, also through commercial partnerships, infrastructural projects and new networks and grids.



Lastly, please note that Tea s.p.a. BC signed the petition of the Interdependence Coalition in 2023, to defend the "Due Diligence" set forth in article 25 of the Corporate Sustainability Due Diligence Directive (CSDD), which aims to impose obligations on companies with reference to corporate and environmental due diligence activities in the supply chain.

Tea Group is 'Leader in Sustainability 2024' according to the "Sole 24 Ore" and "Statista"'s ranking, which identifies leading companies in environmental, social, and corporate governance companies.



The main associations the Group is part of are reported below (**Table 1**).

Table 1 – Main associations supported by the Group					
ASSOCIATION	PURPOSE	Company / Member function	TYPE OF MEMBERSHIP	TYPE OF CONTRIBUTION	NOTE ¹¹
A.I.R.U. Associazione Italiana Riscaldamento Urbano	Non-profit association for the promotion and spread of district heating and cooling and of integrated energy systems	Tea	Voluntary	Ordinary	B, D
API - Associazione Piccole e Medie Industrie di Mantova	Established in 1946, today it has almost 2,000 associated industries and over 38,000 members, distributed in all production spheres, from engineering to construction, from chemical to plastics, from textile to graphics and paper production	Tea Energia; Mantova Ambiente; Aqa	Voluntary	Ordinary	D
Associazione Elettricità Futura	This is the main non-profit association for companies that operate in the Italian electrical sector, representing over 70% of the electricity produced and sold in Italy. The association has over 500 members, which are companies involved in the production and sale of electricity from conventional and renewable sources, a staff of 40,000 people, 75,000 MW of installed electrical power, 1,150,000 km of distribution lines	SEI	Voluntary	Ordinary	B, D
Confindustria Mantova	Founded in 1910, Confindustria is the main organisation of manufacturing and service companies in Italy, with over 149,288 associated companies and a total staff of around 5,516,975. More specifically, Confindustria Mantova has over 400 associated companies – the majority of which are small/medium sized – with total revenues of Euro 7 billion and 22,000 employees.	Tea (General Management)	Voluntary	Ordinary	D
Confservizi CISPEL Lombardia	Regional association for utilities and local utilities companies that operate in the following areas: the water service, waste management, energy and gas, local transport, pharmacy and residential buildings.	Tea (General Management)	Voluntary	Ordinary	B, D
C.I.C. Consorzio Italiano Compostatori	Non-profit organisation, established to promote and incentivise the recycling of the organic fraction of waste, the production of compost and biomethane. It has over 120 consortium members,	Mantova Ambiente	Voluntary	Ordinary	B, D

¹¹A. Memberships in associations where the Group holds a position in the governing body.

B. Memberships in associations where the Group participates in projects or committees.

C. Memberships in associations where the Group provides substantial funding over and above the ordinary dues payable.

D. Memberships in associations considered strategic by the Group.

Table 1 – Main associations supported by the Group

ASSOCIATION	PURPOSE	Company / Member function	TYPE OF MEMBERSHIP	TYPE OF CONTRIBUTION	NOTE ¹¹
	manufacturers or operators of composting and anaerobic digestion plants, as well as engineering firms and other companies related to the production of organic fertilisers				
GREEN ALLIANCE	Network of Lombardy companies in the environmental sector aimed at creating industrial synergies able to guarantee the quality of services with a view to sustainability, increasing innovative and competitive capacity, but also lower costs for the public	Mantova Ambiente	Voluntary	Ordinary	B
UTILITALIA	Federation of Companies providing public Water, Environmental, Electricity and Gas services	Tea (Direzione Generale); Tsf	Voluntary	Ordinary	B, D
WATER ALLIANCE	Water Alliance - Acque di Lombardia is a business network of water companies in Lombardy. Member companies guarantee a quality integrated water service to approximately 8 million inhabitants	Tea (General Management)	Voluntary	Ordinary	B, D
UN GLOBAL COMPACT NETWORK (UN GCN) Italy	UNGCN Italy promotes the Ten Principles of the UN Global Compact at national level, and also works to advance the Global Sustainable Development Goals (SDGs) to eradicate extreme poverty, spread peace and promote prosperity and human development by 2030.	Tea (General Management)	Voluntary	Ordinary	D
SUSTAINABILITY MAKERS	Sustainability Makers is an Italian association that brings together professionals dedicated to defining and implementing sustainability strategies and projects, in companies and other organisations.	Tea	Voluntary	Ordinary	B

Group Governance (GRI 2-9)

NFS

Legislative and regulatory framework

The Group's activities are conditioned by regulatory developments that govern the methods for investment in companies by public administrations, characterised by restrictions designed to limit unjustified waste and accentuate the controlling relationship between PAs and the companies under their control.

The main reference regulation from this point of view is Legislative Decree no. 175/2016 - the Consolidated Law on state-controlled companies - which has redefined the conditions and limits for the set-up of Companies by local authorities, restricted on the one hand in terms of their functions and on the other to a system of director responsibilities. The

reference regulations for the investee companies differ depending on the activities carried out, the contract award method and whether or not the Company is listed.

7 June 2017 saw the completion of the financial instrument issue, listed on the regulated market of the Irish Stock Exchange (ISE). Through its placement, Tea acquired the status of Public Interest Entity (PIE). Pursuant to art. 26, paragraph 5 of Italian Legislative Decree 175/2016, this decree does not apply to the Tea Group.

After the law on the market and competition of 5 August 2022, on 23 December 2022 Italian Legislative Decree no. 201 was published, which entered into force on 9 January 2023 and concerned: "Reorganisation of the regulations of local public services of economic relevance". The text seems to take up a number of standards present in the scheme of the old consolidated act on public services, proposed in 2016, but never entered into force.

Italian Legislative Decree no. 201/2022 has new points and confirmations of regulations already in force on the assignment of public services with respect to the general regulation of principles, definitions, assumptions of public services and an innovation (or, better, a crystallisation of case law practices and orientations) in that of assignment, governance and responsibility. Italian Legislative Decree no. 201/2022 also takes into account the indications of the NRRP, especially on direct in-house assignments and their limited duration proportionate to the service and management type. The entire text emphasises respect for economic and financial balance, sustainability, constant and periodic performance monitoring and operating results. Moreover, a significant request was made to the awarding administrations and potential operators to draft an entire series documents, such as prior reports, certified economic and financial plans and the statement of capital expenditure and costs. Specifications on the area authorities and relationships with the operator were also very significant. The rules on the plant and equipment required for service management are also important.

The Group is active in the provision of local public services that fall under the area of competence of the Regulatory Authority for Energy Networks and the Environment (ARERA), which is an independent body established by Italian Law 481 of 14 November 1995 with the task of protecting the interests of consumers and promoting competition, efficiency and the dissemination of services with suitable quality levels, through regulation and control activities. The Authority's action, initially limited to the electricity and natural gas sectors, was later extended through a number of regulatory measures.

Firstly, through Decree no. 201/11, converted to Italian Law no. 214/11, the Authority was assigned duties also in relation to water services. Subsequently, Italian Legislative Decree 102 of 4 July 2014, which implemented European Directive 2012/27/EU on energy efficiency into Italian Law, assigned specific duties to the Authority in relation to district heating and cooling.

Finally, Law no. 205 of 27 December 2017 also assigned the Authority functions of regulation and control of the waste cycle, including differentiated, urban and assimilated waste.

In addition to guaranteeing the promotion of competition and efficiency in the energy sectors, for all regulated entities the Authority's action aims to ensure standardised ease of use and dissemination of the services across the entire country, define adequate levels of service quality, prepare certain, transparent tariff systems based on predefined criteria and promote the protection of user and consumer interests. These functions are performed by harmonising the economic and financial objectives of the service providers with general social, environmental protection and efficient resource use objectives.

ARERA action in the next few years will be adopted in accordance with different guidelines, depending on the nature of the regulated services and their different regulatory period dates. However, a number of key points of the ARERA interventions are common to all services. In services already opened to market competition, such as electricity and gas sales, the regulator aims to promote informed conduct by utility consumers-customers, to be encouraged through increasing digitalisation of service provision processes and the preparation of regulatory protections that are not price-related, with the aim of avoiding lock-in mechanisms that reduce customer mobility.

With reference to infrastructural business, the regulator will increase its focus on output-based remuneration mechanisms which combine the intensity of investments necessary to fill the void of delays in infrastructurally equipping certain areas of Italy with effectiveness and efficiency of the service provided to resident users.

To achieve this objective, the tariff systems proposed by ARERA in the various regulated segments are increasingly incorporating more bonus and penalty mechanisms distributed in relation to quality of service and more selective criteria in investments eligible for the tariff remuneration. In particular, priority is given to interventions aimed at eliminating infrastructural gaps in the different areas of the country, to the achievement of an efficient scale by operators and to the introduction of innovative technologies in the provision of services.

At the end of 2022, Legislative Decree no. 201/2022 on “Reorganisation of the regulations of local public services of economic relevance” (hereinafter TUSPL) entered into force. The contents of the reform are in line with the commitments that the Italian government has made with the European Union in the National Recovery and Resilience Plan (Piano nazionale di ripresa e resilienza - PNRR) where, with reference to local public services, it insists on the need to strengthen and disseminate the use of the principle of competition; limit direct awarding, requiring local administrations to justify any deviations from tender procedures; establish a general principle of proportionality of the duration of contracts; separate regulatory and control functions from management functions; justify the increase in public participation in in-house companies and limit the average duration of such contracts. The legislator excludes electricity and natural gas distribution services from the provision.

With respect to the specific nature of the sectors in which the Group operates, the first TUSPL analyses will be carried out in the coming months to assess opportunities and business prospects.

Tea's model (GRI 2-9, GRI 2-10, GRI 2-11, GRI 2-13)

Tea's model for exercising corporate governance is based on three pillars:

- steering and control centralised in the Parent Company, responsible for asset and financial management, IT and logistics infrastructure, and staff services;
- management of local public services through empowerment and specialisation of business lines allocated to individual companies (“operating companies”) holding concessions;
- carrying out free market activities such as the sale of energy through separate companies in accordance with the principles of unbundling between the operation of networks and plants and the provision of services to end customers (commercial activities).

The governance process has three basic levels:

- Delegation, with specific powers of attorney granted by the directors of the operating companies to the managers in charge of the centralised services of the parent company.
- Cohesion, through a set of unified Group-wide Rules, Codes, Policies, Quality and Safety Systems.
- Control through the appointment of senior executives by Tea S.p.A. with executive powers in all Group companies.

Governance tools

By-laws: constantly updated in accordance with current legal provisions, they define the cornerstones of corporate governance to ensure the proper conduct of company business.

Regulations for Steering and Control: these define the processes and the procedures with which Tea s.p.a. plays a guiding role in the governance of the Group, and regulates the decisional processes in the different business areas and relations between the Parent Company and the subsidiaries.

Organisational Provisions: these seek to guarantee that each Group company is aware of the corporate structure, the division of the fundamental responsibilities and the identification of the individuals who are entrusted with said responsibilities.

System of delegation and proxies: it establishes, through the assignment of specific proxies, powers to represent or commit the Company and, through a system of delegation, responsibilities with regard to environmental and safety aspects.

System of Procedures, Policies and Guidelines: this regulates the operation, compliance and consistency of the Group's relevant processes. Tea also adopts an Integrated Quality and Environmental Management System in accordance with UNI EN ISO standards.

Intercompany Contracts: these formally regulate the provision of services between Group companies, ensuring the transparency of the subject of the services rendered and the respective fees.

The corporate bodies (GRI 2-9; GRI 2-10, GRI 2-11, GRI 2-12, GRI 2-13, GRI 2-18; GRI 2- 24; GRI 2-26)

The Tea Shareholders' Meeting decides on the strategic choices and fundamental guidelines of the Company and the Group. In accordance with the law, the Shareholders' Meeting in ordinary or extraordinary session determines the system employed for the administration and control of the Company, appoints and removes the Directors, appoints the Chair of the Board of Directors (BoD), the Statutory Auditors and the Chair of the Board of Statutory Auditors. The

Shareholders' Meeting determines the remuneration of the directors and statutory auditors and decides on their social responsibility.

The regulations in force applicable to Tea, which is an Issuer of financial instruments on regulated markets intended solely for professional investors, do not establish mandatory requirements for the expertise of directors or composition constraints for the BoD (independent members or other requirements).

The BoD of TEA S.p.A. BC is the highest body in charge of implementing the policies issued by the Shareholders' Meeting; it is vested with all powers for the ordinary and extraordinary management of the Company, except for acts involving a financial commitment for the Company exceeding 40% of the shareholders' equity.

In its current configuration it is composed of 5 members, of which three women (60%) and two men (40%) over the age of 50 who remain in office until the date of approval of the 2024 financial statements.

Prior to appointment and then once a year, with the aid of the relevant corporate structure (Internal Control and Compliance Department) the Board of Directors verifies directors' and executives' compliance with the rules on the ineligibility and incompatibility of offices pursuant to Italian Legislative Decree 39/2013.

The Chair of the Tea BoD is not an employee of the Company. The Chair is vested with the powers and duties set forth in article 2381, first paragraph, of the Italian Civil Code, those of legal representation of the Company, as well as those delegated by the BoD, in compliance with the principles of separation of steering and control functions from management functions.

In its current configuration, the BoD has delegated the head of the internal control and risk management system, data processing and privacy, management of external relations and promotion of the Group's sustainability activities to the Chair.

Tea's By-laws provide that the BoD may delegate its powers in whole or in part to an Executive Committee or to one or more of its members. Currently the BoD has delegated, with certain limits, its powers of ordinary administration to the General Manager (GM) and has also identified among its members a Designated Director to supervise the ethical value system, as well as a Company executive with the role of Impact Manager¹².

Consistent with the guidelines of the BoD, the "senior executive" of Tea who is responsible for the company's operational management is the General Manager (GM), which is a role entrusted to an employee of the Company.

Even if the GM is not also a director, they automatically participate in the meetings of the BoD, with the right to intervene, but not to vote.

The planning and pursuit of the objectives defined by the Board of Directors in implementation of the guidelines adopted by the Shareholders are assigned to the executive function, through the delegation of management powers to the GM. This person reports directly to the executives of the Central Staff and CEOs of the subsidiaries to ensure the Company's cohesion and efficiency.

The results of the Group's activities and the progress made in planned objectives and projects are periodically reported by Tea's GM to the Board of Directors.

In 2023, the BoD met 12 times, with a 100% participation rate.

Table 1 - Composition of the BoD (GRI 2-9)

Name and surname	Role	Executive	Independence ¹³	Other offices held and significant individual commitments (specifying the nature)	Belongs to under-represented social groups	Representation of stakeholders
Massimiliano Ghizzi	Chair	no	no	Chairman BoD Depura S.r.l.	no	yes
Paola Randon	Director	no	no	Deputy Chair of Tsf s.r.l.	no	No (Tea Officer)
Elisa Ferrari	Director	no	no	-	no	yes

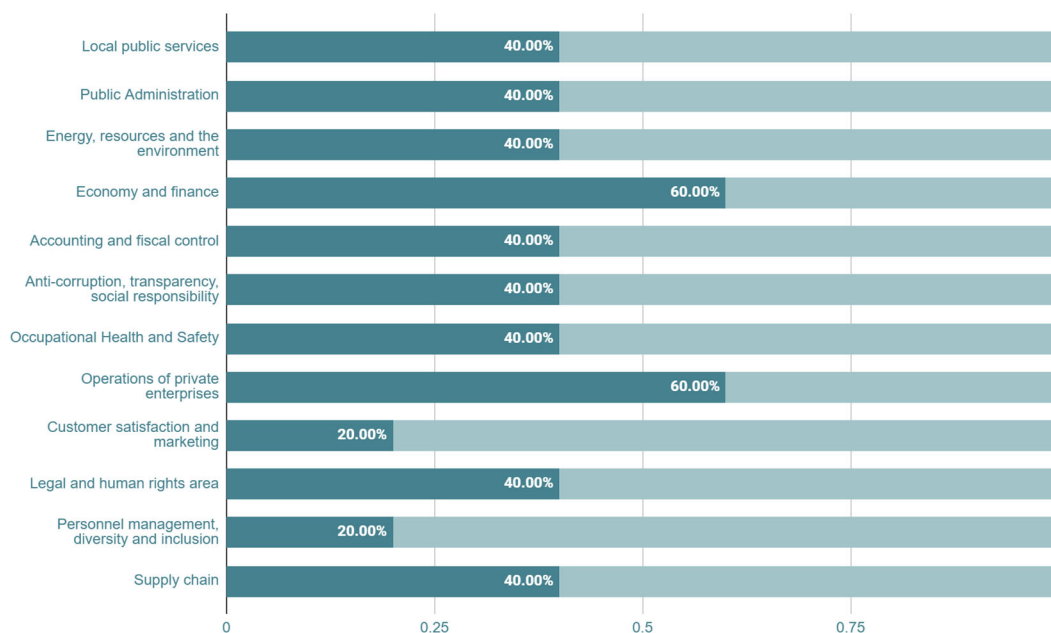
¹² Italian Decree-Law 1882 of 17 April 2015 on Benefit Corporations established the figure of the Impact Manager, i.e. the person who, together with the management, is assigned the role of ensuring that the company pursues the declared purpose of "common benefit" declared in the By-laws.

¹³ Directors qualified as independent pursuant to article 147-ter of the TUF (Consolidated Law on Finance).

Andrea Bassoli	Director	no	no	-	no	yes
Maria Rosa Delizia Benasi	Director	no	no	-	no	yes

Piero Falsina	GM ¹⁴	yes	no	CEO of Tea Energia s.r.l., Depura s.r.l. and Tsf s.r.l	no	no
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Responsibilities of the BoD (GRI 2-9, GRI 2-17)¹⁵



Risk management

NFS

The Group activities are exposed to the following risks: market risk (defined as commodity risk and interest rate risk), credit risk, liquidity risk and equity risk.

The Group's risk management strategy aims to minimise the potential negative effects on its financial performance. The Company's Finance Department provides indications on monitoring risk management, and likewise for specific areas in relation to interest rate risk, exchange rate risk and the use of derivative and other instruments.

The conflict that began in 2022 with the invasion of Ukraine by Russian military forces brought to the forefront the role of the geopolitical scenario in negatively and positively amplifying the single categories of risk identified.

The discussion of the individual categories is therefore preceded by a summary paragraph that highlights the specific effects of the scenario on the risk of the activities.

Risks deriving from the geopolitical scenario

During 2023 the tensions on energy prices which arose at the end of 2022 gradually decreased. There are many reasons for this performance: at European Union level, measures were adopted to diversify procurement sources and keep energy costs down, while the favourable weather made it possible to maintain fullness levels of storage higher than the historical average.

¹⁴ The GM of Tea participates in meetings of the BoD with the right to speak but not to vote

¹⁵ The analysis of the expertise of the Group's BoD is based on the assessment of the CVs of the members of the Tea Spa BC BoD updated to 2023.

As a result of this trend, market liquidity returned to normal levels, eliminating the risks of unavailability of raw materials to satisfy the supply contracts signed for sale.

The reduction in prices, with other conditions being equal, also led to the value of trade receivables decreasing to an amount in line with the historical average, and less use of unsecured credit lines to provide guarantees connected with the supply of commodities.

With the return of looser market conditions, in the last part of the year, commercial margins on sales decreased year-over-year compared to the higher levels at the end of 2022 and the beginning of 2023, which compensated for the higher procurement risk. Another phenomenon that may contribute to the reduction of margins is the consolidation of more efficient consumption models that users learned to adopt in the phase of rising prices.

In October 2023, a new outbreak of instability occurred with the start of Israel's operations in the Gaza Strip, in response to the terrorist attacks suffered by the people in the Israeli towns bordering the Strip. In this new scenario, attacks on Western interests conducted by the Iran-supporting militia operating in the area of the Red Sea increased, with attacks on commercial shipping multiplying. In response to these threats, trade routes from the East towards Europe were lengthened, avoiding the Suez Canal and circumnavigating Africa, resulting in a hike in the transport and insurance costs for all goods.

The gas and electricity market does not seem to be sharply impacted by these costs increases, which, however, are gradually weighing on the prices of oil and other goods.

This new situation may slow the process of reducing inflation that had gained strength at the beginning of 2023, but which subsequently had a slower pace, featuring differing trends in the various components of the price index.

The expectations for a decrease in interest rates fall in line with the expectations of the trend in inflation, and, thus, gradually lost some strength. At the date of this report, the yield curve remained sharply inverted up to maturities of 3.5 years and in the section from 3.5 years to 10, rates are lower than the current short-term rates, in an amount ranging from 100 75 bps. However, compared to the end of 2023, the curve shows an increase of around 40 bps. Short-term rates are having difficulty coming down, and because these determine the cost of floating rate debt, the weight of financial expenses on companies' financial statements remain at significantly higher levels than those of the last few years.

Market risk

The Group's exposure to risks from operations on the reference markets can be categorised as: the risk of raw material price changes (commodity risk), the cost of money trend (interest rate risk) and counterparties' ability to meet obligations undertaken with the Group (credit risk). The breakdown of the different sources of risk mentioned is detailed below.

Commodity risk

The Group is exposed to the risk of commodity price changes as a result of its commodity trading (mainly gas and electricity). In fact, the value of own trading assets and liabilities is conditioned by changes in the market price of commodities, directly or through indexing formulas.

In general, the Company has implemented a policy of limiting this risk by taking positions on the procurement market in line with its commitments to customers, covering any residual exposures.

The Group's policy is to use derivative instruments solely for hedging purposes and not as speculative investments.

The recovery of liquidity on the physical commodities market took time to manifest on the hedging market, as the sharp downturn of the market in the first half of the year made cases of fixed-price dealing unappetising. Therefore, at the end of 2023, as at the end of 2022, Group companies had no commodities hedging contracts in place.

Interest rate risk

Exposure to interest rate risk derives mainly from the fact that the Group's activities are characterised by positive financial needs (medium/long-term debt and credit facilities). Any change in market interest rates has an impact on the financial expenses associated with the different financing types, affecting both the economic result and the cash flow.

The Group's exposure to floating interest rate risk represented 72% and 78% of total debt at 31 December 2023 and 2022, respectively. The remaining debt, including the bond, is fixed-rate. An increase or decrease in interest rates by 10 basis points would have resulted in an increase/decrease in financial expenses of Euro 82 thousand in 2023 (Euro 83 thousand in 2022).

The risk is managed by constantly monitoring the interest rate curves and intervening in the debt mix or evaluating hedging transactions where appropriate. During the year, the first tranche of Euro 15 million of EIB funding subscribed in 2022 was drawn down. The funding provides the option to chose between a fixed rate and a floating rate for each drawdown. This tranche was drawn down at a fixed rate, considering the situation of the interest rate curve described previously, and the option to decrease the share of floating rate debt out of the total. No new funding contracts were entered into in 2023. At 31 December 2023, the only hedging instrument in place is an IRS, the characteristics of which are shown below:

Signing date	Counterparty	Commodity	Final deadline	Notional	MTM
18/11/2020	Banco BPM	I.R.SWAP	18/11/2026	2,000,000	78,603

The level of financial expenses is directly included in the calculation of one of the covenants to which the pool loan agreements are subject, the contract with the EIB and the bond. The indicator considered is the ratio between Financial Expenses and EBITDA, which is respected with a margin of 16% with respect to the limit value.

Credit risk

Credit risk represents the Group's exposure to potential losses due to a counterparty's inability to meet its obligations, and derives mainly from trade receivables.

Credit risk is considered low as the Group's credit portfolio includes a variety of counterparties (retail customers, industry, companies and public bodies) and is therefore not significantly concentrated. As part of normal business activities, the Group overcomes the risk that receivables might not be collected on the due date through procedures that aim to ensure that trade relations are engaged with customers considered reliable based on past experience and available information. The credit rating assessment varies according to the customer category and the types of services provided, and credit insurance was also activated for non-domestic electricity and gas customers.

During the first half of 2023, the extent of the credit risk to which the Group was exposed increased further on the historical average, due to the increase in turnover resulting from the growth in energy prices at the end of 2022/beginning of 2023, and relating to the rise in interest rates, which negatively influenced the opportunities for non-domestic customers to access credit.

The growth in exposure was mitigated by transitioning to monthly invoicing for all customers in the energy sector and adopting more selective criteria to approve the activation of repayment plans for past due amounts by end users. To mitigate the credit risk associated with trade counterparties, the Group's management constantly reviews exposure and monitors the collection of receivables by the contractually established deadlines. Thus, dashboards were set up to monitor indicators relevant for credit management, with analyses targeted to the user type and geographical area, and performance analyses with comparisons with previous periods.

The following table provides a breakdown of current receivables from customers at 31 December 2023 and 2022, grouped by maturity band and gross of impairments calculated on the basis of the counterparty default risk, taking into account the solvency information available at the reporting date.

<i>(in thousands of Euro)</i>	2023	2022
Falling due	37,191	29,008
Past due 1-30 days	9,588	8,645
Past due 31-90 days	4,465	8,065
Past due 91-180 days	1,399	2,364
Past due 180-365 days	3,879	5,194
Past due by more than 12 months	14,907	14,802
Invoices to be issued	54,701	80,876
Provision for bad debts	-17,911	-18,110
Total	108,219	130,844

The following table instead shows the comparison between 2023 and 2022 of the value of guarantee deposits and advances from customers in place at the end of the year.

<i>(in thousands of Euro)</i>	Year ended 31 December	
	2023	2022
Advances from customers	137	7,783
Guarantee deposits	2,485	9,163
Total	2,622	16,946

Liquidity risk

Liquidity risk is the risk of insufficient financial resources to satisfy one's obligations and commitments in the due time and methods. Both operational management and financial management are sources of liquidity risk. Specifically, operational management triggers significant fluctuations in the Group's liquidity, in relation to the seasonal nature of several of its businesses, while financial liabilities imposed obligations to pay principal and interest on borrowed capital.

Prudent management of liquidity risk originating from the Group's normal operations implies maintaining an adequate level of cash and cash equivalents and availability of stand-by credit that can be readily activated. Liquidity risk on the loans side is managed through a diversified structure of due dates, consistent with the business' cash generation profile. At the same time, maintaining a low level of debt in relation to the Group's operating profit and shareholders' equity reduces the risk of refinancing at the contractual expiries of the debit instruments.

During 2022, the Group entered into new credit lines for Euro 190 million, of which Euro 20 million in revolving mode to manage the needs arising from fluctuations in working capital, and 170 forward. The revolving lines were not used at the end of 2023, while the forward lines were drawn for a total of Euro 91 million, of which Euro 15 million for drawdowns in 2023. The revolving lines are available until 2027 and the remaining forward lines can be drawn for Euro 34 million by April 2024 and for Euro 45 million by April 2025. The final repayment dates for the drawn tranches vary between October 2027 and April 2028, while the tranche drawn in 2023 falls due in December 2035. In addition to the lines described above, at the end of 2023 the Group had unused short-term cash lines of Euro 37 million. The Group has no factoring agreements in force.

In general, the diversification of existing financial relationships on both the asset and liability side is such as not to produce significant risks of concentration by counterparty.

The set of financial sources described makes it possible to cover the foreseeable requirements in the medium term and at the same time to manage peaks in financial requirements related to the trend in working capital. Cash and cash equivalents of Euro 37 million recorded at the end of 2023 should be added to this. The following tables indicate the expected cash flows in the years to come in relation to the financial liabilities at 31 December 2023.

<i>(in thousands of Euro)</i>	Due within a year	Due in 1 to 3 years	Due in 3 to 5 years	Due after more than 5 years	Total
31/12/2023					
Bank loans	14,983	41,283	46,139	11,706	114,110
Right of use financial payables					
Bond	276	12,898			13,174
Bank overdrafts					
31/12/2022					
Bank loans	20,474	36,118	58,498	19,493	134,584
Right of use financial payables					
Bond	5,391	12,276			17,667
Bank overdrafts					

Equity risk

The Group's aim with regard to capital risk management is mainly to safeguard business continuity in order to guarantee returns for shareholders and benefits for other stakeholders. The Group also aims to maintain an optimal capital structure in order to reduce borrowing costs.

Below is a statement of the categories of financial assets and liabilities with related measurement criteria:

Financial assets	Measurement	31/12/2023	31/12/2022
Hedging derivatives (Hedge Accounting)			
Derivative assets	FVTOCI	79	137
Loans and receivables (including cash and cash equivalents)			
Cash and cash equivalents	Amortised cost	37,090	25,048
Trade receivables, net	Amortised cost	108,218	130,844
Other current assets	Amortised cost	13,860	19,171
Other non-current assets	Amortised cost/FVTPL	74,616	76,854
Financial liabilities		31/12/2023	31/12/2022
Hedging derivatives (Hedge Accounting)			
Derivative liabilities	FVTOCI	-	-
Financial liabilities at amortised cost			
Trade payables	Amortised cost	68,594	83,166
Financial liabilities for leases	Amortised cost	3,922	4,316
Financial liabilities	Amortised cost	98,968	99,971
Bond	Amortised cost	11,986	16,950
Bank overdrafts	Amortised cost	115	20

*Non-qualifying investments are valued at FVTPL.

	31/12/2023	31/12/2022
Total interest income and interest expense:		
Interest income at amortised cost	183	196
Interest expense at amortised cost	-11,037	-3,254
Valuation of Enipower Mantova equity investment		
Valuation of Enipower Mantova equity investment	-	9,500
Impairment losses on financial assets:		
Impairment losses on trade receivables (see Note 19)	-5,359	-5,914

Fair value

The fair value is the sum of estimated future cash flows relating to assets or liabilities, including the related financial income or expenses discounted at year end. The present value of future cash flows is calculated by applying the forward interest rate curve at the reporting date.

Fair value hierarchy

The fair value of financial instruments listed on an active market is based on the related market prices at the reporting date. The fair value of unlisted financial instruments is instead determined using measurement approaches based on a series of methods and assumptions linked to market conditions on that date.

The various levels are as follows:

Level 1: The fair value is determined using prices (unadjusted) of identical financial instruments listed on active markets.

Level 2: The fair value is determined using measurement approaches based on data observable on active markets, other than the level 1 listed prices.

Level 3: The fair value is determined using measurement approaches based on data not observable on the market.

There were no transfers between levels in the fair value hierarchy in 2023.

The following tables show the financial instruments recognised at fair value, based on the measurement approaches used:

<i>(in thousands of Euro)</i>	Level 1	Level 2	Level 3	Total
At 31 December 2023				
Derivative assets	-	79	-	79
Other non-current assets	-	-	31,022	31,022
Derivative liabilities	-	-	-	-
Total	-	79	31,022	31,101

The fair value of other current and non-current assets and other liabilities was defined on the basis of derivative financial instruments and equity instruments, which were measured by considering market parameters at the reporting date, using valuation techniques that are generally accepted in the financial sector.

In particular, the fair value of unlisted equity investments is determined by using the expected future cash flow discounted using a benchmark cost of capital.

The nominal value of the item cash and cash equivalents approximates the fair value, considering the short-term maturity of such instruments, which mainly consist of current accounts.

The table below provides a reconciliation between the opening and closing balances of financial instruments measured at fair value level 3 (equity investment in Enipower Mantova and to a lesser extent Casalasca and Green Alliance) in 2023:

<i>(in thousands of Euro)</i>	Level 3
At 31 December 2022	31,022
Profit/(Loss) recognised in the consolidated income statement for the year	-
Other increases/(decreases)	-
At 31 December 2023	31,022

Climate Risk (GRI 2-25)

The main risk factors that may concern the operations of the Tea Group, and the impacts of these factors were identified in the risk analysis conducted to assess the DNSH principle ("Do No Significant Harm") of the Group's activities considered environmentally sustainable under the EU Taxonomy. The risk analysis was conducted on the basis of the climate scenario of the IPCC (Intergovernmental Panel on Climate Change) called RCP 8.5.¹⁶

Particularly intense or long-lasting atmospheric precipitation can cause flooding because of inadequate sewerage systems, which generate increases in the operating costs of the integrated water service, not recoverable under the tariff mechanism. In order to manage this risk in a preventive manner, the Group is carrying out planimetric and altimetric surveys and modelling the wastewater collection system (Euro 320 thousand spent in 2023) in such a way that the infrastructure can be specifically upgraded at the most critical points. In 2023, Euro 5,591 thousand were invested for maintenance, renovation and extension of sewer networks and Euro 875 thousand for extraordinary maintenance of sewer lifting systems. In the medium term, this risk can be mitigated by separating the sewer networks where technically possible.

Extreme peaks of summer temperatures can cause power outages to the Group's activities with the risk of data loss and interruption of the services to be provided, exposing the Group to penalties for the quality of the service and in extreme cases to claims for compensation. To reduce these risks, the Group has equipped critical infrastructures with generator sets or uninterruptible power supplies and has installed supporting photovoltaic systems that power the cathodic protection systems of the pressure reduction stations in the gas distribution network (Euro 6 thousand spent in 2023) and some wastewater treatment plants.

For the data centre, in 2023 the project for the cloud migration of the entire centre by 2026 was launched, spending Euro 186 thousand.

Another risk linked to high summer temperatures is the possibility of fires that could damage the Group's plants, with consequent production losses and the need to incur restoration costs for the part not covered by the insurance policies. Moreover, there may be harmful emissions to the environment and to people during a fire, which may result in damage claims and sanction proceedings. To cope with this risk, the Group maintains the efficiency of its existing fire-fighting systems and reviews its processes with a view to containing the volume of storage areas. In 2023 Tea spent Euro 73 thousand on technological improvements to the fire-fighting system and emergency exits at the headquarters in Via Taliercio.

With regard to the water service, these peaks can produce sudden increases in consumption that cause operational critical issues in the network pressures and in the ability to supply sufficient volumes to the water consumption of end users. The mitigation measures are similar to those described below in relation to the risk of prolonged drought for the water service.

Extreme peaks in winter temperatures can generate critical issues in the district heating network, with a consequent decline in service quality and with the application of penalties. The Group has further developed the project to forecast the heat demand load on the network and the dynamic implementation of temperature and pressure of the network, by installing remote-controlled "smart" valves that make it possible to adjust the network configuration and to plan specific operating temperatures of the carrier fluid for the various distribution zones, to improve thermal efficiency and search for any losses. There are also heat storage points on the network that can be activated in the event of high peaks in heat demand. During the year, Euro 275 thousand was invested in new smart valves, thermal load assessment software and enhancement of the remote control of the plants, in addition to Euro 82 thousand for the installation of smart metres.

Prolonged droughts interfere with the Group's hydroelectric production and with the availability of water resources for the integrated water service. A specific drought risk impacts the run-of-the-river hydroelectric plants, in particular at the plant in Marenghello, which is fed by an irrigation canal, which does not ensure an even and reliable supply of water to the turbines during periods of low water. The financial impact of this risk is given by the potential reduction in the operating margin generated by the plants and, if the phenomenon persists, by a write-down of the asset.

With regard to the management of this risk within the integrated water service, preventive investments are being made to ensure the redundancy of raw water intakes and treatment/pumping plants through the interconnection of local networks and municipal pipelines fed by different drinking water hubs (Euro 2,854 thousand invested in 2023 for the construction of new wells).

¹⁶ According to the scenario RCP 8.5 greenhouse gas emissions are continuously increasing. Compared to 1850, in 2100 radiative forcing levels will reach 8.5 W/m².

In addition, research activities in cooperation with the University of Parma to carry out a hydrogeological study of the deep aquifers feeding the managed waterworks, aimed at optimising the exploitation of existing well fields and identifying the location of future ones, continued (Euro 54 thousand spent in 2023).

An additional mitigation element is given by the breakdown into districts of the distribution networks to reduce losses.

The medium-term financial impact of this risk lies not only in the financial requirements from investments, but also in the potential increase in tariffs needed to finance these interventions with the consequent increase in arrears. The mitigation tool adopted is given by the credit management administrative processes that are optimised to limit the consumption of defaulting users without delay.

District heating activities are also potentially affected by the risk of water shortages, as the availability of water to replenish the district heating network could be lost. To manage this risk, risk management actions were implemented by increasing the heated technical water reserves in dedicated accumulations.

For more details on the issue of "Climate risk", refer to the section "Environmental Information" - "Analyses of risks and opportunities related to climate change".

Cyber risk

In 2023, cybersecurity initiatives continued to identify possible weaknesses in the ICT infrastructure and take appropriate actions to mitigate the related risks. A 24-7 Security Operation Centre service was launched and outsourced and a specific insurance policy for Cybersecurity was taken out. The measures adopted contributed to an additional reduction of the risks related to possible cyber attacks.

Sustainability governance (GRI 2-23; GRI 2-24)

NFS

For Tea s.p.a. BC, Sustainable Development is a fundamental strategy that guides investment and growth choices in all managed businesses, and requires the utmost attention to the quality of the services offered, the material impacts of each activity, and continuous dialogue with the stakeholders affected by these impacts (relevant stakeholders), and with the community and the region served.

The Tea BoD approves and updates the Group's policies on environmental, social and economic matters, gathering specific requests or proposals expressed by shareholders, the Boards of Directors of operating companies, relevant stakeholders, or other active parties in the relevant region.

The Tea BoD promotes and ascribes to national and international declarations of values or intent, and commits the Group and its stakeholders to the achievement of the UN Sustainable Development Goals¹⁷ (Sustainable Development Goals - SDGs). More specifically, the Parent Company and the subsidiaries commit to contribute directly to 10 of the 17 SDGs and related targets.

¹⁷ In 2015 the UN approved the 2030 Agenda for Sustainable Development and related SDGs. For the first time in history, the entire international community has been asked to work and act together to achieve the 17 goals and 169 targets by 2030. It is an extraordinary agenda given its universalistic approach, addressed to all public and private, national and international players. Italy, in particular, demonstrated its key role during the negotiations and continues in its commitment, through the components of its social and business fabric, to overcome the challenges linked to the achievement of the SDGs.

Table 1 - The Group's commitment to the SDGs (GRI 2-23, GRI 2-24)










SDGs	Description	Company directly involved	Supporting policies, objectives and KPIs developed
	GENDER EQUALITY: Achieve gender equality and empower all women and girls.	Tea Group	Code of Ethics ("Operation of the company" section). 2023 Goals: Increase women in the workforce of Group companies (+32%) (2022 Impact Report - Tea s.p.a. BC)
	CLEAN WATER AND SANITATION: Ensure availability and sustainable management of water and sanitation for all. Water is a source of life and it must be accessible to everyone.	AqA s.r.l. BC Depura s.r.l. Mantova Ambiente s.r.l.	Water-saving policies ("Climate Change" chapter). 2023-2027 Business Plan Goal: Closure of small sewerage treatment plants (10), with redirection of sewerage to larger plants. 2023-2027 Business Plan Goal: Extension and upgrading of water networks: +180 km (130 of waterworks and 50 of new sewers).
	AFFORDABLE AND CLEAN ENERGY: Ensure access to affordable, reliable, sustainable and modern energy for all. Energy systems are fundamental to the daily lives of all of us, which is why it is important to make them accessible to everyone.	Tea Energia s.r.l. SEI s.r.l.	2023-2027 Business Plan Goal: Increase the installed capacity of photovoltaic plants for energy generation. 2023 Performance Indicator: electricity sold and GO certified out of the total electricity sold
	DECENT WORK AND ECONOMIC GROWTH: Promote sustained, inclusive and sustainable economic growth. It is necessary to sustain economic growth and achieve high levels of productivity.	Tea Group	Human rights protection policy ("Operation of the company" section). Code of Ethics ("Operation of the company" section).
	INDUSTRY, INNOVATION AND INFRASTRUCTURE: Investments in a sustainable infrastructure and in scientific and technological research foster economic growth, create jobs and promote prosperity.	Tea Group	Integrated Quality Management System compliant with the UNI EN ISO 9001 standard ("Quality Assurance" section). 2023-2027 Business Plan Goal: Increase the volume connected to the district heating system (+800,000 m ³).
	SUSTAINABLE CITIES AND COMMUNITIES: Improving our living spaces in a sustainable way is an essential goal to make cities and communities safe, inclusive, resilient and sustainable.	Mantova Ambiente s.r.l. Tea Reteluce s.r.l.	2023-2027 Business Plan Goal: Upgrading of public lighting networks with LED technology, with an investment of Euro 8.3 million.

Table 1 - The Group's commitment to the SDGs (GRI 2-23, GRI 2-24)			
SDGs	Description	Company directly involved	Supporting policies, objectives and KPIs developed
	RESPONSIBLE CONSUMPTION AND PRODUCTION: Introduce responsible, sustainable models of production and consumption. It is important to reduce emissions of waste and chemicals – especially by large companies – through sustainable, recycling-oriented policies.	Mantova Ambiente s.r.l.	2023-2027 Business Plan Goal: Increase urban waste sent for material recovery (+50% over the course of the plan).
	CLIMATE ACTION: Implement sustainable global policies and strategies to curb environmental risks and actual natural disasters. Urgent, specific measures are needed to help combat climate change.	Tea Group	Policy of offsetting emissions from purchased fossil source electricity (“Climate Change” chapter). Integrated Environmental Management System compliant with the UNI EN ISO 14001 standard (“Quality Assurance” section). 2023-2027 Business Plan Goal: Reduce emissions by product unit of each process, totalling -4,000 tCO ₂ eq by 2027, v 2022 baseline. 2023-2027 Business Plan Goal: Renewal of the company vehicle fleet with green vehicles (electric and methane bifuel).
	PARTNERSHIPS FOR THE GOALS: Strengthen implementation arrangements and revitalise the global partnership for sustainable development.	Tea Group	Zero Corruption Code (“Operation of the company” section). The Tea Group has an Internal Control and Risk Management System in place. (“Operation of the company” section).

Bodies tasked with sustainability (GRI 2-12, GRI 2-13, GRI 2-14)

Tea's **BoD** is in charge of approving the Group's Consolidated NFS, which has been integrated into the Directors' Report of the Consolidated Financial Statements of the Tea Group since 2023. The BoD is also responsible for ensuring the integrity of the processes leading to the preparation of the reporting, and approving the materiality analysis following the process of consulting with stakeholders (for further details, refer to the chapter “The process to determine material topics).

The BoD is periodically updated by the GM and/or by the relevant bodies of the corporate structure on the evolution of regulations and specialised knowledge regarding sustainability processes and national, European and international ESG issues. Tea's BoD delegated the ESG Manager to also be the Impact Manager, in order to coordinate the activities connected with the requirements of a Benefit Corporation.

The Tea Group's Consolidated NFS, audited by the independent auditor, is presented annually to the Shareholders' Meeting. That document reports on the performance and impact on the economy, the environment and people, and provides an account of the progress on achieving the sustainability goals taken on in the Group's Business Plan.

As part of his role guiding operations, the **senior executive** of Tea S.p.A. (GM) defines and manages actions to develop the Group's environmental, social and economic objectives.

The **Sustainability Steering Committee** is the body supporting top management in the implementation of sustainability strategies and initiatives. It is responsible for overseeing the implementation of sustainability policies, as well as guaranteeing that the information contained in the NFS is true and accurate. The Steering Committee consists of the senior executives (CEO or GM) of all Group operating companies and the heads of staff functions relevant to sustainability processes. Members of the Tea Group Sustainability Team also participate in the Steering Committee (**Table 2**).

Table 2 - Sustainability Steering Committee		
Manager pro tempore	Gender	Unit represented
Lorenzo Amadeo	M	Administration, Finance and Control
Alessandro Beltrami	M	Mantova Ambiente s.r.l.
Davide Bonfietti	M	SEI s.r.l., Tea Reteluce s.r.l.
Nicola Corsico Piccolino	M	Internal Control and Compliance
Martino Dorigo	M	M&A and Sustainability
Piero Falsina ¹⁸	M	Tsf s.r.l., Tea Energia s.r.l., Depura s.r.l.
Arianna Ghelfi	F	Customer support
Luana Grazioli	F	Communications and External Relations
Andrea Orlando ¹⁹	M	Purchasing and Procurement and Cemetery Services
Virna Pastor	F	Human Resources and Organisation
Giovanna Pesente	F	AqA s.r.l. BC
Fabrizio Virtuani	M	Innovation, Technologies and Information Services

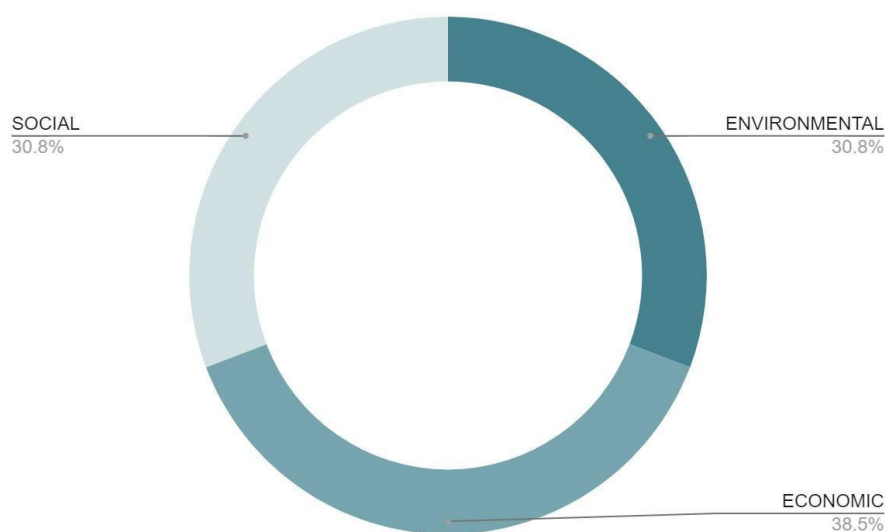
The table below illustrates the responsibilities of the Sustainability Steering Committee, considering the specialisation of the Committee members in social, environmental and economic issues²⁰.

¹⁸ Replaced R. Tugnoli in T.S.F. on 18 May 2023

¹⁹ Replaced R. Tugnoli in the Cemetery Services on 19 May 2023

²⁰ The analysis of the responsibilities of the Sustainability Steering Committee is based on the professional expertise of the Committee members.

Sustainability steering committee responsibilities



The **M&A and Sustainability Unit** within the Administration, Finance and Control Department is responsible preparing sustainability reporting and is dedicated to managing the processes of development and monitoring of sustainability parameters, interacting with the group's operating companies and relevant staff to propose and/or support the design and planning of actions to improve sustainable development KPIs.

The **Sustainability Working Group** is the permanent technical body coordinated by the M&A and Sustainability Unit tasked with ensuring compliance with the timing and fulfilment of the obligations necessary for the NFS drafting process, and is composed of the staff data owners and sustainability technicians of the operating companies. It coordinates the information flows necessary for the collection of data and information, draws up and revises the draft NFS, and liaises with the third-party body responsible for reviewing the document, supporting its proofreading (**Table 3**).

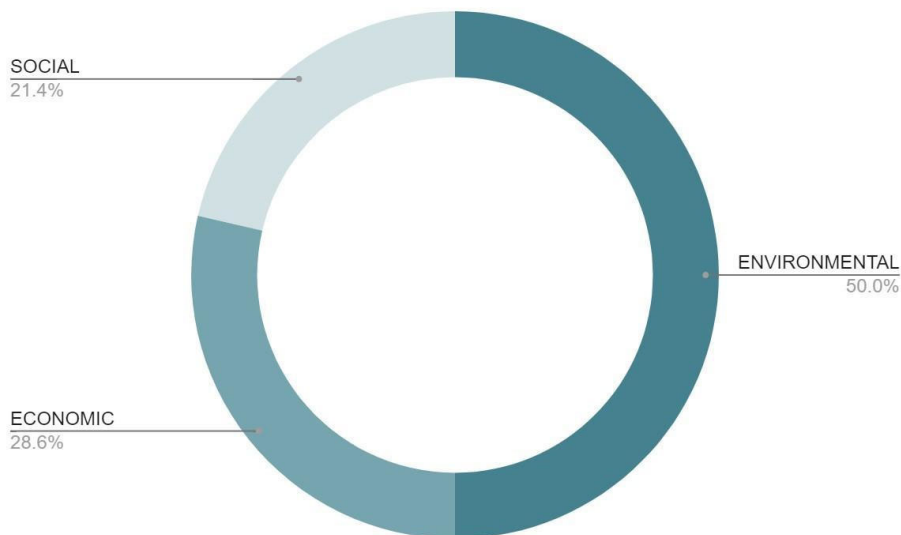
Table 3 - Sustainability Working Group		
Manager pro tempore	Gender	Company/Specific Unit
Nicola Baracca	M	Sustainability Technician (AqA S.r.l.) BC
Simone Bolsieri	M	Sustainability Technician (Sei s.r.l.)
Melissa Botti	F	Data Owner (Mantova Ambiente S.r.l.)
Fausto Donida	M	Tea Data Owner Coordinator (Services and Assets)
Antonella Faioli	F	Sustainability Project Manager (Tea s.p.a. BC)
Francesca Galvani	F	Data Owner (Tea Energia s.r.l.)
Marcantonio Giannace	M	Data Owner (Tsf s.r.l.)

Table 3 - Sustainability Working Group

Manager pro tempore	Gender	Company/Specific Unit
Riccardo Pavanello	M	Sustainability Technician (Tea s.p.a. BC)
Manuela Pedroni	F	Data Owner (Depura s.r.l.)
Giulia Premi	F	Data Owner (Customer Service - Tea)
Ivano Spiazzi	M	Data Owner (HR - Tea)
Raffaele Zancuoghi	M	Sustainability Technician (Tea Reteluce - GIT)
Matteo Zanini	M	Sustainability Technician Coordinator (Tea s.p.a. BC)
Luca Zanonato	M	Sustainability Technician (Tea Reteluce - IP)

The table below illustrates the responsibilities of the Sustainability Working Group, considering the specialisation of the Committee members in social, environmental and economic issues²¹.

Sustainability working group responsibilities



²¹ The analysis of the responsibilities of the Sustainability Working Group is based on the professional expertise of the Group members.

2023 Activities

In 2023, the Team dedicated to ESG issues in the M&A and Sustainability organisational units was strengthened further, with the addition of a new resource specifically dedicated to managing reporting on environmentally-sustainable activities under the European Taxonomy.

The new General Procedure 185 Tea AFC "Data Validation on the Plant Register", included in the Group's Quality System, was issued on 22 November 2023. This Procedure aims to formalise the responsibility of owners in guaranteeing the correctness, accuracy and completeness of data in sustainability reporting, in compliance with the new European Directive 2022/2464/EU (CSRD - Corporate Sustainability Reporting Directive).

New functions of the Plant Register

In 2023, the development of new advanced functions of on the "Plant Register" IT system, which not only allows for the collection and reporting of all sustainability parameters of each Group company, but also the automatic processing of that data according to the international and national conversion factors used for reporting, such as DEFRA (UK Government - Department for Environment Food & Rural Affairs) and ISPRA (Italian Government - Institute for Environmental Protection and Research). Specifically:

- a new IT process of automatic reporting of anomalies on all sustainability data uploaded into the Plant Register, based on verifying the deviation beyond the maximum or minimum threshold of each item of data compared to the average of the three previous years;
- a new process for managing "approvals" on the Plant Register file, which guarantees the accuracy of the data and the security of their validation by the data owners and managers of each Group company.

ESG Targets and Indicators

For 2023 the **green target** of reducing "total Scope 1+2 location-based emissions of tCO₂eq" of the Tea Group, previously included in the **MBO** lists for the variable salary of all the first and second levels of the Group (Executives, Managers and Middle Management of all companies) was further expanded: it was "-500 tCO₂eq Scope 1+2 location-based emissions" in 2022, and was expanded to "-800 tCO₂eq" for 2023.

In 2023, the Sustainability Team, working with the heads of the business lines of each company, and with the Management Control Team, developed a set of process indicators (Key Performance Indicators - KPIs) useful for assessing sustainability performance (energy consumption, water consumption, network losses, etc.) and the trend of the transition to the eco-sustainability requirements of the EU Taxonomy.

The new Sustainability KPIs of the Group are an important addition to the indicators required by the reporting standards, as they make it possible to assess the trends of company improvement net of the exogenous variables that international conversion factors are subject to (for example, extraordinary changes in the average national or continental plant mix due to war or energy crises).

For the Tea Group, developing green targets in incentive policies for employees of the organisation and defining KPIs on specific sustainability performance for each business line are important actions demonstrating that the Group is voluntarily moving towards the stricter requirements expected as a result of the recent evolutions of EU regulations on sustainability reporting, which the company will be required to apply to sustainability reporting from 1 January 2024.

Process to determine material topics (GRI 2-29; GRI 3-1)

NFS

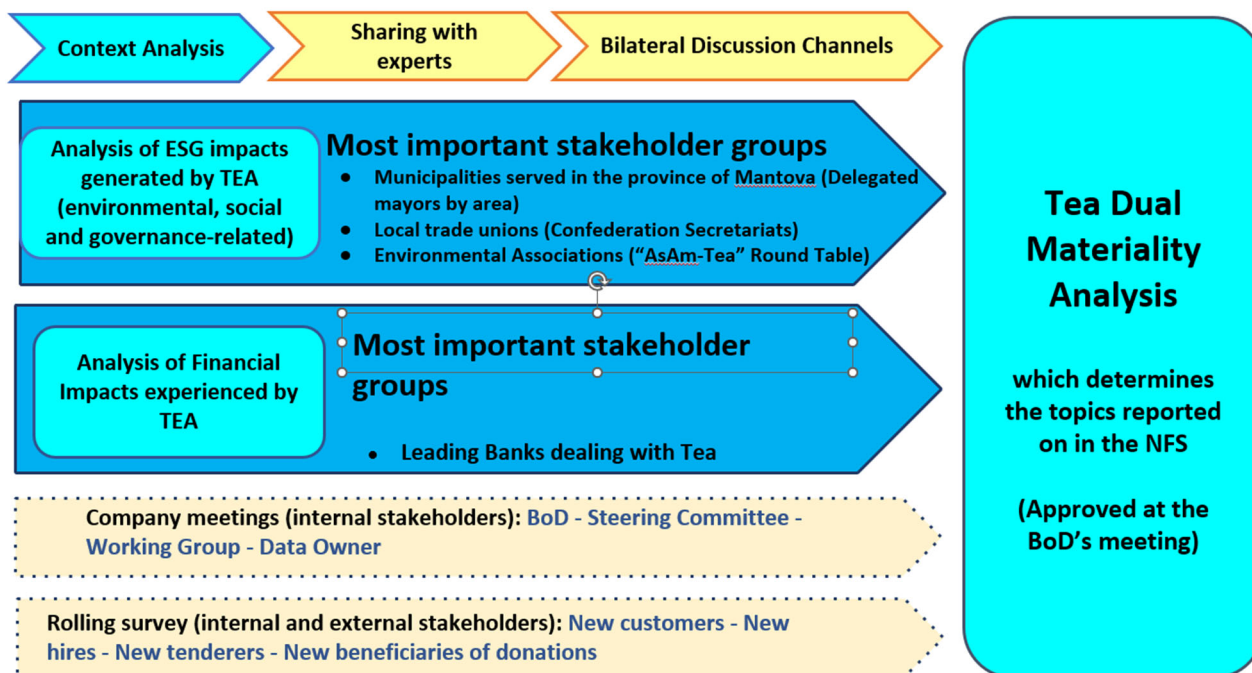
The process to determine material topics, on which Tea's sustainability reporting is based, was designed in compliance with the new "Materiality Analysis" set out in GRI Standard 3 - 2021 "Material Topics", to which, on a voluntary and complementary basis, the new principles of "Dual Materiality" envisaged with the introduction of the CSRD, are being added.

The process of analysis can be broken down into the following main steps:

- Context Analysis: through sector benchmarks, examination of available Sector Standards and dialogue with Experts and Financial Institutions.
- Stakeholder Mapping: continuous surveying and updating of the stakeholders of the Tea Group and determination of the most important groups (strategic stakeholders);
- Dialogue Channels: development of constant, in-depth bilateral dialogue with the most important stakeholders, to measure the impacts generated by Tea and the financial impacts experienced by Tea on ESG topics;

- Internal Engagement: meetings with Tea's internal stakeholders, the top management, the Steering Committee and Sustainability Working Group, and Data Owners;
- Rolling Surveys: constant listening, through questionnaires assessing Tea's impacts on ESG topics, administered digitally to all parties on initial contact;
- Prioritisation of Impacts: prioritisation of impacts generated and experienced by the organisation, for each ESG topic, finalising the information collected in the previous steps;
- Determination of Tea's Material Topics: reporting on the material topics identified by the organisation as the basis for reporting.

The chart below summarises the new structure of the process, achieved in 2023:



Context analysis

The issue of GRI Sector Standard no. 10 “Utilities” expected for 2022, was postponed once again in 2023.

As an EIP, Tea s.p.a. is one of the parties required to apply the CSRD (European Directive 2022/2464/EU) from 1 January 2024, and, therefore, the new European Sustainability Reporting Standards (ESRS), which are expected to also include new Sector Standards for all the sectors in which the Tea Group operates.

In this context, the CSRD requires that the EFRAG (European Financial Reporting Advisory Group, in charge of standardising EU accounting standards in line with the international accounting standards), assigned by the European Commission to issue new sustainability reporting principles, develop these standards in line with the most authoritative and globally-recognised regulations and practices, and with the best technical knowledge.

As a result, Tea's context analysis to identify the main sustainability topics reported on in its sectors of operations focused on:

- examining the information disclosed by the competent institutions,
- benchmarking, using the NFS of its main competitors,
- studying the drafts of the new ESRS standards issued by EFRAG,
- SASB Industry Standards Consultation issued in June 2023 by the IFRS Foundation (“Water Utilities & Services”, “Waste Management”, “Gas Utilities & Distributors”, “Electric Utilities & Power Generators”).

The analysis conducted confirmed the alignment of Tea's assessments to its operating context, in terms of the relevance of the main material topics identified.

Stakeholder Mapping

The analysis to define the main company stakeholders for the purpose of the 2023 materiality analysis was conducted starting by updating the general map of all relations and interactions that the Tea Group handles with stakeholders, through its operating, institutional, commercial and association activities, as well as through environmental education campaigns, social promotion and support initiatives (donations and charitable contributions) (**Table 1**):

Table 1 - Channels of communication with our stakeholders		
SPHERE	CATEGORY	RELATIONSHIP TYPES
LOCAL COMMUNITIES	Local community	<ul style="list-style-type: none"> • Institutional relations • Regular meetings with the mayors of the municipalities served • Meetings of operational personnel with municipal technicians • Coordination Committees of the Municipalities served
	New generations and schools	<ul style="list-style-type: none"> • Tours of the plants • Initiatives in the local area • Meetings, workshops, lectures, informative materials • Competitions, projects and training sessions at schools • Internships, work-study programmes • Collaborations
	Universities and research institutions	<ul style="list-style-type: none"> • Research partnerships • Internships for students
	Average	<ul style="list-style-type: none"> • Sending press releases, holding interviews and press conferences
AUTHORITIES AND PUBLIC ADMINISTRATION	Regulatory Bodies and Control Bodies	<ul style="list-style-type: none"> • Mandatory reports and consultations • Interactions during inspections
	Public administration (local/regional/state entities)	<ul style="list-style-type: none"> • Urban Hygiene Evaluation and Verification Board • Coordination with Civil Defence in emergencies • Requests for authorisation • Payments of instalments and concessions
SUPPLIERS AND PARTNERS	Suppliers	<ul style="list-style-type: none"> • Qualification and development processes • Audits and information exchanges • Contractual relationships
	Winning bidders	<ul style="list-style-type: none"> • Liaising in managing tenders
	Partner (member of temporary consortium, PPP partner)	<ul style="list-style-type: none"> • Information exchanges • Working and project groups • Contractual relationships
	Employment agencies	Supply and consulting relations for recruiting

Table 1 - Channels of communication with our stakeholders		
SPHERE	CATEGORY	RELATIONSHIP TYPES
CUSTOMERS	Domestic customers, companies, property managers, local authorities	<ul style="list-style-type: none"> Local branches and call centres Online services In a dedicated website area 24-hour support and emergency service Single official channel for all reports Customer satisfaction surveys Communication campaigns Informative materials
SHAREHOLDERS	Shareholder municipalities	<ul style="list-style-type: none"> Company meetings Meetings regarding Group services Specific Workshops
MARKET	Competitor companies	<ul style="list-style-type: none"> Discussions in trade associations Cooperation in industry initiatives
FINANCIAL COMMUNITY	Credit institutions, lenders	<ul style="list-style-type: none"> Periodic reports of company indicators Investor Relations section on the website Euronext -ISE Dublin Portal Discussions with banks on the financial impacts of ESG topics on Tea
PERSONNEL	Trade unions	<ul style="list-style-type: none"> Industrial relations with trade unions. Labour relations with internal union representatives Round table on sustainability with union representatives and trade unions
	Employees	<ul style="list-style-type: none"> Business climate analysis and improvement plan InTea intranet platform My HR portal
VOLUNTEER ASSOCIATIONS AND ENTITIES	Environmental associations	<ul style="list-style-type: none"> Permanent round table on sustainability topics
	Consumer associations	<ul style="list-style-type: none"> Social support initiatives Opportunities for dialogue Information exchanges, joint events and social campaigns Commercial agreements and conventions
	Sports associations	
	Cultural associations	
	Non-profit organisations	
	Trade associations and professional associations	<ul style="list-style-type: none"> Commercial agreements and conventions Sector-level dialogue

Permanent discussion channels

In 2023, the evolution of the Group's engagement model saw extensive progress, consolidating the pillar of the permanent bilateral discussion channels with strategic groups of stakeholders, both to measure the ESG impacts generated by Tea and to measure the financial impacts experienced by the company.

Municipalities served

The "Coordination Committee for Relations with Tea's Board of Directors" is an advisory body established in 2021, in which Municipalities receive or request information from Tea's BoD on any activities or services provided by the Group in the areas of the municipalities. Tea's Chair reports to the Committee on strategic operations and industrial development targets. Back in 2022, the Coordination Committee added to its duties the function of acting as a permanent channel for dialogue with the organisation's stakeholder engagement system.

Trade unions

In 2023 as well, the responsibilities of the Tea Group industrial relations team, already set for the discussions between the top management and confederation of local trade union representatives, were formally extended to the discussion on the impacts of the Tea Group in relation to sustainability topics.

The importance of this channel for dialogue in the Tea Group's engagement policies is destined to grow, also with a view to the changes arising from regulatory evolution: the CSRD, which Tea will have to comply with in its sustainability reporting for 2024, requires that the company enter into dialogue with workers' representatives on sustainability targets and results²².

Environmental associations

An important new bilateral channel for dialogue between the Tea Group and its relevant stakeholders, opened in 2023, is the "AsAm - Tea Round Table", composed of a qualified panel of representatives of the Environmental Associations in the province of Mantova, with which the organisation has set up frequent meetings during its operations in the area of Mantova. Numerous experts on issues of natural areas, ecology and biodiversity contribute to the Round Table. Among its initial activities, the "AsAm – Tea Round Table" set up a technical discussion on prioritising the ESG impacts generated by the Tea Group in the area of Mantova.

Digitisation of the rolling survey

The "rolling survey" is a general ongoing stakeholder consultation method administered through a questionnaire (established with Organisational Procedure no. 2 of 2021 - "Procedures for consulting and informing corporate stakeholders"), to maintain a constant monitoring of the evaluation of new stakeholders with respect to the impacts generated by the Group on sustainability issues. In 2023 the digitisation of the rolling survey was completed, using the dedicated web platform, on which:

- new contacts of Tea are directed for the initial consultation (new hires, new customers, new tenderers and new beneficiaries of donations);
- specific campaigns are generated, to be viewed by specific categories of stakeholders;
- all users who access the Tea website can participate in surveys;
- the statistics on opinions surveyed are subject to advanced, real-time management.

The answers collected through the rolling surveys contribute to the flows of information that form the basis of the biennial process of updating the Group's materiality analysis. However, they also continuously measure the evolution over time of external opinions on the organisation's impacts.

2023 engagement initiatives (GRI 2-29)

NFS

Specifically, the following initiatives took place during 2023:

- Some meetings of the Sustainability Steering Committee;
- Frequent discussions in the Sustainability Working Group;
- Several meetings with the GM/Chairman;
- 2 meetings with the Board of Directors of the Tea Group to validate the Materiality Analysis;
- A meeting of the permanent Coordination Committee of Member Municipalities;

²² CSRD Art. 1 "Amendments to Directive 2016/34/EU" - point 7 "Article 29a is replaced by the following" - paragraph 6.

- A meeting of the permanent Territorial Trade Unions channel;
- 2 meetings of the permanent Environmental associations channel;
- Continuous measurement of the degree of interest and stakeholder expectations for each topic through the rolling surveys.

The materiality and impact analysis

NFS

Preliminary reorganisation of topic names

In 2023, a preliminary reorganisation was carried out on the sustainability topics that form the basis of Tea's materiality analysis, to rationalise any redundancies, group together complementary and related topics, and further simplify the overall structure, also aligning the naming of topics with the terminology of the European Taxonomy and the new European Sustainability Reporting Standards (ESRS). The reorganisation is summarised in the table below:

Table 1 – Correlation between ESG 2022 topics and ESG 2023 topics			
GRI Disclosure (Tea NFS 2022)	Tea Topic Names - NFS 2022	ESRS Naming	Renaming of Tea Topics
3-3; 302 - 1, 3, 4	Energy efficiency and renewable energy	Climate Change	Climate Change - energy consumption and emissions
3-3; 201 - 2	Climate change adaptation		
3-3; 305 - 1, 2, 3, 4, 5	Atmospheric Emissions		
3-3	Efficient control and management of plants and networks		
3-3 305 - 7	Other Significant Emissions	Pollution	Use or emission of harmful substances
304 - 1, 2, 3, 4	Protection of the local region and biodiversity	Biodiversity and ecosystems	Biodiversity and ecosystems
3-3; 303 - 1, 2, 3, 4, 5	Responsible water resource management	Water and marine resources	Water resources
3-3; 306 - 1, 2, 3, 4, 5	Production and management of waste	Use of resources and circular economy	Waste and circular economy
3 - 3	Transition to a circular economy		
3-3; 403 - 1, 2, 3, 4, 5, 6, 7, 8, 9	Occupational Health and Safety	Own workforce	Development, safety and inclusion of human resources
3-3; 404 - 1, 3	Development and promotion of human resources		
3-3; 405 - 1, 2; 406 - 1	Diversity, inclusion and equal opportunity		
3-3; 401 - 2, 3	Welfare and Well-being at work		
3-3; 402 - 1	Engagement with trade unions		
3-3; 204 - 1; 407 - 1	Sustainable development of the supply chain	Workers in the value chain	Workers and sustainability in the value chain
3 - 3; 412 - 3	Protection of human rights		
3-3; 201 - 1, 207-1, 2, 3, 4	Creation of shared value for stakeholders	Communities involved	Local communities

Table 1 – Correlation between ESG 2022 topics and ESG 2023 topics

GRI Disclosure (Tea NFS 2022)	Tea Topic Names - NFS 2022	ESRS Naming	Renaming of Tea Topics
3-3; 413 - 2	Focus on the needs of local communities		
3 - 3	Sustainability communication and education		
3-3; 417 - 3, 418 - 1, 3 - 3	Customer relations	Consumers and end users	Customer and consumer relations
3-3; 416 - 2, 3 - 3	Service quality, efficiency and reliability		
3 - 3	Sustainability Governance	Operation of the Company	Transparency, ethics and legality of the company
3 - 3; 205 - 1, 2, 3	Ethics, Integrity and Anti-corruption		

The new names of the sustainability topics were implemented also on the digital questionnaires of the rolling survey, on internal documents, on the most important permanent channels of dialogue with stakeholders and in the dialogue with financial institutions.

The 2023 Analysis (GRI 2-25; GRI 201-2, GRI 306-1)

During 2023, the material topics for the Tea Group were newly assessed by the organisation's management, by examining the opinions collected in the engagement campaigns and the rolling surveys, the points brought up in the permanent round tables, experts' indications in the study on the regulatory changes in sector requirements (for the Tea Group's business sectors) required in the available documents issued by the entities issuing sustainability standards (GSSB-IFRS-EFRAG).

For the impacts generated by the organisation (inside-out), the management's assessment and the results of the rolling survey, established in line with the "listening" procedure aligned with the previous standard (GRI 2016) were taken into account. Specifically, though the importance of the rolling survey decreased compared to the more in-depth process of strategic dialogue with experts and relevant stakeholders required by the new standards of engagement (GRI 3 - 2021), the survey is still a form of ongoing consultation that is kept operational, and recorded 71 questionnaires filled out in 2023.

In 2023, the process of approaching the principles of "Dual Materiality" continued. The assessment of actual or potential ESG impacts generated by the company to identify the material topics was joined by a "second view", estimating the (current or future) financial impacts experienced by the Tea Group in relation to ESG topics, based on the seriousness and probability of those impacts on the value of the organisation.

For the financial impacts experienced by the organisation (outside in), analysed in terms of risks and opportunities, the dialogue launched for the NFS 2022 was updated, once again involving the representatives of the leading banks with which the Tea Group has consolidated dealings. The assessment by this qualified panel was formalised through digital questionnaires filled out on a section of the website dedicated to "investors' opinions". This engagement activity involved 7 banks for a total of 12 representatives.

The table below shows a summary of the materiality analysis conducted by Tea in 2023 on the impacts of each ESG topic, conducted based on the results of stakeholder engagement activities. The impacts were assessed by assigning them values from 1 to 5, to identify the topics with a score higher than 3 as the material topics to be reported.

Table 2 – Analysis of impacts experienced and generated by Tea

ESG topic	Relevance of the impact	Impacts generated (inside out)	Financial relevance	Impacts experienced (outside in)
<p>Water resources</p>	<p>••••</p>	<p>Direct</p> <ul style="list-style-type: none"> Water crises due to: insufficient network capacity for peak demand, sudden plant failures, pipe breaks Release into the environment of water discharges that are not compliant with authorised parameters due to anomalies of the plants Damage to property and the environment due to flooding caused by the bursting of drinking water pipes or the inadequacy of sewerage networks to cope with heavy rainfall Pollution of soil, subsoil and/or surface water bodies due to abnormal overflows from sewerage overflows, abnormal discharges to sewers, or deficiencies in the purification process Wasted water due to network losses exceeding the physiological minimum or due to process and/or plant inefficiencies <p>Indirect</p> <ul style="list-style-type: none"> Water collection wells, even if placed in the deep aquifer, can exacerbate the environmental impacts of scarcity in water-stressed areas of the areas served by the organisation 	<p>••••</p>	<p>Positive</p> <ul style="list-style-type: none"> Return on investment in the water cycle, even in the long term, thanks to cost reductions in network efficiency, reduced losses and energy consumption, and improved water quality The parameters of low water consumption are evaluated in the corporate ESG profile considered by lending institutions in assigning financial ratings that influence costs and opportunities to access capital <p>Negative</p> <ul style="list-style-type: none"> The massive investments required for the extensions and upgrades of networks and plants, especially of the most obsolete sewerage networks and sewerage treatment plants, generate a negative financial impact with reduced cash flow for the organisation Delayed investments cause a concrete deterioration in the Group's creditworthiness and financial costs due to the failure to align networks and plants of the integrated water cycle with the technical screening criteria of the EU Taxonomy
<p>Climate Change - energy consumption and emissions</p>	<p>••••</p>	<p>Direct</p> <ul style="list-style-type: none"> As a result of improved energy efficiency in the company's plants, risks deriving from climate change can be more effectively prevented The organisation's development of skills, projects and investments in energy efficiency promotes the creation of CERs (Renewable Energy Communities) in local communities in the regions served by Tea The quality of company initiatives and projects for preventing and combating the effects of climate change has an important impact on the well-being of local communities because it affects the possibility of reducing the damage of natural disasters – especially floods, landslides, droughts and fires – through the improvement of drinking water and wastewater, energy and waste cycle management infrastructure 	<p>••••</p>	<p>Positive</p> <ul style="list-style-type: none"> Positive results in the organisation's emission reduction policies are rewarded by opportunities for better access to financial credit, which is increasingly commensurate with each company's assessment of its direct and indirect emissions, and the quality and volume of investments included in reduction plans Growing public awareness of climate change issues, and consequently of emission reduction policies, favours the creation of new development opportunities for corporate projects aimed at investing in green technologies, even in areas traditionally hostile to new industrial settlements Improved energy efficiency and the development of renewable energy offer increasing new business opportunities for the organisation Effective management of the issue allows for the improvement of the ESG profile considered for the assignment of the

Table 2 – Analysis of impacts experienced and generated by Tea

ESG topic	Relevance of the impact	Impacts generated (inside out)	Financial relevance	Impacts experienced (outside in)
		<p>Indirect</p> <ul style="list-style-type: none"> The emission of pollutant substances and gases by fossil-fuelled and/or inefficient company plants cause GHG emissions that contribute to worsening the effects of climate change, including in the areas served by the company The development of investments in new renewable energy sources by the organisation generates positive economic impacts on local communities over time in terms of shared value and opportunities for growth in innovative and more environmentally sustainable activities, including through the attraction of public funding The considerable weight of the Tea Group's value chain in the economies of local communities gives the organisation's investments in adapting to climate change a possible boosting effect on the development of new initiatives and projects in the areas served by other economic or social actors The development of Tea's services in the field of Smart Cities can improve the opportunities for tourism and the growth of projects and initiatives for better use of cities, urban regeneration and technological innovation 		<p>financial rating with increased access to bank capital/financing (including unsecured)</p> <ul style="list-style-type: none"> Reduction of the cost of financing by lending institutions for energy efficiency and supply from renewable sources Reduction in energy procurement costs due to increased company energy autonomy and better management of the risk of fluctuating energy market prices Positive financial impact for the creditworthiness and financial rating attributed to the Tea Group's investments that increase the resilience of technologies and processes through high levels of innovation and sustainability, including through diversification in supply sources, redundancy and interoperability of networks and plants, reduction of energy requirements and integrability and disaster recovery of systems Positive impact on the internal climate and employee productivity due to the effects on well-being and quality of life in their areas of residence Potential opportunities for new business development with services in the field of electric mobility, video surveillance, etc. that can be conveyed via the infrastructure managed by the Tea Group, allowing high levels of operational synergies with positive impacts on the commercial competitiveness of the network services provided by the company <p>Negative</p> <ul style="list-style-type: none"> Reducing emissions in the medium or short term requires significant investments in plant reconversions, replacement of fossil sources in distribution networks, conversion of construction equipment and means of transport, renovation of properties and infrastructure, which can only be quickly amortised on a very large economic and industrial scale, so companies with high emissions but medium or small size may have financial impacts that are difficult to sustain Possible deterioration of the creditworthiness and financial costs of companies with high carbon footprints and low sustainability indicators in emissions and managed technologies, which also cause misalignments with the technical screening criteria of the EU Taxonomy for the classification of environmentally sustainable activities

Table 2 – Analysis of impacts experienced and generated by Tea

ESG topic	Relevance of the impact	Impacts generated (inside out)	Financial relevance	Impacts experienced (outside in)
				<ul style="list-style-type: none"> The major investments required for the conversion of energy sources increase the organisation's financial burden and require rapid commercial expansion to be sustainable in the medium term Negative financial impact on the creditworthiness and financial rating of the company's businesses and processes with poor climate change adaptation, where even meeting the technical screening criteria for the EU Taxonomy eco-sustainability qualification requires significant investments in upgrades and conversions Negative impacts on cash flow of high investment costs and lack of tax incentives or economic subsidies from local, national and EU institutions
<p>Use or emission of harmful substances</p>	<p>••••</p>	<p>Direct</p> <ul style="list-style-type: none"> The company's plants cause significant emissions of pollutants and greenhouse gases (GHG) into the atmosphere, compromising the air quality <p>Indirect</p> <ul style="list-style-type: none"> Emissions of pollutants and greenhouse gases (GHG) into the atmosphere lead to calamitous weather events, with serious economic, social and environmental damage also on the regions served by the organisation 	<p>••••</p>	<p>Positive</p> <ul style="list-style-type: none"> Positive results in the organisation's policies for reducing climate altering emissions are rewarded by opportunities for better access to financial credit, which is increasingly commensurate with each company's assessment of its direct and indirect emissions, and the quality and volume of investments included in reduction plans <p>Negative</p> <ul style="list-style-type: none"> Reducing emissions in the medium or short term requires significant investments in plant reconversions, which can only be amortised on a very large economic and industrial scale, so companies with high emissions but medium or small size may have financial impacts that are difficult to sustain

Table 2 – Analysis of impacts experienced and generated by Tea

ESG topic	Relevance of the impact	Impacts generated (inside out)	Financial relevance	Impacts experienced (outside in)
Waste and circular economy	••••	<p>Direct</p> <ul style="list-style-type: none"> • Poor waste management in company plants can cause pollution due to leachate leaks or breaks in the wastewater and/or rainwater collection network • A delay in the development of alternatives to landfilling undifferentiated waste or non-recoverable products derived from the treatment of non-compliant separated fractions generates significant environmental impacts in the area, and a continuous increase in service costs for the public <p>Indirect</p> <ul style="list-style-type: none"> • Poor management of waste collection processes can facilitate the dispersion and/or accumulation of waste in the environment and the pollution of the areas served by the organisation • Maintaining corporate investments and projects in environmental communication encourages the growth of a culture of sustainability in local communities, reducing costs for the public and improving the quality of the city • The poor development of product and waste recovery and recycling by the organisation over time generates a deterioration in the quality of the behaviour of customers of waste management services, with a decline in the quantity and quality of waste sorting and an increase in the phenomena of illegal waste dispersal 	••••	<p>Positive</p> <ul style="list-style-type: none"> • Greater efficiency in waste collection reduces costs for users, which leads to better opportunities for municipalities to maintain and extend service concessions to Tea • The percentage of recycled material put back into circulation together with waste is a parameter of the ESG profile assessed by lenders for the assignment of the financial rating that governs access to capital • An active role of the company in the development of new circular economy processes allows it to maintain its market leadership in the provision of waste cycle management services in the Mantova area and to acquire new business opportunities in adjacent markets and regions <p>Negative</p> <ul style="list-style-type: none"> • Possible complaints from local communities and penalties from the authorities for the accumulation of non-standard products in waste treatment plants or for the accumulation of uncollected waste in the areas served • A development of new circular economy processes can put the disposal services sold by the company out of the market if it does not keep up with the innovation of its recovery and recycling facilities and technologies
Biodiversity and ecosystems	•••	<p>Direct</p> <ul style="list-style-type: none"> • Poor control of the matter in the management of company networks and plants can cause significant negative impacts on the area served due to fuel or lubricant spills, leaks from pipes, tanks or storage, anomalies or malfunctions in plants or processes, with fires, explosions, emissions or polluting emissions • The maintenance of facilities within or adjacent to protected 	••	<p>Positive</p> <ul style="list-style-type: none"> • A high degree of sustainability in the management of the company's impacts on the local area generates acceptance by local communities of the establishment and development of the organisation's operations • Concrete land and biodiversity protection policies improve access to public financing and the creditworthiness granted by financial institutions <p>Negative</p>

Table 2 – Analysis of impacts experienced and generated by Tea

ESG topic	Relevance of the impact	Impacts generated (inside out)	Financial relevance	Impacts experienced (outside in)
		<p>natural areas generates pollution risks, environmental issues and negative impacts on flora and fauna</p> <p>Indirect</p> <ul style="list-style-type: none"> Participation in actions to protect the territory as competitive leverage 		<ul style="list-style-type: none"> Damage to the environment by company assets lead to significant penalties imposed by authorities, loss of customers in the area, hostility from local communities, worsening of the possibilities and costs of access to financial capital
<p>Development, safety and inclusion of human resources</p>	<p>••••</p>	<p>Direct</p> <ul style="list-style-type: none"> The development and updating of the company's human resources generates improvements in the quality of services to the area, especially in the efficiency of customer care services, work on networks, and personal or business services A state-controlled company, which is perceived as a community asset, generates consensus in the area served if it demonstrates that it dedicates the right resources to the welfare of its employees without offering excessive privileges to management <p>Indirect</p> <ul style="list-style-type: none"> The professional growth of company human resources can also contribute to the development of better skills and new projects in the regions where people live or where the Group's services are provided Inclusion and equal opportunities in the recruiting of a public company contribute to promoting social cohesion and the development of the communities served The greater or lesser well-being of the employees of an important company in the area is also reflected in the quality of services provided to people and businesses, and can positively or negatively affect the economic and social resilience of communities during crises 	<p>•••</p>	<p>Positive</p> <ul style="list-style-type: none"> Efficient monitoring of the issue makes the company more attractive to potential new talent and increases retention of qualified personnel, decisive for the group's future growth Inclusion and diversity in the company's workforce enriches the corporate culture and increases its ability to recruit new talent and meet the demands of change in its services Improvement of the financial rating for higher ESG profiles, especially where there is a high proportion of women in the management ranks A high social sustainability rating for employees contributes to better access to financing conditions and new credit opportunities Better bargaining power in the labour market to remunerate top professionals and increase retention capacity <p>Negative</p> <ul style="list-style-type: none"> Rapid obsolescence in the organisation's processes and services due to delays or shortcomings in human resource training and development
<p>Workers and sustainability in the value chain</p>	<p>••••</p>	<p>Direct</p> <ul style="list-style-type: none"> The selection and qualification of suppliers by the Tea Group based on ESG values entails risks of initial penalisation towards smaller local companies competing with larger external companies 	<p>•••</p>	<p>Positive</p> <ul style="list-style-type: none"> The focus on the sustainability of the company's suppliers contributes to the enrichment of the corporate culture and improves the quality of its processes and the competitiveness of its services An ESG-qualified supply chain is an increasingly important factor for banking

Table 2 – Analysis of impacts experienced and generated by Tea

ESG topic	Relevance of the impact	Impacts generated (inside out)	Financial relevance	Impacts experienced (outside in)
		<ul style="list-style-type: none"> Harmful repercussions on the quality of services provided by the Group to local communities if there is no systematic and efficient control of the conformity and suitability of products, materials, supplier performance and ESG sustainability in procurement processes <p>Indirect</p> <ul style="list-style-type: none"> In the medium term, the company's encouragement of local suppliers to improve their sustainability contributes to generating a growth in the competitiveness of the businesses and the local economy An active company policy on this matter vis-à-vis its contractors and subcontractors can positively influence the processes of counteracting the worsening of working conditions by the relevant bodies and local institutions 		<p>institutions assessing the financial rating of companies, and enables better conditions for access to credit and financing</p> <ul style="list-style-type: none"> The protection of human rights is increasingly important in banking institutions' ESG rating processes for the determination of creditworthiness and financing conditions <p>Negative</p> <ul style="list-style-type: none"> The management of an ESG qualification and control system for the organisation's complex supply chain entails high costs, especially in the first phase of helping critical suppliers to achieve compliance, particularly in network and plant maintenance contracts where the compartmentalisation of companies and competencies is more widespread Strict enforcement of human rights protection can lead to the exclusion of the most competitive suppliers, especially in labour-intensive product sectors, resulting in higher procurement costs
<p>Local communities</p>	<p>••••</p>	<p>Direct</p> <ul style="list-style-type: none"> An attentive management of the issue by Tea Società Benefit creates increased opportunities for local communities to support social and voluntary activities, and, especially for smaller municipalities, increased opportunities to share sustainable development projects (new innovative services etc.), and to participate in structured applications for public funding Reduced sharing of resources allocated to policies supporting the area served weakens social cohesion and development opportunities of local communities <p>Indirect</p> <ul style="list-style-type: none"> The company's focus on the municipalities served generates an increase in their ability to influence the development of the organisation's strategies and general choices, even when they are not shareholders An unequal sharing of resources in the areas served fosters the weakening of opportunities for growth and improvement of local communities over time 	<p>•••</p>	<p>Positive</p> <ul style="list-style-type: none"> Tea's focus on communities can generate better willingness on the part of local authorities to facilitate the establishment of new plants or other environmentally-sustainable initiatives by the company in their areas, even when these investments do not offer job increases The constant creation of shared value with members and the community has a strategic impact on the organisation's ability to develop operations and commercial growth <p>Negative</p> <ul style="list-style-type: none"> If poorly managed, a focus on communities can generate negative financial and operational impacts on the company, for example by participating in municipal projects that are more oriented towards mere electoral consensus than the rationality and sustainability of the requested investments Mismanagement of the processes of disbursement of donations and contributions to communities can generate reputational damage, unproductive costs and commercial weakness

Table 2 – Analysis of impacts experienced and generated by Tea

ESG topic	Relevance of the impact	Impacts generated (inside out)	Financial relevance	Impacts experienced (outside in)
Customer and consumer relations	••••	<p>Direct</p> <ul style="list-style-type: none"> The attention that the company devotes to the quality of the relationship with its customers, to measuring their satisfaction, and to continually adapting to the needs and expectations expressed or identified, generates a concrete improvement in the services provided to individuals, businesses and local communities The quality and efficiency of the service generates positive impacts on the quality of life of customers <p>Indirect</p> <ul style="list-style-type: none"> Tea's competitive advantage, especially in liberalised services, is its extensive network of brick-and-mortar customer service points throughout the region, which contributes to improving accessibility to services and information especially for the more vulnerable segments of the population in smaller municipalities 	••••	<p>Positive</p> <ul style="list-style-type: none"> Thanks to word of mouth, high customer satisfaction standards promote the company's commercial growth, especially in the liberalised electricity and gas sectors The high NPS (Net Promoter Score) scores achieved by the company are important for earning high rankings in the relevant markets and in the financial world While requiring constant investment, over time the quality and efficiency of the service generates a reduction in operating costs for the company because it reduces anomalies, breakdowns, complaints, tariff penalties, administrative sanctions, loss of contracts and business opportunities <p>Negative</p> <ul style="list-style-type: none"> A less intensive focus on customers, even in services that are not fully liberalised (water, waste management, etc.), can have significant commercial repercussions for the company, with cancellations of free market energy sales contracts
Transparency, ethics and legality of the company	••••	<p>Direct</p> <ul style="list-style-type: none"> Misconduct by the company in tendering procedures damages the quality of services provided to public contracting authorities and the communities where these services are provided <p>Indirect</p> <ul style="list-style-type: none"> A lack of anti-corruption oversight in the company damages competition in the markets and limits the economic growth of the regions where the organisation conducts its operations Ethical degeneration in the company's purchasing and sales processes inevitably fosters a progressive loss of competitiveness and efficiency in the economic actors participating in the value chain upstream and downstream of the organisation 	•••	<p>Positive</p> <ul style="list-style-type: none"> The active prevention of corruption generates a positive financial effect linked to the improvement of the company's reputation <p>Negative</p> <ul style="list-style-type: none"> Negative financial effect in the event of a failure in terms of the ESG profile considered by banks Reduction in the value of corporate assets and increased procurement and sales costs Economic damage resulting from fraud or unauthorised transactions Possible administrative liability under Italian Law 231/2001

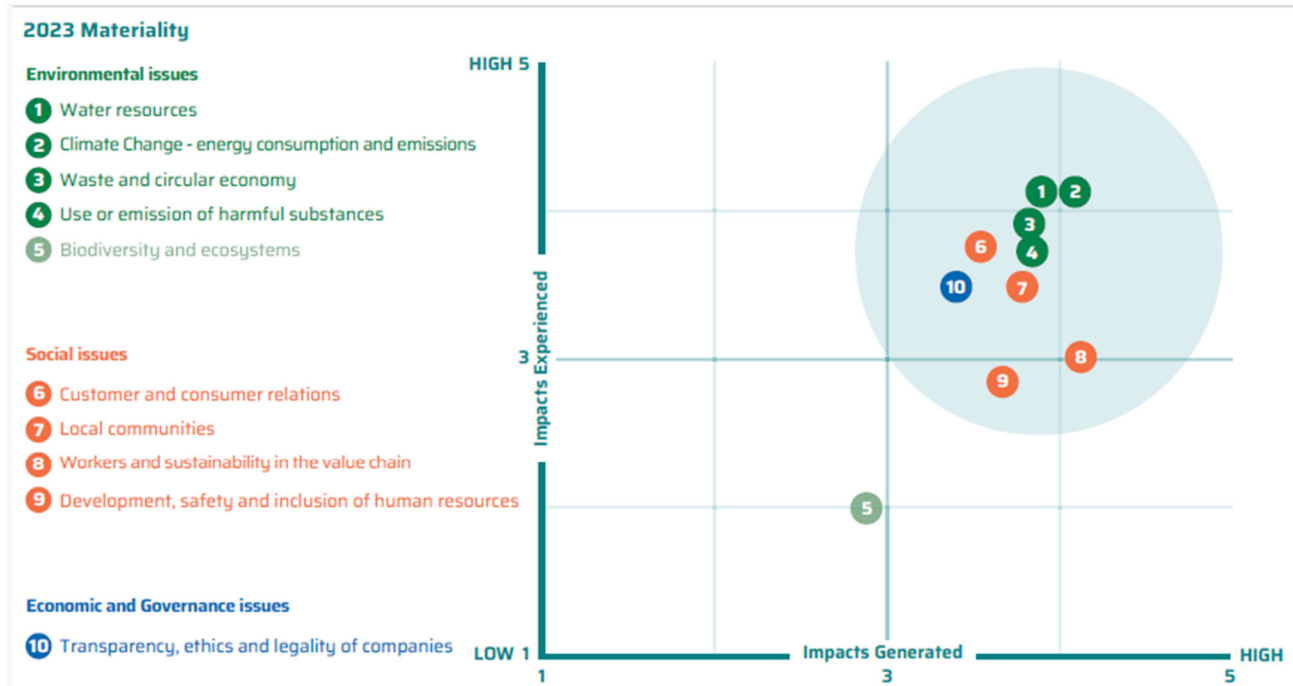
The material topics for Tea (GRI 3-2)

Taking into account the internal assessments of the scenario, the dialogue with experts and the results of the engagement activities in 2023, the organisation completed the materiality analysis on all relevant ESG topics, defining the list of material topics that forms the basis of the sustainability reporting process in the 2023 NFS.

The Board of Directors of Tea s.p.a. BC approved the 2023 Materiality Analysis at its meeting on 13.12.2023.

In defining the material topics, the analysis showed the significant prevalence of the impacts generated and experienced as a result of almost all environmental topics, and a significant amount of impacts of social topics.

The materiality thresholds of the impacts generated and experienced by the organisation, deriving from the materiality analysis conducted in 2023 and approved by Tea's top governance body are shown in the charts below.



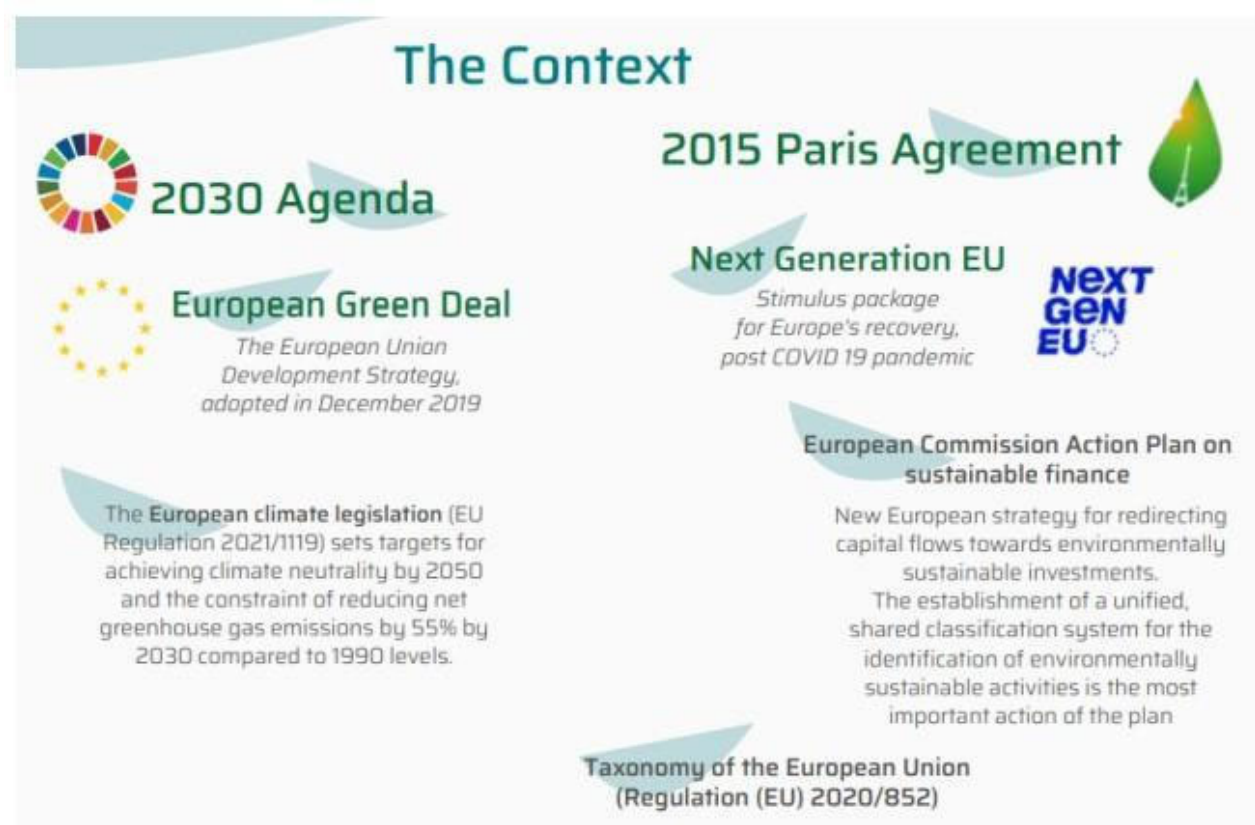
4. Environmental information

Disclosure on EU Taxonomy

NFS

The EU has taken on a leading role in the global process of reducing greenhouse gas (GHG) emissions to counteract the effects of climate change, consistent with the guidelines of the UN 2030 Agenda and the 2015 Paris Agreement, setting a target of a 55% reduction of GHG by 2030 (1990 baseline) in order to achieve climate neutrality by 2050.

With the "Taxonomy of Environmentally Sustainable Activities", the European Union has devised a policy for orienting investments and lending to accelerate the actions of companies and institutions at all levels, using economic leverage as a tool to incentivise the development of the production of energy from renewable sources and to penalise the use of energy from fossil sources.



The Tea Group is aware of the importance of adjusting calculation and reporting methods on the environmental sustainability of economic activities of all EU businesses in compliance with the EU Taxonomy adopted by European institutions as compulsory for all Member Countries.

This approach must enable citizens, investors and financial markets to objectively assess companies and their economic activities, including on the basis of new social and environmental sustainability principles that are now an essential component in determining the soundness of the value generated by companies.

Regulation (EU) 2020/852

The "EU Taxonomy Regulation", published in the Official Journal and entered into force on 12 July 2020, defines standard criteria valid throughout the EU to identify economic activities that can be considered "environmentally sustainable" and that, based on their weight in the total assets of each non-financial company, define a new strategic risk component for the assessment of the "creditworthiness" of each company vis-à-vis lending institutions.

In turn, the EU rating of each financial institution is also supplemented by an assessment of the weight of its loans to companies with a higher proportion of environmentally sustainable activities, and therefore non-financial companies

are prompted to undertake investment and growth in environmentally sustainable technologies and processes in order to reduce their financial expenses and improve their chances of accessing the capital market and bank credit.

The following entities are obliged to comply with the EU Taxonomy:

- all market participants offering financial products in the EU, including pension system operators;
- all Companies subject to the obligation to publish a non-financial statement (NFS), in accordance with the provisions of Directive 2014/95/EU, transposed in Italy by Legislative Decree 254/2016;
- all EU Member States (which have to set obligations and standards for financial market participants).

Environmental Objectives

Article 9 of Regulation (EU) 2020/852 defines 6 environmental objectives:

- a. climate change mitigation (CCM);
- b. climate change adaptation (CCA);
- c. the sustainable use and protection of water and marine resources (WTR);
- d. transition to a circular economy (CE);
- e. pollution prevention and control (PPC);
- f. protection and restoration of biodiversity and ecosystems (BIO).

Taxonomy-Eligible Activities

For an economic activity to be recognised as “Eligible” for qualification as environmentally sustainable pursuant to the Taxonomy, it must be included, in its type, under the activities listed in the annexes to Delegated Regulations (EU) 2021/2139 and 2023/2486 (which supplement Regulation (EU) 2020/852, setting out technical screening criteria for the alignment of each activity with the environmental sustainability requirements established by the 6 EU environmental targets).

The European regulation has established a process for the progressive entry into force of the overall obligations required of companies, in which for 2022 companies subject to the NFS publication obligation, including the Tea group, were asked to report three KPIs – their share of Revenues, CapEx and OpEx (values of turnover, investments and operating expenses) with respect to the total value of these items in the company’s financial statements, that are generated by “Taxonomy-Eligible” activities according to the first 2 environmental targets CCM and CCA - Climate change mitigation and Climate change adaptation - indicated in the annexes to EU Delegated Regulation 2021/2139.

In 2023, the path of implementing European regulatory requirements continued with the introduction of the obligation, for companies required pursuant to the previous point, to report their share of Revenues, CapEx and OpEx (values of turnover, investments and operating expenses) with respect to the total value of these items in the company’s financial statements, that are generated by “Taxonomy-Eligible” activities pursuant to all 6 environmental targets of the European Taxonomy (see the previous section).

In compliance with what is set forth above, the Tea Group has updated the analysis published in the 2022 NFS, by extending the scope of activities evaluated as eligible, to the new activities added to the list of the EU Taxonomy by Delegated Regulations (EU) 2022/1214 and 2023/2485 (issued subsequent to the publication of Tea’s 2022 NFS), as well as the new activities that were not found to be eligible pursuant to the first 2 environmental targets CCM and CCA, but which were found to be included in eligible activities pursuant to at least one of the 4 new environmental targets WTR, CE, PPC, BIO according to what is set forth in Delegated Regulation (EU) 2023/2486. Overall, the following activities included in the Tea Group’s operations were identified as eligible (**Table 1**):

Table 1 – EU Taxonomy: 2023 Eligible Activities						
Environmental targets art. 9 EU Regulation 852/2020	CCM	CCA	WTR	CE	PPC	BIO
Eligible activities on one of the CCM and CCA environmental targets						
Electricity generation using solar photovoltaic technology	4.1	4.1				
Electricity generation from hydropower	4.5	4.5				
District heating/cooling distribution	4.15	4.15				
Production of heat/cool from fossil gaseous fuels in an efficient district heating and cooling system	4.31	4.31				
Construction, expansion and operation of water collection, treatment and supply systems	5.1	5.1				
Construction, expansion and operation of wastewater collection and treatment systems	5.3	5.3				
Collection and transport of non-hazardous waste in source segregated fractions	5.5	5.5				
Anaerobic digestion of bio-waste	5.7	5.7				
Composting of bio-waste	5.8	5.8				
Transport by motorbikes, passenger cars and light commercial vehicles	6.5	6.5				
Freight transport services by road	6.6	6.6				
Infrastructure enabling low-carbon road and public transport	6.15	6.15				
Renovation of existing buildings	7.2	7.2				
Installation, maintenance and repair of energy efficiency equipment	7.3	7.3				
Installation, maintenance and repair of charging stations for electric vehicles in buildings (and in the parking spaces attached to buildings)	7.4	7.4				
Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling the energy performance of buildings	7.5	7.5				
Installation, maintenance and repair of renewable energy technologies	7.6	7.6				
Data processing, hosting and related activities	8.1	8.1				
Eligible activities on one of the WTR, CE, PPC and BIO environmental targets²³						
Water supply			2.1			
Urban Waste Water Treatment			2.2			
Collection and transport of non-hazardous and hazardous waste				2.3		
Recovery of bio-waste by anaerobic digestion or composting				2.5		
Renovation of existing buildings				3.2		
Maintenance of roads and motorways				3.4		
Collection and transport of hazardous waste					2.1	
Remediation of contaminated sites and areas					2.4	

²³ Please note that the economic values (of turnover, CapEx and OpEx) of the activities found to be eligible pursuant to environmental targets WTR, CE, PPC, BIO were integrated in 2023 reporting, therefore they are included in the total values in the graphs of the KPIs of eligible activities of the Tea Group shown below

How the KPIs are calculated

Annex I of Delegated Regulation (EU) 2021/2178, as amended by art. 5 of Delegated Regulation 2023/2486, sets out how to calculate the “Key Performance Indicators (KPIs) of non-financial undertakings”, relating to the activities eligible for the EU Taxonomy, specifying in particular that: “...the turnover shall comprise...the net revenue from sales and services (i.e.): the amounts derived from the sale of products and the provision of services, after deducing sales discounts, value added tax and other taxes directly related to the revenue from sales and services [...] (art. 2, point 5 Directive 2013/34/EU)”.

The numerator in the turnover KPI consists of net revenues from sales and services of the Tea Group connected to eligible and aligned activities. Revenues were allocated by analysing the company's accounting system, particularly identifying for each project the taxonomy activity to which it refers. The following proxies were used:

- a driver on EFPs (Economic and Financial Plans) to attribute a value to activities connected to separated waste collection;
- a driver for laboratory activities linked to the integrated water cycle;
- a driver for district heating to distinguish the proportion linked to distribution from that linked to generation.

The values that contribute to the numerator of the KPI relating to turnover derive from revenues from sales and services of the Group, and IFRIC 12 items relating to activities under concession found to be eligible, excluding all internal and intercompany revenues. The total amount of the aligned numerator is 73.0 million and is broken down as follows:

- 29.4 million in revenues from integrated water cycle activities;
- 22.5 million in revenues from the district heating plant and network;
- 1.1 million in revenues from renewable energy production plants;
- 17.4 million in revenues from the collection and processing of the separated waste fraction;
- 2.6 million in revenues from the installation of systems for energy efficiency control and regulation.

Annex 1 to the Regulation mentioned above also specifies that “[...] Capital expenditures (CapEx) [...] shall cover additions to tangible and intangible assets during the financial year considered before depreciation, amortisation and any re-measurements...and excluding fair value changes... shall also cover additions to tangible and intangible assets resulting from business combinations... Leases that do not lead to the recognition of a right-of-use over the asset shall not be counted as CapEx”.

The numerator of the CapEx KPI derives from the analysis of the asset register and is linked to increases in group investments connected to eligible and aligned activities. CapEx was allocated by analysing the company's accounting system, particularly identifying for each project the taxonomy activity to which it refers. This classification allowed for the ensuing association of each asset with an industrial accounting project and therefore a taxonomy activity. The following proxies were used:

- a driver on EFPs (Economic and Financial Plans) for the proportion of separated collection activities that were to be considered only partially;
- a driver for laboratory activities linked to the integrated water cycle;
- a driver for district heating to distinguish the proportion linked to distribution from that linked to generation.

The values contributing to the CapEx KPI numerator derive from the asset register from which items relating to IFRIC 12 of investments made in public lighting were excluded, as they are classified as financial assets and not tangible or intangible assets. The gross increase items from IFRS 16 were instead included, identifying the eligible economic proportions of leased real estate and vehicles provided as fringe benefits. The total amount of the aligned numerator is 34.3 million and is broken down as follows:

- 25.9 million in investments made in integrated water cycle activities;
- 3.2 million in investments made in the generation plant and the district heating network;
- 1.3 million in investments made in plants for the production of renewable energy;
- 0.5 million in investments made in the fleet and charging systems for plug-in and electric hybrid vehicles;
- 1.4 million in investments in the collection and treatment of waste deriving from the separated fraction;
- 2.0 million in investments in the installation of systems for energy efficiency control and regulation.

The Regulation also establishes that “[...] operating expenses (OpEx) [...] shall cover direct non-capitalised costs that relate to research and development, building renovation measures, short-term lease, maintenance and repair, and any other direct expenditures relating to the day-to-day servicing of assets of property, plant and equipment by the undertaking or third party to whom activities are outsourced that are necessary to ensure the continued and effective functioning of such assets”.

The numerator of the OpEx KPI derives from an analysis of the distinction between daily maintenance and fees for management carried out on specific industrial accounting accounts containing the items just cited. After an initial analysis performed on the specific accounts mentioned above, OpEx was allocated by analysing the industrial accounting system, particularly identifying for each project the taxonomy activity to which it refers. The following proxies were used:

- a driver on EFPs (Economic and Financial Plans) for the proportion of separated collection activities that were to be considered only partially;
- a driver for laboratory activities linked to the integrated water cycle;
- a driver for district heating to distinguish the proportion linked to distribution from that linked to generation.

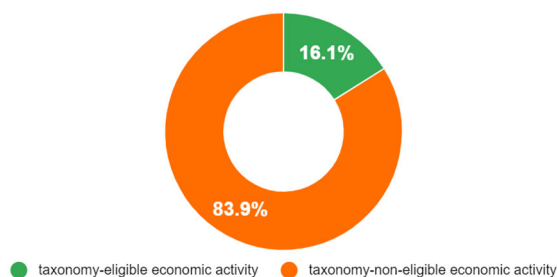
The values contributing to the numerator of the OpEx KPI include only the proportion of daily maintenance on property, plant and equipment carried out on own account or by third parties, building cleaning expenses and moveable asset rental costs. The total amount of the aligned numerator is 2.7 million and is broken down as follows:

- 1.6 million in maintenance performed for integrated water cycle activities;
- 0.5 million in maintenance performed on the generation plant and the district heating network;
- 0.3 million in maintenance performed on the collection and treatment of waste deriving from the separated fraction;
- 0.3 million in maintenance performed on systems for energy efficiency control and regulation.

In accordance with the above criteria, the following charts summarise the Turnover, CapEx and OpEx of the Tea group's eligible activities, shown as a percentage of the total value of the respective economic items on the 2023 Consolidated Financial Statements.

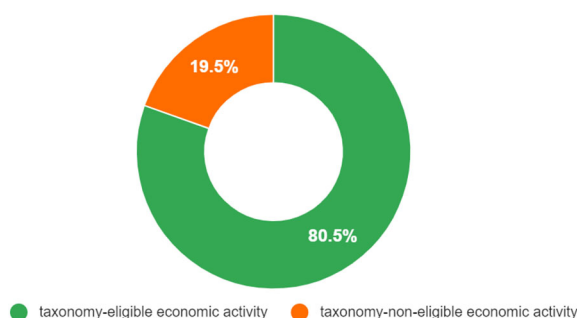
Turnover, CapEx and OpEx: Eligible Activities

Turnover - Eligibility Chart



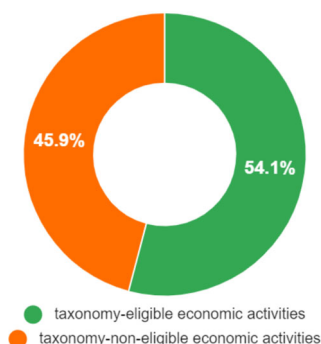
The percentage of “eligible” activities related to Turnover (16.1%) is calculated by including the share of eligible activities included in the item “Revenues” of the 2023 Consolidated Financial Statements in the numerator, excluding the item “Other revenues and income”, and the total value of the same item in the denominator. Intercompany revenues have been excluded from the calculation of the percentage of turnover.

CapEx - Eligibility Chart



The percentage of “eligible” activities (80.5%) relating to capital expenditures (CapEx) is calculated by including in the numerator the share of these activities in the gross additions to tangible and intangible fixed assets, and investment property, excluding structural investments and financial investments, recorded in the 2023 Consolidated Financial Statements, and in the denominator the total value of these gross additions.

OpEx - Eligibility Chart



The percentage of “eligible” activities (54.1%) relating to operating expenses (OpEx) is calculated by including in the numerator the share of eligible activities included in the items “Costs of raw materials, auxiliary materials and consumables”, “Costs of services”, “Personnel costs” and “Other operating costs”, excluding costs attributable to raw materials and staff costs (net of depreciation) in the 2023 Consolidated Financial Statements, and in the denominator the total value of the same item.

Aligned and Non-Aligned Activities

To be declared "Aligned", each Eligible Activity:

- must comply with the technical screening criteria (TSC) for substantial contribution to the achievement of at least one of the six Environmental Objectives;
- must comply with the TSCs for the DNSH (Do No Significant Harm) contribution, which establish under which conditions the activity does not cause significant harm to any of the six environmental objectives;
- is carried out in compliance with the minimum safeguards set out in the OECD Guidelines for Multinational Enterprises and the United Nations Guiding Principles on Business and Human Rights, including the principles and rights set out in the eight ILO (International Labour Organisation) Core Conventions on Fundamental Principles and Rights at Work and the International Bill of Human Rights.

Aligned activities of the Tea group

In the 2022 NFS the Tea group published the verification of the alignment of Eligible Activities after analysing the performance of plants and processes and comparing them with the technical screening requirements set out in Annex I (Climate Change Mitigation) of Delegated Regulation (EU) 2021/2139 adopted pursuant to articles 10, paragraph 3, and 11, paragraph 3, of Regulation (EU) 2020/852.

Subsequently, Regulation (EU) 2021/2139 was supplemented by Delegated Regulations (EU) 2022/2014 and 2023/2485, and Delegated Regulation (EU) 2023/2486 issued the technical screening criteria for substantial contributions and DNSH to the WTR, CE, PPC, BIO environmental targets, thus completing the indication of the requirements that discriminate the alignment or non-alignment of each eligible economic activity with the European Taxonomy's "environmentally sustainable activity" qualification.

As of this reporting year, obliged entities (and thus also the Tea group) must publish in the NFS:

- the assessment of the "alignment" with the technical screening criteria for substantial contribution and for the DNSH contribution of all of its eligible activities, with respect to environmental targets CCM and CCA pursuant to Delegated Regulation (EU) 2021/2139 and the subsequent addition included in Delegated Regulation (EU) 2022/1214;
- the value of the "Aligned" and "Non-Aligned" share of Revenues, CapEx and OpEx of each Eligible Activity pursuant to the previous point.

In order to comply with this publication obligation, in 2023 the Tea Group carried out the following analysis activities for each eligible activity:

- verification of compliance with the technical screening requirements for the substantial contribution to the CCM "Climate Change Mitigation" and CCA "Climate Change Adaptation" objectives of the plants, networks and processes related to each Eligible Activity of the Group;
- analysis of physical risks and DNSH impacts on each of the other environmental objectives.

In particular, with reference to the DNSH of the climate change adaptation objective, the following assumptions were considered for reasons of prudence:

- worst case climate scenario RCP 8.5 of the IPCC (Intergovernmental Panel on Climate Change);
- medium-term (2040-2060) and long-term (2081-2100) time horizon;
- risk rating calculated through the function: exposure of a given asset times the frequency of a given weather event times the impact of that event on a given asset;
- residual risk calculated by also considering the mitigation actions implemented by each Group company in the analysis.

With reference to the obligations relating to the minimum safeguards²⁴ required for compliance with art. 3, letter c) of Regulation (EU) 2020/852, the Group has adopted a Human Rights Protection Policy approved on 14 June 2019, the Code of Ethics and the Zero Corruption Code. For the details, please see the sections of this document "Social information" in the paragraph "Protection of human rights in the value chain" and "Operation of the company".

As can be seen in the charts below, the verification found that in order to avoid double counting, most of Tea Group's EU Taxonomy Eligible Activities were aligned with the CCM "Climate Change Mitigation" objective, except for the activity "Production of heat/cool from fossil gaseous fuels in an efficient district heating and cooling system", which is aligned with the CCA "Climate Change Adaptation" objective.

The analysis also showed that the following eligible activities are not yet aligned:

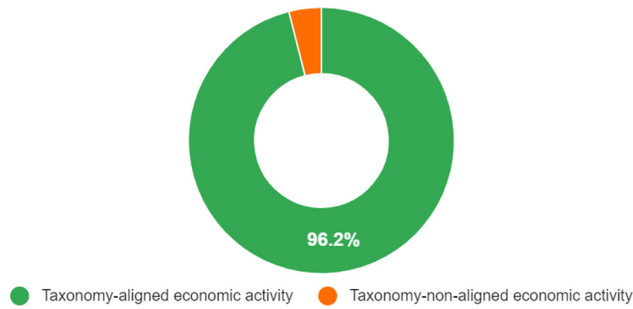
- a share of the sewerage and purification service (activity 5.3 - CCM "Construction, extension and operation of waste water collection and treatment") relating to wastewater treatment plants of less than 2,000 population equivalents (PE), which have net energy consumption per PE still above the value of 35 kWh;
- the share of light and non-electric vehicles in the company fleet not dedicated to Eligible Activities (activity 6.5 - CCM "transport by motorbikes, passenger cars and light commercial vehicles");
- the share of medium and heavy and non-electric vehicles in the company fleet not dedicated to Eligible Activities (activity 6.6 - CCM "Freight transport services by road");

²⁴ Furthermore, with reference to the PAI (Principal Adverse Impacts) indicated by the specifications of the European Commission published in Commission Notice 2023/211 of June 2023, the Tea Group reports in relation to board gender diversity and the gender pay gap in the "Group governance" and "Our human resources" chapters. Please also note that the Group is not involved in the manufacture of controversial weapons.

- renovation of existing buildings (activity 7.2 - CCM “Renovation of existing buildings”) as currently the activity is not compliant with the requirements to be classified as a significant renovation and for aspects linked to reducing the primary energy requirement;
- the activity of the data centre (activity 8.1 - CCM “Data processing, hosting and related activities”), for energy efficiency aspects.

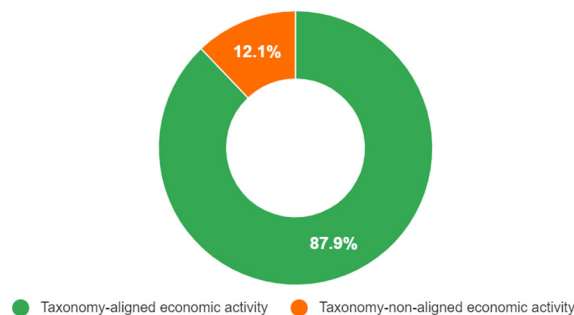
Turnover, CapEx and OpEx - alignment of Eligible Activities

Turnover - Alignment Chart



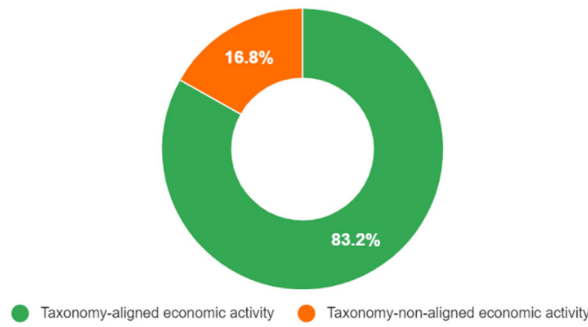
The Group's Eligible Activity Turnover refers for the most part to activities that are Aligned (96.1%), i.e. that meet the technical screening criteria, with the exception of a few minimal shares of activities, such as revenues attributable to waste water treatment plants of up to 2,000 population equivalents (activity 5.3 - CCM) and those deriving from road maintenance (activity 3.4 - CE).

CapEx - Alignment Chart



Capital expenditures (CapEx) on the Group's Eligible Activities are 87.9% concentrated on Aligned Activities, while investments in Non-Aligned Activities are mostly concentrated on waste water treatment plants of up to 2,000 population equivalents (activity 5.3 - CCM), and to a lesser extent on the transport of goods by road (6.6 - CCM), building renovation (7.2 - CCM) and the data centre (8.1 - CCM).

OpEx - Alignment Chart



83.2% of the operating costs (OpEx) related to the Group's Eligible Activities are concentrated on Aligned Activities, while operating costs on Non-Aligned Activities see the largest share referring to Light Vehicles (activity 6.5 - CCM), and a smaller share divided between Waste Water Treatment Plants of up to 2,000 population equivalents (5.3 - CCM), and data centre activities (8.1 - CCM)

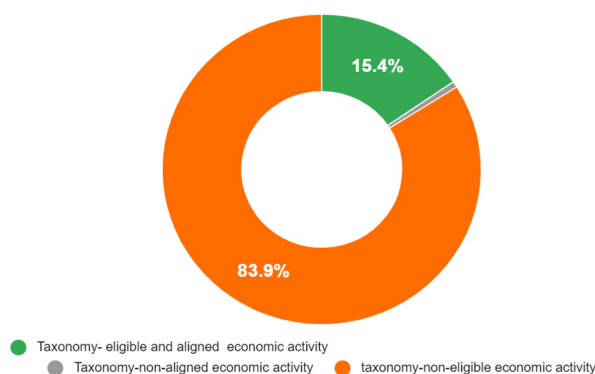
Eligible and aligned activities in relation to non-eligible or eligible but non-aligned activities

Changes in the method of reporting on EU Taxonomy KPIs made by Delegated Regulation (EU) 2023/2486, in point 1), letter d) of Annex V, clarified that also for the OpEx alignment KPI, the denominator refers to the total OpEx for the year, as for the Turnover and CapEx KPIs and not, as previously indicated (in Annex I of EU Delegated Regulation 2021/2178), only the total share of eligible OpEx.

Consistent with the change specified above, for the year 2023, the decision was made to supplement the method for graphically showing the EU Taxonomy alignment KPIs published in the previous year, to also highlight the proportion of Eligible and Aligned activities (or compliant with the technical screening criteria of at least one of the 2 climate change mitigation and adaptation environmental objectives) out of the total of such activities for all three consolidated Turnover, CapEx and OpEx KPIs of the Tea Group.

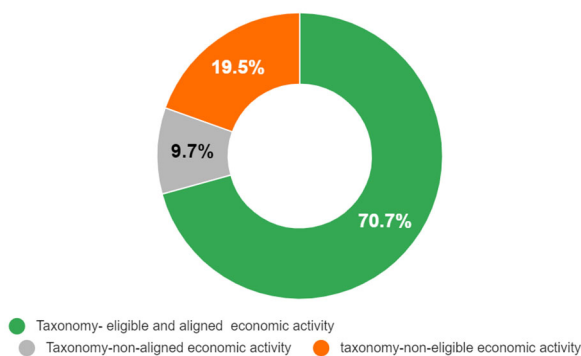
Turnover, CapEx and OpEx - Aligned Activities out of total activities

Turnover - Alignment Chart



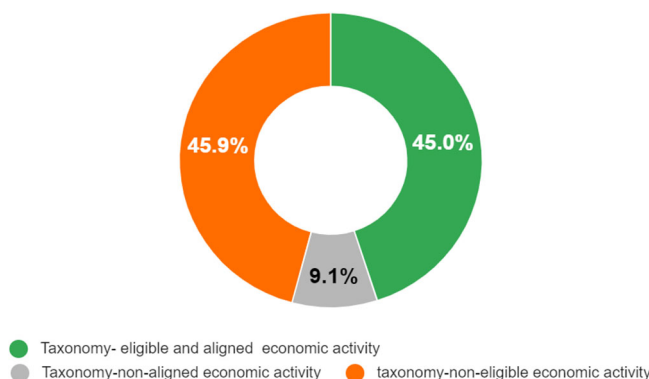
The proportion of Turnover (15.4%) of Aligned activities, out of the total Group activities, includes 96.1% of Eligible activities, with the exclusion of minimal shares of activities, such as revenues attributable to waste water treatment plants of up to 2,000 population equivalents (activity 5.3 - CCM) and road maintenance (activity 3.4 - CE).

CapEx - Alignment Chart



The proportion of CapEx of Aligned activities out of total Group activities includes 87.9% of Eligible activities, while investments in Non-Aligned Activities are mostly concentrated on waste water treatment plants of up to 2,000 population equivalents (activity 5.3 - CCM), and to a lesser extent on the transport of goods by road (6.6 - CCM), building renovation (7.2 - CCM) and the data centre (8.1 - CCM).

OpEx - Alignment Chart



The proportion of OpEx of Aligned activities out of total Group activities includes 83.2% of Eligible activities, while operating costs on Non-Aligned Activities see the largest share referring to Light Vehicles (activity 6.5 - CCM), and a smaller share divided between Waste Water Treatment Plants of up to 2,000 population equivalents (5.3 - CCM), and data centre activities (8.1 - CCM)

KPI reporting tables

The key performance indicators (KPIs) are set forth in the templates included in annex V to Delegated Regulation (EU) 2023/2486, which amends Annex II of Delegated Regulation (EU) 2021/2178, as well as the templates included in Delegated Regulation (EU) 2022/1214 for economic activities in certain energy sectors (i.e., fossil gas and nuclear).

The tables envisaged in the above-mentioned regulations are therefore published below:

- "Proportion of turnover from products or services associated with Taxonomy-aligned economic activities" (Turnover Table);
- "Proportion of CapEx from products or services associated with Taxonomy-aligned economic activities" (CapEx Table);
- "Proportion of OpEx from products or services associated with Taxonomy-aligned economic activities" (OpEx Table);
- Templates regarding nuclear and fossil gas related activities (Templates 1 to 5).

In order to facilitate the reading of the data entered, note the following:

- in the "Economic Activities" column of each of the three tables, the activities of the Tea group are subdivided into the categories Eligible and Aligned (A1), Eligible and Non-Aligned (A2), and Non-eligible (B);

- the columns "Absolute Turnover", "Absolute Capital Expenditures" and "Absolute Operating Expenditures" of the three tables respectively show the total amounts in euros of the Revenues, CapEx and OpEx of each individual activity A1, A2 and B;
- the "Proportion of Turnover" column of the Turnover Table and the "Proportion of Capital Expenditures" column of the CapEx Table respectively show the percentage of turnover and capital expenditures of each individual activity A1, A2 and B with respect to the total amount in euros of turnover and capital expenditures published in the Tea group's 2023 consolidated financial statements;
- the "Proportion of operating expenses" column of the OpEx Table shows the percentage of the allowable operating expenses²⁵ of each individual activity A1, A2 and B with respect to the total amount of the same allowable operating expenses (of all activities A1, A2 and B), as reported in the Tea group's 2023 consolidated financial statements;
- in the "Substantial contribution criteria" section, in the "Climate change mitigation" column of each of the three tables, "Yes" is indicated for all the Eligible Activities that were found to be Aligned following the verification of compliance with the technical screening requirements with the substantial contribution to the CCM Environmental Objective;
- in the "Substantial contribution criteria" section, in the "Climate change adaptation" column of each of the three tables, "Yes" is indicated for all the Eligible Activities that were found to be Aligned following the verification of compliance with the technical screening requirements with the substantial contribution to the CCA Environmental Objective;
- in the "DNSH (Do No Significant Harm) Criteria" section, in the "Climate change mitigation" column of each of the three tables, the "YES/NO" data point is not present because this Objective is satisfied in the substantive requirement, and therefore it is considered satisfied also for the relative DNSH requirements; in the remaining columns referring to the other five Environmental Objectives, for each row of the Aligned Activity the "Yes" data point was inserted when the verification of compliance with the DNSH criteria for the respective Environmental Objective was successful, while the cell remains empty in all cases in which the DNSH criterion is not applicable to the specific activity.

²⁵ Eligible costs include direct non-capitalised costs that relate to research and development, building renovation measures, short-term lease, maintenance and repair, and any other direct expenditures relating to the day-to-day servicing of assets of property, plant and equipment by the undertaking or third party to whom activities are outsourced that are necessary to ensure the continued and effective functioning of such assets.

Turnover Table

Financial year N	2023			Substantial contribution criteria						DNSH criteria ("Does Not Significantly Harm")						Minimum safeguards (17)	Proportion of Taxonomy aligned (A.1.) or -eligible (A.2.) turnover, year N-1 (18)	Category enabling activity (19)	Category transitional activity (20)	
Economic activities (1)	Code ²⁶ (2)	Turnover (3)	Proportion of Turnover, year N (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water (7)	Pollution (8)	Circular economy (9)	Biodiversity (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water (13)	Pollution (14)	Circular economy (15)	Biodiversity (16)					
		EUR	%	Yes; No; N/EL ²⁷	Yes; No; N/EL	Yes; No; N/EL	Yes; No; N/EL	Yes; No; N/EL	Yes; No; N/EL	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	%	A	T	
A. TAXONOMY-ELIGIBLE ACTIVITIES																				
A.1 Environmentally sustainable activities (Taxonomy-aligned)																				
Electricity generation using solar photovoltaic technology	4.1 CCM/CCA	134,444.95	0.03%	Yes	Yes	N/EL	N/EL	N/EL	N/EL		Yes				Yes	Yes	Yes	0.03%		
Electricity generation from hydropower	4.5 CCM/CCA	860,272.65	0.19%	Yes	Yes	N/EL	N/EL	N/EL	N/EL		Yes	Yes					Yes	0.12%		
District heating/cooling distribution	4.15 CCM/CCA	6,966,035.96	1.54%	Yes	Yes	N/EL	N/EL	N/EL	N/EL		Yes	Yes	Yes			Yes	Yes	1.32%		
Production of heat/cool from fossil gaseous fuels in an efficient district heating and cooling system	4.31 CCM/CCA	12,323,617.48	2.73%	No	Yes	N/EL	N/EL	N/EL	N/EL	Yes		Yes	Yes			Yes	Yes	N/A		
Construction, expansion and operation of water collection, treatment and supply systems	5.1 CCM/CCA	15,543,088.22	3.44%	Yes	Yes	No	N/EL	N/EL	N/EL		Yes	Yes				Yes	Yes	6.52%		
Water supply	2.1 WTR	15,543,088.22*	3.44%*	Yes	Yes	No	N/EL	N/EL	N/EL		Yes	Yes				Yes	Yes	N/A		
Construction, expansion and operation of wastewater collection and treatment systems	5.3 CCM/CCA	13,900,997.56	3.08%	Yes	No	No	N/EL	N/EL	N/EL		Yes	Yes	Yes			Yes	Yes	0.54%		
Urban Waste Water Treatment	2.2 WTR	13,900,997.56*	3.08%*	Yes	Yes	No	N/EL	N/EL	N/EL		Yes	Yes	Yes			Yes	Yes	N/A		
Collection and transport of non-hazardous waste in source segregated fractions	5.5 CCM/CCA	17,349,680.76	3.84%	Yes	Yes	N/EL	N/EL	No	N/EL		Yes			Yes		Yes	Yes	3.08%		
Collection and transport of non-hazardous and hazardous waste	2.3 CE	17,349,680.76*	3.84%*	Yes	Yes	N/EL	N/EL	No	N/EL		Yes			Yes		Yes	Yes	N/A		
Anaerobic digestion of bio-waste	5.7 CCM/CCA	52,522.81	0.01%	Yes	Yes	N/EL	N/EL	No	N/EL		Yes	Yes	Yes			Yes	Yes	0.00%		
Recovery of bio-waste by anaerobic digestion or composting	2.5 CE	52,522.81*	0.01%*	Yes	Yes	N/EL	N/EL	No	N/EL		Yes	Yes	Yes			Yes	Yes	N/A		
Composting of bio-waste	5.8 CCM/CCA	17,985.81	0.00%	Yes	Yes	N/EL	N/EL	No	N/EL		Yes		Yes			Yes	Yes	0.00%		
Recovery of bio-waste by anaerobic digestion or composting	2.5 CE	17,985.81*	0.00%*	Yes	Yes	N/EL	N/EL	No	N/EL		Yes		Yes			Yes	Yes	N/A		
Transport by motorbikes, passenger cars and light commercial vehicles	6.5 CCM/CCA	0.00	0.00%	Yes	Yes	N/EL	N/EL	N/EL	N/EL		Yes		Yes	Yes		Yes	Yes	0.00%		

²⁶ climate change mitigation: CCM; climate change adaptation: CCA; water and marine resources: WTR; circular economy: CE; pollution prevention and control: PPC; biodiversity and ecosystems: BIO.

²⁷ Y – Yes, Taxonomy-eligible and Taxonomy-aligned activity with the relevant environmental objective; N – No, Taxonomy-eligible but not Taxonomy-aligned activity with the relevant environmental objective; N/EL – Not eligible, Taxonomy-non-eligible activity for the relevant environmental objective; EL – Taxonomy eligible for the relevant environmental objective.

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Freight transport services by road	6.6 CCM/CCA	0.00	0.00%	Yes	No	N/EL	N/EL	N/EL	N/EL	Yes		Yes	Yes	Yes	Yes	N/A		T
Infrastructure enabling low-carbon road and public transport	6.15 CCM/CCA	325,231.56	0.07%	Yes	Yes	N/EL	N/EL	N/EL	N/EL	Yes	Yes	Yes	Yes	Yes	Yes	0.07%	A	
Installation, maintenance and repair of energy efficiency equipment	7.3 CCM/CCA	990,499.60	0.22%	Yes	Yes	N/EL	N/EL	N/EL	N/EL	Yes		Yes			Yes	0.00%	A	
Installation, maintenance and repair of charging stations for electric vehicles in buildings (and in the parking spaces attached to buildings)	7.4 CCM/CCA	0.00	0.00%	Yes	Yes	N/EL	N/EL	N/EL	N/EL	Yes					Yes	0.00%	A	
Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling the energy performance of buildings	7.5 CCM/CCA	1,328,311.29	0.29%	Yes	Yes	N/EL	N/EL	N/EL	N/EL	Yes					Yes	0.00%	A	
Installation, maintenance and repair of renewable energy technologies	7.6 CCM/CCA	21,469.27	0.00%	Yes	Yes	N/EL	N/EL	N/EL	N/EL	Yes					Yes	0.00%	A	
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		69,814,157.92	15.45%	12.72%	2.73%	0.00%	0.00%	0.00%	0.00%	Yes	Yes	Yes	Yes	Yes	Yes	11.68%		
Of which enabling		2,665,511.72	0.59%	0.59%	0.00%	0.00%	0.00%	0.00%	0.00%	Yes	Yes	Yes	Yes	Yes	Yes	0.07%	A	
Of which transitional		0.00	0.00%							Yes		Yes	Yes	Yes	Yes	0.00		T
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																		
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL									
Construction, expansion and operation of wastewater collection and treatment systems	5.3 CCM/CCA	1,517,239.32	0.34%	EL	EL	EL	N/EL	N/EL	N/EL							0.03%		
Urban Waste Water Treatment	2.2 WTR	1,517,239.32*	0.34%*	EL	EL	EL	N/EL	N/EL	N/EL							N/A		
Transport by motorbikes, passenger cars and light commercial vehicles	6.5 CCM/CCA	0.00	0.00%	EL	EL	N/EL	N/EL	N/EL	N/EL							0.01%		
Freight transport services by road	6.6 CCM/CCA	20,408.26	0.00%	EL	EL	N/EL	N/EL	N/EL	N/EL							0.00%		
Renovation of existing buildings	7.2 CCM/CCA - 3.2 CE	0.00	0.00%	EL	EL	N/EL	N/EL	EL	N/EL							N/A		
Data processing, hosting and related activities	8.1 CCM/CCA	0.00	0.00%	EL	EL	N/EL	N/EL	N/EL	N/EL							0.00%		
Collection and transport of non-hazardous and hazardous waste	2.3 CE**	0.00	0.00%	N/EL	N/EL	N/EL	EL	EL	N/EL							N/A		
Collection and transport of hazardous waste	2.1 PPC**	0.00*	0.00%*	N/EL	N/EL	N/EL	EL	EL	N/EL							N/A		
Maintenance of roads and motorways	3.4 CE	1,314,855.12	0.29%	N/EL	N/EL	N/EL	N/EL	EL	N/EL							N/A		
Remediation of contaminated sites and areas	2.4 PPC**	0.00	0.00%	N/EL	N/EL	N/EL	EL	N/EL	N/EL							N/A		
Turnover of Taxonomy eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		2,852,502.70	0.63%	0.34%	0.00%	0.00%	0.00%	0.29%	0.00%							0.04%		
A. Turnover of Taxonomy-eligible activities (A.1+A.2)		72,666,660.62	16.08%	13.06%	2.73%	0.00%	0.00%	0.29%	0.00%							11.72%		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																		
Turnover of Taxonomy non-eligible activities		379,248,339.38	83.92%															
TOTAL		451,915,000.00	100%															

Proportion of turnover/Total turnover

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	Taxonomy-aligned per objective	Taxonomy-eligible per objective
CCM	12.72%	15.20%
CCA	12.37%	15.20%
WTR	0.00%	6.85%
CE	0.00%	4.15%
PPC	0.00%	0.00%
BIO	0.00%	0.00%

* In order to avoid double counting, the amounts marked with an asterisk are excluded from the calculation of the total of the eligible and aligned KPI. Indeed, these amounts correspond to activities that are pertinent to multiple environmental objectives and, therefore, the relative value is considered just one time for the objective deemed most relevant, indicated in bold. Please also note that the disclosure on the assessment of the activities included in the remaining 4 environmental objectives other than the first two specific ones on climate change is limited to their eligibility, as set forth at regulatory level for reporting relating to the year 2023. However, please note that Tea has anticipated the analysis on the alignment of its activities with the TSCs of the remaining 4 environmental objectives WTR, CE, PPC and BIO.

** Currently, the KPIs associated with activities 2.3 CE/2.1 PPC and 2.4 PPC cannot be identified. Tea undertakes to improve reporting in the coming years in order to identify the correct items that may be allocated to Turnover, CapEx and OpEx.

CapEx Table

Financial year N	2023			Substantial contribution criteria						DNSH criteria ("Does Not Significantly Harm")						Minimum safeguards (17)	Proportion of Taxonomy aligned (A.1.) or eligible (A.2.) CapEx, year N-1 (18)	Category enabling activity (19)	Category transitional activity (20)
Economic activities (1)	Code ²² (2)	CapEx (3)	Proportion of CapEx, year N (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water (7)	Pollution (8)	Circular economy (9)	Biodiversity (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water (13)	Pollution (14)	Circular economy (15)	Biodiversity (16)	Yes/No	%	A	T
		EUR	%	Yes; No; N/EL ²⁸	Yes; No; N/EL	Yes; No; N/EL	Yes; No; N/EL	Yes; No; N/EL	Yes; No; N/EL	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	%	A	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1 Environmentally sustainable activities (Taxonomy-aligned)																			
Electricity generation using solar photovoltaic technology	4.1 CCM/CCA	637,254.53	1.31%	Yes	Yes	N/EL	N/EL	N/EL	N/EL		Yes			Yes	Yes	Yes	0.08%		
Electricity generation from hydropower	4.5 CCM/CCA	27,684.16	0.06%	Yes	Yes	N/EL	N/EL	N/EL	N/EL		Yes	Yes				Yes	0.06%		
District heating/cooling distribution	4.15 CCM/CCA	2,251,218.19	4.64%	Yes	Yes	N/EL	N/EL	N/EL	N/EL		Yes	Yes	Yes		Yes	Yes	3.76%		
Production of heat/cool from fossil gaseous fuels in an efficient district heating and cooling system	4.31 CCM/CCA	924,467.25	1.90%	No	Yes	N/EL	N/EL	N/EL	N/EL	Yes		Yes	Yes		Yes	Yes	N/A		
Construction, expansion and operation of water collection, treatment and supply systems	5.1 CCM/CCA	11,360,739.68	23.40%	Yes	Yes	No	N/EL	N/EL	N/EL		Yes	Yes			Yes	Yes	36.28%		
Water supply	2.1 WTR	11,360,739.68*	23.40%*	Yes	Yes	No	N/EL	N/EL	N/EL		Yes	Yes			Yes	Yes	N/A		

²⁸ Climate change mitigation: CCM; climate change adaptation: CCA; water and marine resources: WTR; circular economy: CE; pollution prevention and control: PPC; biodiversity and ecosystems: BIO.

²⁹ Y – Yes, Taxonomy-eligible and Taxonomy-aligned activity with the relevant environmental objective; N – No, Taxonomy-eligible but not Taxonomy-aligned activity with the relevant environmental objective; N/EL – Not eligible, Taxonomy-non-eligible activity for the relevant environmental objective; EL – Taxonomy eligible for the relevant environmental objective.

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Construction, expansion and operation of wastewater collection and treatment systems	5.3 CCM/CCA	14,491,372.41	29.85%	Yes	No	No	N/EL	N/EL	N/EL		Yes	Yes	Yes		Yes	Yes	17.98%		
Urban Waste Water Treatment	2.2 WTR	14491372.41*	29.85%*	Yes	Yes	No	N/EL	N/EL	N/EL		Yes	Yes	Yes		Yes	Yes	N/A		
Collection and transport of non-hazardous waste in source segregated fractions	5.5 CCM/CCA	1,440,334.87	2.97%	Yes	Yes	N/EL	N/EL	No	N/EL		Yes			Yes		Yes	1.76%		
Collection and transport of non-hazardous and hazardous waste	2.3 CE	1440334.87*	2.97%*	Yes	Yes	N/EL	N/EL	No	N/EL		Yes			Yes		Yes	N/A		
Anaerobic digestion of bio-waste	5.7 CCM/CCA	640,951.01	1.32%	Yes	Yes	N/EL	N/EL	No	N/EL		Yes	Yes	Yes		Yes	Yes	1.48%		
Recovery of bio-waste by anaerobic digestion or composting	2.5 CE	640951.01*	1.32%*	Yes	Yes	N/EL	N/EL	No	N/EL		Yes	Yes	Yes		Yes	Yes	N/A		
Composting of bio-waste	5.8 CCM/CCA	965.00	0.00%	Yes	Yes	N/EL	N/EL	No	N/EL		Yes		Yes		Yes	Yes	0.00%		
Recovery of bio-waste by anaerobic digestion or composting	2.5 CE	965*	0.00%*	Yes	Yes	N/EL	N/EL	No	N/EL		Yes		Yes		Yes	Yes	N/A		
Transport by motorbikes, passenger cars and light commercial vehicles	6.5 CCM/CCA	217,740.40	0.45%	Yes	Yes	N/EL	N/EL	N/EL	N/EL		Yes		Yes	Yes		Yes	0.00%		
Freight transport services by road	6.6 CCM/CCA	310,533.73	0.64%	Yes	No	N/EL	N/EL	N/EL	N/EL		Yes		Yes	Yes		Yes	N/A		T
Infrastructure enabling low-carbon road and public transport	6.15 CCM/CCA	0.00	0.00%	Yes	Yes	N/EL	N/EL	N/EL	N/EL		Yes	Yes	Yes	Yes	Yes	Yes	0.00%	A	
Installation, maintenance and repair of energy efficiency equipment	7.3 CCM/CCA	561,167.37	1.16%	Yes	Yes	N/EL	N/EL	N/EL	N/EL		Yes		Yes		Yes	Yes	0.09%	A	
Installation, maintenance and repair of charging stations for electric vehicles in buildings (and in the parking spaces attached to buildings)	7.4 CCM/CCA	1,148.12	0.00%	Yes	Yes	N/EL	N/EL	N/EL	N/EL		Yes				Yes	Yes	0.23%	A	
Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling the energy performance of buildings	7.5 CCM/CCA	1,467,352.37	3.02%	Yes	Yes	N/EL	N/EL	N/EL	N/EL		Yes				Yes	Yes	2.66%	A	
Installation, maintenance and repair of renewable energy technologies	7.6 CCM/CCA	0.00	0.00%	Yes	Yes	N/EL	N/EL	N/EL	N/EL		Yes				Yes	Yes	0.00%	A	
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		34,332,929.09	70.73%	68.82%	1.90%	0.00%	0.00%	0.00%	0.00%		Yes	Yes	Yes	Yes	Yes	Yes	64.39%		
Of which enabling		2,029,667.86	4.18%	4.18%	0.00%	0.00%	0.00%	0.00%	0.00%		Yes	Yes	Yes	Yes	Yes	Yes	2.98%	A	
Of which transitional		310,533.73	0.64%	0.64%							Yes		Yes	Yes	Yes	Yes	0.00%		T
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL										
Construction, expansion and operation of wastewater collection and treatment systems	5.3 CCM/CCA	1,727,155.93	3.56%	EL	EL	EL	N/EL	N/EL	N/EL								5.06%		
Urban Waste Water Treatment	2.2 WTR	1727155.93*	3.56%*	EL	EL	EL	N/EL	N/EL	N/EL								N/A		
Transport by motorbikes, passenger cars and light commercial vehicles	6.5 CCM/CCA	82,111.93	0.17%	EL	EL	N/EL	N/EL	N/EL	N/EL								1.22%		
Freight transport services by road	6.6 CCM/CCA	1,919,852.09	3.95%	EL	EL	N/EL	N/EL	N/EL	N/EL								0.00%		
Renovation of existing buildings	7.2 CCM/CCA - 3.2 CE	560,077.44	1.15%	EL	EL	N/EL	N/EL	EL	N/EL								N/A		

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Data processing, hosting and related activities	8.1 CCM/CCA	417,593.89	0.86%	EL	EL	N/EL	N/EL	N/EL	N/EL		0.92%
Collection and transport of non-hazardous and hazardous waste	2.3 CE**	0.00	0.00%	N/EL	N/EL	N/EL	EL	EL	N/EL		N/A
Collection and transport of hazardous waste	2.1 PPC**	0.00*	0.00%*	N/EL	N/EL	N/EL	EL	EL	N/EL		N/A
Maintenance of roads and motorways	3.4 CE	20,690.91	0.04%	N/EL	N/EL	N/EL	N/EL	EL	N/EL		N/A
Remediation of contaminated sites and areas	2.4 PPC**	0.00	0.00%	N/EL	N/EL	N/EL	EL	N/EL	N/EL		N/A
CapEx of Taxonomy eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		4,727,482.19	9.74%	9.70%	0.00%	0.00%	0.00%	0.04%	0.00%		7.21%
A. CapEx of Taxonomy-eligible activities (A.1+A.2)		39,060,411.28	80.46%	78.52%	1.90%	0.00%	0.00%	0.04%	0.00%		71.59%
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES											
CapEx of Taxonomy non-eligible activities		9,483,754.42	19.54%								
TOTAL		48,544,165.70	100%								

Proportion of CapEx/Total CapEx		
	Taxonomy-aligned per objective	Taxonomy-eligible per objective
CCM	68.82%	80.42%
CCA	40.23%	80.42%
WTR	0.00%	56.81%
CE	0.00%	5.49%
PPC	0.00%	0.00%
BIO	0.00%	0.00%

* In order to avoid double counting, the amounts marked with an asterisk are excluded from the calculation of the total of the eligible and aligned KPI. Indeed, these amounts correspond to activities that are pertinent to multiple environmental objectives and, therefore, the relative value is considered just one time for the objective deemed most relevant, indicated in bold. Please also note that the disclosure on the assessment of the activities included in the remaining 4 environmental objectives other than the first two specific ones on climate change is limited to their eligibility, as set forth at regulatory level for reporting relating to the year 2023. However, please note that Tea has anticipated the analysis on the alignment of its activities with the TSCs of the remaining 4 environmental objectives WTR, CE, PPC and BIO.

** Currently, the KPIs associated with activities 2.3 CE/2.1 PPC and 2.4 PPC cannot be identified. Tea undertakes to improve reporting in the coming years in order to identify the correct items that may be allocated to Turnover, CapEx and OpEx.

OpEx Table

Financial year N	2023			Substantial contribution criteria						DNSH criteria ("Does Not Significantly Harm")						Minimum safeguards (17)	Proportion of Taxonomy aligned (A.1.) or eligible (A.2.) OpEx, year N-1 (18)	Category enabling activity (19)	Category transitional activity (20)
Economic activities (1)	Code ⁽²⁾	OpEx (3)	Proportion of OpEx, year N (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water (7)	Pollution (8)	Circular economy (9)	Biodiversity (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water (13)	Pollution (14)	Circular economy (15)	Biodiversity (16)				
		EUR	%	Yes; No; N/EL ³¹	Yes; No; N/EL	Yes; No; N/EL	Yes; No; N/EL	Yes; No; N/EL	Yes; No; N/EL	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	%	A	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1 Environmentally sustainable activities (Taxonomy-aligned)																			
Electricity generation using solar photovoltaic technology	4.1 CCM/CCA	610.13	0.01%	Yes	Yes	N/EL	N/EL	N/EL	N/EL		Yes			Yes	Yes	Yes	0.78%		
Electricity generation from hydropower	4.5 CCM/CCA	20,046.44	0.31%	Yes	Yes	N/EL	N/EL	N/EL	N/EL		Yes	Yes				Yes	0.39%		
District heating/cooling distribution	4.15 CCM/CCA	452,159.46	6.89%	Yes	Yes	N/EL	N/EL	N/EL	N/EL		Yes	Yes	Yes		Yes	Yes	7.96%		
Production of heat/cool from fossil gaseous fuels in an efficient district heating and cooling system	4.31 CCM/CCA	104,107.67	1.59%	No	Yes	N/EL	N/EL	N/EL	N/EL	Yes		Yes	Yes		Yes	Yes	N/A		
Construction, expansion and operation of water collection, treatment and supply systems	5.1 CCM/CCA	1,164,475.94	17.75%	Yes	Yes	No	N/EL	N/EL	N/EL		Yes	Yes			Yes	Yes	13.25%		
Water supply	2.1 WTR	1164476.94*	17.75%*	Yes	Yes	No	N/EL	N/EL	N/EL		Yes	Yes			Yes	Yes	N/A		
Construction, expansion and operation of wastewater collection and treatment systems	5.3 CCM/CCA	420,066.25	6.40%	Yes	No	No	N/EL	N/EL	N/EL		Yes	Yes	Yes		Yes	Yes	5.23%		
Urban Waste Water Treatment	2.2 WTR	420066.25*	6.40%*	Yes	Yes	No	N/EL	N/EL	N/EL		Yes	Yes	Yes		Yes	Yes	N/A		
Collection and transport of non-hazardous waste in source segregated fractions	5.5 CCM/CCA	216,656.62	3.30%	Yes	Yes	N/EL	N/EL	No	N/EL		Yes			Yes		Yes	3.57%		
Collection and transport of non-hazardous and hazardous waste	2.3 CE	216,656.62	3.30%*	Yes	Yes	N/EL	N/EL	No	N/EL		Yes			Yes		Yes	N/A		
Anaerobic digestion of bio-waste	5.7 CCM/CCA	0.00	0.00%	Yes	Yes	N/EL	N/EL	No	N/EL		Yes	Yes	Yes		Yes	Yes	0.02%		

³⁰ climate change mitigation: CCM; climate change adaptation: CCA; water and marine resources: WTR; circular economy: CE; pollution prevention and control: PPC; biodiversity and ecosystems: BIO.

³¹ Y – Yes, Taxonomy-eligible and Taxonomy-aligned activity with the relevant environmental objective; N – No, Taxonomy-eligible but not Taxonomy-aligned activity with the relevant environmental objective; N/EL – Not eligible, Taxonomy-non-eligible activity for the relevant environmental objective; EL – Taxonomy eligible for the relevant environmental objective.

Directors' Integrated Report

Environmental information

Recovery of bio-waste by anaerobic digestion or composting	2.5 CE	0.00*	0.00%*	Yes	Yes	N/EL	N/EL	No	N/EL	Yes	Yes	Yes	Yes	Yes	N/A	
Composting of bio-waste	5.8 CCM/CCA	56,362.11	0.86%	Yes	Yes	N/EL	N/EL	No	N/EL	Yes	Yes	Yes	Yes	Yes	0.26%	
Recovery of bio-waste by anaerobic digestion or composting	2.5 CE	56362.11*	0.86%*	Yes	Yes	N/EL	N/EL	No	N/EL	Yes	Yes	Yes	Yes	Yes	N/A	
Transport by motorbikes, passenger cars and light commercial vehicles	6.5 CCM/CCA	0.00	0.00%	Yes	Yes	N/EL	N/EL	N/EL	N/EL	Yes	Yes	Yes	Yes	Yes	0.00%	
Freight transport services by road	6.6 CCM/CCA	0.00	0.00%	Yes	No	N/EL	N/EL	N/EL	N/EL	Yes	Yes	Yes	Yes	Yes	N/A	T
Infrastructure enabling low-carbon road and public transport	6.15 CCM/CCA	0.00	0.00%	Yes	Yes	N/EL	N/EL	N/EL	N/EL	Yes	Yes	Yes	Yes	Yes	3.76%	A
Installation, maintenance and repair of energy efficiency equipment	7.3 CCM/CCA	263,513.09	4.02%	Yes	Yes	N/EL	N/EL	N/EL	N/EL	Yes	Yes	Yes	Yes	Yes	0.30%	A
Installation, maintenance and repair of charging stations for electric vehicles in buildings (and in the parking spaces attached to buildings)	7.4 CCM/CCA	0.00	0.00%	Yes	Yes	N/EL	N/EL	N/EL	N/EL	Yes	Yes	Yes	Yes	Yes	0.00%	A
Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling the energy performance of buildings	7.5 CCM/CCA	38,241.32	0.58%	Yes	Yes	N/EL	N/EL	N/EL	N/EL	Yes	Yes	Yes	Yes	Yes	0.57%	A
Installation, maintenance and repair of renewable energy technologies	7.6 CCM/CCA	0.00	0.00%	Yes	Yes	N/EL	N/EL	N/EL	N/EL	Yes	Yes	Yes	Yes	Yes	0.08%	A
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		2,736,239.03	45.02%	43.44%	1.59%	0.00%	0.00%	0.00%	0.00%	Yes	Yes	Yes	Yes	Yes	36.17%	
Of which enabling		301,754.41	4.60%	4.60%	0.00%	0.00%	0.00%	0.00%	0.00%	Yes	Yes	Yes	Yes	Yes	4.71%	A
Of which transitional		0.00	0.00%	0.00%						Yes	Yes	Yes	Yes	Yes	0.00%	T
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																
					EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL						
Construction, expansion and operation of wastewater collection and treatment systems	5.3 CCM/CCA	157,945.53	2.41%	EL	EL	EL	N/EL	N/EL	N/EL						2.59%	
Urban Waste Water Treatment	2.2 WTR	157945.53*	2.41%*	EL	EL	EL	N/EL	N/EL	N/EL						N/A	
Transport by motorbikes, passenger cars and light commercial vehicles	6.5 CCM/CCA	223,292.22	3.40%	EL	EL	N/EL	N/EL	N/EL	N/EL						3.47%	
Freight transport services by road	6.6 CCM/CCA	31,005.21	0.47%	EL	EL	N/EL	N/EL	N/EL	N/EL						0.33%	
Renovation of existing buildings	7.2 CCM/CCA - 3.2 CE	0.00	0.00%	EL	EL	N/EL	N/EL	EL	N/EL						N/A	
Data processing, hosting and related activities	8.1 CCM/CCA	185,200.02	2.82%	EL	EL	N/EL	N/EL	N/EL	N/EL						1.32%	
Collection and transport of non-hazardous and hazardous waste	2.3 CE**	0.00	0.00%	N/EL	N/EL	N/EL	EL	EL	N/EL						N/A	
Collection and transport of hazardous waste	2.1 PPC**	0.00*	0.00%*	N/EL	N/EL	N/EL	EL	EL	N/EL						N/A	
Maintenance of roads and motorways	3.4 CE**	0.00	0.00%	N/EL	N/EL	N/EL	N/EL	EL	N/EL						N/A	
Remediation of contaminated sites and areas	2.4 PPC**	0.00	0.00%	N/EL	N/EL	N/EL	EL	N/EL	N/EL						N/A	
OpEx of Taxonomy eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		597,442.98	9.11%	9.11%	0.00%	0.00%	0.00%	0.00%	0.00%						7.71%	

A. OpEx of Taxonomy-eligible activities (A.1+A.2)	3,550,338.63	54.13%	54.13%	0.00%	0.00%	0.00%	0.00%	0.00%			43.88%
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES											
OpEx of Taxonomy non-eligible activities	3,008,248.76	45.87%									
TOTAL	6,558,587.39	100%									

Proportion of OpEx/Total OpEx		
	Taxonomy-aligned per objective	Taxonomy-eligible per objective
CCM	40.13%	50.83%
CCA	35.32%	50.83%
WTR	0.00%	26.57%
CE	0.00%	4.16%
PPC	0.00%	0.00%
BIO	0.00%	0.00%

* In order to avoid double counting, the amounts marked with an asterisk are excluded from the calculation of the total of the eligible and aligned KPI. Indeed, these amounts correspond to activities that are pertinent to multiple environmental objectives and, therefore, the relative value is considered just one time for the objective deemed most relevant, indicated in bold. Please also note that the disclosure on the assessment of the activities included in the remaining 4 environmental objectives other than the first two specific ones on climate change is limited to their eligibility, as set forth at regulatory level for reporting relating to the year 2023. However, please note that Tea has anticipated the analysis on the alignment of its activities with the TSCs of the remaining 4 environmental objectives WTR, CE, PPC and BIO.

** Currently, the KPIs associated with activities 2.3 CE/2.1 PPC and 2.4 PPC cannot be identified. Tea undertakes to improve reporting in the coming years in order to identify the correct items that may be allocated to Turnover, CapEx and OpEx.

Template 1- Nuclear and fossil gas related activities

Row	Nuclear energy related activities	
1.	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	NO
2.	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	NO
3.	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	NO
Fossil gas related activities		
4.	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	NO
5.	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	NO
6.	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	Yes

Template 2 - Taxonomy-aligned economic activities (denominator)

Row	Economic activities	Turnover						CapEx						OpEx					
		Amount and proportion (the information is to be presented in monetary amounts and as percentages)						Amount and proportion (the information is to be presented in monetary amounts and as percentages)						Amount and proportion (the information is to be presented in monetary amounts and as percentages)					
		CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)		CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)		CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
		Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
1.	Amount and proportion of taxonomy aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI																		
2.	Amount and proportion of taxonomy aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI																		
3.	Amount and proportion of taxonomy aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI																		
4.	Amount and proportion of taxonomy aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI																		
5.	Amount and proportion of taxonomy aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI																		
6.	Amount and proportion of taxonomy aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	12,323,627.48	2.73%	0	0.00%	12,323,627.48	2.73%	924,467.25	1.90%	0	0.00%	924,467.25	1.90%	104,107.67	1.59%	0	0.00%	104,107.67	1.59%
7.	Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	57,490,540.44	12.72%	0	0.00%	57,490,540.44	12.72%	33,408,461.84	68.82%	0	0.00%	33,408,461.84	68.82%	2,848,787.98	43.44%	0	0.00%	2,848,787.98	43.44%
8.	Total applicable KPI	451,915,000.00	100%	0	0.00%	451,915,000.00	100%	48,544,165.70	100%	0	0.00%	48,544,165.70	100%	6,558,587.39	100%	0	0.00%	6,558,587.39	100%

Template 3 - Taxonomy-aligned economic activities (numerator)

Row	Economic activities	Turnover						CapEx						OpEx					
		Amount and proportion (the information is to be presented in monetary amounts and as percentages)						Amount and proportion (the information is to be presented in monetary amounts and as percentages)						Amount and proportion (the information is to be presented in monetary amounts and as percentages)					
		CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)		CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)		CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
		Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
1.	Amount and proportion of taxonomy aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI																		
2.	Amount and proportion of taxonomy aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI																		
3.	Amount and proportion of taxonomy aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI																		
4.	Amount and proportion of taxonomy aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI																		
5.	Amount and proportion of taxonomy aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI																		
6.	Amount and proportion of taxonomy aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	12,323,627.48	17.65%	0	0.00%	12,323,627.48	17.65%	924,467.25	2.69%	0	0.00%	924,467.25	2.69%	104,107.67	3.53%	0	0.00%	104,107.67	3.53%
7.	Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the numerator of the applicable KPI	57,490,540.44	82.35%	0	0.00%	56,052,539.67	82.35%	33,408,461.84	97.31%	0	0.00%	33,408,461.84	97.31%	2,848,787.98	96.47%	0	0.00%	2,848,787.98	96.47%
8.	Total amount and proportion of taxonomy-aligned economic activities in the numerator of the applicable KPI	69,814,167.92	100%	0	0.00%	69,814,167.92	100%	34,322,929.09	100%	0	0.00%	34,322,929.09	100%	2,952,895.65	100%	0	0.00%	2,952,895.65	100%

Template 4 - Taxonomy-eligible but not taxonomy-aligned economic activities

Row	Economic activities	Turnover						CapEx						OpEx					
		Amount and proportion (the information is to be presented in monetary amounts and as percentages)						Amount and proportion (the information is to be presented in monetary amounts and as percentages)						Amount and proportion (the information is to be presented in monetary amounts and as percentages)					
		CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)		CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)		CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
		Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
1.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI																		
2.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI																		
3.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI																		
4.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI																		
5.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI																		
6.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
7.	Amount and proportion of other taxonomy-eligible but not taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	2,852,502.70	100%	0	0.00%	2,852,502.70	100.00%	4,727,482.19	100%	0	0.00%	4,727,482.19	100%	597,442.98	100%	0	0.00%	597,442.98	
8.	Total amount and proportion of taxonomy eligible but not taxonomy-aligned economic activities in the denominator of the applicable KPI	2,852,502.70	100%	0	0.00%	2,852,502.70	100%	4,727,482.19	100%	0	0.00%	4,727,482.19	100%	597,442.98	100%			597,442.98	100%

Template 5 - Taxonomy non-eligible economic activities

Row	Economic activities	Turnover		CapEx		OpEx	
		Amount	%	Amount	%	Amount	%
1.	Amount and proportion of economic activity referred to in row 1 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI						
2.	Amount and proportion of economic activity referred to in row 2 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI						
3.	Amount and proportion of economic activity referred to in row 3 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI						
4.	Amount and proportion of economic activity referred to in row 4 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI						
5.	Amount and proportion of economic activity referred to in row 5 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI						
6.	Amount and proportion of economic activity referred to in row 6 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0.00%	0	0.00%	0	0.00%
7.	Amount and proportion of other taxonomy-non-eligible economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	379,248,329.38	100%	9,483,754.42	100%	3,008,248.76	100%
8.	Total amount and proportion of taxonomy-non-eligible economic activities in the denominator of the applicable KPI	379,248,329.38	100%	9,483,754.42	100%	3,008,248.76	100%

Climate change

NFS

Environmental protection for Tea

The Tea Group invests increasing resources to reduce the impacts of its activities on the environment, mitigate the company's impacts on climate change, develop increasingly environmentally sustainable technologies and processes and continuously improve its sustainability parameters.

The central sustainability team, along with the sustainability managers and/or supervisors of each Group company, support the top management in the ongoing monitoring of the main critical parameters relating to energy and water consumption, waste and emission production and sustainability parameters across every Tea Group process, as well as the precise and periodic recording in the "Plant Register" database³² of all critical data of each plant and every operating activity, to allow for the efficient management of sustainability improvement programmes, suited to the objectives of increasing the proportions of alignment of all businesses with EU Taxonomy criteria.

In terms of prevention, Tea has implemented an Integrated Quality and Environmental Management System in accordance with UNI EN ISO 9001 and 14001 standards, regulated by a single Management Manual that applies to all Group companies (for more details, please see the "Quality assurance" chapter).

In detail, the Tea Group employs the following processes to manage environmental topics:

- the Health and Safety, Environment and Quality Unit plans periodic internal and third-party audits on all operating sites and annually updates the initial environmental analysis documents, together with the relevant personnel of the individual Group companies, recording the actual or potential environmental impacts identified in ordinary operations and audits, and making the necessary adaptations to regulatory developments;
- the operating companies measure environmental risks and opportunities based on an assessment of the probability of occurrence of an event and its impact on the organisation, in accordance with the principle of prudence, for the annual updating of provisions in each company's annual financial statements;
- the Human Resources Department organises training courses and rapid information tools for safety and environmental protection, as well as technical refresher sessions on environmental regulations for the applicable personnel.

The objectives of impact mitigation

Tea's commitment to sustainable development, and particularly to the mitigation of its impacts on the environment, takes the form of the inclusion in the Group's Business Plan, which is updated every year, of a number of challenging targets for reducing energy and resource consumption as well as emissions into the atmosphere. The progress made on the sustainability objectives included in the 2023-2027 Business Plan is described below, in accordance with the SDGs defined in the UN 2030 Agenda and with the commitment to seize the opportunities offered by the NRRP for the energy, water and environment sectors.

Some 2026 targets of the previous 2022-2026 Business Plan have been reconfirmed, with no modifications and no increase for 2027, as no room for further improvement is foreseeable for these processes in the last year of the 2023-2027 Plan.

³² Please also see the "Sustainability governance" chapter.

Table 1 - 2023 PROGRESS OF THE ENVIRONMENTAL SUSTAINABILITY IMPROVEMENT OBJECTIVES³³

Environmental Objective (2023-2027 Business Plan)	Actions completed	Progress
Reduce emissions by product unit of each process, totalling 4,000 tCO₂eq by 2027, v 2022 baseline³⁴;	In 2023, the Tea Group reduced emissions per product unit with an average improvement in the KPIs of all Group processes by 2%, overall equal to a reduction on a constant basis of -731 ton CO₂eq	PROGRESS 91% VERSUS THE ANNUAL PLAN AVERAGE
Replacement of the company vehicle fleet with green vehicles (electric and methane bifuel)	25 new green vehicles were purchased by the Tea Group in 2023 (18 methane and 7 electric). With the 15 green vehicles introduced in 2022, there are now 40 green vehicles out of the 40 planned for 2022-2023. The following were acquired during the two-year period: <ul style="list-style-type: none"> • 22 new methane vehicles; • 4 new bi-fuel vehicles; • 3 new hybrid vehicles; • 11 new electric vehicles. 	PROGRESS 125% VERSUS THE ANNUAL PLAN AVERAGE 22-23
Increase urban waste sent for material recovery (+50% over the course of the plan)	The objective was specified as the percentage recovered for renewable energy (by anaerobic digestion) out of the total OFMSW (Organic Fraction of Municipal Solid Waste) collected by the organisation, which in 2023 is equal to 39.2%, equivalent to 12,778.6 tonnes of OFMSW with anaerobic digestion, out of a total collected of 32,606.5 tonnes, up compared to the 2022 figure (37.7%).	PROGRESS 78.4% VERSUS THE PLAN TOTAL
60% reduction in the wet fraction of sewerage sludge produced (baseline 2020 - total tonnes of waste produced with EWC 190805 - S3 semi-solid sludge³⁵)	The reinforcement of the use of roll-off machines for centrifuging, pressing and dewatering, along with process improvements implemented across many plants (see the water chapter) have made it possible to limit the production of semi-solid sludge to 8,291.89 tonnes in 2023 compared to 8,605.59 tonnes in the previous year (-3.64%).	PROGRESS 29% VERSUS THE ANNUAL PLAN AVERAGE (12.5%)
Increase the installed capacity of photovoltaic plants for energy generation	The installed capacity for the production of photovoltaic energy increased by 13.02% (from 358.70 kWp in 2022 to 404.40 kWp in 2023).	PROGRESS 13.02% VERSUS THE PLAN TOTAL

³³ Unless otherwise specified, the baseline and the year of achievement of the Group's Business Plan targets are the first and last years of the plan, respectively. The details of each environmental objective and its status can be found in this chapter.

³⁴ The total quantity of reduction of the 2023-2027 Plan was adjusted to the new national and European scenario, in which the factors for the conversion of energy consumption into CO₂eq emissions, historically progressively down thanks to the development of renewable energies, experienced an upward inversion of the trend due to the deterioration in the mix of energy sources caused by the block on natural gas imports from Russia.

³⁵ This does not include S4 liquid sludge, which is sent for recovery at Tea's special liquid waste treatment plant in Castiglione delle Stiviere.

Table 1 - 2023 PROGRESS OF THE ENVIRONMENTAL SUSTAINABILITY IMPROVEMENT OBJECTIVES³³

Environmental Objective (2023-2027 Business Plan)	Actions completed	Progress
Closure of small sewerage treatment plants (10), with redirection of sewerage to larger plants	In 2023 work continued on the construction of new network sewers to divert wastewater flows from the smaller purification plants scheduled for decommissioning and upgrade the larger purification plants that will receive the additional volumes.	10% VERSUS THE PLAN TOTAL
Extension and upgrading of water networks: +180 km (130 of waterworks and 50 of new sewers)³⁶	In 2023 a total of 22 km of new networks (drinking water) were constructed.	PROGRESS 61% VERSUS THE ANNUAL PLAN AVERAGE (36 km)
Upgrading of public lighting networks with LED technology, with an investment of Euro 8.3 million.³⁷	The upgrading of public lighting networks continued in 2023 with an investment of Euro 1,308,602, with 91,728 lights switched to LED in 2023 (from 90,692 in 2022).	PROGRESS 78.83% VERSUS THE ANNUAL PLAN AVERAGE (EUR 1.66 M)
Increase the volume connected to the district heating system (+800,000 m3)³⁸	The connected volumes on the district heating network in 2023 increased by 50,000 m3 (from 7.00 mln m3 in 2022 to 7.05 mln m3 in 2023). This extension is lower than the annual plan average, but its growth curve was modified due to the limited authorisations granted by the Municipality on new projects until mid-2025.	PROGRESS 31.25% VERSUS THE ANNUAL PLAN AVERAGE

Reduction of consumption and emissions

The Tea Group runs many operations having high energy requirements, resulting in the generation of significant volumes of direct or indirect emissions. Therefore, within the organisation's strategies, the commitment has been made to mitigate climate change, also by means of energy consumption reduction plans and by increasing self-consumption of energy from renewable sources.

In the chart below it can be seen that in 2023 the Group's energy mix (referring to the net share of energy consumption attributable to the organisation) is still mainly made up of electricity, natural gas for heat generation and fuels for transport.

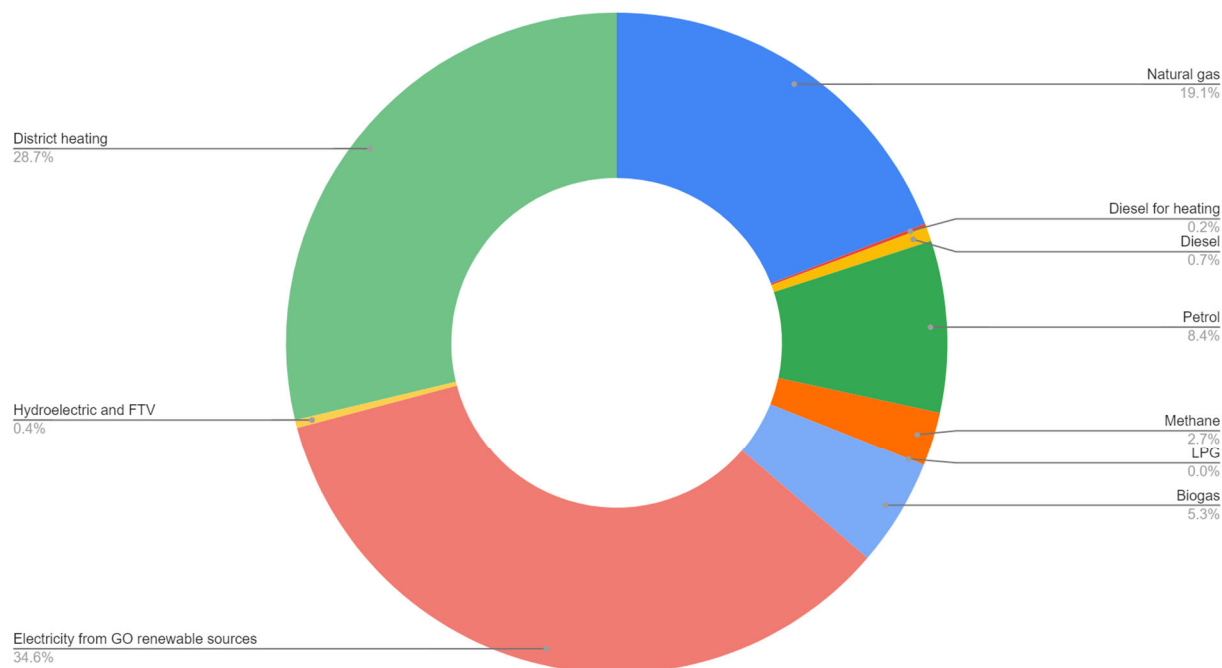
Compared to the previous year, the main changes in the mix are due to the decrease in the proportion of electricity consumption out of the total, against an increase in natural gas consumption.

³⁶ The extent of the extensions established on networks under management over the 2023-2027 Plan period was reduced compared to the 2022-2026 Plan because in the scenario update, the acquisition of networks of outgoing sub-operators is delayed.

³⁷ The 23-27 Plan was updated to take into account CONSIP's request for an extension of the offer due to the delay in signing tender contracts, awarded in January 2022, to Tea Reteluce, for the management and increase in the efficiency of the plants of Local Authorities wither fewer than 2,000 inhabitants in Valle d'Aosta and the provinces of Turin and Biella (signed on 28.02.2023) and Emilia-Romagna and the provinces of Cremona, Mantova and Lodi (not yet signed).

³⁸ The unit of measurement of the objective of the 2022-2026 business plan for the extension of the district heating network was modified in the new 2023-2027 plan from km of network extensions to cubic metres of new connected volumes.

ENERGY MIX OF TEA GROUP IN 2023



Production from renewable sources

Total electricity consumption amounted to 112,783 GJ, of which 1,284 GJ from renewable sources (photovoltaic and hydroelectric), accounting for 1.15% of the total (1.20% in 2022).

In 2023, also thanks to the considerable increase in installed capacity of solar plants, the increasing trend resumed in the share of consumption of electricity from renewable sources already recorded starting from 2020, which had been interrupted in 2022 due to the decline in production of the Group’s 2 mini-hydroelectric plants as a result of an exceptional drought.

A significant increase in the Tea Group’s renewable energies is represented by the commissioning in the final months of the year of Revere Energia’s new plant for the production of biomethane from OFMSW, which when fully up and running will consume 36,000 tonnes of organic waste every year and will produce 2,400,000 cubic metres of biomethane.

In 2023, initial important progress was made in the implementation of the challenging targets to increase **installed capacity for the renewable energy production plants**, included in the Tea Group’s Business Plan. Indeed, the table below shows that the organisation increased its renewable energy source production capacity.

Table 3 - Installed capacity of renewable energy plants	2023	2022	2021
Centro Ricreativo Aquilone Goito (operational since November 2020)	60.28	60.28	60.28
Gonzaga wastewater treatment plant (operational since December 2017)	17.28	17.28	17.28
Pegognaga water treatment plant (operational since August 2022)	10.95	10.95	-
Logistics Hub (operational since November 2015)	170.52	170.52	170.52
Viale Favorita (operational since November 2015)	62.20	62.2	62.2
Bordo Angeli (operational since December 2012)	6.00	6.00	6.00
Suzzara Reduction and Metering Station (operational since November 2012)	2.94	2.94	2.94
Cathodic protection power systems for the gas distribution network (100 panels as at 31.12.2022)	9.97	9.68	9.68
Via Nenni (operational since September 2002)	18.85	18.85	18.85
Castiglione delle Stiviere water treatment plant (operational since 2023)	46.41	-	-
Photovoltaic (kWp)	405.40	358.70	347.75

Hydroelectric plant in Vasarina	350	350	350
Hydroelectric plant in Marenghello	776	776	776
Hydroelectric (kWe)	1,126	1,126	1,126
Mariana Mantovana landfill, total power internal combustion engines (2 engines)	660	660	660
Revere Energia biogas cogenerator	530	-	-
Biogas (kWe)	1,190	660	660

The Group's energy consumption (GRI 302-1; 302-3; 302-4)

Method for presenting consumption (GRI 2-4)

The GRI 302-1 standard³⁹ calls for determining the company's energy consumption by using the following calculation: total input - total output = consumption of the organisation.

Tea's method for presenting its energy consumption is inspired by the utmost transparency, and therefore calls for the publication of all calculation factors, or the energy consumption for own use and for distribution to third parties, which are reported on by separately showing:

gross input energy volumes, including the energy required for the organisation's consumption and that necessary to supply energy to third parties;

output energy volumes, i.e. energy transferred to third parties, which is to be subtracted from inputs to obtain the organisation's net consumption (heat, gas, electricity sales to third parties and sale of electricity to the GSE);

net energy volumes consumed by the organisation⁴⁰ resulting from the difference between input and output volumes.

This method displays the total gross consumption that results in the calculation of Scope 1 direct emissions (for more details, please see the "Atmospheric emissions" section), as well as the gross specific volume of the Tea Group's main energy uses, and in particular:

- the steam supplied to Tea by Enipower Mantova⁴¹, the main source of thermal energy for superheating the water conveying the heat to the Mantova district heating network through the heat exchange plant located in the plant;
- the methane used by the boilers of the thermal power plant at the Carlo Poma hospital in Mantova, for the supplementary production of heat for the district heating network, in the areas where the thermal power required is higher than the thermal power supplied by Enipower;
- the methane used by the cogenerator of the thermal power plant at the Carlo Poma hospital in Mantova to produce the steam and electricity sold to the health facility.

It is worth mentioning that in the course of 2023, the cogenerator of the C. Poma Hospital thermal power plant was operating regularly, unlike in the previous year (when it experienced extended shutdowns for maintenance and price peaks in energy market commodities), a factor that considerably influenced energy consumption and the ensuing direct emissions of the Tea Group in 2023.

Detail of energy INPUT into plants managed

- Gas input into the utilities of Tea Group plants and sites;
- gas input for heating reduction units in REMI stations of municipal gas distribution networks operated by SEI;
- gas input as raw material for the thermal power plant at Poma Hospital, for heat and power generation from the Cogenerator and steam production from the Boiler (GV01);
- gas input as raw material for heat generation in the district heating plants (district heating service of SEI);

³⁹ Specifically, the energy consumed by the organisation is given by the following formula: total energy acquired + total self-produced energy - total energy sold.

⁴⁰ These include: direct consumption, lost yields and self-consumption of managed plants, losses or dispersions in internal networks, etc.

⁴¹ Note that Enipower's steam is tapped from the cogeneration turbine of the combined-cycle turbogas plant at the Mantova petrochemical plant, which is supplied to Tea to feed a heat exchange plant connected via a DN 600 feeder to the district heating network. In the exchange plant, the steam transfers its thermal energy to the heat carrier fluid (water with the appropriate additives) of the city network, for an annual volume of about 175 MWh.

- proportion of gas input in third-party thermal power stations, managed by Tea Reteluce, that is not transformed into heat due to lack of efficiency of the machines and/or process deficiencies;
- fuel for heating and other uses (gensets in plants);
- fuel for the Tea Group's vehicles;
- biogas input to endothermic engines for electricity production at the Mariana Mantovana landfill (owned by Tea);
- biogas input to the cogenerator at the Revere Energia plant, for the production of biomethane from the anaerobic digestion of OFMSW;
- electricity from the grid entering the utilities of Tea Group plants and sites (including the quota for district cooling chillers);
- electricity self-produced by Tea from renewable sources (photovoltaic or hydroelectric) for self-consumption by the plants and/or sale to the GSE;
- thermal energy from Enipower steam entering SEI's district heating network to supply heat and cooling to consumers and Tea customers;
- thermal energy from renewable sources (solar thermal) fed into the district heating network for the supply of domestic hot water (DHW) to some district heating customers.

Detail of energy output from managed plants

- Electricity produced by Tea from non-renewable sources in the cogenerator at the Carlo Poma Hospital's thermal power plant and sold to the hospital [from input 3];
- electricity produced by Tea from a renewable source (landfill biogas) and fed into the grid, i.e. sold to GSE, the electricity system operator, net of biogas not transformed into electricity due to reduced motor efficiency [from input 8];
- electricity produced by Tea from renewable sources (photovoltaic, hydroelectric), not self-consumed, and fed into the grid, i.e. sold to GSE [from input 11];
- thermal energy produced by Tea from non-renewable sources, sold to district heating customers [from inputs 3 and 4];
- thermal energy produced by Tea from renewable sources (solar thermal), sold for DHW consumption to some district heating customers [from input 13];
- steam produced by Tea from non-renewable sources in the cogenerator at the Carlo Poma Hospital's thermal power plant in the city of Mantova and sold to the hospital [from input 3];
- thermal energy produced by Tea from non-renewable sources (on the heat exchange cabin with steam sold by Enipower), sold to district heating and cooling customers, net of what is supplied to Tea users [from input 10 and 12];
- electricity from renewable sources (biogas from OFMSW), self-consumed from the Revere Energia biomethane production plant [from input 9];
- biomethane produced by the Revere Energia anaerobic digestion plant, injected into the national network for sale to third parties [from input 9].

The above inputs and outputs do not include energy sold to third parties by the Group's commercial company (Tea Energia), which is all purchased on the market and resold as is, without ever physically entering the organisation's management scope. The table below shows the total mix of input energy for the Group's plants and properties in 2023, which includes all consumption within the organisation and the consumption required to produce the energy sold to third parties.

Table 4 - Input energy					
GRI	Ref.	Input (GJ)	2023	2022	2021
	1	Natural gas for organisation users	11,418	10,070	10,167
	2	Natural gas for consumption of city gates stations	4,044	4,416	5,324
	3	Natural gas for hospital electricity cogeneration and heat for district heating and steam production boilers for hospital at Poma Thermal Power Station	144,129	26,705	159,182

	4	Natural gas for generating thermal energy sold to third parties (heat for district heating and steam for the hospital)	452	643	8,059
	5	Natural gas not converted into heat in third-party thermal power stations operated by the organisation	605	529	701
	6	Diesel for heating and other uses (generators and heating)	540	443	324
	7	Automotive petrol	2,292	2,379	2,305
	7	Automotive diesel	27,075	28,579	32,288
	7	Automotive natural gas	8,581	7,979	5,001
	7	Automotive LPG	10	7	6
302-1-a		Total consumption of non-renewable fuels	199,147	81,749	223,356
	8	Landfill biogas (Mariana Mantovana)	24,821	28,898	30,526
	9	Anaerobic digestion biogas (Revere)	5,804	0	0
302-1-b		Total consumption of renewable fuels	30,625	28,898	30,526
302-1-c-i	10	Electricity withdrawn from the grid for the organisation's properties and plants	111,499	118,462	116,833
	11	Electricity from renewable sources (photovoltaic and hydroelectric) produced by the organisation, fed into the grid or self-consumed	15,688	12,819	13,175
302-1-c-ii	12	Steam (Enipower) for generating the heat supplied to the organisation's customers and consumers for district heating	557,182	649,775	708,095
	13	Heat produced from a renewable source (solar thermal) supplied for DHW to district heating customers	0	36	251
		Total consumption from other energy sources	684,369	781,092	838,355
		Total input (energy consumption for the organisation and sales to third parties)	914,141	891,739	1,092,237

As shown in the table above, the main inputs in 2023 were thermal energy supplied by Enipower Mantova for the city's district heating network (input 12), electricity consumed by the Group's plants, particularly in the water cycle (input 10) and fuels used by vehicles, especially for waste collection (input 7).

The increase in input in 2023 compared to the previous year relating to natural gas for the generation of electricity sold to third parties (input 3) is due to resumption of the regular operation of the cogenerator at the C. Poma Hospital thermal power plant, with respect to the above-mentioned extended machine shutdowns in 2022.

In the table below details the energy output from the Group's facilities in 2023, i.e. all energy that is not consumed or retained by the organisation:

- distributed and sold to third parties (such as heat for district heating customers);
- sold to on-site customers (like the steam and electricity produced by the Tea thermal power plant at the Carlo Poma Hospital and sold to the same hospital);
- injected into the grid and therefore sold to GSE (such as electricity produced by Tea in photovoltaic, hydroelectric and biogas plants and not self-consumed on site, and the biomethane produced in the anaerobic digestion plant from OFMSW not self-consumed on site).

Table 5 - Output energy					
GRI	Ref.	Output (GJ)	2023	2022	2021
302-1-d-i	A	Electricity from non-renewable sources (Poma power plant) sold to the hospital [from input 3]	51,353	2,155	55,745
	B	Electricity from renewable sources (Biogas) fed into the grid for sale to GSE, and therefore net of unprocessed Biogas due to motor efficiency loss [from input 8]	8,295	10,137	11,293
	C	Electricity from renewable sources (solar and hydro) fed into the grid for sale to GSE [from input 11]	14,403	11,414	11,735
302-1-d-ii	D	Heat from non-renewable sources sold to district heating customers [from inputs 3 and 4]	33,730	1,985	47,362
	E	Heat from renewable source (solar thermal) sold for DHW to some district heating customers [from input 13]	0	36	251
302-1-d-iv	F	Steam from non-renewable source sold to Carlo Poma Hospital [from input 3]	13,895	12,994	12,382
302-1-d-ii/iii	G	Thermal energy produced by the organisation from Enipower steam, sold to district heating and cooling customers [from inputs 10 and 12]	464,452	539,562	630,752
	H	Electricity from renewable sources (biogas), self-consumed from the Revere Energia plant [from input 9]	0	0	0
	I	Biomethane from anaerobic digestion, injected into the network for sale to third parties [from input 9]	5,349	0	0
		Total output (energy sold to third parties)	591,477	578,283	769,519

With respect to output energy, please note that:

- the strong increase in 2023 compared to the previous year in electricity sold to Carlo Poma Hospital (output A) due to the shutdown, mentioned above, in 2022 of the cogenerator of the thermal plant located on-site at the hospital,
- the slight decline in the heat sold to district heating customers (output D) due to lower heat demand caused by a milder year than the previous one (degree days⁴² fell from 2,084 DD in 2022 to 2,013 DD in 2023).

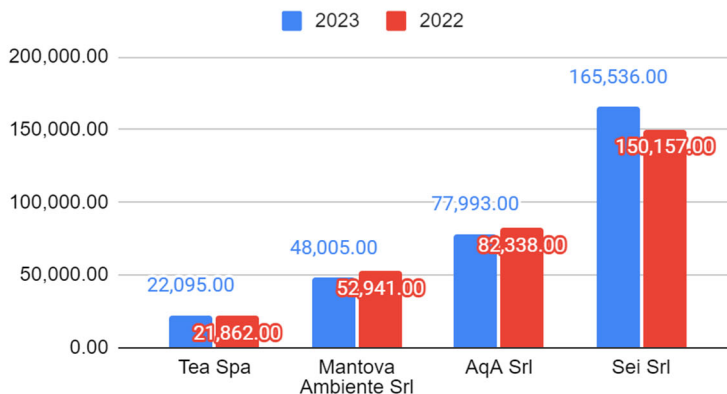
Table 6 - Energy consumed within the organisation (GRI 302-1)					
GRI	ENERGY CONSUMED (GJ)		2023	2022	2021
302-1-e	TOTAL input - output		322,664	313,456	322,718
302-3-b	Turnover (value of production) (€k)		456,524	578,803	363,795
302-3-a	Energy intensity (GJ/€k)		0.71	0.54	0.89

Comparing the figures for 2023 with those of the previous year, for the energy consumed within the organisation of 322,664 GJ, there was an increase of 2.87% compared to the 313,647 GJ consumed in 2022, which is however in line with consumption from 2021, and mainly attributable to:

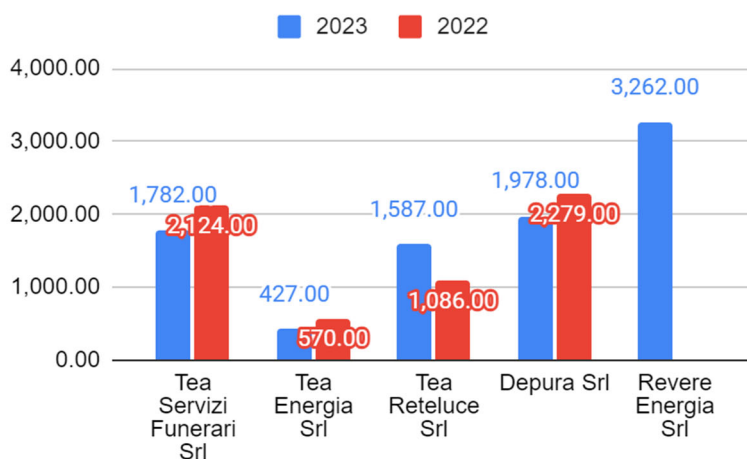
- a significant increase in the consumption of natural gas for power generation due to the resumption of operation of the cogenerator at the thermal power station at the Carlo Poma hospital in Mantova, which remained shut down in 2022 for revamping and due to the increase in raw material costs (input 3);
- an increase in gas consumption in the Tea cremation facility at Borgo Angeli MN cemetery (input 1);
- an increase in natural gas not converted into heat in third-party thermal power stations managed by the organisation due to an expansion of the set of plants managed (Municipalities of Mantova and Moglia) (input 5).

⁴² The degree day of the location (MN) is the sum extended to all days of a conventional annual period (here the thermal heating season), of only the positive daily differences between the temperature set conventionally (here 20°) and the daily outside average temperature.

Company GJ consumption



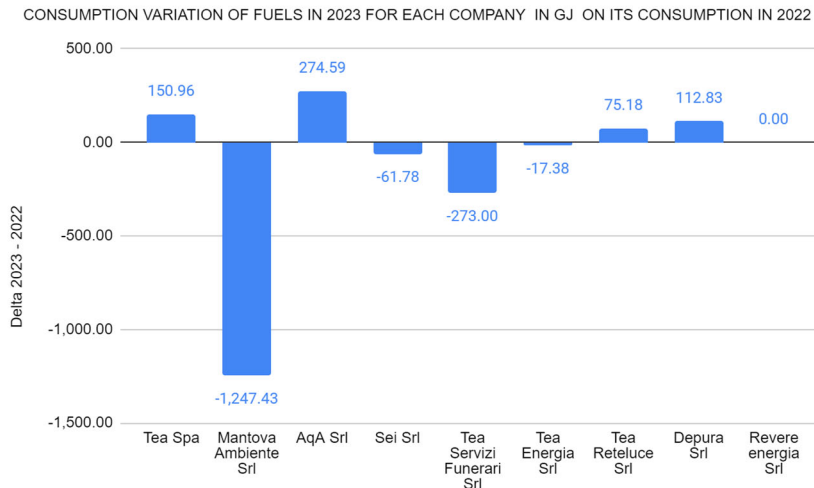
Company GJ consumption



Vehicle consumption

For Tea, fuel consumption accounted for 11.76% of its energy mix. Specifically, the Group companies that contributed the most to fuel consumption were, in order of consumption: Mantova Ambiente S.r.l., AqA S.r.l. BC, Tea S.p.A. BC and Sei S.r.l.

Compared to the previous year, fuel consumption for the Group's vehicles decreased by 2.53% in 2023, essentially caused by a decrease in consumption of Mantova Ambiente, as shown in the chart below.



Energy efficiency

Energy efficiency is the first indicator of sustainability in Tea Group operations. For all Group companies, energy is one of the cost items with the greatest impact for the organisation, and the primary factor with an impact on the environment, through emissions from the direct and indirect consumption of fossil fuels. This is why the company dedicates significant space in the Group’s Business Plan to plant and process energy efficiency objectives. A reduction in energy consumption is the Tea Group’s primary lever for pursuing a significant decline in GHG emissions, while also contributing to safeguarding the environment and biodiversity in the areas served.

2023 actions on plan objectives: plant efficiency gains

The actions initiated in previous years continued in 2023 with the following progress being made:

- sewerage and purification plant lifting equipment - efficiency gains, technological modernisation and energy optimisation:
 - Suzzara and Castiglione delle Stiviere wastewater purification plants - analysis of process data and performance, for new corrective actions on the operation of electromechanical equipment with a reduction in consumption;
 - Commessaggio, Buscoldo and Schivenoglia wastewater purification plants - 3 automated screening systems at the head of the system;
 - Sermide wastewater purification plant - new plant entered into operation for the treatment of sewage from tanker trucks;
 - a new mobile system has begun operating on a roll-off bin for the third-party treatment of discharge from medium/small-scale potential purification plants with primary technology;
 - via Brennero sewerage lifting equipment - widespread restructuring of civil and plant infrastructure (electric pumps, valves, instruments), with the implementation of company remote control connections;
 - replacement of electrical panels on roughly 120 sewerage lifting systems with new equipment equipped with PLCs and the relative 4G routers for data transmission to the remote control system, with an improvement of energy performance monitoring.

- replacement of high-energy use engines on sewerage lifting machines, wastewater and drinking water purification plants and wells. Furthermore, in 2023 the low-performance electric motor replacement plan also continued, and new electric pumps equipped with at least class IE3 high efficiency motors have been installed, in detail:
 - 33 submersible electric pumps of various powers and sizes in sewerage lifting stations;
 - 25 submersible electric pumps/submersible mixers of various powers and sizes in wastewater purification systems;
 - 5 electric pumps in wells/purifiers in various powers and sizes (submerged in wells).

This efficiency gain, aside from representing the most important factor in the reduction of Scope 2 (indirect) GHG emissions of the Tea Group, also provides economic benefits in relation to the tariffs recognised for the AqA service, activating the premium component on energy savings, named savings difference (ARERA MTI-3 regulatory method).

- district heating systems:
 - in 2023, 4 new boilers were installed at the C. Poma Hospital power station of 2.95 MWt each, to replace the 2 12.5 MWt boilers that had been disconnected and classified as end-of-life in September 2022;
 - in the course of 2023, thanks to maintenance performed in the previous year, the steam and electricity cogenerator at the Poma Hospital thermal power station considerably increased its overall performance, going from the 81% recorded most recently to 82.5%;
 - in October 2023, a request was submitted to the GSE for the efficient district heating qualification pursuant to EU Directive 2012/27/EC, transposed into the Italian legal system with Italian Legislative Decree 102/2014 and Italian Legislative Decree no. 199/2021, transposing EU Directive 2018/2001. At the end of 2023, the qualification request is still pending approval by the GSE.
- cremation plant:
 - in 2023, the submission of the SEA request was finalised, for the construction and operation of the "L3" third cremation line, after the development and delivery of the supplementary documentation requested by the provincial administration, including a new energy diagnosis. The project involves and expansion of the building and the installation of important energy recovery systems, such as: ORC turbine (for flue gas heat recovery and electricity generation) with absorption refrigeration unit and evaporation tower, photovoltaic system, generator unit (to ensure better continuity of service), as well as a new pollutant abatement system (urea DeNOx system with SNCR technology for the reduction of nitrogen oxide emissions).

2023 actions on plan objectives: network upgrading

In 2023, the Group continued its energy upgrading actions on public and private lighting networks, and actions to prevent and reduce leaks from water, gas and district heating distribution networks managed by the subsidiaries, which generated significant results in terms of energy savings. Below are the main actions taken:

- for public lighting networks, in 2023 the plan to replace old technology lighting fixtures (sodium-vapour, mercury-vapour or metal halide lamps) continued with the installation of 1,036 new LED lamps, reaching 96.81% of LED lights out of the total number of 94,754 street lights operated as at 31.12.2023, and bringing about a further reduction of 6.44 kWh per year in average consumption per street light compared to the previous year⁴³;

Table 7 - Street lights operated by the Group

Year	No. of street lights managed at 31.12	No. of LED street lights managed at 31.12	% of LED street lights out of total street lights managed	Total annual consumption of street lights managed and powered (kWh)	average annual no. of street lights managed and powered	Annual average consumption per street light managed and powered (kWh)
2023	94,754	91,728	96.81%	11,870,579	85,407	138.99
2022	93,203	90,692	97.31%	12,096,408	83,175	145.43
2021	90,426	87,295	96.54%	13,172,836	80,450	163.74

⁴³ The annual average consumption per street light was calculated in the municipalities in which Tea, which is also the energy provider on the public lighting network, has the data available, and therefore does not include the street lights managed in municipalities where energy is provided independently by the contracting authority; therefore, the data in table 7 referring to the previous years were recalculated with respect to those published in the 2022 NFS.

- on the Mechanical - Biological Treatment plant in Ceresara, the subsidiary Mantova Ambiente has increased the electricity consumption monitoring frequency to analyse any inefficiencies, and in the course of 2023 it replaced 30 lighting fixtures in the external area, with an investment of Euro 5,350 and savings of roughly 17,000 kWh.
During the year 15 lighting fixtures were also replaced in the internal area of the plant, with low environmental impact lamps;
- at the Goito waste collection centre, at the end of 2023 old lighting fixtures were replaced with modern LED lamps that make it possible to decrease energy consumption and maintenance costs thanks to their longer lifetime;
- in the District Heating Network in Mantova, a check was conducted by means of infrared thermography in order to identify any leaks and/or any anomalies correlated to damage to the piping system. The inspection was carried out by a leading specialised company with the direct support of SEI s.r.l. personnel and with the help of maps of the existing network. Approximately 67 km of the network was analysed (of which 1 km of connections) and 23 thermal anomalies were detected, of which 10 were "class 3" (verification can be postponed) and 13 "class 4" (not requiring verification but will need to be monitored and reassessed in the next inspections), while there was no "class 1" anomaly (requiring an urgent verification of a probable loss of heat transfer fluid) or "class 2" anomaly (requiring the scheduling of verification) KPI.

2023 actions on Plan objectives: remote control and remote management

Data Centre: the monitoring of energy efficiency based on the measurement of the Power Usage Effectiveness (PUE) parameter, calculated for each room in the Data Centre (PUE category 1), highlighted a PUE for 2023 that reached a value of roughly 1.90, a slight increase over the previous year (1.80), but in line with the market averages in the Mediterranean - Southern Europe area. The PUE-Cooling parameter is also measured on an annual basis, which indicates the ratio between the energy used by the cooling system for cooling the IT infrastructure and the energy used by the IT infrastructure itself. Its value for 2023 was 0.90, slightly higher than in the previous year (0.80). Excellent market values fall within the 0.4 - 0.5 range and in the immediately lower level in the 0.5 - 0.9 range.

As the data centre cloud migration project is still in the course of development, the organisation has not planned further investments for boosting infrastructure energy efficiency.

In 2023, the implementation on WINCC OA of the electricity and heat production systems and the district heating distribution network was completed. For district heating, the development of the "Gradyent Load Prediction" project continued, with the connection of the platform to the Group's new SCADA WINCC/OA (Tele-X Project), for load prediction and plant remote control, and the storage tank management optimisation system was implemented at the Mantova "Poma" Hospital. Furthermore, for network smart management tools, a pair of smart valves was installed and an additional pair of smart valves was purchased, which will be installed in 2024; the 4 smart valves, along with the existing additional 6 pairs of valves, will be made operational in automatic mode in 2024.

In 2023, the planned replacement of district heating user meters also continued, with the replacement of old analogue meters with new digital smart meters connected to remote reading systems. At the end of 2023, the number of smart meters installed and connected for management by dedicated software reached roughly one thousand, i.e., more than 40% of the total meters installed: the smart meter data will then be acquired and used by load prediction.

In the gas distribution networks, the installation of electronic smart meters was completed in 2023 on the methane gas distribution networks, with an expenditure of Euro 700,000 for 7,000 meters.

In the course of 2023, new software was installed for the management and visualisation of information from the field, including alarms and information about total volumes, new smart meter models were implemented which can be used with LORAWan technology and the function for NB-IoT data transmission was acquired. The new platform can be used to gather data at any time, with daily, hourly and 15-minute interval details, and allows for more effective and sustainable meter management: thanks to Meter Data Management, it is possible to monitor all meters present on the network, check their status and consult an unlimited amount of meter and diagnostic data, also maintaining their original encrypted format. Furthermore, the same portal can be used to send commands, manage alarms and add each installed meter model.

2023 actions on Plan objectives: increase in green vehicles

Once again in 2023 the proportion of vehicle fuel consumption to the Group's total energy consumption volume remained significant, confirming the importance, for the Group's energy saving objectives, of the investments planned

for the renewal of the company fleet after replacing old vehicles with new green vehicles (methane, bifuel, hybrid and electric).

In 2023, the plan for the improvement of the vehicle fleet environmental mix continued to be implemented; in execution of the 2023-2027 Business Plan target (110 new green vehicles, of which 90 set forth in the 2022-2026 plan), in 2023 the Tea Group added a total of 25 green vehicles to its fleet. Modernisation is primarily associated with the purchase of 22 new green vehicles (4 electric, 18 methane) for sweeping and waste collection, in addition to 3 electric vehicles dedicated to the mobility of employees who need to travel around the area on the basis of service requirements by the company Mantova Ambiente.

The increase in the proportion of green vehicles again in 2023 compared to the previous two-year period is shown in the table below, which details the energy classes and types of vehicles that make up the fleet.

Table 9 - Energy classes and vehicle types in the company fleet used by the Group					
Engine	Energy class	2023	2022	Change 2023 - 2022	Change %
Combustion	Euro 0	31	33	-2	-6%
Combustion	Euro 1	2	1	1	50%
Combustion	Euro 2	12	13	-1	-8%
Combustion	Euro 3	29	36	-7	-24%
Combustion	Euro 4	44	49	-5	-11%
Combustion	Euro 5	58	58	0	0%
Combustion	Euro 6	160	136	24	15%
Bi-Fuel	Euro 4	5	4	1	20%
Bi-Fuel	Euro 5	7	9	-2	-29%
Bi-Fuel	Euro 6	45	44	1	2%
Methane	Euro 6	28	20	8	29%
Hybrid	Euro 6	30	16	14	47%
Electric	Electric	35	16	19	54%

With respect to the previous year, there was a significant increase in green EURO 6 vehicles (methane, bifuel, hybrid and electric), from 96 in 2022 to 138 in 2023, marking growth of 43.75%.

2023 actions on Plan objectives: renewable energy development

Photovoltaic systems

The development of new solar plants on the roofs of existing or future buildings continued in 2023, avoiding occupying land. Among the main initiatives that took place in 2023:

- connection to the electricity network of the AqA plant with an installed capacity of 46.41 kWp at the Castiglione delle Stiviere purification plant;
- the acquisition of land by SEI, and obtaining the authorisation for the construction of a 7 MWp photovoltaic plant in the municipality of Casalmaggiore;
- the initiation of 2 projects for the construction of 2 photovoltaic systems, of 6 MW in the Municipality of Curtatone and 1 MW in the Municipality of Mantova (Valdaro area), respectively.

Hydroelectric plants

In 2023, the organisation's flowing water hydroelectric plants enjoyed a higher volume of precipitation than in the previous year, which resulted in higher flow rates in the waterways linked to the turbines.

The "Diga dei Mulini" or "Vasarina" hydroelectric plant in Mantova injected 2,252,608 kWh into the network in 2023, compared to 1,864,202 kWh in 2022.

The "Marenghello" hydroelectric plant in Goito, which has a hydraulic jump of 4 metres in the Mincio spillway channel, injected 1,667,397 kWh into the network in 2023, compared to 1,225,518 kWh in 2022.

The lower production of electricity of the "Marenghello" facility compared to the "Vasarina" facility, despite the higher nominal power of the plant, was due to the different availability of water for the two plants, as the Vasarina facility,

being positioned between two lakes, has a greater quantity of water available on a more consistent basis than Marenghello, which uses water from the Mincio river spillway channel, fed by sluices governed by the AIPO (Po River Interregional Agency) authority based on agricultural needs that prevail over hydroelectric generation requirements.

Biogas plants

The biogas cogeneration plant at the Mariana Mantovana landfill continued to operate normally, consisting of two biogas-fuelled cogenerators with a capacity of 330 kW, which in 2023 generated total annual production that enabled the injection into the grid of 2,304,042 kWh, against 2,815,853 kWh in 2022, demonstrating a significant decline, linked to the progressive drop in biogas generated by the landfill waste due to its increasing mineralisation over time.

In 2023, the new plant for the production of biomethane from OFMSW managed by Revere Energia S.r.l., a wholly owned subsidiary of Tea, was inspected and began operating in Revere, in the Municipality of Borgo Mantovano, which under normal circumstances will process 36,000 annual tonnes of organic waste and produces 2,400,000 cubic metres of high quality biomethane, with extremely reduced CO₂ content and therefore with a significantly higher calorific value than the original biogas.

Revere Energia has enacted monthly plant energy consumption checks in order to monitor and promptly identify any anomalies and inefficiencies. The plant is equipped with fully LED lighting, latest generation heating and cooling systems and a cogenerator for the self-production of the heat and electricity required for the production process and the site. The cogeneration unit, installed for the combined production of electricity and heat, functions with self-produced biogas, appropriately desulfurised and dehumidified.

The production of the first year (partial) of the plant resulted in the injection into the network of 135,907 scm of biomethane.

Tea Group 2023 energy efficiency indicators

Within the framework of improvement actions on Tea group energy consumption measurement and monitoring tools (and therefore the resulting GHG emissions), and to lay the foundations which enable the company to draw up detailed impact reduction plans for every company activity, in 2023 the organisation established a set of KPIs, integrated into the Plant Register, aimed at identifying the values of energy used for the product unit generated in every process (cubic metres of drinking or purified water, tonnes of waste treated, cubic metres heated, etc.), which will be integrated into the periodic reporting of all businesses of the operating companies and the parent company⁴⁴.

The KPIs recorded in 2023 for each line of business are shown below.

Table 2 - Environmental KPIs broken of the Tea Group			
Company	Process	KPI	Description of KPIs
	Cemetery services	m ³ CH ₄ /cremated corpse	Ratio between the number of cubic metres of methane consumed and the number of cremated corpses and/or remains taking into account their respective percentages
Tea S.p.A BC	Cemetery services	kWh electricity/cremated corpse	Ratio between the number of kWh of electricity consumed and the number of cremated corpses and/or remains taking into account their respective percentages
	Global Service	thermal kWh / (daily occupancy x surface areas occupied x hours of plant operation x degree days)	Ratio between the number of thermal kWh consumed and the product of daily occupancy, the areas occupied and the hours of operation of heating plants

⁴⁴ Also see the "ESG Targets and Indicators" section in the "Sustainability governance" chapter.

Table 2 - Environmental KPIs broken of the Tea Group			
Company	Process	KPI	Description of KPIs
	Global Service	kWh electricity / (daily occupancy x surface areas occupied x hours of plant operation)	Ratio between the number of kWh of electricity consumed and the product of daily occupancy, the surface areas occupied and the hours of operation of the cooling plants
Mantova Ambiente	mechanical-biological waste treatment	kWh electricity/tonnes of waste entering the plant	Ratio between the number of kWh of electricity consumed in the plant and the number of tonnes of waste entering the plant
	Company fleet	kWh/tonnes of waste collected	Ratio between the number of kWh of fuel consumed by the company fleet vehicles dedicated to waste collection and the number of tonnes of waste treated
	Drinking Water	kWh drinking water/m3 injected	Ratio between the number of kWh consumed by the drinking water treatment plant and the connected plants (catchment and distribution) and the number of cubic metres of drinking water injected into the network
AqA s.r.l. BC			
	Sewerage System / Wastewater Treatment	kWh SEW. + PUR./m3 purified	Ratio between the number of kWh consumed by the sewer and purification plant lifting systems and the number of cubic metres of purified wastewater returned to the environment
	District heating	$(kWh_t + kWh_e) / (DD \times m^3 \text{ connected} \times km \text{ network} \times m^3 \text{ fuelled})$	Ratio between the consumption of energy (thermal and electric) and the number of cubic metres heated for the degree days of the thermal season, based on the length of pipes and the flow of the carrier fluid handled
	Gas distribution	Network losses	Cubic metres of fugitive emissions of methane gas from the distribution network based on its length and composition material
SEI s.r.l.			
	Gas distribution	kWh electricity / m3 of gas injected into the network	Ratio of kWh of electricity consumed for the gas distribution service (city gates stations, cathodic protection, etc.) and cubic metres of gas distributed in the network
	Hydroelectric	kWh electricity produced / m3 water flow x hours of operation x average geodetic height	Ratio between the electricity produced and the volume of water entering the turbine, times the number of hours of operation of the plant times the annual average geodetic height
	Energy sales	MWh certified electricity/MWh electricity sold	Ratio between MWh of electricity sold and GO certified, and Ratio between MWh of electricity sold and GO certified, and total number of MWh of electricity sold
Tea Energia s.r.l.			
	Energy sales	GJ vehicles/(kWh electricity + m3 gas sold)	Ratio between fuel consumption of agent vehicles and the energy (electricity and gas) sales volume during the year
	Funeral home	kWh electricity/Funeral services	Ratio between the number of kWh of electricity consumed at the funeral home and the number of funeral services performed
Tsf s.r.l.			
	Vehicles	GJ/funeral transport services	Ratio between the consumption in GJ of funeral service vehicle fuel and the number of funeral transport services performed

Table 2 - Environmental KPIs broken of the Tea Group

Company	Process	KPI	Description of KPIs
Tea Reteluce s.r.l.	Street Lighting	kWh electricity/Street light	Annual average consumption per street light, equal to the ratio between total electricity consumption in kWh and the average number of LED street lights managed and powered by Tea Reteluce
	Management of Heating Systems	thermal kWh / m2 during the year compared to thermal kWh/m2 from APE	Ratio between the number of thermal kWh consumed on each plant and the square metres heated by it during the year compared with the same ratio deriving from the APE certificate (Energy Performance Certification)
Depura s.r.l.	Special waste treatment plant	kWh electricity/tonnes of waste entering the plant	Ratio between the kWh of electricity consumed in the plant and the number of tonnes of waste entering the plant
Revere Energia s.r.l.	Anaerobic Digestion	kWh electricity/tonnes of waste entering the plant	Ratio between the number of kWh of electricity consumed in the plant and the number of tonnes of waste entering the plant

Atmospheric emissions (GRI 305-1; GRI 305-2; GRI 305-3; GRI 305-4; GRI 305-5; GRI 305-6)

The Group's 2023-2027 Business Plan continued the multi-year planning of investments to reduce emissions through:

- increased energy and process efficiency of plants;
- digitalisation of control and management processes;
- the gradual replacement of the group's vehicle fleet with green vehicles;
- increased production and self-consumption of energy from renewable sources;
- technological improvement of emission abatement systems in plants;
- search for and reduction of leaks in gas distribution networks.

Improvements on particular technologies and plants were carried out in 2023 resulting in reduced emissions, including:

- the Suzzara water purification plant, in which the authorisation of the Province of Mantova was obtained for the construction and operation of a plant for the treatment of odorous emissions into the atmosphere compliant with the requirements of Lombardy Regional Decree no. IX/3552 of 30/5/2012. The plant began operating during the year and is equipped with the best technology currently available, consisting of a wet scrubber tower and a dry scrubber with activated carbon.
- the gas distribution networks in which SEI outsourced to a specialised company the annual inspection on 100% of the gas distribution networks managed (876 km). The inspection was carried out in the 3 summer months, under constant monitoring and supervision by the company's technicians, and made it possible to identify 3 leaks, of which 1 in the Municipality of Mantova and 2 in the Municipality of Suzzara. The Mantova leak, according to the terms established by the regulations, was classified as "A2" (identified within 5 days), while the 2 identified in Suzzara were both classified as "C" (identified within 6 months).
- a number of waste collection centres in the province, where new press containers were positioned for the collection of bulky waste and plastic that make it possible to reduce CO2 emissions linked to the use of vehicles for the transport of these separated fractions to recovery or disposal plants. The press containers can be used

to reduce the volume of waste to a significant extent and store more weight with the volume remaining the same, with resulting environmental, but also logistics and cost, benefits.

- when the Revere biomethane plant began operating, specific self-control procedures were activated through accredited laboratories to periodically monitor atmospheric emission levels, and in particular the generator flue-gas chimney, the emergency torch chimney, the chimney for the suctioning of air discharged after the scrubber and the biofilter, the emergency boiler chimney (the limits of which are strictly prescribed in the authorisations of the responsible authorities); furthermore, preventive monitoring was introduced on wasted energy and losses from the refrigeration machines and an ecological zone was created for mitigation, with a number of plants and bushes that contribute to the reduction of CO₂ concentrations in the atmosphere and the maintenance of lower temperatures.
- the cremation plant at the Mantova cemetery, where the modification of the sorbalite (reagent for the chemical abatement of flue-gas) dosing unit was completed on line "L1" and subsequently on line "L2" to reduce packing phenomena and improve process efficiency; in fact, by reducing air entry into the plant, emission values are also reduced.

The electricity consumed by the Group is completely green

To contribute to the European Community's objectives of climate neutrality by 2050 and a 55% reduction in net greenhouse gas emissions by 2030 (1990 baseline), in its business plan the Tea Group has included significant reductions in the organisation's direct and indirect emissions, based on the reduction of energy consumption from fossil fuels in its plants, and the development of energy from renewable sources, also for self-consumption.

Since 2021, the Group has also adopted a policy of offsetting emissions from purchased fossil source electricity through the purchase of cancellation certificates with Guarantees of Origin (GO) from renewable sources, which again in 2023 cover a volume equal to the entire volume of electricity purchased, **for a total of 30,991 MWh.**

Table 8 - Tea's green energy	
Company	GO certificated MWh
Tea s.p.a. BC	2,290
Mantova Ambiente s.r.l.	4,616
AqA s.r.l. BC	20,395
Sei s.r.l.	2,451
Tea Energia s.r.l.	18
Tea Servizi Funerari s.r.l.	181
Depura s.r.l.	461
Revere Energia s.r.l.	579
Total	30,991

As can be seen in Table 10 detailing Scope 1 and 2 emissions, offsetting with the purchase of certificates of cancellation guarantee of origin (GO) certificates from renewable sources made in 2023 allows for the reporting of **zero emissions** for the GRI 305 - 2b indicator, under the heading "Indirect Scope 2 emissions (Market Based)", Electricity from the grid.

The boundary of reported emissions

In addition to emissions from the direct energy consumption of the organisation's offices and facilities, the CO₂ emissions reporting boundary also includes:

- the entire volume of emissions resulting from the transformation of input energy in the Group's plants (e.g. the combustion of methane gas to produce heat for district heating), even for the portion of this energy that is not consumed by the organisation but sold to third parties, thus also including all energy produced to compensate for network leaks before delivery to end users (Scope 1 emissions);
- thermal energy purchased from third parties⁴⁵ for the share consumed to offset energy losses due to heat dispersion and carrier fluid leakage in the district heating network of the city of Mantova (Scope 2 indirect emissions);
- natural gas leaks from the 10 municipal gas distribution networks managed under a public service concession by SEI have been included in the organisation's consolidated direct emissions, as they are similar to "fugitive emissions", as specified in the GRI 305-1 indicator guidelines.

Scope 1 and Scope 2 GHG emissions

The table below details the direct (Scope 1) and indirect (Scope 2) GHG emissions generated by the Group in 2021-2023.

Please note that the data on fugitive emissions from gas distribution networks are calculated by measuring the different extensions of the networks managed by the Group (through the subsidiary SEI S.r.l.), broken down into the specific lengths of pipe by each type of material and pressure, according to the method indicated by ISPRA through the factor published in NIR 2022 - r360/2022⁴⁶ based on the average losses of Italian gas networks per kilometre according to materials and pressure.

Table 10 – Direct and indirect GHG emissions (Scope 1 and Scope 2)				
GRI	Scope 1 direct emissions (tCO ₂ eq)	2023	2022	2021
	Total emissions of non-renewable fuels	10,583	4,649	11,896
	Natural gas	8,168	2,147	9,311
	Heating oil	39	32	23
	Automotive petrol	141	150	145
	Automotive diesel	1,798	1,914	2,163
	Automotive natural gas	436	405	255
	Automotive LPG	1	0	0
	Fugitive emissions	8,028	8,619	9,060
	Natural gas ⁴⁷	8,000	8,557 ⁴⁸	9,058 ⁴⁹
305-6-a	Fluorinated gas	29	62	3
	Total emissions of renewable fuels	1	1	2
	Landfill biogas (Mariana Mantovana)	1	1	2
	Anaerobic digestion biogas (Revere)	0	0	0
305-1-a	Total direct emissions (Scope 1)	18,613	13,269	20,958

⁴⁵ Steam purchased from Enipower Mantova.

⁴⁶ In Table 3.44 entitled "Length of low and medium pressure distribution network (km) and network emission factors for CH₄", represented by the parameter "CH₄ emission factor (kg/km)".

⁴⁷ The figure refers for the most part to leaks from the 10 municipal natural gas distribution networks managed by SEI s.r.l., and also includes the volume of CH₄ contained in off-gas (mixture of CH₄/CO₂) discarded from the phase of correction of biogas exiting the anaerobic digester of the Revere Energia plant.

⁴⁸ The 2021 and 2022 fugitive emissions from methane gas distribution networks were recalculated after the emission factor published by ISPRA was changed; as a result, total partial emission volumes (Scope 1) and total general emission volumes for 2021 and 2022 in Table 10 were also changed, as well as the resulting emission intensity indicators.

⁴⁹ Ibid.

305-4-c	Scope 1 emission intensity (tCO ₂ eq/€k)	0.041	0.023	0.058
305-2	Scope 2 indirect emissions (tCO ₂ eq)			
305-2-a	Scope 2 indirect emissions (location based)	15,389	15,249	15,412
	Electricity from the grid	8,302	8,549	8,431
	Steam (Enipower)	7,087	6,700	6,980
305-4-c	Scope 2 emission intensity (location based) (tCO ₂ eq/€k)	0.034	0.026	0.042
305-2-b	Scope 2 indirect emissions (market based)	7,087	6,700	20,936
	Electricity from grid net of purchased GO certificates from RES	0	0	13,956
	Steam (Enipower)	7,087	6,700	6,980
305-4-c	Scope 2 emission intensity (market Based) (tCO ₂ eq/€k)	0.016	0.012	0.058
	Total emission intensity and Scope 1 + Scope 2 (tCO₂eq)			
	Scope 1 + Scope 2 (LB) (tCO ₂ eq)	34,002	28,518	36,370
	Scope 1 + Scope 2 emission intensity (location based) (tCO₂eq/€k)	0.074	0.049	0.100
	Scope 1 + Scope 2 (MB) (tCO ₂ eq)	25,699	19,969	41,895
	Scope 1 + Scope 2 emission intensity (market based) (tCO₂eq/€k)	0.056	0.035	0.115

Scope 1

The comparison of direct emissions (Scope 1) in 2023 with those of the previous year shows an increase of 5,344 tCO₂eq, linked primarily to:

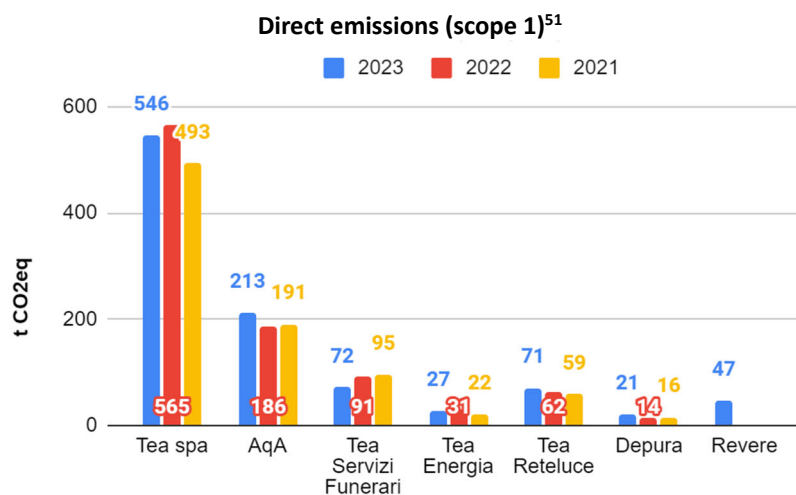
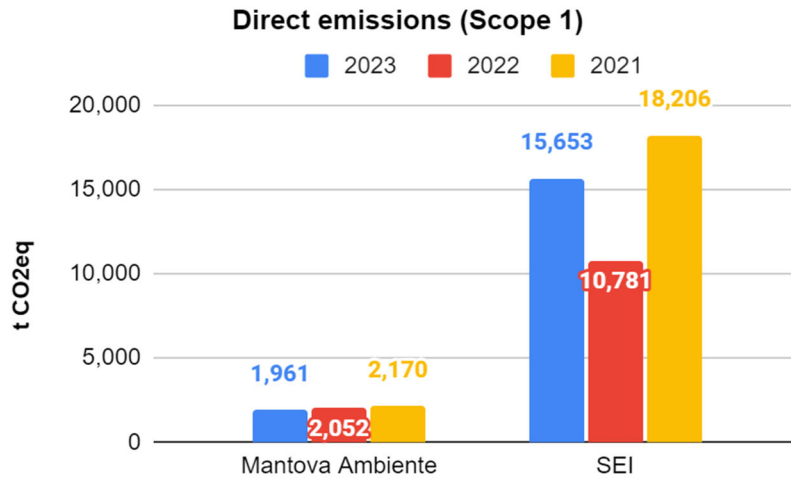
- the increased combustion of natural gas in the cogenerator at the Carlo Poma Hospital thermal power plant, which in 2023 began operating regularly again, while in 2022 it had remained shut down for the entire year;
- the higher volume of heat and physical losses in the district heating network, caused by the higher pressure imposed on the carrier fluid to be able to reduce its average temperature, in order to provide heat to users with lower energy consumption.

The main source of direct emissions for the organisation comes from leaks in the 10 municipal natural gas distribution networks, as well as the high GWP factor of unburnt CH₄. As can be seen from the table below, preventive maintenance and the renewal of the most obsolete pipelines have led to a constant reduction in average network losses over time throughout the country, with a consequent reduction in GHG emissions also for the networks in the province of Mantova despite the network extensions completed: - **568 tCO₂eq** in 2023 compared to 2022.

	2023	2022	2021
Total network length (km)	875,667.86	876,311.35	875,064.68
Total losses (m3 CH ₄)	386,950.53	420,149.28	444,724.65
Total emissions (tCO₂eq)	7,989.00	8,557.00	9,058.00

⁵⁰ The 2021 and 2022 fugitive emissions from methane gas distribution networks were recalculated after the emission factor published by ISPRA was changed.

The following graph shows the emissions direct trend of the individual Group companies in the 2021 - 2023 three-year period; it is worth noting the reduction of the emissions generated by the lower winter heating requirement in 2023 compared to the previous year, due to milder weather, which influences the SEI figure (net of higher emissions due to the resumption of the Poma hospital cogenerator), and also the emissions savings achieved with the reduction of environmental service vehicle fuel consumption, that can be seen in the Mantova Ambiente figure.



Outside of scope

The GRI 305-1 standard establishes that electric generation activity from the combustion of biogas deriving from fermentation or anaerobic digestion of the organic fraction of waste is considered the production of energy from renewable sources, and therefore the relative emissions should not be included in the organisation’s direct emissions (Scope 1), but reported on separately.

As a result, the table below provides the separate reporting of biogenic emissions of CO2eq relating to the combustion of biogas generated by biomass:

- at Tea's special non-hazardous waste landfill in Mariana Mantovana, where two 330-kWp endothermic engines have been installed for the production of electricity by combustion of the biogas recovered from the anaerobic fermentation of waste through a special catchment network built in the landfill;
- at the Revere Energia plant for the production of biomethane via the anaerobic digestion of the organic fraction of municipal waste (OFMSW) collected by Mantova Ambiente and/or other operators, where a cogenerator is located for the production of thermal and electrical energy from biogas for self-consumption in the plant.

⁵¹ The figure relating to Revere Energia s.r.l. for the year 2022 was not reported as the company was not in the reporting scope.

Table 13 - Biogenic emissions (Outside of scope)	U.M.	2023	2022	2021
Landfill biogas combustion (Mariana Mantovana)	Scm	1,412,648.00	1,644,170.00	1,736,800.00
Biogenic emissions	tCO ₂ eq	1,248.76	1,453.42	1,535.31
Anaerobic digestion biogas combustion (Revere)	Scm	0.00	0.00	0.00
Biogenic emissions ⁵²	tCO ₂ eq	146.31	0.00	0.00
Total biogenic emissions	tCO₂eq	1,395.07	1,453.42	1,535.31

Scope 2

For indirect emissions (Scope 2⁵³), the comparison of 2023 with the previous year shows an increase of indirect emissions of 140 tCO₂eq for the location-based calculation methodology based on the average GHG emission factor of the national electricity generation system, on the local distribution grids of the country where the energy is consumed, without taking into account the source (fossil or renewable) of the energy that the buyer may have chosen in the purchase contracts.

As is well known, the economic and political sanctions imposed by Western countries on Russia, and the ensuing suspension of methane gas imports from that country, have caused non-producing European countries to fall back on their electricity production plants that are normally kept as back-ups because they are fuelled with more polluting sources, such as coal and fuel oil. These emergency measures severely deteriorated the energy source mix of national electricity production, which also in Italy drove GHG emissions from the electricity generation system upwards considerably.

The Tea Group does not own or run high environmental impact fossil source (such as coal or fuel oil) electricity generation plants, although its activities encompass many processes that consume a high amount of electricity (plants and networks in the integrated water cycle, waste cycle, district heating, etc.) and thermal energy (steam for heating district heating carrier fluid). This consumption generates considerable indirect GHG emissions, which are measured by means of the emission factors calculated by ISPRA (in gCO₂/kWh), in its annual report on "gross electricity production" and "heat production" in the national energy system (see methodological note - "conversion and emission factors" section).

As a result, the 2023 emission calculation factors (CO₂eq per kWh consumed) rose sharply, thus driving a significant upward trend in total indirect GHG emissions of the Tea Group in 2023 compared to the previous year, as shown in table 6 above (energy consumption within the organisation), although the real quantity of electricity consumed by the organisation's plants actually declined significantly, thanks to progress made in the technological improvement energy efficiency actions planned by the Group.

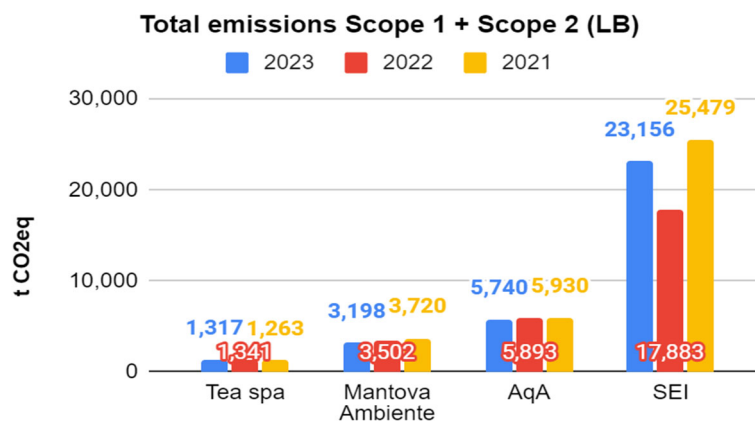
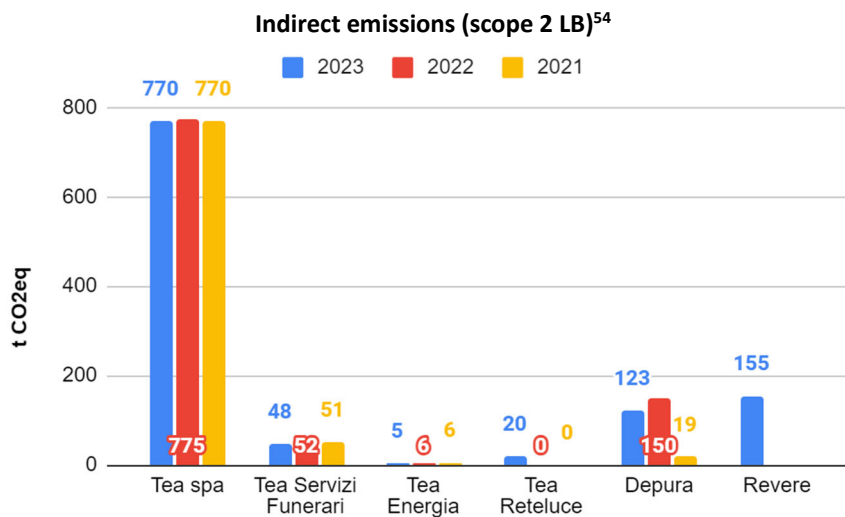
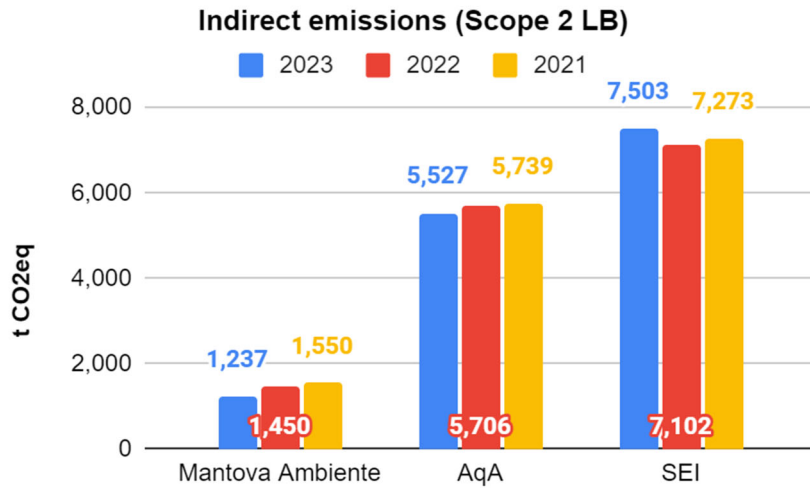
At the company level, note that the reduction of indirect Group emissions was mainly driven by the following factors:

- a considerable contribution of reduction in electricity consumption of AqA plants and networks, ensuing from the continuation of the campaign for the replacement of obsolete engines with new inverter-driven machines;
- a reduction in the electricity consumption of Mantova Ambiente, due to the reduced operation of the Pieve di Coriano composting plant and the higher efficiency of the lighting network at the Ceresara Mechanical - Biological Treatment plant;
- a significant reduction in electricity consumption of the thermal power station for district heating at the Poma Hospital, caused by the increase in self-consumption of energy produced by the cogenerator, which in 2023 began operating under ordinary conditions after the long shut-downs of the previous year.

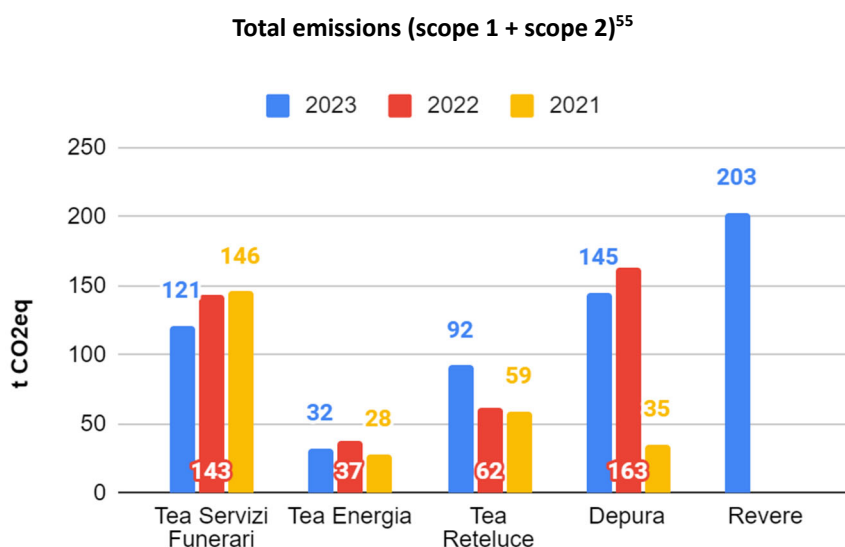
⁵² Quantity of CO₂ not deriving from combustion, but contained in off-gas emissions from the chimney of the biogas upgrading process for biomethane refining prior to injection into the network.

⁵³ Please note that the Scope 2 emissions expressed in tonnes of CO₂eq refer to the national emission factors of gross electricity production and heat production, published in the ISPRA report NIR r363/2023, Tab. 1.13 "Electric sector emission factors", which are published in CO₂, without calculating the proportion of methane (CH₄) and nitrous oxide (N₂O) emissions, which however are negligible (0.4-0.7%) in relation to total greenhouse gas emissions measured in CO₂ equivalent.

When measured using the market-based method, Scope 2 indirect emissions saw a much more limited total quantity of emissions compared to the location-based method (-8,302 tCO₂eq) in 2023 due to the purchase of Guarantee of Origin (GO) certificates from renewable sources (RES) for all grid energy purchased by the organisation.



⁵⁴ The figure relating to Revere Energia s.r.l. for the year 2022 was not reported as the company was not in the reporting scope.



Scope 3 - Other indirect GHG emissions

Scope 3 emissions are indirect GHG emissions, generated by third parties up and downstream in the organisation's value chain: suppliers and sub-suppliers, employee commuting, users/customers, with the exclusion of indirect emissions relating to the phase of generating the thermal energy or electricity consumed by the company, which is instead included in Scope 2.

Scope 3 emissions are particularly important for a multiutility company like Tea, which focuses the use of internal operating resources primarily on plant and network management processes, and therefore assigns large construction, expansion, maintenance and, at times, plant operation activities to outside companies. This structure makes the Tea Group responsible for a total quantity of Scope 3 indirect GHG emissions much higher than total Scope 1 and 2 emissions (direct and indirect emissions deriving from the organisation's energy consumption).

The main Scope 3 emissions generally originate from the production, management and supply of goods used by the organisation (such as emissions generated by the extraction of raw materials used and their transport), from the management of waste produced by the Group, from losses occurring in the transportation and distribution networks or chains of the energy consumed, the consumption of energy necessary for the provision of services and works purchased by the company, the transport of products sold and their end-of-life.

The reporting of Tea Group's Scope 3 emissions began in 2020 with the measurement of emissions related to the commuting of the Group's employees between home and work, and was extended in 2021 to fuel consumption related to services and works provided by "business partners" for the performance of operational tasks contracted to them by the PPPI companies⁵⁶ of the Tea Group (Mantova Ambiente, AqA, Tea Reteluce and Depura).

In 2022, in line with the indications of the scientific committee of the GHG Protocol promoted by the World Resources Institute together with the World Business Council for Sustainable Development, there has been an expansion in the scope of measurement of the Scope 3 emissions of suppliers and customers, applied to physical or economic quantities commonly displayed in the statutory financial statements of each group company by making recourse to the following calculation factors:

- spend-based emission factors based on sector weighted averages, applied to spending volumes for the "Purchased goods" category⁵⁷;

⁵⁵ The figure relating to Revere Energia s.r.l. for the year 2022 was not reported as the company was not in the reporting scope.

⁵⁶ In order to optimise outsourcing practices and to improve the efficiency and specialisation of external resources in the provision of services and works on the Group's networks and plants, Tea has adopted the EU model of the Institutionalised Public Private Partnership (PPPI), which entrusts the role of Business Partners of the company to the main contractors for the businesses of the operating companies managed on the basis of public concessions through a European tender.

⁵⁷ Calculation factors published by the GHG Protocol in the World Input-Output Database - WIOD emission factors (Global) - 2016 release in the document "Technical Guidance for Calculating Scope 3 Emissions".

- physical-based emission factors based on the average unit carbon footprints, multiplied by the physical quantity of fuel (limited to “well to tank” emissions) and services⁵⁸;
- physical-based emission factors based on the average unit carbon footprints, multiplied by the physical quantity of electricity, gas, district heating, steam and drinking water sold to customers⁵⁹.

In 2023, an important project was initiated for the physical-based measurement of Scope 3 emissions for an initial share of assets included in the “Purchased goods” category (still reported on with the spend-based method), for which this report is beginning to determine, with calculations based on the type and weight of materials contained in each individual asset, the specific CO₂eq emissions of each product purchased by the organisation to use it in its industrial processes or to provide services to customers, as such emissions are measured and certified directly by the producers (supplier specific).

This project assumes that eventually it will be possible calculate the specific emissions deriving from the production, transport, use and disposal of every type of the main assets acquired by the Tea Group in the reporting year, on the basis of the unit emissions of each asset, multiplied by the total physical quantity procured in the reporting year; the specific emissions of an initial group of assets were measured for 2023 with a view to eventually replacing the spend-based emissions method of the main categories in the “Purchased goods” item entirely with the more precise physical-based calculation.

The output of this project will make it possible to define specific reduction plans for Scope 3 emissions deriving from the products and materials used by the Tea Group by researching and selecting alternative technical solutions in terms of the type of products and materials with the greatest impact and/or their consumption volume.

The products/materials with the best carbon footprint may be selected with the verification of emissions measured with supplier-specific factors certified by producers, also possibly in comparison with the physical-based factors consolidated in the market for each type acquired.

The table below details the aforementioned Scope 3 emissions over the course of 2021-2023, highlighting the changes resulting from the different consumption or sales volumes in the organisation's annual activities underlying each source.

Table 12 - Scope 3 indirect GHG emissions (tCO₂eq)

GRI		2023	2022	2021
305-3-a	Scope 3 indirect emissions (tCO₂eq)	107,091	111,899	89,664⁶⁰
	Purchased goods	5,434	7,898	6,539
	Fuel and energy (not included in scope 1 or 2 emissions)	2,491	1,552	2,837
	<i>Burnt natural gas</i>	1,349	366	1,598
	<i>Heating oil</i>	9	7	5
	<i>Automotive petrol</i>	39	43	41
	<i>Automotive diesel</i>	437	456	516
	<i>Automotive natural gas</i>	90	86	54
	<i>Automotive LPG</i>	0	0	0
	<i>Biogas (landfill)</i>	0	0	0
	<i>Network losses (purchased electricity)</i>	555	582	610
	<i>Network losses (Steam used)</i>	11	12	13
	Waste management	46,648	43,075	13,870
	<i>Incineration of waste produced</i>	735	392	286
	<i>Disposal of waste produced</i>	4,611	16,212	13,584

⁵⁸ For these emissions, the calculation factors published by Defra - UK Government GHG conversion factors for company reporting were used.

⁵⁹ *Ibid.*

⁶⁰ Total scope 3 emissions in 2021 do not include the emissions of the item “waste transport and delivery”, which were not recorded in the company system

	<i>Waste transport and delivery</i>	41,302	26,471 ⁶¹	N/A
	Commuting	570	572	449
	Smart-working	61	78	N/A
	Water service	9,818	10,879	12,128
	<i>Water purification use by the organisation</i>	185	278	232
	<i>Drinking water use by the organisation</i>	282	239	243
	<i>Water purification used by third parties</i>	5,387	6,859	8,354
	<i>Drinking water used by third parties</i>	3,964	3,503	3,299
	Use of sold products (gas, electricity, district heating, steam)	42,640	48,416	54,290
	<i>Electricity sold</i>	9,587	9,171 ⁶²	9,726 ⁶³
	<i>Gas sold</i>	31,563	37,603	42,778
	<i>District heating sold</i>	1,452	1,610	1,755
	<i>Steam sold</i>	36	32	31

⁶¹ The figure was restated after an extension of the calculation scope, from only waste transported by the private partner published in the 2022 NFS, to all municipal and special, hazardous and non-hazardous waste, transported by third parties from and/or to the organisation's plants.

⁶² Figure restated, as in 2021 and 2022 the share of electricity sold by Tea was not deducted in the aggregation phase. Energy consumed in the group.

⁶³ *Ibid.*

Analysis of risks and opportunities related to climate change (GRI 201-2)

The map of physical and transition risks/opportunities linked to climate change identified by the Tea Group and with the potential to generate significant impacts in the operations carried out, the revenues earned and the expenses incurred is shown below. The table also describes the potential financial implications of not taking action to manage the risk and/or opportunity identified.

Table 14 - Risks and opportunities arising from climate change that have the potential to generate significant changes in operations, revenues or expenses - year 2023

Risk description	Classification	Associated impact	Financial implications (prior to implementation of interventions)	Methods of managing the risk or the opportunity	Costs of the actions taken to manage the risk or opportunity
Abnormal precipitation in terms of intensity and/or duration	Physical	Flooding due to insufficient sewerage systems	<p>Increases in integrated water cycle service operating costs not fully covered by tariff reimbursement mechanisms related to cost efficiency</p> <p>Costs for dealing with hydrogeological instability</p>	<p>Preventive capital expenditure of AqA S.r.l. BC for the planimetric and altimetric survey of the sewage systems, system modelling, critical analyses and consequent improvement of the capacity of pipelines and pumping systems</p> <p>Participation of AqA S.r.l. in the Mincio river contract with the Provincial Administration and the reclamation consortia in the planning and implementation of extraordinary interventions to prevent hydro-geological risk, such as improving the sewage systems, building run-off areas, optimising combined sewer overflows</p>	<p>AqA s.r.l. BC spent:</p> <ul style="list-style-type: none"> • Euro 319,803 for planimetric and altimetric surveys of sewerage networks; • Euro 874,818 for extraordinary maintenance of sewerage lifting plants; • Euro 5,591,584 for maintenance, renovation and extension of sewerage networks. <p>Depura Srl spent:</p> <ul style="list-style-type: none"> • Euro 60,000 for the creation of a system for the collection of rainwater in the "SLW" waste treatment plant; • Euro 50,000 for covers on the tanks used to collect rainwater.

Table 14 - Risks and opportunities arising from climate change that have the potential to generate significant changes in operations, revenues or expenses - year 2023

Risk description	Classification	Associated impact	Financial implications (prior to implementation of interventions)	Methods of managing the risk or the opportunity	Costs of the actions taken to manage the risk or opportunity
				Installation by Depura Srl of a system for the collection of rainwater in the special non-hazardous liquid waste treatment plant (SLW).	
Abnormal temperature spikes	Physical	Blackout in the Group's electricity supplies caused by incidents on Terna's transmission lines or by excess demand on the distribution networks.	<p>Significant damage, also in terms of data losses, in the event of the default of the data centre due to interruptions of services to customers and of business processes.</p> <p>Indemnities, compensation, penalties and lost revenues in the event that the gas distribution, water cycle, street lighting or district heating networks are interrupted.</p>	<p>Where possible, emergency generators and/or UPSs have been implemented (headquarters and data centre; Poma thermal power station; REMI cabins; drinking water treatment plants, etc.)</p> <p>Redundancies in power supply lines (data centre) and supporting photovoltaic systems (cathodic protection of gas networks; REMI cabin in Suzzara).</p>	<p>Sei S.r.l. spent Euro 5,750 to supply, with an additional 5 photovoltaic panels compared to 2022 (1 110 kWp and 4 45 Wp) the cathodic protection systems on the final reduction cabins (GRF) of the gas distribution network.</p> <p>Tea S.p.A. BC spent Euro 186,000 to launch the data centre cloud migration project for project design and tender preparation and cloud infrastructure preparation activities and the initial migration activities for two applications.</p>

Table 14 - Risks and opportunities arising from climate change that have the potential to generate significant changes in operations, revenues or expenses - year 2023

Risk description	Classification	Associated impact	Financial implications (prior to implementation of interventions)	Methods of managing the risk or the opportunity	Costs of the actions taken to manage the risk or opportunity
				<p>For the data centre, a project was launched to migrate the entire infrastructure to the cloud, with the appropriate redundancies for disaster recovery, so as to ensure that operations can be resumed within a certain time frame in the event of a default.</p>	
<p>Abnormal summer temperature spikes</p>	<p>Physical</p>	<p>Fires involving the Group's plants, especially those that are isolated and with a greater presence of combustible materials</p>	<p>Damage to infrastructure not covered by insurance.</p> <p>Damage in terms of lost production due to plant shutdown.</p> <p>Penalties for environmental damage caused by emissions (for example, at the Mariana Mantovana landfill, at the waste treatment plants located in Ceresara and Pieve di Coriano).</p>	<p>Maintenance of fire-fighting systems in Group infrastructure</p> <p>Changes to plant processes and the logistics chain to reduce large material stocks upstream and downstream of processing.</p> <p>Planting of trees close to the Group's production sites.</p>	<p>Tea s.p.a. BC spent:</p> <ul style="list-style-type: none"> • Euro 45,000 for the replacement of the emergency exits to the external side stairs of the Group's headquarters. The work began in December 2023 and will be completed in March 2024; • Euro 28,000 for the real estate located on Viale della Favorita, as part of the work to renovate the new offices to install the fire detection system, completed in January 2024. <p>Mantova Ambiente s.r.l. spent Euro 12,095.70 to plant trees at the Mariana Mantovana landfill.</p>
<p>Abnormal winter temperature drops</p>	<p>Physical</p>	<p>Prolonged spells of very cold weather can cause critical issues in the district heating (TLR) network</p>	<p>Obligation to compensate customers</p>	<p>Work continued on the <i>Load Prediction Project</i> started by Sei</p>	

Table 14 - Risks and opportunities arising from climate change that have the potential to generate significant changes in operations, revenues or expenses - year 2023

Risk description	Classification	Associated impact	Financial implications (prior to implementation of interventions)	Methods of managing the risk or the opportunity	Costs of the actions taken to manage the risk or opportunity
			<p>Class action cases</p> <p>ARERA sanctions</p>	<p>S.r.l. in 2020 to model the district heating network of Mantova for the optimised management of thermal loads according to climatic variations</p> <p>For this Load Prediction Project the installation of smart valves is being developed for the subdivision of the district heating network and for improving the efficiency of leakage detection</p>	<p>SEI s.r.l. spent:</p> <ul style="list-style-type: none"> • Euro 52,000 to continue the Load Prediction project; • Euro 8,000 for the upgrading of the remote control of district heating plants of users; • Euro 81,283 for the upgrading of the remote control of district heating plants for production (TeleX + smart meters); • Euro 16,500 for digital heat system for thermal load assessment (Libero Cloud); • Euro 82,000 for smart meters for district heating users (smart meter data is then obtained and used by Load Prediction); • Euro 117,200 for the installation of smart valves.

Table 14 - Risks and opportunities arising from climate change that have the potential to generate significant changes in operations, revenues or expenses - year 2023

Risk description	Classification	Associated impact	Financial implications (prior to implementation of interventions)	Methods of managing the risk or the opportunity	Costs of the actions taken to manage the risk or opportunity
Prolonged droughts	Physical	<p>Reduction of the flow rate of watercourses feeding the Group's run-of-river hydroelectric power stations</p> <p>High peaks in demand for drinking water could cause critical problems for Tea's distribution systems and networks, especially in water-stressed areas</p>	Higher costs due to: indemnities under the charter of services, payment of damages for class action, loss of revenues due to failure to provide the resource	<p>Preventive investments to ensure the redundancy of water catchment sources and water treatment and pumping plants in the networks and in the interconnection of local networks and inter-municipal pipelines that can be supplied by various drinking water treatment plants.</p> <p>In partnership with the University of Parma, a hydrogeological study of the deep aquifers supplying the managed waterworks was launched at the end of 2020, aimed at optimising the exploitation of the existing well fields and identifying the location of future wells.</p> <p>Expenses intended to favour the reuse of water leaving the Castiglione delle Stiviere consortium water treatment plant for washing the filters of the special non-hazardous liquid</p>	<p>AqA s.r.l. BC spent:</p> <ul style="list-style-type: none"> • Euro 54,146 for the study of hydrogeological aquifers with Uniparma; • Euro 2,854,487 for the construction of new wells to replace those that have reached the end of their technical lifespan; • Euro 31,435 for the Castiglione delle Stiviere Water Safety Plan; • Euro 191,584 for the modernisation and development of the water cycle remote control system and a further Euro 482,732 as a staff fee to Tea s.p.a. BC for remote control services and OTG; • Euro 471,438 for the maintenance and upgrading of groundwater extraction plants and drinking water purification plants pertaining to the drinking water distribution networks in compliance with the 2020-2023 four-year plan. <p>Depura s.r.l. spent Euro 15,000 for the installation of piping lines that allow for the reuse of water in the special non-hazardous solid waste treatment plant.</p>

Table 14 - Risks and opportunities arising from climate change that have the potential to generate significant changes in operations, revenues or expenses - year 2023

Risk description	Classification	Associated impact	Financial implications (prior to implementation of interventions)	Methods of managing the risk or the opportunity	Costs of the actions taken to manage the risk or opportunity
				waste treatment plant.	
Storms or Hurricanes	Physical	<p>Damage or collapse of older drinking water piezometric towers with damages to property and/or people.</p> <p>Uprooting or collapsing of trees, even large ones, with damage to property or persons;</p> <p>Breakage or collapse of street lighting poles and consequent blackouts of grids causing hazards to vehicle traffic and the safety of people</p>	<p>Significant costs to compensate damage to property or people Loss of revenues and indemnities for service interruptions. Any maintenance costs exceeding the amount covered by the water service tariff.</p> <p>Onerous costs for the group companies that manage the Public Greenery Service and the Public Lighting Service, for compensation for damage to property or persons, and/or restoration or maintenance costs that may exceed the portion financed by the commissioning public administration or reimbursed by insurance coverage.</p>	<p>Planned and started the decommissioning of the most obsolete towers, replaced with upgrades to the pumping systems and underground storage tanks.</p> <p>Adoption of an operating procedure to maintain the minimum replenishment levels of the tanks of the towers still necessary, but that do not have anti-seismic construction characteristics.</p>	<p>AqA s.r.l. BC spent Euro 69,570 for the disposal of the obsolete and potentially dangerous Roverbella piezometric tower.</p> <p>Mantova Ambiente s.r.l. spent:</p> <ul style="list-style-type: none"> • Euro 70,000 for the census and preventive diagnosis work proposed to the municipalities; • Euro 64,000 for preventive felling of damaged or weak trees; • Euro 30,000 for replanting new replacement trees.

Table 14 - Risks and opportunities arising from climate change that have the potential to generate significant changes in operations, revenues or expenses - year 2023

Risk description	Classification	Associated impact	Financial implications (prior to implementation of interventions)	Methods of managing the risk or the opportunity	Costs of the actions taken to manage the risk or opportunity
				<p>Presentation to the administrations that award the maintenance service for public greenery of preventive survey plans, with specific stability assessments (VTA – Visual Tree Assessment).</p> <p>Felling of damaged or weak trees, whose dimensions and/or location represent a risk of falling or loss of branches that is potentially dangerous. The tree-felling plans usually envisage compensatory replanting plans or the planting of trees that have a similar or superior CO2 absorption capacity.</p>	

Table 14 - Risks and opportunities arising from climate change that have the potential to generate significant changes in operations, revenues or expenses - year 2023

Risk description	Classification	Associated impact	Financial implications (prior to implementation of interventions)	Methods of managing the risk or the opportunity	Costs of the actions taken to manage the risk or opportunity
<p>State or regional incentives for investment in technological or environmental improvement that contribute to reducing greenhouse gases</p>	<p>Transition - Legislative</p>	<p>Industry 4.0 Project</p>	<p>A sluggish and unsegmented management of flow rates and temperatures in the district heating network causes high inefficiency costs.</p> <p>Low efficiency in the chemical-physical analysis processes of the integrated water cycle service provider causes high operating costs with economic penalties in the tariff authorised by ARERA.</p>	<p>For the load prediction project, the subdivision of the district heating network and improving the efficiency of leakage detection are being developed.</p> <p>Modernisation and automation of the analysis technologies of the AqA S.r.l. Laboratory with the purchase of robots for the analysis of BOD, COD, etc. to reduce operating costs and improve efficiency and accuracy.</p>	<p>SEI s.r.l. used Euro 6,302 as tax credits for investments in smart valves as part of the Industry 4.0 Project.</p> <p>AqA s.r.l BC used Euro 176,946 for tax credits on investments for new instrumentation for the chemical-physical laboratory.</p>

Table 14 - Risks and opportunities arising from climate change that have the potential to generate significant changes in operations, revenues or expenses - year 2023

Risk description	Classification	Associated impact	Financial implications (prior to implementation of interventions)	Methods of managing the risk or the opportunity	Costs of the actions taken to manage the risk or opportunity
		Works programme for economic recovery - Decree no. 11/4040 of 14.12.2020	Anomalous or qualitatively non-conforming wastewater discharges with consequent penalties.	Upgrade of the infrastructure of the Integrated Water Service to the new provisions of the regional regulation on discharges (Regional regulation no. 6/2019) and structural and plant upgrade of wastewater treatment systems.	AqA s.r.l. BC received a Euro 2,561,175 loan in 2023 in relation to the works programme for economic recovery - Decree No. 11/4040 of 14.12.2020 - upgrade of the infrastructure of the Integrated Water Service to the new provisions of the regional regulation on discharges (Regional regulation no. 6/2019) and structural and plant upgrade of wastewater treatment systems.
		Loan from the Provincial Administration of Mantova with Regional funds for hydro-geological instability	Increase in operating costs to manage the integrated water service for recovery/emergency work for flooding, not entirely covered by the Authority cost recovery system bound to cost efficiency.	Investment of the company AqA S.r.l. in the planning and implementation of extraordinary interventions to prevent hydro-geological risk in the upper Mantova area, such as improving the sewage systems and combined sewer overflows.	AqA s.r.l. BC received a loan of Euro 900,000 from the Lombardy Region Regional Decree no. 939 of 25/08/2022 for urgent actions to counter the water deficit situation for works carried out in the final months of 2022.

Pollution

NFS

Other significant emissions (GRI 305-7)

The volumes of volatile components released into the atmosphere by the Tea Group's plants in 2023 are shown below. Please note that for sites where there are no continuous meters recording the total progressive volumes emitted, the annual total of such emissions is determined as the product of the pollutant concentration times the hourly flow rate times the number of annual hours of operation. If the frequency of analysis is more than once a year, the quantity of pollutant emitted is calculated following the precautionary principle, considering the higher of the concentrations and the hourly flow rates measured.

GRI	Emitted substance	2023	2022	2021
305-7-a-ii	SOx (sulphur oxides)	283	285	432
305-7-a-i	NOx (nitrogen oxides)	7,442	6,315	8,424
305-7-a-vii	CO (carbon monoxide)	2,406	1,532	5,148
305-7-a-iv	VOC (Volatile Organic Compounds)	20,225	10,726	1,955
305-7-a-vii	TOC (Total Organic Carbon)	21,593	2,781	36,761
305-7-a-vii	NH3 (ammonia)	2,851	4,897	4,423
305-7-a-vii	H2S (hydrogen sulphide)	42	45	11
305-7-a-vii	HCl (hydrochloric acid)	59	38	97
305-7-a-vii	TSP (Total Suspended Particulates)	1,143	707	123
305-7-a-vii	Hg (mercury)	0	0	0
305-7-a-vii	HF (hydrofluoric acid)	8	11	1
305-7-a-vii	PCDD/PCDF (dioxins and furans)	0	1	0
305-7-a-vii	SO2 (sulphur dioxide)	624	2,779	648

The main changes in terms of other atmospheric emissions by the Group concern:

- a return of sulphur dioxide (SO₂) to historical levels deriving from improved quality of the biogas fuelling the endothermic engines at the Mariana Mantovana landfill;
- the increase in Total Organic Carbon (TOC) emissions resulting from the full use of the cogenerator at the thermal power station at Poma Hospital, compared to the long shut-down periods of the previous year;
- a significant increase in total suspended particulate (TSP) and volatile organic compounds (VOC) recorded at the Ceresara Mechanical - Biological Treatment plant, which however also recorded the halving of ammonia emissions⁶⁴.

Water and marine resources (GRI 303-1; GRI 303-2)

NFS

Water is highly significant in the operations of Tea, as the subsidiary AqA⁶⁵ has been the concessionaire since 2005 of the integrated water service in the central area of the Province of Mantova, based on the determination of the Optimal Territorial Area (ATO) which on 28.11.2017 also designated the company as the Single Manager of the entire provincial territory as of 1 January 2026. The AqA service includes all phases of the water cycle: catchment from underground aquifers, drinking water purification, distribution, wastewater catchment and purification, also managing the respective design, construction, operation and maintenance of networks and facilities, resource quality control, emergency response and all activities related to customer relations.

⁶⁴ Please note that these annual emissions are subject to frequent variability because they are calculated by multiplying the hourly volumes measured with specific withdrawals by the annual hours of plant operation.

⁶⁵ A company resulting from the merger by incorporation of the company Tea Acque S.r.l. into AqA Mantova S.r.l., named AqA S.r.l. It manages the waterworks, sewerage and purification services in 40 municipalities in the Province of Mantova.

In 2023 AqA continued its works for the development of the investment plan approved by the ATO of the Province of Mantova for the expansion of waterworks into the municipalities and small towns not yet reached by the service, and for the upgrading and improvement of sewerage networks and purification plants. The projects are oriented in particular towards the following objectives:

- making drinking water available to all residents, while safeguarding the resource as well as biodiversity;
- guaranteeing the resilience of the water system with the interconnection of drinking water networks;
- saving water resources, with a reduction in network losses;
- maximising automation and remote control systems to ensure service quality and safety;
- saving on treatment and energy costs, with a reduction of infiltration from the sewerage networks;
- improving water quality, with the decommissioning of small, low efficiency purification systems.

In activities for the design of new water treatment plants (both drinking water treatment plants and purifiers) or their revamping, AqA set the technical screening criteria pursuant to Delegated Regulation (EU) 2021/2139 of 4 June 2021 (for climate change mitigation and adaptation objectives) as a new reference standard, within the framework of the EU Taxonomy (EU Regulation 2020/852).

Availability of drinking water

To safeguard the continuing efficient feeding of new waterworks under construction, without overlooking the responsible use of water resources and the protection of groundwater restoration initiatives, AqA has developed research on a conceptual hydrogeological model for the province of Mantova in collaboration with the University of Parma, to best orient the location of new wells for groundwater collection. In 2023, the following deep aquifer wells were installed:

- 5 new wells in the well field of the Mantova provincial capital drinking water purification plant in Borgo Pompilio;
- 4 new wells in the well field of the San Giorgio Bigarello drinking water purification plant in Bigarello;
- 1 new well at the San Giorgio Bigarello drinking water purification plant in Villanova Maiardina;
- 1 new well adjacent to the existing one on via Nenni in Castiglione delle Stiviere;
- 1 new well adjacent to the existing one at the Dosolo drinking water purification plant;
- 1 new well adjacent to the existing one at the Roverbella well in Malavicina;
- 2 new wells in the well field of the Sermide drinking water purification plant.

In the design and installation of new wells, AqA has focused due attention on the need not to damage local ecosystems and to preserve biodiversity. In this regard, the company commissioned a study with 8 survey campaigns with respect to the species of community interest *Emys orbicularis* and *Rana latastei*, included in Annexes II and IV of Directive 92/43/EEC, present in the "Former Lago Paiolo" area, where the Borgo Pompilio well field is located, for the assessment of the impact provoked by the drilling of new wells concluded in November 2023. As part of earthquake prevention and drinking water quality and availability initiatives, in the course of 2023 testing in the field was carried out in order to discontinue the use of the Roverbella suspended storage tank. Thanks to the positive outcome of the tests, the use of the tank was discontinued, ensuring the direct supply to users from the adequately strengthened local network, with the elimination of tank positioning issues.

Resilience and interconnection of water networks

In 2023 the investment plan to mitigate the risk of water shortages defined by the Mantova ATO continued with the objective of connecting the water supply to an increasing number of municipalities, which currently use water from private wells that are supplied by the aquifer closest to the surface and therefore least protected.

Specific promotional campaigns were carried out to request connection to the public waterworks for residents in the municipalities of Gonzaga and Pegognaga and for those of the areas just recently reached by the service thanks to the most recent water network extensions.

To guarantee constant water availability, the investments planned and implemented provide for the meshing of distribution networks also in order to optimise the operation of larger drinking water treatment plants.

In particular, in 2023 the following actions were completed:

- the development of the lot 2 of the Villanova Maiardina-Bancole-Marmiolo water feeder (2,570 m);

- the development of the Nosedole-Villimpenta water feeder and the Pradello distribution network (3,497 m);
- the Gonzaga distribution network, as a complement to the provincial capital (3,360 m);
- the design of the Commessaggio-Sabbioneta water feeder.

Reducing water network losses

In 2023, technological improvement activities continued which will lead to the reduction of network losses, by acting on multiple levers:

- the division of the water supply network into districts, by breaking down the Castiglione delle Stiviere drinking water network into pressure zones and districts, which allowed for the more effective management of operating pressures and pumping stations, generating a reduction in average network pressure and favouring more effective leak control in each area, while also maintaining user service levels. The division into districts also allowed for high energy saving, as demonstrated by the initial data available in 2023, which indicate a reduction of roughly 25% in the kWh/m³ energy performance indicator of drinking water fed into the network.
- the launch and conclusion of in-the-field control activities on pressure and the search for leaks initiated in the course of 2022 in Viadana, also by installing a night-time pressure regulation valve after the suspended storage tank, with an expected reduction of leaks thanks to the lower operating pressure required for pumping, drinking water purification and network pumping, in addition to a resulting reduction in energy consumption.
- as part of the actions for the reduction of leaks in the drinking water networks, in 2023 work was done to replace some sections of deteriorated or old pipes or to extend small lots in the municipalities of Mantova, Sermide, Suzzara provincial capital and Sailetto, Castellucchio and Rivarolo Mantovano, with new piping with a greater guarantee of water tightness for a total length of approximately 3,100 metres.

The remote user meter reading development plan also supports actions for the reduction of network losses, because it favours precision and efficiency in the analysis of water requirements, contributing towards improved dynamic pressure management in network districts.

Maximisation of automation and remote control systems

During 2023 work continued on the phaseout of the ACRON system for the supervision and remote control of existing plants and migration to the new WINCC system, which is better performing and has become the system of choice for the remote control of all Tea group plants, including in integrated water cycle processes.

In 2023, the following total volume of signals included in the new system was reached:

- 2.931 signals from drinking water plants;
- 1.115 signals from plants in the drinking water network districts;
- 4.347 signals from wastewater purification plants;
- 179.190 signals from sewerage network lifting plants.

During the year, with a view to strengthening remote control infrastructure, limiting inconveniences in the case of disconnection from the system network centre, redundancy was increased across 13 more strategic plants, with the installation of additional local server devices. In 2023, installation activities continued for smart meters and the relative area concentrators for receiving the signals emitted by electronic meters, with the following activities:

- 400 new smart meters installed on drinking water networks;
- 7 signal concentrators installed (2 Viadana, 1 Quingentole, 2 Castiglione delle Stiviere, 1 Porto Mantovano, 1 Mantova).

Decommissioning of small plants

In keeping with the specific sustainability objective set in the business plan, again in 2023 activities continued in order to optimise wastewater purification processes, including medium and large scale plant construction or revamping and the concentration of sewerage catchment flow concentrations in larger plants, with the decommissioning of small-scale purification plants, intrinsically critical due to the reduced time for which incoming water volumes remain there, not allowing for efficient purification processes to be performed on the treated wastewater.

In particular, in the course of 2023 activities were initiated (authorisation requests, design, etc.) to make the following investments in 2024:

- new Marcaria/Campitello sewerage collector due to the closure of the Marcaria purification plant and sending of wastewater to the Campitello purification plant;
- new S. Michele in Bosco/Campitello sewerage collector due to the closure of the S. Michele in Bosco purification plant and sending of wastewater to the Campitello purification plant;
- construction of the new wastewater treatment plant with the subsurface irrigation technique for the village of S. Lorenzo di Curtatone.

In order to maximise the results in terms of the quality of the water returned to the environment from purification plant discharges, that may be obtained with the decommissioning of low purification potential plants, in 2023 a trial was performed on new chemical additives in order to enhance the purification capacity of the plants, which will receive new additional wastewater collected by the purification plants no longer in use. Specific trials with new disinfectants, flocculants and precipitants were successfully carried out at the Pegognaga, Romanore, Mantova and Suzzara plants.

Reduction of inflow and infiltration in sewerage systems

Climate change is causing the anomalous multiplication of sudden and violent precipitation events (“cloudbursts”) that cause serious flooding, especially in the numerous situations in which stormwater collection networks are not separated from the sewerage networks, and are not designed to bear massive, sudden incoming volumes. Therefore, AqA has committed to studies relating to the Water Plans of the Municipalities under management, to verify the urban outflow in conditions of exceptional rain events and design the necessary prevention and improvement works.

In this regard, one activity that AqA manages with high investments is the monitoring and reduction of water infiltration in sewerage collection networks, which is important because it combines the possibility of obtaining an increase in the flow of mixed networks (wastewater and stormwater), resulting in a reduction of wasted water as well as energy consumption.

In 2023 contracted work began for the separation of the existing mixed network on Via Cremona (Municipality of Mantova) in order to create two separate pipes for sewage and stormwater. Over the year, 690 m of sewage lines and 650 m of stormwater lines were installed.

Furthermore, the tender was awarded and works began for the topographical survey on the sewerage networks of 17 new municipalities, for the hydraulic modelling of each network, the identification of critical areas and the planning of repair activities to eliminate water infiltration. The activity will involve a campaign of 18 months of surveys and four years of inflow and infiltration measurements.

Sewerage sludge reduction

To manage sewerage sludge, AqA draws liquid sludge (EWC 19.08.05) from the purification plants under management and sends it to biological treatment, like waste deriving from sewerage system cleaning (EWC 20.03.06), at the authorised purification plants pursuant to art. 110 of Italian Legislative Decree 152/06 (Gonzaga, Castiglione delle Stiviere and, since 2023, Sermede as well); the semi-solid dried sludge (inclusive of residues from the treatment of the liquid sludge referred to above) is sent for disposal or recovery at authorised plants according to analytical, quantitative and contractual criteria.

In 2023, the project for the installation and trial start-up of a sludge bio-drying plant at the Suzzara purification plant was concluded, which reached the functional inspection phase towards year-end. The new plant is installed as the final piece of the existing wet fraction treatment process (downstream of the wastewater biological oxidation phase), which produces sludge from biomass treated with a phase of thickening and subsequent mechanical centrifuging, to achieve 20% dry substance.

In the new plant, biodegradable material is rapidly heated using both the natural bacterial process of the organic material and heat from the combustion of methane gas, to reduce humidity and as a result decrease overall weight. This modular drying system is designed to reduce the liquid component of purification sludge using 50% less energy than conventional systems heated only with methane gas, like belt dryers.

In 2023, AqA recorded 0% for the ARERA M5 technical quality macro-indicator, which defines the percentage of sludge destined for disposal in landfills; this is a significant improvement of an indicator which in the previous year was 1.74%, which already allowed AqA to be placed in class A “Maintenance”.

Water withdrawals by the organisation (GRI 303-3)

The table below shows details of the Tea Group's total water withdrawals for its own use, broken down into total volumes in all areas and volumes withdrawn in water-stressed areas, as well as by source of destination and type of water.

In compliance with the water saving policies undertaken by the organisation, again the trend of reducing the water withdrawn by the Group's offices and sites for hygiene and drinking water use and for technical and process use in the Group's plants/services continued in 2023.

The most significant reduction was achieved by the Tea Group in water withdrawals from water-stressed areas, which in 2023 fell, compared to the previous year, much more in these areas than in the rest of the area served.

Table 16 - Water withdrawals (megalitres)

GRI	Sampling area, water source and type	2023	2022	2021
303-3-a	All areas	1,687.97	1,694.95	1,759.41
303-3-a-ii	From underground water (e.g. well)	93.56	91.69	128.99
303-3-c-i	<i>of which freshwater ($\leq 1,000$ mg/l)</i>	<i>93.56</i>	<i>91.69</i>	<i>128.99</i>
303-3-c-ii	<i>of which other types of water ($> 1,000$ mg/l)</i>	<i>0.00</i>	<i>0.00</i>	<i>0.00</i>
303-3-a-v	From third-party water resources (e.g. water supply)	1,594.41	1,603.25	1,630.42
303-3-c-i	<i>of which freshwater ($\leq 1,000$ mg/l)</i>	<i>1,594.41</i>	<i>1,603.25</i>	<i>1,630.42</i>
303-3-c-ii	<i>of which other types of water ($> 1,000$ mg/l)</i>	<i>0.00</i>	<i>0.00</i>	<i>0.00</i>
303-3-b	Of which from water-stressed areas	178.70	192.55	256.54
303-3-b-ii	From underground water (e.g. well)	23.80	25.07	28.75
303-3-c-i	<i>of which freshwater ($\leq 1,000$ mg/l)</i>	<i>23.80</i>	<i>25.07</i>	<i>28.75</i>
303-3-c-ii	<i>of which other types of water ($> 1,000$ mg/l)</i>	<i>0.00</i>	<i>0.00</i>	<i>0.00</i>
303-3-b-v	From third-party water resources (e.g. water supply)	154.90	167.48	227.79
303-3-c-i	<i>of which freshwater ($\leq 1,000$ mg/l)</i>	<i>154.90</i>	<i>167.48</i>	<i>227.79</i>
303-3-c-ii	<i>of which other types of water ($> 1,000$ mg/l)</i>	<i>0.00</i>	<i>0.00</i>	<i>0.00</i>

Water withdrawn and distributed

In 2023, as the operator of the integrated water service, AqA continued to develop its investment plan to improve the quality of water distributed to users, and extend existing networks to reach areas not yet served by aqueducts.

AqA voluntarily adopts minimum management standards for drinking water quality, which are more restrictive than those required by law, and restricts them further whenever technological developments and process and plant improvement actions allow.

Table 17 - AqA's operating standards for drinking water

Parameter (unit of measurement)	Measuring unit	AqA standard	Legal Limit
Ammonium	mg/l	0.05	0.5
Nitrites	mg/l	0.04	0.1
Arsenic	ug/l	6	10
Total chromium	ug/l	0	50
Bacterial load on implants	colony-forming units/ml	100	no limit
Bacterial load on distribution networks	colony-forming units/ml	100	no limit

The AqA Acqua Lab, accredited by ACCREDIA according to the UNI CEI EN ISO/IEC 17025 standard, is an important safeguard in the process of guaranteeing the quality and safety of the water distributed to users and the water returned to the environment, available to all Tea Group companies and also to local bodies, individuals and private companies.

One of the main objectives of the 2023 laboratory regarded the internalisation of the parameters still analysed externally: with the publication of Italian Legislative Decree 18 of 23/02/2023 on drinking water and also in view of the adoption of the new European directive on wastewater, a series of drinking water and wastewater compounds is and will be introduced which to date the AqA laboratory was unable to analyse.

With the investments made and adequate training courses, the AqA laboratory is currently capable of analysing compounds such as pesticides and PFAS, and soon it will be able to analyse other emerging pollutants introduced in the regulations cited above and which will need to be analysed in the coming years in routine controls both on the water distributed through the water network and the purified wastewater discharges returned to the environment.

During 2023, the two new tools HPLC-MS and GC-MS, acquired based on a tender procedure, were delivered, installed and inspected, and the initial methods for the analysis of pesticides and PFAS were developed.

The AqA laboratory has started a process of in-housing the analyses assigned externally on parameters relating to sludge as well, so as to implement analysis capacity on the sludge produced by the purification plants which is sent to recovery processes: also in this case, investments were made in ad hoc tools and new analytical techniques have been implemented.

Given their level of technology and interconnection with other systems, all the new tools purchased in 2023 enjoyed the tax benefits and credits set forth in the National Industry 4.0 Plan.

Volumes of water withdrawn and distributed

Once again in 2023 the group opted to voluntarily report the total volume of water withdrawn from the environment by AqA for distribution to users of the waterworks (including water withdrawn from the waterworks by Tea Group users), although it is not water withdrawn for use by the organisation, like that for which reporting is required by the GRI standard. This indicator is deemed important as it measures the substantial volumes of water withdrawn from the territory served, albeit mainly for third-party use.

There was a significant reduction in volumes withdrawn during the year, especially in water-stressed areas, also attributable to the ordinances issued by the various Territorial Authorities to reduce water wastage in the region and by users, limiting certain non-essential uses.

Table 18 - Water withdrawn and distributed by AqA (Megalitres)

Sampling area, water source and type	2023	2022	2021
All areas	24,032.02	25,114.95	23,772.08
From underground water (e.g. well)	24,032.02	25,114.95	23,772.08
<i>of which freshwater ($\leq 1,000$ mg/l)</i>	<i>24,032.02</i>	<i>25,114.95</i>	<i>23,772.08</i>
<i>of which other types of water ($> 1,000$ mg/l)</i>	<i>0.00</i>	<i>0.00</i>	<i>0.00</i>
Of which from water-stressed areas	4,286.08	5,008.62	5,130.89
From underground water (e.g. well)	4,286.08	5,008.62	5,130.89
<i>of which freshwater ($\leq 1,000$ mg/l)</i>	<i>4,286.08</i>	<i>5,008.62</i>	<i>5,130.89</i>
<i>of which other types of water ($> 1,000$ mg/l)</i>	<i>0.00</i>	<i>0.00</i>	<i>0.00</i>

Drinking water supply continuity guarantees

The main drinking water plants guaranteeing the security and redundancy of AqA's water districts have been equipped with emergency generators to ensure the continuity of treatment and distribution of drinking water to users in the event of a blackout of the national power grid.

The Tea Group also has at its disposal a bagging machine for 5-litre plastic bags that can be used to provide mobile supplies of drinking water to the population in the event of water emergencies resulting from natural disasters or serious injuries impacting drinking water systems and networks.

AqA maintains a constant mapping of sensitive users such as hospitals, nursing homes and schools in order to guarantee an adequate supply even in the event of critical issues detected in plants and networks.

Water discharged by the organisation (GRI 303-4)

The following table shows details of the Tea Group's total water discharges, of water used by the organisation, broken down into total volumes in all areas and volumes discharged in water-stressed areas, as well as by source of destination and type of water.

The reduction trend in the Group's total discharge volumes, a result linked to the reduction of withdrawals in accordance with the water-saving policies undertaken as part of the organisation's sustainability objectives, was apparently interrupted in 2023. The weather is likely to blame for this lack of a reduction, as in 2023 there was a significantly higher quantity of precipitation than in 2022 (705.36 mm on average in the province in 2023 against 162.92 mm on average in the province in 2022⁶⁶, marking an increase of 30.03%).

Table 19 - Water discharges (megalitres)

GRI	Discharge area, destination source and water type	2023	2022	2021
303-4-a	All areas	1,688.30	1,675.90	1,716.21
303-4-a-ii	In underground water (e.g. wells)	1.09	0.60	1.85
303-4-b-i	<i>of which freshwater ($\leq 1,000$ mg/l)</i>	<i>1.09</i>	<i>0.60</i>	<i>1.85</i>
303-4-b-ii	<i>of which other types of water ($> 1,000$ mg/l)</i>	<i>0.00</i>	<i>0.00</i>	<i>0.00</i>
303-4-a-i	In surface water (e.g. lakes, rivers and waterways)	768.27	651.82	862.84
303-4-b-i	<i>of which freshwater ($\leq 1,000$ mg/l)</i>	<i>768.27</i>	<i>651.82</i>	<i>862.84</i>

⁶⁶ source: processing of ARPA Lombardy data

303-4-b-ii	<i>of which other types of water (>1,000 mg/l)</i>	0.00	0.00	0.00
303-4-a-iv	In third-party water resources (e.g. wastewater treatment services)	918.94	1,023.48	851.28
303-4-b-i	<i>of which freshwater (≤1,000 mg/l)</i>	918.94	1,023.48	851.28
303-4-b-ii	<i>of which other types of water (>1,000 mg/l)</i>	0.00	0.00	0.00
	Of which to water-stressed areas	226.03	217.47	240.88
	In underground water (e.g. wells)	0.91	0.50	1.74
303-4-c-i	<i>of which freshwater (≤1,000 mg/l)</i>	0.91	0.50	1.74
303-4-c-ii	<i>of which other types of water (>1,000 mg/l)</i>	0.00	0.00	0.00
	In surface water (e.g. lakes, rivers and waterways)	156.30	158.67	222.62
303-4-c-i	<i>of which freshwater (≤1,000 mg/l)</i>	156.30	158.67	222.62
303-4-c-ii	<i>of which other types of water (>1,000 mg/l)</i>	0.00	0.00	0.00
	In third-party water resources (e.g. wastewater treatment services)	68.82	58.30	16.52
303-4-c-i	<i>of which freshwater (≤1,000 mg/l)</i>	68.82	58.30	16.52
303-4-c-ii	<i>of which other types of water (>1,000 mg/l)</i>	0.00	0.00	0.00

Water received and treated

Once again in 2023 the Group opted to voluntarily report the total volume of water discharged by users of the sewerage service into the networks managed by AqA (including volumes discharged into the sewerage system by Tea Group users) and subsequently purified in the plants by the company to discharge it into surface water bodies. This indicator is not required by GRI Standards as for the majority it is unrelated to discharges of water used by the organisation for its processes, but is considered important because it measures the substantial volumes of water returned to the environment in the territory served, albeit mainly from third-party use.

AqA manages sewerage networks with pipes made for the most part of mixed concrete, covering a considerable area. Before being returned to the environment, wastewater⁶⁷ is routed through purification plants and goes through the following stages:

- wastewater lifting biological oxidation;
- secondary sedimentation;
- disinfection (nitrogen and phosphorus removal is also ensured in the process);
- dehydration of sludges deriving from biological treatment.

All purification plants managed by AqA discharge the water treated in surface water bodies (SWB); likewise for all drinking water plants that discharge technical water for backwashing filters. All of these SWB discharges are individually authorised by the competent Authority (Province of Mantova) which sets specific discharge limits permitted in relation to the minimum vital requirements of the receiving water body and performs periodic controls via the Regional Agency for the Protection of Environment, also receiving from AqA the results of the analyses managed directly by the company with the self-control plan on purification plants in compliance with the Regional land digital registry of waste water discharges in Lombardy (SIRE) IT regional protocol and analogous periodic verifications on drinking water distribution plants.

In 2023, plant revamping work began on the Mantova purification plant. The plant is the largest of those managed by the Group, and the project calls for enhancing and improving wastewater treatment performance. Works started on schedule, will continue for approximately 3 years and 3 months and are expected to be completed on March 2026.

⁶⁷ Note that the Group does not transfer water discharges for re-use by third parties.

Volumes of water received and treated

In 2023 the significant increase in meteorological precipitation in the areas served resulted in an increase in water discharges received and treated by AqA compared to 2022, a difference opposite to that seen in the volumes of water withdrawn and distributed (see paragraph above), because of the drought in the previous year, which caused an increase in the volumes of water flowing into the sewerage networks and then discharged by the purifiers into the environment, since these volumes include not only the water withdrawn by users and then discharged, but also all the rainwater that in most areas of the Province of Mantova flows into the sewerage networks and then into the purifiers, to be discharged together with the users' wastewater into surface water bodies.

Table 20 - Water received and treated by AqA (Megalitres)			
Sampling area, water source and type	2023	2022	2021
All areas	27,677.46	26,239.61	31,566.09
From underground water (e.g. well)	27,677.46	26,239.61	31,566.09
<i>of which freshwater ($\leq 1,000$ mg/l)</i>	<i>27,677.46</i>	<i>26,239.61</i>	<i>31,566.09</i>
<i>of which other types of water ($> 1,000$ mg/l)</i>	<i>0.00</i>	<i>0.00</i>	<i>0.00</i>
Of which from water-stressed areas	3,909.36	3,876.06	4,640.08
From underground water (e.g. well)	3,909.36	3,876.06	4,640.08
<i>of which freshwater ($\leq 1,000$ mg/l)</i>	<i>3,909.36</i>	<i>3,876.06</i>	<i>4,640.08</i>
<i>of which other types of water ($> 1,000$ mg/l)</i>	<i>0.00</i>	<i>0.00</i>	<i>0.00</i>

Water consumption (GRI 303-5)

In order to guarantee complete and accurate reporting and to allow Group companies to commit to water-saving objectives, the Tea Group considers the water consumed by the organisation to include all the water withdrawn or received in any way from the environment when it is not returned to the environment in a condition of chemical-biological neutrality with respect to its original characteristics.

Consequently, the organisation's water withdrawals that are discharged into the sewerage system and subsequently purified before being returned to the environment are not counted as volumes of water consumed, while volumes of water discharged on the land for activities such as irrigation, or dispersed into the atmosphere or sent for disposal (i.e. not purified) are counted as having been consumed.

Similarly, the water contained in residual sludge produced by sewerage treatment plants is also measured as consumed, in cases where this sludge is sent to landfill or incineration and not to the designated recovery plants.

In 2023 AqA did not allocate any volume of sludge produced by the plants to disposal in landfills, allowing it to remain in class A of the ARERA M5 technical quality macro-indicator.

In 2023, for public greenery management services, irrigation plant remote control system implementation continued, effectively reducing consumption through remote system management, an improved irrigation cycle schedule correlated with litre counter sensors, hygrometers which measure soil humidity and meteorological data collection units.

In the new plant for the production of biomethane from OFMSW, started up in 2023, to maximise water savings, monthly monitoring has been begun of well water withdrawal volumes, used for hygiene and sanitary purposes, fire prevention, green area irrigation and the biofilter. Furthermore, the domestic wastewater from sanitary facilities is sent for treatment in an Imhoff tank and then to a phytoabsorbent tray which is fully waterproofed against the surrounding land, is perfectly sealed and has no discharges. These actions made it possible to eliminate water consumption in 2023, since the plant began operating after the end of the hot season.

Overall, in 2023 the Group's water consumption was about 41 megalitres, down compared to about 42 megalitres in the previous year. However, the replenishment of water (due to carrier fluid losses) in the district heating network recorded

growth of roughly 11 megalitres, due to the need to increase pressure to save thermal energy; net of this event, all other Group processes therefore saw significant savings in water consumption.

The process that allowed for a greater reduction in water consumption was use for irrigation in the management of Group offices (Global Service) and cemetery management; the table below provides details of consumption over the three-year period.

Table 21 - Water consumption (GRI 303-5)

Company	Process	Consumption point	Type of withdrawal	Use of the share of the resource consumed	ML (all areas) 2023	ML (water - stressed areas) 2023	ML (all areas) 2022	ML (water - stressed areas) 2022	ML (all areas) 2021	ML (water - stressed areas) 2021
Tea s.p.a. BC	Global service	Greenery services and road maintenance job sites, Strada Bosco Virgiliano (Mantova)	Well	Nursery irrigation, filling tanks for road service concrete, tanks for outdoor public greenery teams	0.702	0.000	1.611	0.000	1.947	0.000
		Offices and Logistics Hub in Via Taliercio (Mantova)		Used for irrigation	6.446	0.000	14.969	0.000	11.562	0.000
	Cemetery services	Borgo Angeli Cemetery (Mantova)		Used for irrigation and flower vases in cemeteries	2.548	0.000	4.768	0.000	3.187	0.000
Mantova Ambiente s.r.l.	Waste management	Favorita work site (Mantova)	User water supply	Used for fire prevention	0.000	0.000	0.021	0.000	0.025	0.000
		Favorita work site (Mantova)	Well	Washing vehicles	0.647	0.000	0.321	0.000	0.593	0.000
		Soave work site (Mantova)		Refilling tanks of road sweeping vehicles	1.500	0.000	1.500	0.000	1.500	0.000
	waste treatment	TMB Plant in Ceresara	Fire-fighting, vehicle and plant washing, biofilter humidification, irrigation	1.353	1.353	1.057	1.057	0.904	0.904	

Table 21 - Water consumption (GRI 303-5)

Company	Process	Consumption point	Type of withdrawal	Use of the share of the resource consumed	ML (all areas) 2023	ML (water - stressed areas) 2023	ML (all areas) 2022	ML (water - stressed areas) 2022	ML (all areas) 2021	ML (water - stressed areas) 2021
		OFMSW waste composting plant in Pieve di Coriano		Fire-fighting, vehicle and plant washing, biofilter humidification	0.602	0.000	0.729	0.000	0.598	0.000
	waste disposal	Mariana Mantovana landfill		Used for fire prevention, washing wheels, roads and equipment, irrigation	3.609	3.609	4.419	4.419	5.290	5.290
SEI s.r.l.	District heating	Lunetta (Mantova) Thermal Power Plant	User water supply	Water for water softener to replenish district heating carrier fluid (in emergency situations)	0.004	0.000	0.001	0.000	0.001	0.000
		District substation of Chiesanuova Dosso (Mantova)		Water for cooling tower for district cooling, water for water softener to replenish district heating carrier fluid	0.007	0.000	0.004	0.000	0.481	0.000
		District substation of PRU Borgonuovo (Mantova)		Water for cooling tower for district cooling, water for water softener to replenish district heating carrier fluid	0.892	0.000	0.879	0.000	0.835	0.000

Table 21 - Water consumption (GRI 303-5)

Company	Process	Consumption point	Type of withdrawal	Use of the share of the resource consumed	ML (all areas) 2023	ML (water - stressed areas) 2023	ML (all areas) 2022	ML (water - stressed areas) 2022	ML (all areas) 2021	ML (water - stressed areas) 2021
		District substation of PRU Lunetta (Mantova)		Water for cooling tower for district cooling, water for water softener to replenish district heating carrier fluid	1.765	0.000	0.807	0.000	0.781	0.000
		Thermal power plant Carlo Poma Hospital (Mantova)		Water for cooling tower for district cooling, water for water softener to replenish district heating carrier fluid	5.491	0.000	6.125	0.000	6.818	0.000
		District heating exchange cabinet in Versalis (EPM) (Mantova)	Well	Demineralised water sold by Versalis to replenish district heating carrier fluid	14.319	0.000	3.874	0.000	11.447	0.000
AqA s.r.l. BC	Sewerage system and wastewater treatment	76 wastewater treatment plants	Wastewater	Water contained in the wet fraction of sewage sludge sent for disposal	1.279	0.018	0.615	0.040	1.151	0.046
Depura s.r.l.	Sewerage system and wastewater treatment	Special liquid non-hazardous waste treatment plant	Liquid waste	Water contained in the wet fraction of sewage sludge sent for disposal	0.080	0.080	0.087	0.087	0.013	0.013
Tsf s.r.l.	Funeral services	Funeral home	User water supply	Irrigation use	0.073	0.000	0.030	0.000	0.002	0.000

Table 21 - Water consumption (GRI 303-5)

Company	Process	Consumption point	Type of withdrawal	Use of the share of the resource consumed	ML (all areas) 2023	ML (water - stressed areas) 2023	ML (all areas) 2022	ML (water - stressed areas) 2022	ML (all areas) 2021	ML (water - stressed areas) 2021
Revere Energia s.r.l.	Waste treatment plant	Revere anaerobic digestion plant	Well	Biofilter humidification	0.000	0.000				
TOTAL CONSUMPTION					41.317	5.060	41.817	5.603	47.135	6.253

Use of resources and circular economy (GRI 306-1; GRI 306-2; 306-3; 306-4; 306-5)

NFS

Separated waste collection

For Tea, the achievement of the circular economy targets established by the European Union begins from the efficient management of separated waste collection activities, on which the company has expended considerable effort over time, even by adopting cutting-edge solutions, while always aiming to maximise material recovery.

Over the years, through its subsidiary Mantova Ambiente s.r.l., Tea has developed increasingly efficient processes that generated increased user accountability and the achievement of national leadership, reaching roughly 87% of average separation in the municipalities served, with peaks in the best performing municipalities of over 90%.

The Mantova Ambiente residential and road waste collection system is integrated with the management of a widespread network of municipal collection centres distributed evenly throughout its service area, where residents of the areas served can leave their separated waste for extended hours.

Government recognitions

In May 2023, at the Tea Group headquarters, 35 municipalities were recognised for having achieved the greatest reduction in the quantities of unseparated waste sent for disposal in the landfill, which remained below 75 kg per resident per year.

In July 2023, 23 municipalities managed by Mantova Ambiente were recognised during the 30th edition of “Recycling Municipalities” held in Rome as part of the Eco Forum 2023, the national conference on the circular economy organised by Legambiente, La Nuova Ecologia and Kyoto Club.

European objectives

As also confirmed by Italian Government Institute for Environmental Protection and Research in the 2023 Municipal Waste Report, the proportion of separated waste collection is not enough to guarantee the achievement of the circular economy objective established by the European Union, of 65% waste recovered, recycled and reused by 2035. Indeed, good collection must be supplemented with the development of processes and technologies that allow for a continuous improvement in the quality of the materials collected and a constant increase in the percentage of reuse, recovery and recycling obtained from volumes of those materials.

New projects

Consistent with these European objectives, in 2023⁶⁸ Mantova Ambiente developed a specific analysis campaign on the functioning of Citybins (dedicated area road containers accessible with a resident's ID badge) installed since 2018 in the historical centre of Mantova to improve city cleanliness, which has been made difficult by traditional door-to-door collection.

This analysis demonstrated that no longer requiring residents to place their waste in front of their home did not hinder the maintenance of a good quality of waste collected, thanks to the conservation of residual zone traceability and the impossibility for external parties to dispose of their waste because they do not have the electronic badge.

Based on these results, in 2023 the Company developed the study of a pilot project meant to improve the waste collection process to transition from "door-to-door" to a new "proximity door-to-door" based on smart containers (or smart bins) equipped with a device for the electronic measurement of the fill level of each separated fraction of waste left there, and the number of accesses of each individual user.

At year-end, Mantova Ambiente began trials on a new "proximity door-to-door" collection system in collaboration with the Municipality of Pomponesco, installing 28 smart bins (set of remotely managed bins positioned close to residences) each consisting of 5 smart containers to collect separated fractions (paper, plastic, organic, glass and tins) and other dry waste, accompanied by 4 collection points with analogous smart bins for the collection of grass clippings, leaves and branches.

The smart bins in the trial have the following benefits:

- they allow for automated bilateral emptying by specifically equipped vehicles, without the sole operator behind the wheel needing to get out and manipulate heavy loads;
- the remotely managed fill-level sensors allow for optimised planning of emptying routes, with the vehicles avoiding going to bins unnecessarily and therefore reducing the distance travelled and the resulting GHG emissions;
- exclusive access with a magnetic strip card or a smartphone app identifies who deposited the waste while maintaining active quality and quantity control.

With a view to maximising the development of activities and conduct useful to achieving circular economy objectives, Mantova Ambiente integrates its periodic municipal waste collection systems with specific local micro-collection campaigns focusing on specific waste categories.

New circular economy resources

The main micro-collection activities launched or continued by Mantova Ambiente in 2023 included:

- maintenance of permanent collection of used garments in dedicated fixed yellow containers located in the main hub of the territories served;
- strengthening of the separated collection of cooking oil, with the positioning of an additional 17 tanks: in total 70 active stations have remained in operation in the municipalities served in the province of Mantova;
- enhancement of the cigarette butt recovery service, with delivery to the treatment plant that uses them as raw material for the production of cellulose acetate (to be used in the injection moulding industry and for 3D printing); this process eliminates a serious environmental pollution factor while also improving city cleanliness. During the year, 54 new "smoker points" were installed, reaching a total of 102 points in the Municipalities that have joined the project to date: Bagnolo San Vito, Borgo Mantovano, Borgocarbonara, Casalmoro, Castelbelforte, Mariana Mantovana, Motteggiana, Pegognaga, Poggio Rusco, Roverbella, San Giovanni del Dosso, Suzzara;
- continuation of the collection and recovery of used aluminium coffee pods at the Settimo Milanese collection centre, through an agreement with the National Aluminium Packaging Consortium (CIAL). The aluminium is 100% recycled, while the used coffee is sent to be composted and then used as fertiliser. In 2023, nearly 2000 kg of pods were collected and sent for recovery;

⁶⁸ The quantity per capita of municipal waste sent for composting and/or anaerobic digestion represents one of the Eurostat indicators that measure the progress made in circular economy policies, underscoring the importance of these treatment types.

- use of more than 600 tonnes of compost (produced in the Pieve di Coriano plant from the wet fraction of separated waste collected) by the Mariana Mantovana Public Greenery management service, as fertiliser when planting grass and/or plants at the new Te Park and at the Mariana Mantovana landfill (perimeter trees).

Biomethane from organic waste

In September 2023, the plant for the production of biomethane from the organic fraction of municipal solid waste (OFMSW) began operating in Revere, managed by Revere Energia Srl, wholly controlled by Tea. Under normal circumstances, the plant will be able to treat 36,000 tonnes of OFMSW per year and will produce 2,400,000 standard cubic metres of biomethane.

The plant represents the latest development in the Tea Group's environmental activity enhancement model: biomethane is a renewable energy source, represents a perfect example of the circular economy, reduces emissions and the greenhouse effect and has great potential in the transport and sustainable mobility sector.

At the Revere Energia plant, for the production of biomethane and subsequent injection of natural gas into the national transport and distribution network, the following technologies are used:

- wet anaerobic digestion;
- used digestate solid/liquid separation;
- biofiltration of spent air;
- transformation of biogas into biomethane using membrane technology;
- generation of electricity and heat for self-consumption with cogenerator.

The plant will create full circularity, as:

- it is equipped with a thermal and electrical energy cogenerator fuelled with the same biogas produced (after it is desulfurised and dehumidified) and therefore it covers both the entire heat requirement to heat the digestors and nearly all of the electricity requirement using its own resources;
- it is authorised to dispose of solid and liquid digestate output from anaerobic treatment in agriculture, recovering the nutrients present in the OFMSW with the R10 recovery operation;
- it recovers the water required to process organic waste from wastewater originating from work areas, condensate and rainwater.

Details of own and third-party waste received at treatment and disposal facilities

The amount of non-hazardous waste received in 2023 at the Tea Group's treatment and disposal plants recorded a significant decline compared to trend of the past three years, albeit with a smaller increase in the last year.

In 2023 the amount of special non-hazardous waste received at the Mariana Mantovana landfill fell considerably, and likewise the amount delivered to the mechanical biological treatment plant (TMB) in Ceresara, after a reduction in the receipt of waste from outside the province.

In 2023, there was also a reduction in the production of waste by the organisation, subsequently sent for recovery or disposal externally, and in particular the organic fraction discarded following the mechanical - biological treatment process.

It should be noted that in 2023, with the initiation of the new Revere plant for the production of biomethane from the anaerobic digestion of organic waste, there was an increase in the overall amount of organic waste (OFMSW) and clippings, both self-produced and from third parties, sent to the Group plants (Pieve di Coriano and Revere).

Table 22 - Own and third-party waste received at treatment and disposal facilities				
Plant	U.M.	2023	2022	2021
Non-hazardous waste	tonnes	219,946.34	244,145.01	230,798.76
Mariana Mantovana (disposal plant)	tonnes	141,806.46	165,620.63	154,434.45
Ceresara (TMB)	tonnes	66,817.34	70,730.93	56,855.39
Pieve di Coriano (composting)	tonnes	6,517.94	7,793.45	19,508.92

Revere (anaerobic digestion)	tonnes	4,804.60	0.00	0.00
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Details of hazardous and non-hazardous waste transport

The following table shows the quantities of hazardous and non-hazardous waste (from urban and special waste), both self-produced and from third parties, transported by Mantova Ambiente in the 2021-2023 three-year period, which include all hazardous and non-hazardous waste produced by the Tea Group, and waste in the same categories delivered to Mantova Ambiente by private healthcare facilities, farms and collection centres.

The total volume in 2023 is on a continuous decline over the three-year period, in line with the drop in receipts recorded in the treatment and disposal plants and the resulting transports of their output materials.

Table 23 - Transport of hazardous and non-hazardous waste, own and third party (tonnes).	2023	2022	2021
Hazardous waste transported	334.06	518.54	678.15
<i>of which municipal</i>	228.21	283.05	412.33
<i>of which special</i>	105.84	235.49	265.82
Non-hazardous waste transported	67,762.12	77,376.78	81,630.23
<i>of which municipal</i>	46,952.74	47,047.03 ⁶⁹	49,232.12
<i>of which special</i>	20,809.38	30,329.75	32,398.12
Total waste transported	68,096.17	77,895.31	82,308.39

Waste flows of the organisation (GRI 306-3; 306-4; 306-5)

The waste produced by the Group derives for the most part from the management of disposal and treatment carried out by Mantova Ambiente, as can be seen in the infographic below, which summarises all waste management flows along the value chain, with the organisation's input and output operations.

⁶⁹ The figure published in the 2022 NFS was restated due to a printing error.

Process flow - 2023 Tea Group activities ⁷⁰

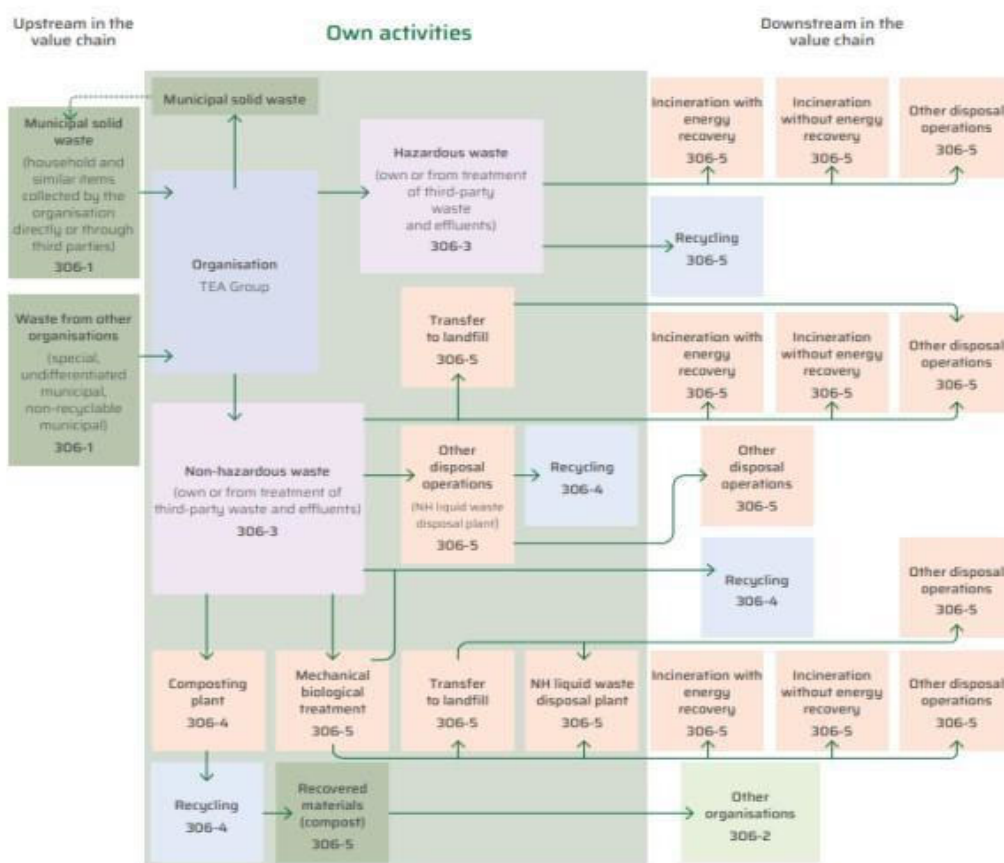


Table 24 - Waste produced

GRI	Quantity of waste in tonnes (t)	2023	2022	2021
	Hazardous waste	28.66	32.19	19.80
	directed to disposal	14.29	12.93	9.50
	not intended for disposal (recovered)	14.37	19.26	10.30
	Hazardous waste from anomalous third-party events	0.00	0.00	0.00
	directed to disposal	0.00	0.00	0.00
	not intended for disposal (recovered)	0.00	0.00	0.00
	Non-hazardous waste	108,184.87	110,352.80	100,834.00
	directed to disposal	85,363.99	90,411.34	83,697.00
	not intended for disposal (recovered)	22,820.88	19,941.46	17,137.00
306-3-a	Total waste	108,213.53	110,384.99	100,854.00
306-5-a	Waste directed to disposal	85,378.28	90,424.27	83,707.00
306-4-a	Total waste not intended for disposal	22,835.25	19,960.72	17,147.00

⁷⁰ Source: Appendix "D. Organisation of waste management process flow" relating to the GRI 306 - Waste 2020 disclosure.

Table 25 - Types of waste generated															
Quantity of waste in tonnes (t)		2023							2022						
EWC code (first 4 digits)	Description	Non-hazardous			Hazardous			Total waste produced	Non-hazardous			Hazardous			Total waste produced
		Products	of which recovered	of which disposed of	Products	of which recovered	of which disposed of		Products	of which recovered	of which disposed of	Products	of which recovered	of which disposed of	
06	"Waste from inorganic chemical processes" (e.g. phosphoric and phosphorous acid)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.09	0.00	0.09	0.09
07	"Waste from organic chemical processes" (e.g. organic solvents, wash waters and mother liquors)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.01	0.00	0.01	0.01
10	"Waste from thermal processes" (e.g. waste from flue-gas cleaning, mercury content)	0.00	0.00	0.00	9.26	0.00	9.26	9.26	0.00	0.00	0.00	8.59	0.00	8.59	8.59
12	"Waste from shaping and physical and mechanical surface treatment of metals and plastics" (e.g. spent waxes and greases)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
13	"Oil waste and waste of liquid fuels (except edible oils, and those in chapters 05 and 12)" (e.g. mineral engine, gear and lubrication oils, non-chlorinated)	2.59	2.59	0.00	2.14	2.14	0.00	4.73	0.22	0.22	0.00	4.49	4.49	0.00	4.71
15	"Waste packaging, absorbents, wiping cloths, filter materials and protective clothing not"	120.57	120.53	0.04	1.53	1.53	0.00	122.10	865.42	864.60	0.82	0.84	0.63	0.21	866.26

Table 25 - Types of waste generated															
Quantity of waste in tonnes (t)		2023							2022						
EWC code (first 4 digits)	Description	Non-hazardous			Hazardous			Total waste produced	Non-hazardous			Hazardous			Total waste produced
		Products	of which recovered	of which disposed of	Products	of which recovered	of which disposed of		Products	of which recovered	of which disposed of	Products	of which recovered	of which disposed of	
	otherwise specified" (e.g. packaging made of wood, plastic or mixed materials)														
16	"Waste not otherwise specified in the list"	194.52	17.87	176.65	9.56	7.44	2.12	204.08	154.23	7.98	146.25	11.77	7.83	3.94	166.00
16 01	"End-of-life vehicles from different means of transport (including off-road machinery) and waste from dismantling of end-of-life vehicles and vehicle maintenance (except 13, 14, 16 06 and 16 08)" (e.g. spent tyres, oil filters or antifreeze fluid)	1.31	1.31	0.00	0.83	0.83	0.00	2.14	1.28	1.28	0.00	2.07	2.07	0.00	3.34
16 02	"Waste from electrical and electronic equipment" (e.g. components removed from discarded equipment)	16.56	16.56	0.00	2.15	2.15	0.00	18.71	6.71	6.71	0.00	0.48	0.48	0.00	7.19
16 05	"Gases in pressure containers and discarded chemicals" (e.g. laboratory chemicals)	0.55	0.00	0.55	0.90	0.00	0.90	1.45	0.48	0.00	0.48	1.24	0.00	1.24	1.72
16 06	"Batteries and accumulators"	0.00	0.00	0.00	3.47	3.47	0.00	3.47	0.00	0.00	0.00	5.28	5.28	0.00	5.28

Table 25 - Types of waste generated																
Quantity of waste in tonnes (t)		2023							2022							
EWC code (first 4 digits)	Description	Non-hazardous			Hazardous			Total waste produced	Non-hazardous			Hazardous			Total waste produced	
		Products	of which recovered	of which disposed of	Products	of which recovered	of which disposed of		Products	of which recovered	of which disposed of	Products	of which recovered	of which disposed of		
16 07	“Waste from transport tank, storage tank and barrel cleaning (except 05 and 13)” (e.g. waste containing oil)	0.00	0.00	0.00	2.18	1.00	1.18	2.18	0.00	0.00	0.00	2.70	0.00	2.70	2.70	
16 08	“spent catalysts”	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
16 10	“Aqueous liquid waste destined for off-site treatment”	176.10	0.00	176.10	0.04	0.00	0.04	176.14	145.77	0.00	145.77	0.00	0.00	0.00	145.77	
17	“Construction and demolition waste (including excavated soil from contaminated sites)”	609.65	564.61	45.04	20.27	19.81	0.46	629.92	359.55	352.48	7.07	0.48	0.48	0.00	360.03	
18	“Waste from human or animal health care and/or related research” (e.g. waste that must be collected and disposed of using special precautions to avoid infection)	0.00	0.00	0.00	2.18	2.18	0.00	2.18	0.00	0.00	0.00	2.27	2.27	0.00	2.27	
19	“Waste from waste management facilities, off-site waste water treatment plants and the preparation of water intended for human consumption and water for industrial use”	106,658.77	21,931.26	84,727.51	0.00	0.00	0.00	106,658.77	108,309.64	18,665.37	89,644.27	0.30	0.00	0.30	108,309.94	

Table 25 - Types of waste generated															
Quantity of waste in tonnes (t)		2023							2022						
EWC code (first 4 digits)	Description	Non-hazardous			Hazardous			Total waste produced	Non-hazardous			Hazardous			Total waste produced
		Products	of which recovered	of which disposed of	Products	of which recovered	of which disposed of		Products	of which recovered	of which disposed of	Products	of which recovered	of which disposed of	
01	"Waste from incineration or pyrolysis of waste" (e.g. ferrous metals extracted from bottom ash)	2.45	2.45	0.00	0.00	0.00	0.00	2.45	3.68	3.68	0.00	0.00	0.00	0.00	3.68
02	"Waste from physico/chemical treatments of industrial waste (including dechromatation, decyanidation, neutralisation)"	0.00	0.00	0.00	0.00	0.00	0.00	0.00	13.85	0.00	13.85	0.00	0.00	0.00	13.85
03	"stabilised/solidified waste"	0.00	0.00	0.00	0.00	0.00	0.00	0.00	30.40	0.00	30.40	0.00	0.00	0.00	30.40
05	"Waste from aerobic treatment of solid waste" (e.g. non-composted or off-specification composted portion of municipal or similar waste)	26,288.47	3,059.55	23,228.92	0.00	0.00	0.00	26,288.47	40,008.05	17.41	39,990.64	0.00	0.00	0.00	40,008.05
07	"Landfill leachate"	35,917.93	0.00	35,917.93	0.00	0.00	0.00	35,917.93	31,363.69	0.00	31,363.69	0.00	0.00	0.00	31,363.69
08	"Waste from waste water treatment plants not otherwise specified" (e.g. sludge or screenings)	12,470.13	8,673.50	3,796.63	0.00	0.00	0.00	12,470.13	13,531.77	9,954.17	3,577.60	0.00	0.00	0.00	13,531.77
09	"Waste from the preparation of water intended for human consumption or water for"	14.18	14.18	0.00	0.00	0.00	0.00	14.18	30.95	0.00	30.95	0.00	0.00	0.00	30.95

Table 25 - Types of waste generated															
Quantity of waste in tonnes (t)		2023							2022						
EWC code (first 4 digits)	Description	Non-hazardous			Hazardous			Total waste produced	Non-hazardous			Hazardous			Total waste produced
		Products	of which recovered	of which disposed of	Products	of which recovered	of which disposed of		Products	of which recovered	of which disposed of	Products	of which recovered	of which disposed of	
	industrial use" (e.g. spent activated carbon)														
11	"Waste from oil regeneration"	0.00	0.00	0.00	0.00	0.00	0.00	0.00	12.19	0.00	12.19	0.00	0.00	0.00	12.19
12	"Waste from the mechanical treatment of waste (for example sorting, crushing, compacting, pelletising) not otherwise specified" (e.g. combustible waste, ferrous or non-ferrous metals)	31,965.61	10,181.58	21,784.03	0.00	0.00	0.00	31,965.61	22,763.98	8,690.11	14,073.87	0.00	0.00	0.00	22,763.98
13	"Waste from soil and groundwater remediation"	0.00	0.00	0.00	0.00	0.00	0.00	0.00	551.08	0.00	551.08	0.30	0.00	0.30	551.38
20	"Municipal waste (household waste and similar commercial, industrial and institutional waste)"	478.50	21.54	456.96	104.00	104.00	0.00	582.50	629.28	16.56	612.72	37.81	37.81	0.00	667.09
TOTAL WASTE		108,064.59	22,658.39	85,406.20	148.94	137.10	11.84	108,213.53	110,318.34	19,907.21	90,411.13	66.64	53.51	13.14	110,384.99

Table 26 - Waste diverted from disposal through recovery operations							
GRI	Quantity of waste in tonnes (t)	2023			2022		
		On site	At an external site	Total	On site	At an external site	Total
		306-4-d-i	306-4-d-ii		306-4-d-i	306-4-d-ii	
306-4-b	Hazardous waste	6.37	10.19	16.55	5.62	13.64	19.26
306-4-b-iii	R12 - Exchange of waste for submission to any of the operations numbered R1 to R11	0.00	0.01	0.01	0.00	0.00	0.00
306-4-b-iii	R13 - Storage of waste for submission to any of the operations numbered R1 to R12 (excluding temporary storage, prior to collection, on the site where the waste is produced)	6.37	10.18	16.55	5.62	13.64	19.26
306-4-c	Non-hazardous waste	1,460.27	21,320.67	22,780.94	3,156.22	16,785.24	19,941.46
306-4-c-ii	R3 - Recycling/recovery of organic substances not used as solvents (including composting and other biological transformations)	0.00	1,479.59	1,479.59	0.00	1,891.66	1,891.66
306-4-c-ii	R4 - Recycling/recovery of metals and metal compounds	0.00	43.34	43.34	0.00	49.70	49.70
306-4-c-ii	R5 - Recycling/recovery of other inorganic substances	0.00	2,458.54	2,458.54	0.00	0.48	0.48
306-4-c-iii	R12 - Exchange of waste for submission to any of the operations numbered R1 to R11	0.00	429.00	429.00	0.00	0.00	0.00
306-4-c-iii	R13 - Storage of waste for submission to any of the operations numbered R1 to R12 (excluding temporary storage, prior to collection, on the site where the waste is produced)	1,460.27	16,910.20	18,370.47	3,156.22	14,843.40	17,999.62
306-4-a	Total waste generated and diverted from disposal	1,466.64	21,330.86	22,797.49	3,161.84	16,798.88	19,960.72

Table 27 - Waste sent for disposal by disposal operations							
GRI	Quantity of waste in tonnes (t)	2023			2022		
		On site	At an external site	Total	On site	At an external site	Total
		306-5-d-i	306-5-d-ii		306-5-d-i	306-5-d-ii	
306-5-b	Hazardous waste	0.73	11.38	12.11	0.10	12.83	12.93
306-5-b-iv	D14 - Preliminary reconditioning before any of the operations in D1 to D13	0.00	0.00	0.00	0.00	0.00	0.00

306-5-b-iv	D15 - Preliminary storage prior to submission to any of the operations numbered D1 to D14 (excluding temporary storage prior to collection on the site where they are produced)	0.73	11.38	12.11	0.10	12.83	12.93
306-5-c	Non-hazardous waste	22,061.47	63,344.46	85,405.93	40,149.41	50,261.93	90,411.34
306-5-c-i	R1 - Incineration (with energy recovery) - used principally as a fuel or other means to generate energy	0.00	34,533.00	34,533.00	0.00	18,400.52	18,400.52
306-5-c-iii	D1 - Deposit on or in the ground (e.g. landfill)	8,862.06	0.00	8,862.06	34,715.58	0.00	34,715.58
306-5-c-iv	D8 - Biological treatment not specified elsewhere in this annex which results in compounds or mixtures that are discarded by means of any of the processes listed in D1 to D12	2,148.02	0.00	2,148.02	2,860.30	0.00	2,860.30
306-5-c-iv	D9 - Physical and chemical treatment not specified elsewhere in this annex which results in final compounds or mixtures that are discarded by means of any of the processes listed in D1 to D12 (e.g. evaporation, drying, calcination, etc.)	0.00	24,956.21	24,956.21	0.00	29,026.90	29,026.90
306-5-c-iv	D13 - Preliminary regrouping before any of the operations in D1 to D12	0.00	206.93	206.93	0.00	211.76	211.76
306-5-c-iv	D15 - Preliminary storage prior to submission to any of the operations numbered D1 to D14 (excluding temporary storage prior to collection on the site where they are produced)	11,051.39	3,648.32	14,699.71	2,573.53	2,622.75	5,196.28
306-5-a	Total waste generated and sent for disposal	22,062.20	63,355.84	85,418.04	40,149.51	50,274.76	90,424.27

5. Social information

Our human resources

NFS

Employees (GRI 2-7; GRI 2-8; GRI 405-1)

At the end of 2023, the Tea Group's staff amounted to 674 people, including employees and contract staff, increasing by 14 compared to the previous year, with an employed workforce of 439 men and 215 women, this last figure rising by 4.4% compared to 2022. In 2023 Tea confirmed its commitment to increasing stable employment as set forth in the 2022-2026 business plan: 60% of hires received permanent contracts, 21.5% of which were from the transformation of temporary employment contracts. The growth recorded during the year was mainly caused by the need to hire new professionals to develop the projects set forth in the business plan.

Temporary workers (staff with work contracts) represent 3% of the total workforce and include personnel used for substitution or seasonal operational needs in the collection and environmental service of the company Mantova Ambiente S.r.l.

97.4% of the Group employees have a permanent contract, while fixed term contracts are used primarily as replacements for employees on maternity leave or during work peaks.

93.7% of the workforce is employed on a full time basis, stable compared to previous years.

Table 1 (GRI 2-7 / 2-8) - Workforce (no.)		2023	2022	2021
Employees (GRI 2-7)	Total	654	643	623
	of which women	215	206	188
	of which men	439	437	435
Workers who are not employees (GRI 2-8)	Total	20	17	22
	of which women	0	0	5
	of which men	20	17	17
Total employees and other workers		674	660	645

Table 2 (GRI 2-7) - Employees by type of contract (no.)		2023	2022	2021
Permanent	Total	637	617	609
	of which women	208	196	180
	of which men	429	421	429
Temporary	Total	17	26	14
	of which women	7	10	8
	of which men	10	16	6
Total employees		654	643	623

Table 3 (GRI 2-7) - Part-time and full-time employees (no.)		2023	2022	2021
Full-time	Total	613	604	582
	of which women	183	176	159
	of which men	430	428	423
Part-time	Total	41	39	41

	of which women	32	30	29
	of which men	9	9	12
Total employees		654	643	623

In line with the previous year, in 2023 the average length of service at the company was 11.8 years.

The geographic origin of employees shows prevalent use of local staff. In fact, 91.7% are resident in municipalities in the province of Mantova.

In 2023 the average age of the Group's workforce was 44.9, up compared to 44.7 in 2022. The white collar category continues to be the youngest in the company, with an average age of 43.8 years. The under-30 proportion within the company is growing, reaching 11.2% of the total company population. The age group most represented in the company is that above 50 years of age, which accounts for 33.6%.

Table 4 (GRI 405-1) - Employees by gender, professional category and age group	2023			2022			2021		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Executives									
<= 30 years	0	0	0	0	0	0	0	0	0
31 ≤ x ≤ 40 years	0	0	0	1	0	1	1	0	1
41 ≤ x ≤ 50 years	3	1	4	3	1	4	2	1	3
> 50 years	8	2	10	7	2	9	8	2	10
Total executives	11	3	14	11	3	14	11	3	14
Executives' average age	54.5			53.5			52.6		
Middle Managers									
<= 30 years	0	0	0	0	0	0	0	0	0
31 ≤ x ≤ 40 years	2	2	4	2	3	5	2	1	3
41 ≤ x ≤ 50 years	7	2	9	7	2	9	7	2	9
> 50 years	9	4	13	8	4	12	5	5	10
Total middle managers	18	8	26	17	9	26	14	8	22
Middle managers' average age	50.1			48.7			49.4		
White collar									
<= 30 years	11	36	47	11	38	49	10	29	39
31 ≤ x ≤ 40 years	42	50	92	41	43	84	45	42	87
41 ≤ x ≤ 50 years	51	62	113	51	61	112	46	57	103
> 50 years	60	45	105	55	40	95	60	38	98
Total white-collar workers	164	193	357	158	182	340	161	166	327
White-collar workers' average age	43.8			43.5			44		
Blue collar									

<= 30 years	25	1	26	22	1	23	19	0	19
31 ≤ x ≤ 40 years	46	0	46	51	0	51	46	0	46
41 ≤ x ≤ 50 years	86	7	93	86	7	93	88	7	95
> 50 years	89	3	92	92	4	96	96	4	100
Total blue-collar workers	246	11	257	251	12	263	249	11	260
Blue collar workers' average age	45.3			45.4			46.1		
Total employees	439	215	654	437	206	643	435	188	623

Development, enhancement and welfare of people (GRI 401-1; GRI 401-2; GRI 401-3; GRI 404-1; GRI 404-3)

Hires and departures

Again in 2023, the Group continued its strong investment in acquiring the skills of highly specialised profiles with significant seniority from the market as a value for the business and a driver for the future, aligned with strategic objectives.

Recruiting was very intense once again in 2023, also due to the identification of profiles to fill positions vacated due to retirements.

Tea works with schools and universities as well as work-study programmes to identify young entry level talent.

The “Careers - It's nice to meet you” section of the website, which describes the company's identity, values, organisation and professional opportunities, is the meeting point with candidates, alongside an active presence on the main recruiting social media platforms (i.e., LinkedIn), to identify, engage and build relationships with potential candidates.

To cover vacant positions, an important tool for growth opportunities and skill development for employees is open position job postings, which promote internal mobility.

During 2023, the Group promoted and supported internal mobility with growth of 80% in job rotation at 31.12.2023 over the prior year, resulting in 27 internal hires to cover vacant positions.

Table 5 (GRI 401-1-a) - New hires, by gender and age group	2023				2022				2021			
	Men	Women	Total	% of total employees by bracket	Men	Women	Total	% of total employees by bracket	Men	Women	Total	% of total employees by bracket
Permanent contract	31	8	39	6.1%	40	15	55	8.9%	38	14	52	8.5%
≤ 30 years	8	6	14	21.9%	9	7	16	27.1%	11	7	18	35.3%
31 ≤ x ≤ 40 years	9	1	10	7.2%	19	6	25	18.4%	13	4	17	12.8%
41 ≤ x ≤ 50 years	10	1	11	5.1%	10	1	11	5.2%	9	2	11	5.3%
> 50 years	4	0	4	1.8%	2	1	3	1.4%	5	1	6	2.8%
Temporary contract	17	9	26	152.9%	18	11	29	111.5%	6	9	15	107.1%
<= 30 years	8	4	12	133.3%	6	8	14	107.7%	2	5	7	100.0%
31 ≤ x ≤ 40 years	5	1	6	200.0%	6	0	6	120.0%	2	3	5	125.0%

41 ≤ x ≤ 50 years	3	2	5	250.0%	5	2	7	100.0%	2	0	2	100.0%
> 50 years	1	2	3	100.0%	1	1	2	200.0%	0	1	1	100.0%
Total new hires, by gender	48	17	65		58	26	84		44	23	67	
Percentage hires of total employees, by gender	10.93%	7.91%	9.94%		13.27%	12.62%	13.06%		10.07%	12.23%	10.75%	

In 2023 there were 65 hires, down 22.6% compared to 2022: 64.6% of new hires were under 40 years old. The turnover rate was 10% during the year 2023, down compared to 13% in the prior year.

There were 55 terminations in 2023, for the most part concerning permanent contracts (roughly 76%) and male staff (85%). Turnover resulted from retirements (25.5%), the termination of temporary contracts (12.7%) and resignations, referring to skills currently highly sought out in the job market, changes in industry and transitioning to a job closer to home. These terminations resulted in a negative turnover rate of 8.55% (10% in 2022).

Table 6 (GRI 401-1-b) - Number of terminations, by gender and age group	2023				2022				2021			
	Men	Women	Total	% of total employees by bracket	Men	Women	Total	% of total employees by bracket	Men	Women	Total	% of total employees by bracket
TOTAL on permanent contracts	36	6	42	6.6%	54	6	60	9.7%	36	8	44	7.2%
≤ 30 years	4	1	5	7.8%	4	2	6	10.2%	3	0	3	5.9%
31 ≤ x ≤ 40 years	6	2	8	5.8%	15	0	15	11.0%	6	2	8	6.0%
41 ≤ x ≤ 50 years	7	2	9	4.1%	14	1	15	7.1%	6	0	6	2.9%
> 50 years	19	1	20	9.2%	21	3	24	11.4%	21	6	27	12.4%
TOTAL on fixed-term contracts	11	2	13	76.5%	2	2	4	15.4%	3	3	6	42.9%
≤ 30 years	4	2	6	66.7%	1	0	1	7.7%	0	2	2	28.6%
31 ≤ x ≤ 40 years	5	0	5	166.7%	1	0	1	20.0%	2	1	3	75.0%
41 ≤ x ≤ 50 years	2	0	2	100%	0	0	0	0.0%	0	0	0	0.0%
> 50 years	0	0	0	0.0%	0	2	2	200.0%	1	0	1	100.0%
Total departures, by gender	47	8	55		56	8	64		39	11	50	
Percentage departures of total employees	10.71%	3.72%	8.41%		12.81%	3.88%	9.95%		8.92%	5.85%	8.03%	

Development of human resources and skills

For the Tea Group, the enhancement and boosting of the skills of its people are indispensable and essential elements to improve over time and set increasingly challenging goals. To this end, employees are provided with training and professional development tools to develop technical, motivational and relational skills.

In 2023, 7,090 training hours were delivered, down compared to the previous year, and the total average hours of training provided decreased from 16.6 hours in 2022 to 10.8 hours due to training courses designed for vertical requirements, which were therefore less transversal.

In the ESG area, 3 training sessions were organised for managerial and operational roles, in order to update the personnel involved in the implementation of projects on “sustainability” issues.

	2023			2022			2021		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Table 7 (GRI 404-1) - Training provided									
Training attendees	363	132	495	421	206	627	239	150	389
Total training hours delivered	5,040	2,050	7,090	7,367	3,316	10,683	4,937	3,725	8,662

	2023			2022			2021		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Table 8 (GRI 404 -1-a) - Average hours of training provided									
Executives	11.6	8.3	10.9	3.2	2.0	3.0	29.5	29.7	29.6
Middle Managers	12.4	19.0	14.4	21.4	20.1	21.0	18.5	17.0	17.9
White collar	12.4	9.5	10.8	21.0	17.0	18.9	19.9	21.1	20.5
Blue collar	10.8	4.0	10.5	14.6	2.5	18.9	4.6	0	4.4
Gender (all categories)	11.5	9.5	10.8	16.9	16.1	16.6	11.3	19.8	13.9

	2023				2022				2021			
	Men	Women	Total	%	Men	Women	Total	%	Men	Women	Total	%
Table 9 (GRI 404-1) - Type of training (hours provided)												
Technical training	225	196	421	5.9%	220	795.5	1015.5	9.5%	2,514	3,499	6,013	56.3%
Quality and environment training	6	10	16	0.2%	0	0	0	0.0%	57	25	82	0.8%
ICT and technology	42	0	42	0.6%	201	113	314	2.9%	16	16	32	0.3%
Personnel safety training	3255	408	3663	51.7%	5209	1468	6677	62.5%	1,626	114	1,740	16.3%
Training on legislation	618	374.5	992.5	14.0%	885.5	471	1356.5	12.7%	89	23	112	1.0%
Managerial training	894	1061.5	1955.5	27.6%	851	468	1319	12.3%	635	48	683	6.4%
Total	5,040	2,050	7,090	100.00%	7,367	3,316	10,682	100.00%	4,937	3,725	8,662	

At the end of each training course, the satisfaction of participating employees is analysed using an ad hoc survey which investigates, inter alia, the following aspects: instruction quality; content transmitted; and overall session effectiveness.

Employee assessment

To ensure continuous improvement, the Tea Group has developed a structured performance assessment process broken down into 3 phases (self-assessment, assessment and feedback) and, after having involved the assessors in dedicated classroom training sessions and individual coaching follow-ups in 2022, the pilot project began in early 2023.

The assessment items, broken down across technical skills referring to the specific job and transversal skills, were published on the reference platform accessible to the assessed and the assessors.

The transversal skills are aligned with the Group value system: innovation, communication, collaboration and trust, orientation towards results, orientation towards the customer and sustainability, outlined in the expected observable conduct *“Adopts responsible conduct attentive to ESG (Environment, Social & Governance) priorities:is inclusive, does not discriminate, respects and takes care of the work environment, adopting conduct to reduce waste and environmental impacts”*.

Table 10 (GRI 404-3) - Percentage of employees who receive a regular performance and professional development review (2021-2023)	
Executives and middle managers	
Men	100%
Women	100%
White collar	
Men	100%
Women	100%
Blue collar	
Men	100%
Women	100%

Performance is aimed at the achievement of the company’s strategic objectives through the process of assigning annual individual objectives and, for certain roles, through the Management by Objectives (MBO) programme based on the assignment of Group, company and individual objectives.

In line with the increasing awareness of environmental topics, in the 2023 MBO programme the green objective integrated into the MBO system since 2022 was further developed, increasing the target CO₂eq. reduction volume and breaking it down into specific shares directly assigned to each Group company, confirming the growing importance that Tea places on environmental matters. The next step, which has already begun, will be to outline the green CO₂eq. reduction target not in absolute volume (imprecise as subject to external variables) but in a specific volume per product unit, using the KPI metric already adopted for Tea Group sustainability reporting (see chapter:Climate Change / Energy efficiency / 2023 actions on Plan objectives: Renewable energy development / Tea Group 2023 energy efficiency indicators).

The pay policy plan for performance recognition and the enhancement of critical specialised skills involved 211 people in 2023, net of Executives (+32% compared to coverage in 2022), with promotions in terms of changes in level, qualification, job classification, wage increases and one-off bonuses.

Welfare and Well-being at work

The Tea Group is aware of the significance of a good organisational climate on employee productivity, behaviour and motivation. This is why it promotes periodic company climate trend surveys, which make it possible to investigate the needs of Tea’s people and introduce any improvements to guarantee the mental and physical well-being of its

employees. The results of the survey brought to light, for example, the need to improve manager/employee relationships; therefore, training sessions were organised for roles that manage resources and individual coaching paths were activated.

Based on its awareness of the importance of supporting a good corporate climate, which involves better communication, collaboration and transparency within the company, the Group has redesigned the company intranet InTea, Spaces, Tools and Relationships, and dedicated a MyHR session to communication, functions and tools to improve and facilitate the employee experience.

Tea's corporate welfare system envisages that all benefits currently granted to full-time workers will be equally valid for those hired on a part-time and/or temporary and contract worker contract.

Insurance coverage, supplementary pension and supplementary healthcare are contemplated as per the provisions of the national collective bargaining agreements (CCNL) applied. In particular the Gas Water CCNL envisaged life insurance cover extended to all employees, while individuals can decide to apply for supplementary cover (FASDA). The company also contributes to part of the payment of insurance funds for Executives. Furthermore, agreements formalised with local medical centres provide free check-ups and facilitated prices for healthcare services for employees and their family members.

A company programme was also implemented that permits the optional conversion of the performance bonus into goods and services relating to the welfare sphere (for example, reimbursements of expenses incurred for school fees, healthcare funds, reimbursements for local public transport and gift cards) which can be purchased through the Flexible Benefit platform.

Table 11 (GRI 401-2) - Type of benefits expected (2021-2023)			
	Executives and middle managers	White collar	Blue collar
Life insurance	<input checked="" type="checkbox"/> CCNL Executives and Gas Water (as of 2023 also the CCNL Environmental Services)	<input checked="" type="checkbox"/> CCNL and Gas Water (as of 2023 also the CCNL Environmental Services)	<input checked="" type="checkbox"/> CCNL and Gas Water (as of 2023 also the CCNL Environmental Services)
Healthcare	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Insurance cover in the event of disability and invalidity	<input checked="" type="checkbox"/> executives (extraprofessional)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Parental leave	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Pension contributions	<input checked="" type="checkbox"/> supplementary pension fund	<input checked="" type="checkbox"/> supplementary pension fund	<input checked="" type="checkbox"/> supplementary pension fund
Stock ownership	-	-	-
Flexible Benefit Platform	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

To foster work-life balance, for certain jobs the work schedule can be divided between work in the office and optional remote work, in which 93% of eligible personnel participated at 31.12.2023.

No supplemental benefits are provided with respect to what is set forth in national laws and applicable CCNLs concerning parental leave.

During 2023, 19 employees took parental leave, including 9 men and 10 women.

100% of the staff who finished their parental leave period in 2023 returned to work during the same year.

Table 12 - (GRI 401-3) Parental leave ⁷¹	2023			2022			2021		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Total number of employees entitled to parental leave	135	54	189	139	54	193	142	55	197
Number of employees who took parental leave	9	10	19	5	7	12	1	7	8
Number of employees who returned to work at the end of parental leave	9	10	19	5	7	12	1	7	8
Number of employees who are still employed by the company in the 12 months following their return (and percentage of total employees who returned at the end of parental leave)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	8 (100%)
Return-to-work rate	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	100%
Retention rate	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	100%

Diversity, inclusion and equal opportunities (GRI 2- 19; GRI 2-20; GRI 405-2; GRI 406-1)

Inherent in the corporate culture and company policies, the inclusion, engagement and participation of all employees and the promotion of diversity and everyone's contribution are elements of well-established importance, consistent with the company's history and the values shared with the local community and shareholders.

The Group has always combatted and prevented all types of discrimination in the workplace, considering diversity to be an asset and not a threat, whether it be gender, nationality, religion, or deriving from political, trade union or personal opinions, or from social or economic conditions.

In this context, the Group adopts specific reporting procedures for any form of discrimination, be it verbal or otherwise, guaranteeing the confidentiality of the whistleblower's identity. In the course of 2023, one case was reported, which was appropriately considered and promptly resolved.

In addition, in 2023 a webinar course was designed in collaboration with the Libellula Foundation to support the topic of inclusion, not only gender inclusion, but understood in its broadest sense.

Gender equality

With a view to increasing the equal representation of women in the business and across the various stages of the employee life cycle, the Group provides tools and skills for career paths aimed at increasing the presence of women in top positions.

⁷¹ 3 The data refer to "optional parental leave".

Tea currently employs 215 women, representing 32.9% of the company's workforce, a figure that has been rising over the last three years. Specifically, women are 21.4% of Executives and 30.8% of Middle Managers, while 28.6% hold top positions (the first line reporting directly to the GM).

Table 13 - Female presence by category	2023	2022	2021
	% women	% women	% women
Executives	21.4%	21.4%	21.4%
Middle Managers	30.8%	34.6%	36.4%
White collar	54.1%	53.5%	50.8%
Blue collar	4.3%	4.6%	4.2%
Total	32.9%	32.0%	30.2%

With regard to salaries, Tea's spirit of inclusion and non-discrimination is confirmed, with the application of the same salaries for newly hired men and women in all professional categories in application of the CCNL contracts relevant to the Group.

Therefore, bearing in mind that the average salaries at the origin of the calculation are influenced – especially in the case of the basic salary – by average contractual seniority, as well as by the mix of classification levels, the measurement of the ratio of total remuneration between women and men showed a substantial alignment over the 3 years of reporting. As regards the gender pay gap, a benchmark analysis was performed, making it possible to identify any gaps and define targeted actions. After the change in certain dimensions within the business, this analysis will be updated in 2024.

Table 14 (GRI 405-2) - Ratio of basic salary and remuneration of women to men							
Category of employee, by gender	Measuring unit	2023		2022		2021	
		Basic salary	Total remuneration	Basic salary	Total remuneration	Basic salary	Total remuneration
Executives	%	0.88	0.83	0.88	0.69	0.92	0.73
Middle Managers	%	1.01	0.94	1.01	0.90	1.01	0.94
White collar	%	0.93	0.81	0.92	0.78	0.92	0.78
Blue collar	%	1.02	1.06	1.03	0.97	1.03	1.00

The table below shows the ratio of the basic remuneration of female to male directors of all Group BoDs. In this case, reference was made to the remuneration set out in the resolution for the directors⁷² in office as at 31.12.2022.

Table 15 - Ratio of basic salary and remuneration in the BoD	2023	2022	2021
Remuneration of female board members versus men	119.76%	113.46%	106.94%

Different mental and physical abilities

In 2023, the Group's workforce of vulnerable groups⁷³ remains stable, with women accounting for 39% (28.6% in 2022).

⁷² The calculation does not take into account the fees paid to the Chairs, CEOs and Sole Directors of the individual companies.

⁷³ Tea considers everyone with a different physical or mental ability within the vulnerable categories.

Table 17 (GRI 405-1-b-iii) - Protected categories	2023			2022			2021		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Diversely able	17	11	28	20	8	28	18	6	24

Management remuneration policies (GRI 2-18; GRI 2-19; GRI 2-20; GRI 2-21)

The management remuneration policy is determined according to a procedure consisting of the following criteria:

- pursuant to art. 21.1 of the company's Articles of Association, when the BoD is appointed, the shareholders' meeting resolves on the maximum total amount of emoluments (fixed + variable) of its members over the three-year period;
- on an annual basis, the BoD approves the fixed and variable emoluments of the members, within the three-year limit decided by the shareholders' meeting;
- for the GM, the annual fixed gross emolument and the variable emolument (MBO base) are decided by the BoD at the time of appointment. The objectives of the variable emolument, the weights and related targets, as well as the payment curve thereof, are resolved annually by the BoD, and the payment of the final bonus is subject to the GM's operational mandate being in force at the date of approval of the relevant financial statements;
- pursuant to art. 21.1 of the company's Articles of Association, all members of the BoD may receive reimbursement of expenses incurred in the performance of their duties;
- subject to compliance with the overall minimum guaranteed remuneration determined by the applicable CCNL, the remuneration of executives is assessed with respect to market analyses and remuneration benchmarks developed using the HAY method, conducted by a leading independent consultancy firm;
- there are no independent members on the BoDs of Tea or its subsidiaries;
- no independent remuneration committee is appointed.

On 02.08.2022 the Tea Shareholders' Meeting resolved on the maximum total annual remuneration of the members of the BoD with 28 shareholders (representing 91.747% of the share capital) voting in favour and 6 shareholders (representing 2.017% of the share capital) abstaining.

Remuneration of management

The structure of the remuneration of the members of the Board of Directors and all Tea executives (without distinction for "senior executives") is as follows:

- Tea's BoD determines the directors' remuneration within the three-year overall maximum resolved by the shareholders, which consists of a fixed annual emolument and a variable annual component in the amount of 20% of the gross annual fixed amount. Both emoluments are equal for all directors without delegated powers.
- For directors with delegated powers, the BoD establishes the amount of the fixed annual emolument of each according to the responsibilities assigned, and a variable annual emolument in the amount of 20% of the fixed gross annual amount.
- Variable remuneration for executives is designed to motivate their commitment to achieve the following results:
 - Economic efficiency of the relevant company and/or efficiency of the relevant department/organisational function, overall economic performance of the Group.
 - Reduction of the environmental impact of the company and/or the Group.
- No director or manager is expected to receive share-based compensation, deferred or vested shares (e.g. stock options), transfers of real estate.
- No director receives bonuses at the beginning of their term of office, nor incentives for the appointment.
- As resolved upon the appointment of the BoD by the shareholders, all directors, with or without delegated powers (except for the director who is an employee of Tea), receive an end-of-term emolument at the end of their term of office corresponding to 8.33% of the total annual gross emolument (fixed + variable) received in the last year.
- No member of the governing body who leaves office receives any payment other than the end-of-term emolument.

- With the exception of the employee severance indemnity, no departing executive normally receives any payments other than for the notice period (if any).
- The notice period for executives does not differ from what is set out in the Confservizi Managers' Collective Labour Agreement, unless otherwise agreed by the parties.
- The Group does not regulate how to apply any recovery of previous remuneration to directors or executives who have failed to meet certain conditions of employment or objectives.
- The Group complies with its contribution and social security obligations in managing the remuneration of directors who are employees and executives, as well as its contribution obligations in managing the remuneration of non-employee directors (freelancers).
- In application of the provisions of the Confservizi collective agreement for executives of public utilities companies, executives can join the PREVINDAI supplementary pension fund, benefiting from the company contribution.¹⁶¹

As confirmation of the significance that Tea attributes to the value of transparency, although it is not compulsory, it reports here below the GRI Standard indicator that refers to the pay gap between the person who receives the highest pay and the rest of the company population, to allow for market benchmarking in its sector, and assessments concerning pay disparity in the organisation and its changes over time.

Table 16 (GRI 2-21) - Ratio of highest to median pay	UM	2023	2022	2021 ⁷⁴
Total annual salary of the highest-paid individual	EUR	328,712.58	290,583.68	215,001.36
Median annual salary excluding the individual with the highest salary	EUR	32,223.96	31,677.83 ⁷⁵	31,338.65
Annual remuneration rate	%	10.20	9.17	6.86
Percentage increase in the salary of the highest paid individual	%	13%	35%	N/A
Percentage increase of the median annual salary excluding the individual with the highest salary	%	2%	1%	N/A
Rate of increase		7.6	32.5	N/A

Occupational health and safety (GRI 403-1; GRI 403-2; GRI 403-3; GRI 403-4; GRI 403-5; GRI 403-6; GRI 403-7; GRI 403-8; GRI 403-9)

The company system

Tea shares and promotes a culture of safety to ensure compliant, healthy and hygienic working conditions, adopting the highest standards in this regard, and managing the most appropriate activities and projects to maintain a responsible and attentive behaviour towards health and safety.

The Occupational Health and Safety Management System has covered the entire workforce (employees and temporary workers) since 2019.

Starting from 2021 certification of compliance with the UNI EN ISO 45001 standard was earned for Tea Reteluce S.r.l. and then for the gas distribution service of Sei S.r.l., the first Group companies to have an Integrated Quality, Environment and Safety Management System. Within the next five years, the UNI EN ISO 45001 certification process is expected to be completed for all Group companies.

⁷⁴ The rate of increase in the year 2021 compared to 2020 was not calculated as the GRI 2-21 indicator is part of the set of standards that GRI has made available as of 5

October 2021 and which are compulsory for sustainability reports published as of 1 January 2023.

⁷⁵ The figure was restated with respect to 2022 following the refinement of the calculation methodology.

In 2023, the company Mantova Ambiente s.r.l. began the certification process (with reference to the public greenery management service and the operational waste collection service). The certification process is expected to be concluded in 2024 with an analysis of the plant area (waste storage, treatment and disposal). As can be seen from the table below, Tea's health and safety management system involves everyone in the Group and is articulated in well-established management practices and procedures that guarantee an effective supervision in this area.

GRI	Table 18 - Employees and temporary workers covered by the occupational health and safety management system	2023	2022	2021
403-8	Employees			
	Total number of employees	654	643	623
403-8-a-i	Number of employees covered by the occupational health and safety management system	654	643	623
403-8-a-i	Percentage of employees covered by the occupational health and safety management system	100.00%	100.00%	100.00%
403-8-a-ii	Number of employees covered by the occupational health and safety management system subject to internal audit	214	43 ⁷⁶	13
403-8-a-ii	Percentage of employees covered by this system subject to internal audit	32.72%	6.69%	2.09%
403-8-a-iii	Number of employees covered by the occupational health and safety management system subject to internal audit or certified by independent third parties	43	43 ⁷⁷	13
	Temporary workers			
	Total number of temporary workers	20	17	22
403-8-a-i	Number of temporary workers covered by the occupational health and safety management system	20	17	22
403-8-a-i	Percentage of temporary workers covered by the occupational health and safety management system	100.00%	100.00%	100.00%
403-8-a-ii	Number of temporary workers covered by the occupational health and safety management system subject to internal audit	17	-	-
403-8-a-ii	Percentage of temporary workers covered by this system subject to internal audit	85%	0.00%	0.00%
403-8-a-iii	Number of temporary workers covered by the occupational health and safety management system subject to internal audit or certified by independent third parties	-	-	-

Controls

The Health, Safety, Environment and Quality Unit is the organisational entity in charge of supervising the company's prevention system.

The designated Unit constantly monitors the efficiency of the Health and Safety Management System by means of first-party audits performed at plants and sites of the Group companies, investigations into injuries and injuries/near misses as envisaged in the specific company Procedure and meetings, also in the presence of the Workers' Safety Representative (RLS, as per article 35).

⁷⁶ The figure in question was restated with respect to what was reported in the 2022 NFS.

⁷⁷ *Ibid.*

In fact, audits identify critical situations and suggest improvements to be implemented within a defined time frame, prioritising the most urgent issues.

The following investigations and related initiatives were carried out during the year, involving all Group Companies:

- monitoring the results of workplace safety audits in Mantova Ambiente's waste treatment, storage and disposal facilities performed in 2021;
- monitoring on the status of occupational health and safety of the REMI cabins and the main reduction units;
- periodic audits on the ISO 45001 certified company offices in view of annual renewal/surveillance visits.

Specific health **monitoring** is ensured by means of **health surveillance**, also formalised in general procedure 119 HSE, which provides for the organisation of annual check-ups for all individuals whose jobs entail operating activities and who therefore are exposed to specific risks, including specialist analyses, such as blood tests, urine tests, audiometry and spirometry.

For VDT operators, the frequency of medical check-ups varies between two years and five years – depending on age and on the use of glasses – and the monitoring envisaged specific health check-ups related to their jobs.

The Group Prevention and Protection Service (SPP), consisting of the Prevention and Protection Service Manager (RSPP) and the Prevention and Protection Service Officers (ASPP), keeps track of deadlines and organises visits to the clinic, informing the workers concerned and unit managers, through the implementation of specific platforms, where health surveillance data have been imported, which allow for constant monitoring of the Prevention and Safety Service and the company physician on the employee health situation based on the specific activity carried out and the qualifications acquired. Workers' health is also protected through the occupational health service.

Risk analysis

The analysis of potential and current risks to health and safety at work is performed as follows:

- verification and updating of risk assessment documents (DVRs) by supervisors and employees, with subsequent reporting to the SPP. In 2023, in continuation of the activity that began in 2022, as planned, specific Interference Risk Assessment Reports (DUVRI) were prepared for all Group companies and for individual Tea services, with the exclusion of intercompany contracts (activity expected to be completed by the end of 2023);
- assessment of the risks identified in the DVR/DUVRI by the SPP and by the Company Physician, within their respective areas of expertise;
- in-depth examination of the results also with the assistance of specialised technical staff, taking any further requirements into consideration due to any legislative, technical and organisational changes;
- preparation, for all job profiles, of specific sheets relating to the risks related to the activity performed and the workplace where the task is carried out. These sheets – which are analysed and updated every time new activities are carried out within the specific task – are also drawn up on the basis of the involvement of the workers themselves, for their own area of activity, as well as the persons responsible for the matter and sometimes trade union representatives;
- organisation with the representatives of the various services, for all companies, of inspections to verify the compliance of the workplaces and the manner in which the relative activities are carried out;
- annual fire drills at all of the Group's main locations so as to identify and resolve any critical issues, in compliance with procedure PG 122 HSE "Control of fire prevention devices, planning and performance of emergency drills".

In addition to these checks, the process is also based on reports of potential risks made by workers to the person in charge, who in turn liaises with the Group Prevention and Protection Service (SPP).

Based on the reports received, information on the critical issues identified is then examined, and then the parties agree on actions to reduce and eliminate the risk where possible. If the risk cannot be eliminated, prevention and protection measures are assessed.

Based on the outcomes of the risk assessments, the critical processes are then established, for which specific operating procedures are drawn up, or appropriate preventive measures (for example new PPE to be added), able to reduce the risk identified to a minimum.

The analyses revealed the following specific occupational hazards that constitute a danger and could lead to serious injuries:

- Manual handling of loads (with reference to waste collection and sweeping services);
- Confined spaces (accesses to basement or underground facilities such as sewers and gas chambers);
- Falling when working above the ground;
- Chemical risk (when supervising unloading, not from handling products);
- Electrical risk;
- Biological risk.

For the management of the risks that have emerged as most relevant, the Group put in place specific procedures such as the "electrical risk" procedure, the "confined spaces" procedure and the Operating Instructions, which are sometimes accompanied by plant upgrades when deemed necessary to implement the provisions of specific work procedures. Similarly, health protocols are constantly adapted to the specific risks the various tasks are exposed to.

The instructions resulting from the risk assessment are then provided to workers through specific training days.

It should be noted that none of the specific risks that emerged from the analyses described above led to serious injuries in 2023.

2023 activities

In 2023 the Tea Group implemented some improvements in response to the number of injuries recorded in the previous year. Specifically, in order to respond to the information and training needs concerning the causes that led to a significant number of injuries that have primarily involved the personnel of the Mantova Ambiente s.r.l. operating service, in 2023 procedures were drafted to be included in the "I WORK SAFELY" manual on the use of equipment and on getting into and out of vehicles, movement ergonomics, correct behaviour and safety checks to be performed on both vehicles and equipment. During 2023, the update of worker training also began, including the presentation of the manual, which is in the distribution phase.

Awareness-raising initiatives were held in 2023, in continuation of the activity started in 2022, concerning the role of the health and safety officer in the company organisation following the significant changes in current regulations, which also identified such officer (who must now be officially appointed) as the person required to guarantee health and safety protection for workers on a par with Executives and the Employer.

Specifically, meetings were held with the supervisors of the various departments in order to increase their knowledge of the job descriptions of their staff, and to raise awareness of the importance of reporting injuries and near misses by coordinating with the SPP to define the improvement measures to be taken.

In the dissemination of a safety-oriented organisational culture, the periodic meetings with the Workers' Safety Representative (RLS) have proved to be of fundamental importance, as they make it possible to take stock of the situation regarding application of the System in the workplace, verifying the effectiveness of the prevention and protection measures implemented, workers' compliance with them, the controls performed by the supervisors and any additional suggestions or proposals for improvement.

In 2023, with the aim of improving the management of health and safety processes in the workplace, Tea implemented a specific platform acquired from a leading supplier, on which the modules relating to health surveillance and training were implemented and finalised, and in which the implementation of the procurement module in the course of 2024 will be assessed.

Work-related stress survey

In 2023 the Group survey on work-related stress started in the previous year and involving the companies Tea S.p.A. BC, AqA S.r.l. BC and Sei S.r.l. was completed.

The Work-Related Stress Risk Assessment (WRS) referring to the period 2018-2021 was carried out through the use of the INAIL (National Institute for Insurance against injuries at Work) method updated in September 2017, which envisages a participatory approach and the involvement of workers and all prevention officers (employer, safety delegate, RSPP, ASPP, RLS and Work Psychologist).

Accident management

In 2023 the trend of injuries increased compared to the previous year, with regard to both employees and temporary workers. Among employees, there were 14 minor injuries in 2023 (in 2022 there were 8 minor injuries and 0 serious accidents), while for temporary workers in 2023 there was 1 injury, not serious, again related to accidental events or improper behaviour.

GRI	Table 19 - Work-related injuries ⁷⁸	2023	2022	2021
403-9-a	Employees			
403-9-a-v	Number of hours worked	1,064,027	1,024,022	1,013,882
403-9-a-iii	Number of recordable work-related injuries (including fatalities)	14	8	22
	of which commuting (only if the transport was organised by the organisation)	0	0	0
403-9-a-ii	Number of high-consequence, work-related injuries (excluding fatalities)	0	0	1
403-9-a-i	Number of fatalities as a result of work-related injuries	0	0	0
403-9-a-iii	Rate of recordable work-related injuries (including fatalities)	13.16	7.81	21.7
403-9-a-ii	Rate of high-consequence, work-related injuries (excluding fatalities)	0	0	1.0
403-9-a-i	Rate of fatalities as a result of work-related injuries	0	0	0.00
403-9-b	Temporary workers			
403-9-b-v	Number of hours worked	28,257	39,595	28662
403-9-b-iii	Number of recordable work-related injuries (including fatalities)	1	2	3
	of which commuting (only if the transport was organised by the organisation)	0	0	0
403-9-b-ii	Number of high-consequence, work-related injuries (excluding fatalities)	0	0	0
403-9-b-i	Number of fatalities as a result of work-related injuries	0	0	0
403-9-b-iii	Rate of recordable work-related injuries (including fatalities)	35.39	50.51	104.67
403-9-b-ii	Rate of high-consequence, work-related injuries (excluding fatalities)	0	0	0.0
403-9-b-i	Rate of fatalities as a result of work-related injuries	0	0	0.00

For the sake of comprehensiveness in reporting the severity and frequency of injuries in the Group, it was deemed appropriate to supplement the indices envisaged by GRI indicator 403-9 with severity indices (SI) and frequency indices

⁷⁸ The figures relating to work-related injuries are reported in accordance with GRI Standard 403-9 Occupational health and safety (2018). More specifically, the rates are calculated as follows:

- Rate of recordable work-related injuries (including fatalities): (total no. injuries/total hours worked) x 1,000,000;
- Rate of fatalities as a result of work-related injuries: (no. fatal injuries/total hours worked) x 1,000,000;
- Rate of high-consequence, work-related injuries: (no. high-consequence injuries/total hours worked) x 1,000,000.

(FI) calculated in accordance with the UNI 7249 standard⁷⁹ in the table below, and also included in the Consolidated Financial Statements.

Table 20 - Accident severity and frequency index				
Year	Hours worked	Days of absence	Severity index	Frequency Index
2023	1,092,284	248	0.23	13.73
2022	1,063,617	211	0.20	11.28
2021	1,042,544	997	0.96	23.98

Safety training

In order to ensure an attentive, transversal monitoring of health and safety at work, the Group developed several actions aimed at ensuring and increasing the knowledge and awareness of employees in this regard. In fact, specific compulsory training is provided on an ongoing basis, differentiated according to participants' levels of responsibility and their tasks.

Table 21 (GRI 403-5) - Health and safety training	2023	2022	2021
Employees			
Employees involved in health and safety training	310	352	130
Total hours of health and safety training delivered to employees	3,663	6,677	1,740
Average hours of health and safety training per employee trained	11.82	18.97	13.4
Temporary workers			
Temporary workers involved in health and safety training	14	33	11
Total hours of health and safety training delivered to temporary workers	224	536	168
Average hours of health and safety training per temporary worker trained	16.00	16.24	15.3

Furthermore, questionnaires are administered at the end of compulsory training courses on safety at work to assess effectiveness of the training sessions.

Specifically, during the year, the following courses were held for a total of 3.887 hours of occupational health and safety training (3.663 hours provided to employees and 224 hours provided to temporary workers):

- general and specific safety training for newly hired staff;

⁷⁹ The data shown in table 20 include commuting accidents, which according to the UNI 7249 standard are those “occurring during travel to and from the workplace, also including travel to the canteen if it is outside the company itself”, a definition that differs from the GRI 403-9 standard which considers commuting accidents only if the transport was managed by the organisation.

- electrical risk training according to CEI 11-27 (PES, PAV);
- equipment training according to the 2012 State-Region agreement (forklifts, earthmoving equipment, AWP, truck-mounted cranes etc.);
- training and instruction in the use of chainsaws and brushcutters;
- fire-fighting training;
- first aid and defibrillator (AED) training;
- confined space training;
- training in the use of third category PPE;
- RLS training;
- supervisor training.

Engagement with trade unions (GRI 2-30, GRI 402-1)

The Group has always engaged in ongoing and fruitful dialogue with the trade union representatives, which allows for important second level agreements to be entered into, intended to create an inclusive working environment that is attentive to people's needs and growth.

In particular, in 2023 sector trade union agreements were signed on:

- permanent smart working;
- remote control operator work schedule;
- call centre experimental work schedule;
- work schedule of Suzzara Mechanical - Biological Treatment, Landfill and Collection personnel;
- transformation of holidays and vacation time in cemetery services;
- financial adjustment of meal vouchers for Mantova Ambiente S.r.l. operating personnel and change in disbursement methods;
- plant video surveillance;
- geolocation of operators of AqA S.r.l. BC with reference to the functions of the Field Service module of the Salesforce platform named Work Force Management (WFM);
- isolated work control for workplace safety.

In 2023, Tea formalised and signed a structural permanent smart working agreement with the trade unions, which guarantees the possibility of improving work-life balance to all applicable employees, even after the end of the pandemic emergency.

In application of this optional agreement, personnel may work two days per week remotely, with the exception of:

- pregnant workers;
- female workers in the 3 years subsequent to the conclusion of the compulsory maternity leave period;
- workers up to their child's 3rd birthday;
- parents during the first three years of having a fostered/adopted child;
- parents with children who are disabled pursuant to art. 3, paragraph 3 of Law 104/1992.

who may take advantage of the increased benefit of up to 3 days per week of remote work.

The distribution of workers by the reference National Collective Bargaining Agreement does not show significant differences compared to the previous year, with the exception of the increase in Gas Water CCNL personnel, which went from 53.8% in 2022 to 55.5% in 2023, and the slight decline in the waste management CCNL, which went from 11.5% in 2022 to 10.1% in 2023, as a result of departures due to retirement.

Table 22 - Breakdown of workers by type of contract applied	2023		2022		2021	
	Total	%	Total	%	Total	%
Contract for executives	14	2.1%	14	2.2%	14	2.2%
Single gas and water contract	363	55.5%	346	53.8%	333	53.5%
Waste management contract	66	10.1%	74	11.5%	81	13.0%
FISE (Federation of service companies) contract	146	22.3%	145	22.6%	128	20.5%
Funeral Feniof	24	3.7%	26	4.0%	27	4.3%
Funeral Utilitalia	41	6.3%	38	5.9%	40	6.4%
TOTAL	654	100.0%	643	100.0%	623	100.0%

Specifically with regard to the rate of trade union membership, the relative table is provided below, which shows that during the year this value declined slightly compared to the previous two-year period, to 22.3%.

Table 23 - Trade union membership	2023		2022		2021	
	Total	%	Total	%	Total	%
Registered with Confederal Organisations	132	20.2%	134	20.8%	138	22.2%
Registered with other Trade Unions	14	2.1%	14	2.2%	14	2.2%
Employees not registered with Trade Unions	508	77.7%	495	77.0%	471	75.6%
Other	0	0.0%	0	0.0%	0	0.0%
TOTAL	654	100.0%	643	100.0%	623	100.0%
Rate of trade union membership	22.3%		23.0%		24.4%	

In the event of any significant operational changes, in compliance both with legislative provisions and with the provisions of the applicable CCNL ("right of information"), the Tea Group immediately informs the Company Trade Union Representatives or the workers impacted by any considerable effects.

Any organisational change is formalised with specific documents, communications or internal announcements, published on the company internet and any significant corporate change is published on the Group's website and social networks and communicated to local newspapers.

The value chain (GRI 2-6; GRI 204-1; GRI 407-1)

NFS

Activities relating to the supply chain are under the responsibility of the Purchasing Office and the Procurement and Tenders Office within the Tea Purchasing and Procurement, General Services and Assets Department. The responsibilities of each office are defined in the specific company procedure and in compliance, when established, of the Contracts Code (significantly amended in 2023).

The main new elements taking place in 2023 include the signing of contracts necessary for the introduction within the Supplier Register of the sustainability rating management system, provided by a leading sector company, which calls for the administration of a questionnaire to suppliers, defined on the basis of turnover and number of employees.

The sustainability rating is meant to boost supplier commitment to their sharing of company and European ESG targets and their correct fulfilment, outlining the risk of losses of competitiveness for contractors resulting from the possible failure to adapt to the improvement standards set by the Tea Group.

Another new feature for 2023 was the adoption of a new project management IT platform, a market leading product, which allows for efficiency gains and traceability of communications between the Procurement and Tenders Office and the economic parties that participate in tender procedures called by the Tea Group; the platform manages all process phases, from pre-tender to awarding.

Risk management in the value chain (GRI 2-23)

In the course of 2023, the "Management of the Procurement Process for Works, Services and Supplies" General Procedure was updated, which defines the type of assignment that companies or staff must carry out for each different contract. The procedure includes specific indicators to manage contracting risks, after evaluating supplier financial soundness through a third party rating, with a view to reducing the danger of costly stoppages in works or contracted services due to any contractor default.

The regulation requires the supplier awarded the contract to demonstrate its fulfilment of requirements for participation in the tender, declared during the submission of the bid; an additional risk reduction is obtained via periodic prior company verification activities carried out on the Procurement Department, which take the form of:

- compliance audits, to verify proper compliance with existing regulatory requirements,
- operational audits, to ensure that operations are carried out in compliance with regulations, policies and procedures.

These controls are performed, depending on the case, by different responsible parties such as the Board of Statutory Auditors, the SBs, the privacy contact person, the independent auditors, the external auditors of certifying bodies and the Internal Control and Compliance Function.

Value and composition of Group supplies (GRI 204-1)

In the course of 2023, the Tea Group spent a total of Euro 126,875,634.26 on procurement, up compared to the previous year. Specifically, 53.54% of purchases were allocated to suppliers considered local for a total of Euro 67,929,240.33⁸⁰. 29% of the total amount goes to suppliers with operating offices located in the province of Mantova.

The Tea Group is oriented towards contributing to the economic development of the areas where it carries out its operations, and undertakes to foster improvements in the quality and sustainability of local suppliers. This is obviously meant to take place in full compliance with European and national laws, which lay out specific obligations on free competition, transparency and supplier rotation **(Table 1)**.

Origin	2023	2022	2021	Three-year total
Province of Mantova	36,955,465.39	35,031,400.73	31,205,228.35	103,192,094.47
Local Suppliers (bordering provinces)	30,973,774.94	22,813,261.05	19,640,375.55	73,427,411.54
Italy (without local suppliers)	58,469,694.15	63,920,529.77	44,682,701.72	167,072,925.64
Outside Italy	476,699.78	241,446.80	574,467.69	1,292,614.27
Overall total	126,875,634.26	122,006,638.35	96,102,773.31	344,985,045.92

Also in 2023, spending on services was confirmed as prevalent, and remained basically constant compared to the previous two-year period. As instead regards overall spending, in the course of 2023 there was growth aligned with the trend of previous years (without prejudice to the drop in supplies compared to the 2022 peak caused by higher costs of materials due to the energy crisis) (Table 2).

⁸⁰ Tea Group, aligned with the criteria required for B-Corp certifications, considers "local suppliers" to be those with a registered office within the range of 80 km from the Group's registered office. Therefore, the definition includes companies with an operating office in the province of Mantova as well as those headquartered in neighbouring provinces (Brescia, Cremona, Ferrara, Modena, Parma, Reggio Emilia, Rovigo, Vicenza and Verona).

Table 2 (GRI 204-1) - Spending for procurement (in euros), by type of purchase (excluding energy, insurance, rent)

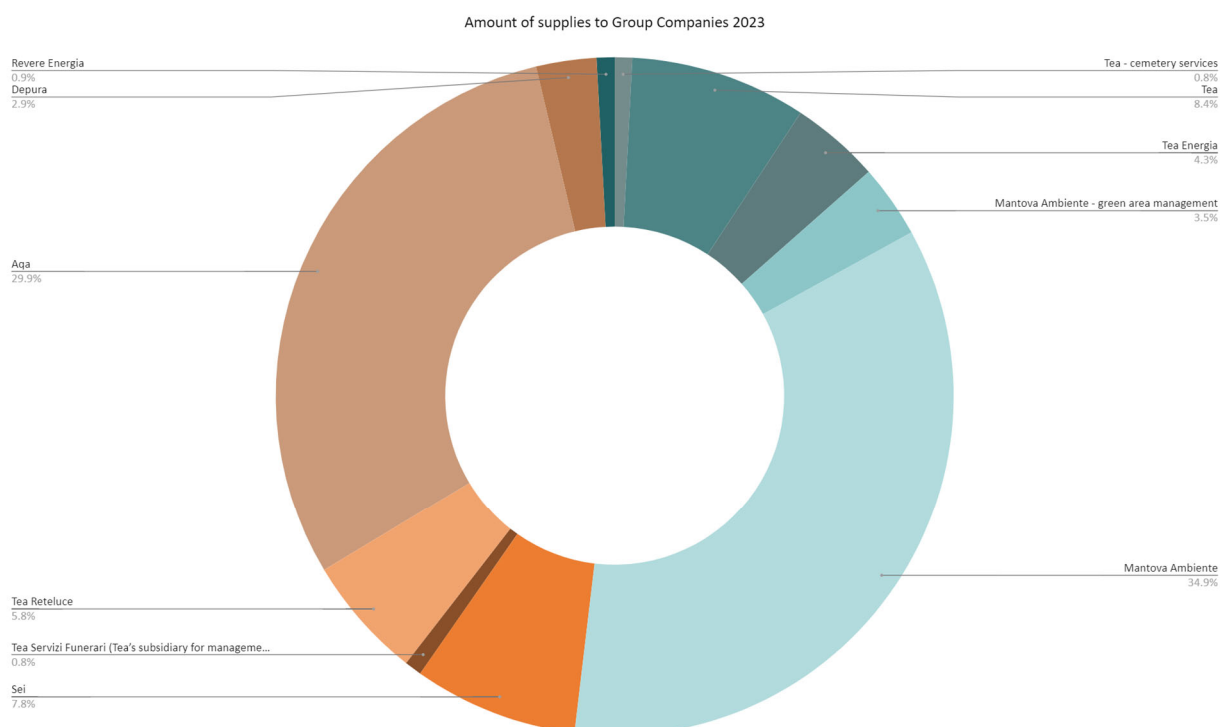
Year	Supplies	Works	Services	Overall total	of which Labour
2023	23,548,973.95	26,957,899.86	76,368,760.45	126,875,634.26	36,164,331.11
2022	27,707,747.59	18,381,597.66	75,917,293.10	122,006,638.35	33,004,611.77
2021	17,767,546.20	15,138,038.98	63,197,188.13	96,102,773.31	27,417,329.49
Three-year total	69,024,267.74	60,477,536.50	215,483,241.68	344,985,045.92	96,586,272.37

Table 3 presents total spending on procurement, specifically distinguishing the share relating to the activities subject to tenders, which decreased by 23% compared to 2022.

Table 3 (GRI 204-1) - Spending for suppliers (in euros), with indication of tenders

Origin	2023	2022	2021	Three-year total
Amount expended for Contract Reference Number with tender	32,137,842.29	41,996,155.18	32,732,539.27	106,866,536.74
Other	94,737,791.97	80,010,483.17	63,370,234.04	238,118,509.18
Overall total	126,875,634.26	122,006,638.35	96,102,773.31	344,985,045.92

The chart below shows the breakdown by company/sector of the amounts spent⁸¹ in 2023 on supply orders issued.



⁸¹ The reported expenditure corresponds to the total amount of "goods receipts" recorded in 2023 in the company's management system to authorise payment for supplies received.

The Group contract system (GRI 407-1)

Public tender contracts

All documentation produced in the selection procedure is to be considered an integral part of the contracts entered into with the parties awarded the public contract, and specifically:

- The Special Procurement Specifications (SPS), which include a specific clause protecting the freedom of association;
- The Tender Rules;
- The technical offer submitted by the supplier;
- Clarifications provided during the tender;
- The economic offer submitted by the supplier.

Specifically, the SPS drafted by the company unit calling the tender and the Tender Rules drafted by the Procurement and Tenders Office include specific obligations intended to require the awardee to respect all regulations and best practices concerning the following obligations in terms of:

- Safety and accident prevention, also pursuant to Italian Legislative Decree 81/2008;
- Correct workers' compensation and social security contributions;
- Compliance with every provision of the Code of Contracts (Italian Legislative Decree 50/2016 as amended);
- Protection of the freedom of association and collective bargaining.

Purchase Orders

Each Purchase Order sent to Group suppliers includes a clause accepting three documents, which form an integral part of the contract:

- General Conditions of Supply (GCS);
- Special Safety Specifications;
- General regulations on quality, environment and energy for contractors.

They outline all of the supplier's obligations including, in particular, compliance with the principles of sustainability, environmental regulations and workers' rights. Similar clauses are envisaged in agreements with business partners (temporary consortia) and in intercompany contracts.

The Supplier Register

The new Supplier Register, already available on the Tea Group's institutional website ([Register](#)), has already qualified hundreds of suppliers of the organisation and, when necessary, will establish specific spot auditing activities assigned to outside companies, which will aim to verify the truthfulness and accuracy of the statements provided by suppliers during the enrolment phase.

To be qualified, suppliers need to sign several statements on the platform using a digital signature regarding environmental and social sustainability, which at times are accompanied by supporting documentation including:

- possible publication of a sustainability report;
- presence of an environmental and climate change impact management and monitoring system (in the case of material impacts, the company needs to explain whether improvement/mitigation objectives and targets have been defined);
- adoption of a Code of Ethics;
- adoption of a human rights policy;
- implementation of a policy on responsible sourcing of raw materials and products;
- indication of the countries from which the company sources its raw materials, products and material, specifying whether only from Italy, from the European Union or from non-EU countries (if non-EU countries on the OECD and G20 list that are supervised in terms of human rights are indicated, the company needs to adopt procedures to verify their compliance).

In 2023, as in previous years, 100% of the significant supply contracts and investment agreements signed by the Group included the obligation for the suppliers to accept and comply with the human rights obligations as set forth in the General Conditions of Supply, Special Safety Specifications and the organisation's General Quality, Environment and Energy Regulations. Also note that in the course of 2023 there were no contract suspensions for reasons linked to human rights violations.

The monitoring of environmental and social impacts (GRI 2-23)

The specific obligations for compliance with regulations and best practices in terms of environment, safety and human rights are described below.

General Conditions of Supply (GCS)

To qualify for the Supplier Register on the Tea Group's electronic platform, the company's legal representative needs to use a digital signature to sign a disclaimer committing the company to comply with the General Conditions of Supply (GCS), the principles and prescriptions of the 231 Model, the Human Rights Protection Policy and the Code of Ethics adopted by the Tea Group, declaring to have read these documents published and available on the Group website. To date, all Group suppliers enrolled in the Register have signed the required documents. The supplier is also required to impose the above-mentioned principles, values and policies on any of its own sub-contractors and sub-suppliers, supervising to ensure that such obligations are met and respected and guaranteeing that in the execution of Contracts/Orders, none of their executives, directors, employees, collaborators or advisors offers or authorises donations, payments or contributions to public officials, officers, employees or representatives of any authority, government entity and any other national and international institution, and that no contributions of any nature are provided to candidates for public office. Should such an episode occur, the supplier is required to promptly report this to the Tea Group's SB, which is responsible for checking for any criminal offence included in Italian Legislative Decree 231/01.

General regulations on quality, environment and energy

The Regulation in question requires Group contractors to meet specific requirements concerning environmental impacts, including:

- containing emissions of dust, gas, vapours and smells into the atmosphere generated by the contractor's activities to a minimum, and the preparation of suitable measures to limit or avoid the dispersion of emissions into the atmosphere;
- the responsible use of equipment and vehicles powered by traditional fuels so as to avoid generating unnecessary emissions;
- the handling of hazardous liquid substances by depositing the same in areas sufficiently far from "sensitive targets" and the containment of any spills;
- waste reduction in the consumption of materials;
- improvement in the management of energy resources during the performance of the activities set forth in the contract;
- selection, if possible, of low energy consumption vehicles and equipment.

Special Safety Specifications

As an initial safeguard against all social impacts, they specify the obligations in terms of prevention, safety and respect for rights of contract workers.

Prevention and safety obligations:

- preparation of the Operational Safety Plan (OSP) referred to in art. 89, paragraph 1, letter h) of Legislative Decree 81/2008 as amended (see below) with the exception of cases of mere supplies of materials or equipment, for which in any event it is necessary to guarantee the application of the provisions of art. 26 of Italian Legislative Decree 81/2008 as amended);
- verification of the safety conditions of the works assigned and the application of the requirements of the Safety and Coordination Plan (SCP);
- verification of the technical and professional fitness of sub-contractors or self-employed workers in the manner set out in Annex XVII of Italian Legislative Decree 81/2008 as amended;
- verification of the consistency of the OSPs of the executing companies with its own;
- the payment to the executing companies of the relevant safety charges, without any discount, with regard to sub-contracted works, where preparations, installations and other similar activities are carried out by the contractors;
- the entrustment of the performance of the activities referred to in art. 97 of Italian Legislative Decree 81/2008 as amended to executives and managers with sufficient training;
- the indication to the Principal or the Party in charge of the Works the name of the person(s) in the company with the specific duties appointed for the performance of the tasks pursuant to article 97 of Italian Legislative Decree 81/2008 as amended.

Workers' rights obligations:

- the guarantee of the adoption of measures that comply with the requirements of Annex XIII of Italian Legislative Decree 81/2008 as amended;
- the indication of the type of labour contract applied to each worker involved in the performance of the contracted work;
- the proof of actual compliance with the requirements of Italian Legislative Decree 276/2003;
- the guarantee of the application to employees of regulatory and pay conditions that respect what is set forth in National Collective Bargaining Agreements in force;
- regular compliance with insurance, social security, health and any other obligations established by legislation in force;
- the full application of all rules contained in the national labour contract and in the supplementary, territorial and company agreements for the industry and location where the services are performed.

Subcontractor management

The scope of activities of the Tea Group is limited solely within the national territory, but this does not eliminate the risk of being exposed to cases of violations of human rights, labour protection and safety regulations, environmental protection regulations and workers' contracts.

The Tea Group makes recourse to consistent outsourcing processes, and therefore it runs a potential significant risk especially when assignment to third parties entails consistent shares subject to sub-contracting, which are often assigned to companies which, as they do not reach the legal threshold of 15 employees, do not apply the Workers' Rights Statute (Law 300/1970) and could be involved in episodes of the exploitation of immigration, undocumented work and undeclared work.

The Group's contracts always establish - in line with the provisions of the Italian legal system - that any subcontract, even if it has been authorised, does not undermine the full responsibility of the initial supplier with respect to any irregularity in the performance of the contract. This responsibility of the supplier vis-à-vis its subcontractors is also expressed in the 231 Model and the Code of Ethics of the Tea Group.

As seen above, the Special Safety Specifications of the Tea Group requires the subcontractor to comply with the provisions ascribed to the contractor, with regard to health, safety and hygiene at work, as well as for insurance, contribution and contractual matters.

In any case, the subcontracting of contracted activities is always subject to the authorisation of the contracting authority in compliance with the requirements of art. 119 of Italian Legislative Decree 36/2023, which no longer set a generic percentage limit on subcontracted services but, in any event, establish specific obligations for the subcontractor. The contracting authority may identify the activities that it believes should be carried out exclusively by the contractor.

Although paragraph 17 of art. 119 of the Code of Contracts introduced "cascade subcontracting" in public procedures, in the Tea Group this option is limited as much as possible by requiring the contractor to perform the majority of the services. The law provides that any contract relating to activities performed anywhere that require the use of labour, such as supplies with installation and operated equipment hires, is a subcontract if it is individually worth more than 2% of the amount of the services entrusted or worth more than Euro 100,000.00, and if the impact of the cost of labour and personnel is more than 50% of the amount of the contract to be awarded.

Furthermore, in accordance with what is set forth in Italian Legislative Decree 36/2023 and Italian Legislative Decree 81/08 on safety plans, the contractor is responsible for control and coordination of all subcontractors, in order to guarantee alignment and consistency amongst all individual subcontractor safety plans and the main plan. On the other hand, the technical site manager is responsible for ensuring that all companies involved in the execution of the work comply with the plan.

The protection of workers' rights, already reinforced and consolidated by the amendments made to Italian Legislative Decree 50/2016, was confirmed by art. 11, paragraph 6 of Italian Legislative Decree 36/2023, so that in the event of delay in the payment of wages due to the employees of the executor or subcontractor or those managing subcontracts or piecework, as well as in the event of contribution or insurance default, the contracting authority must directly pay the workers or the social security or insurance institutions what is due from the contractor, afterwards collecting the total of the amounts paid from the payment of fees established in the tender contract.

Protection of human rights in the value chain

The topic of protection of human rights has taken on increasing significance and increasingly impacts companies, particularly European ones, which operate or have commercial dealings with developing countries, and are subject to increasingly rigorous regulatory obligations imposed by the European Union.

Although Tea does not have relationships with developing countries, as a benefit corporation it is attentive to its social responsibility to the community and the risks and impacts of possible violations of human rights in the processes managed with respect to employees, customers, suppliers and all parties involved in Group operations.

In 2019, Tea defined its Human rights protection policy, which is based on the most significant international standards on the matter, such as:

- the Universal Declaration of Human Rights and subsequent international conventions on civil and political rights and on economic, social and cultural rights.
- the International Labour Organisation (ILO) Declaration on Fundamental Principles and Rights at Work (1998) and the 8 ILO Core Conventions.
- the UN Convention on the rights of women, on the elimination of all forms of racial discrimination, on the rights of the child and on the rights of persons with disabilities.
- the United Nations 2030 Agenda (2015) and the 17 SDGs.

The distinctive elements underlying the Group's decisions and actions are:

- non-discrimination: combatting any form of discrimination in any phase of company operations;
- fair and favourable labour conditions: the guarantee of fair and favourable labour conditions, protecting workers from violence and harassment, combatting the gender gap and favouring the inclusion of disabled people in the company;
- occupational health and safety: safeguarding the health and safety of all people involved in the group's operational phases;
- culture, competence and instruction: the promotion of training to allow for employee professional and cultural growth;
- freedom of association and collective bargaining: promoting the right to free association and collective bargaining;
- combatting child and forced labour: avoiding and preventing the involvement of children or forced labour;
- accessibility and inclusion: guaranteeing its services and products to different groups of people, reaching categories of the population that may not have direct access to services;
- economic sustainability and social cohesion: working with local administrations to address social needs arising from forms of disadvantage or natural disasters;
- protection of personal data and information: respecting the right to privacy of all those involved in Group operations.

Tea oversees the principles listed above in the risk management model, supported by the process of reporting violations collected by the SB pursuant to Italian Legislative Decree 231/2001 in all Group companies, and a specific reporting channel to the Director designated by the Tea BoD, for cases of human rights violations.

The risk management model envisages their periodic assessment, also through targeted audits in the most critical processes, and in addition calling for the definition of corrective or preventive action plans.

The community and the local region

NFS

Creation of shared economic value (GRI 201-1)

Tea s.p.a. BC orients its strategies and actions while always maintaining a sharp focus on the different interests of all of its stakeholders, pursuing objectives capable of generating economic growth as well as social and environmental sustainability over the long term.

The distribution of the economic value generated in Tea Group operations represents an important and significant measure of its commitment to stakeholders.

In 2023, Tea distributed around 90% of the economic value produced – corresponding to Euro 419,156,322 million – retaining the remaining 10% internally.

As shown by the data in Table 1, the largest share was distributed to the category of suppliers (81%) for the purchase of services, raw materials, consumables, goods and services, followed by the value shared with employees (8%) in the form of wages and salaries, social security contributions, provision for employee severance indemnity and other costs, and the public administration (5%) for taxes, fees, compensation and royalties paid, and finally to the shareholders/Members (4%) through dividends distributed by Group companies.

Table 1 (GRI 201-1) - Economic value generated and distributed			
	2023	2022	2021
Economic value created by the company	466,193,294	603,228,128	376,666,668
Revenues	451,915,000	572,674,824	357,199,577
Other revenues	4,608,536	6,127,765	6,581,053
Financial income and interest	9,669,759	24,425,539	12,886,038
Economic value distributed by the company	419,156,322	543,026,352	325,200,052
<i>Suppliers</i>	338,303,495	470,239,773	265,771,844
<i>Employees</i>	34,348,362	33,417,997	30,771,844
<i>PA</i>	22,299,601	19,947,569	17,010,393
<i>Shareholders/Members</i>	14,673,968	11,637,933	9,640,501
<i>Lenders</i>	6,699,761	3,750,004	1,267,070
<i>General public</i>	2,831,135	4,033,077	739,070
Economic value retained by the company (economic value generated - economic value distributed)	47,036,973	60,201,776	51,466,616

Listening and dialogue with local communities (GRI 413-2)

Tea s.p.a. BC promotes sustainable development also in the area in which it operates, undertaking to support the social growth of communities as well as economic progress.

This is why the organisation dedicates the utmost attention to the continuous development of fruitful relationships with public administrations, associations, bodies and organisations in general representing the business, social and consumer world at a local level, to develop joint actions and lasting partnerships based on the exchange and sharing of visions and values.

The Tea Group guarantees active, concrete support to local communities in the development of projects and initiatives of social and environmental value, so that they are experienced with the right amount of awareness and engagement. To promote methods for the selection and sizing of economic contributions approved in favour of social, cultural and sports organisations in the areas served, Tea has drafted dedicated "Rules on the disbursement of donations, contributions, sponsorships and gifts".

The Rules establish that at the beginning of the year, a budget is set aside for municipalities to organise cultural, social and educational activities, a share for charitable initiatives and an amount for sponsoring events, sports teams and exhibitions. Summaries of the donations are then periodically published on the parent company's website.

Communication channels

The Tea Press Office is an important tool for maintaining transparency, proactivity and punctuality in media relations, and to ensure that the information published by third parties on the Company and its activities is fair and accurate. Again

in 2023 the Office handled local media relations and information on various Group activities through press releases and press conferences, updating the information area of the website (notices and data) and social channels, and disseminating articles.

The Tea Group communicates with its approximately 25 thousand followers via Facebook, Instagram and LinkedIn. Communicating the services that a multiutility company offers by continuously updating activities, through quizzes and photo galleries, is a way of storytelling to convey the most important messages. An average of four posts per week are published for each channel, and responses are provided in real time to comments and direct messages. The language used is simple but catchy, different for each social network used: it encompasses posts with carousel on Facebook, photographic images on Instagram and corporate language on LinkedIn.

Sustainability Education

Tea s.p.a. BC maintains a dense network of educational initiatives aimed at promoting the safeguarding of the environment, sustainability and the ecological culture and aimed in particular, but not only, at young people and public educational institutions.

In this context, Tea organises the following activities every year:

- Spring Rivers - Water Day;
- Earth Day;
- Clean green day;
- tours of the Group's plants;
- pathways for Transversal Skills and Orientation (PCTO);
- local environmental education campaigns;
- laboratories for schools;
- lessons in the classroom;
- preparation of informational materials.

Specifically, in 2023 training courses were organised on water, the circular economy and the environment with visits to the Group's plants, in-class lessons and the "Grow, Communicate, Change" hackathon. Meetings in kindergartens and primary schools also resumed with specific lessons and workshops on water saving, proper behaviour and good habits that must be adopted to respect and conserve this precious resource.

Spring rivers, together again to celebrate sister water

After the pandemic years, in 2023 we once again celebrated World Water Day on the banks of the lakes of Mantova. AqA s.r.l. BC therefore participated in "Spring Rivers", the traditional event promoted by "Labter Crea", offering a workshop for the youngest attendees and the "Water Bar" open to everyone where it was possible to taste flavoured network water offered in a special glass.

"Mantova play green", creative workshops for sustainability

In February 2023, creative and digital workshops were carried out, which were promoted in the "Mantova Play Green" two-year project, organised by the Municipality of Mantova, CFP Mantova – Formazione Mantova and LTO Mantova with the support of the Cariverona Foundation and the Tea Group and in a network with the Mantova 1, Mantova 2 and Mantova 3 Comprehensive Institutions.

Two topics were addressed by the over 450 students in the three schools in the network for a total of 22 classes involved in the first, second and third year: on one hand, the production of videogames for very young gamers on sustainability topics; on the other hand, the production of educational kits for environmental education through maker technologies (3D printing, vinyl cutting, etc.).

In particular, key sustainability topics were coordinated by the Municipality of Mantova and the Tea Group.

Sustainable future award - third edition

The third edition of the "Sustainable Future Award", established by Tea in 2020 to publicise and highlight the best projects carried out by authorities, schools and companies on environmental sustainability and the circular economy, was held on 21 November 2023. More than 200 students and 16 instructors at 10 upper level secondary schools in the province of Mantova challenged themselves in projects of great interest and significance, with a view to spreading and promoting ideas for change dedicated to the topic of the Circular Economy. The competition reserved to schools is part of the "Circular Economy: Know, Communicate and Change!" hackathon promoted by the work-study programmes network coordinated by the Manzoni Institution in Suzzara and PromolImpresa - Borsa Merci, thanks to the support of

the Cariverona Foundation through the “FORMAT – FORMazione e AmbienTe” request for proposals and in synergy with our Tea Group, thanks to the investment made in the “Sustainable Future Award”.

The ranking was as follows: 1st - GREGGIATI GROUP 1 from Greggiati Institute in Ostiglia with the “Maskette” project; 2nd - DAL PRATO GROUP 2 from Dal Prato Arts High School in Guidizzolo with the “I cartucci” project; 3rd tie: MANZONI GROUP 2 of the Manzoni Institute of Suzzara with the “Polyfermo” project and PITENTINO GROUP 2 with the “- Spreco+Salute” project.

For the business sector, the company Iridenergy was recognised, a start-up which designed, created and tested “Parsifal”, a polygeneration plant for the production of energy, heat and biochar, starting from biomass like agricultural discards, food waste and cuttings, permanently removing CO₂ from the atmosphere. Parsifal is capable of carrying out thermochemical decomposition and molecular dissociation, through the pyro-gasification of biomass, even very wet, as is. For the authorities/associations category, the Agriturismo Mantovano Consortium was recognised, which, as part of its activities, promotes the “Brutti ma buoni” campaign which sells at a lower price products that no longer meet commercial distribution parameters in terms of shape, diameter and colour, while their taste, odour and texture remain intact. These products would not even be harvested as they can no longer be marketed at large-scale retailers. With this project, concrete actions to fight against food waste as well as poverty are enacted by favouring access to fruit consumption even to broad segments of the population which otherwise would not be able to afford it.

Participation in events

Tea confirmed its support for the most important events in Mantova again in 2023:

- Food&Science Festival;
- TEDx Mantova Segni New Generations Festival;
- Literature Festival, the “Accents” series;
- Mantova Science;
- Symbola Foundation “Cohesion is Competition” Summer Seminar.

In particular, Tea played a leading role in the Summer Seminar dedicated to the green transition, which Symbola Foundation organised for the first time in Mantova. Promoting attention, discussion and cultural growth with regard to a sustainable local economy was the goal of the four days of the Seminar, which saw the presence on the stage at Mantova’s Bibiena Theatre of entrepreneurs, professionals, institutions and journalists, all committed to offering a broad reflection on the historical moment we are currently experiencing and its social, environmental and economic implications. An approach that is also possible thanks to technological innovation, which however does not become an end in and of itself but rather opens up opportunities for the real evolution of our operations and the capacity to improve services for the benefit of residents, businesses, institutions and researchers.

So many events with one common thread: water

The presence of Tea at the events in the city and elsewhere featured the network water dispenser, bearing witness to the quality of the product provided. From “Trame Sonore” in May to “Segni New Generation Festival” in November, the AqA dispenser was used to provide quality water to visitors and convey positive messages regarding environmental and economic sustainability.

Sustainability manifesto

One of the publications created in 2023 was the Sustainability Manifesto, designed precisely to illustrate to the youngest members of our society messages regarding respect for the environment, saving resources and taking care of the community. All of this was included within the broader frame of the UN 2023 Agenda Goals. The publication in poster format was donated to schools during meetings in which the multiutility participated.

Film production to mark twenty-five years of Tea

As part of the initiatives devoted to celebrating twenty-five years of the Company, the short film “Tea degli alberi” was created, a journey through art, nature and landscape in the province of Mantova, which highlighted centuries-old trees and landscapes between the morainic hills and the Po River.

In line with sustainability and biodiversity enhancement objectives, “Tea degli alberi” tells the story of the mixing between the real and the fantastical in a part of the world where life’s opposites become apparent: the ordinary and the extraordinary, the magical and the everyday.

Waste-free municipalities, the ceremony with Legambiente

Of the municipalities managed by Mantova Ambiente, 35 were judged by Legambiente to be worthy of the "2022 Waste-Free Municipalities" designation, for having generated under 75 kilos of waste per resident per year: Bagnolo San Vito, Borgo Mantovano, Borgo Carbonara, Bozzolo, Casalmoro, Casalromano, Castel d'Ario, Castelbelforte, Castellucchio, Ceresara, Gazzuolo, Gonzaga, Magnacavallo, Marcaria, Marmirolo, Moglia, Monzambano, Motteggiana, Pegognaga, Poggio Rusco, Porto Mantovano, Quingentole, Quistello, Rivarolo Mantovano, Roncoferraro, Roverbella, Sabbioneta, San Giacomo delle Segnate, San Giorgio Bigarello, San Giovanni del Dosso, San Martino dall'Argine, Sermide e Felonica, Solferino, Suzzara, Volta Mantovana.

The Mantova area is an "AAA territory" in terms of quantity of "Recycling Municipalities", indeed for years now recording the highest percentage of waste-free municipalities (70.3%), the highest percentage of waste-free residents (59.3%) and the highest percentage of separated waste collection (86.6%).

In May 2023, a ceremony organised by Legambiente was held at the group's headquarters, with the national president Stefano Ciafani and the Lombardy president Barbara Meggetto, to officially recognise the Mantova Municipalities.

Our customers (GRI 2-25; GRI 416-2; GRI 417-3)

NFS

The Tea Group's strategies and actions are oriented towards improving the experience of its customers according to the principle of customer centricity.

Tea's operations are concentrated primarily on regulated markets, where there are no free market prices, and the sale of energy characterised by low margins on commodity prices; this is why the organisation's competitive factor is strongly focused on customer service quality.

In 2023, the Group continued to invest in the development of increasingly qualified and modern customer care services.

In Tea's strategy, new digital customer service channels are managed internally, and work alongside the maintenance of a widespread network of physical branches open to the public, which allows customers to receive local service from adequately trained and qualified staff.

In addition to the brick-and-mortar branches and the call centre, customers can contact Tea via:

- dedicated specific and distinct email addresses for all customers or potential customers as well as condominium administrators concerning requests for the sending of invoices via email, ongoing SDD debits, large customer gas self-readings and changes in personal details;
- the customer portal *Contea.teaspa*, where customers can keep their utilities monitored at all times, submit meter readings or request information;
- the websites of the operating companies that contain updated information of interest for users and offer the possibility of making direct changes in certain data (for example from the website of AqA s.r.l. BC it is possible to change the number of members of the household, which is used in the tariff calculation, or provide a preferred contact method, and from the website of Tea Energia s.r.l., it is possible to select the billing frequency);
- the Technical Services Portal, accessible directly from the Tea corporate website, which can be used to submit reports, complaints or requests for information.

Improvement of customer services

During 2023 Tea consolidated the local presence of dedicated branches for customers, through the "appointment booking" and "advanced electronic remote signature" projects, which simplify processes and reduce waiting times.

Through "appointment booking", customers can use the app to schedule a meeting at any physical branch or a web meeting, avoiding trips and eliminating waiting times; in 2023, the use of this tool nearly doubled for web meetings and almost tripled for physical branch services.

Furthermore, the Tea Group followed up on a number of projects that involved both the businesses of the subsidiaries and customer service personnel in the analysis and development of initiatives aimed at improving tools in use, optimising processes and certifying the data produced and analysed.

In particular, based on the provision by the State of economic benefits in favour of people with economic and physical challenges, Tea has updated its IT systems to allow for the automatic provision of the social bonuses provided by regulations on network services through invoices or dedicated reimbursements.

The progress made on projects concerning the network user billing scope is described below:

- **MDM:** a tool was implemented that centralised the acquisition of metering data for gas and electricity services, while development for water and district heating services is planned in the course of 2024. This is an intermediate programme between the metering data arriving from distributors and our customer database. This tool makes it possible to keep track of all readings sent from distributors, offering the possibility of working more systematically, quickly and directly, verifying any implausible readings to be investigated and corrected;
- **Outsourcing:** a billing data analysis dashboard was implemented that blocks the issue of invoices with potential incorrect calculations, which are verified and corrected if necessary prior to the issue of bills.

In the course of 2023, in which energy market prices reached very high peaks due to the international crisis, Tea Energia decided to offer monthly billing frequency rather than bi-monthly, in order to reduce the economic impact on households. This initiative caused a reduction in recourse to instalment plans compared to previous months.

An important development implemented by AqA s.r.l. BC is the dashboard that allows for quicker and more precise processing of the facilitations to be recognised to users in the case of leaks subsequent to the water system meter. Reference of ARERA 218/2016 as amended

Thanks to the developments made in the company's Business Intelligence system, the certification was obtained on the data produced for analyses regarding consistency and compliance with ARERA requirements on regulated services, making them useful for verifications and reports to the authority, as well as to improve and monitor performance.

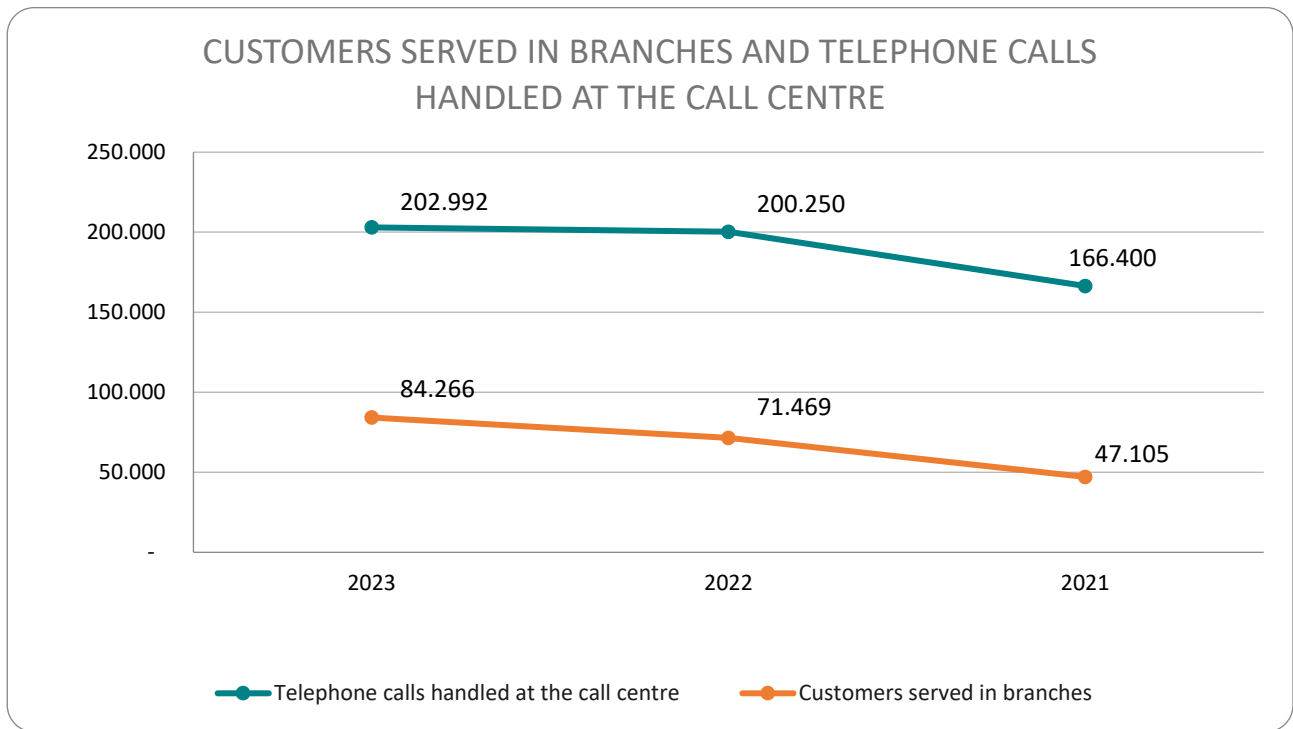
Service volumes and quality

The implementation of the new digital booking system and the queue-avoidance systems installed at all Tea branches have made it possible to guarantee punctuality and the limitation of waiting time at the branch, despite the constant increase in people using them, as demonstrated by the data set forth below.

Table 1 - Average waiting time				
ARERA expected levels	Number of Customers served 2023	% of Customers served 2023	Number of Customers served 2022	% of Customers served 2022
Customers served within 20 minutes	63,653	92%	54,008	97%
Customers served after 20 minutes	5,365	8%	1,618	3%
Total customers served	69,018	100%	55,626	100%

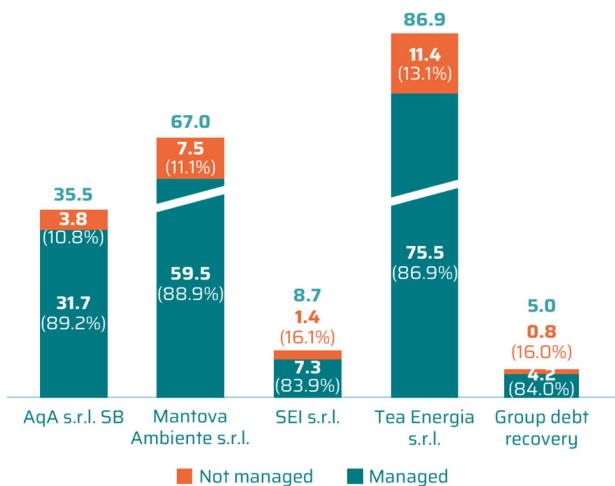
The total volume of customer contacts served by the group's service channels increased further in 2023, continuing the previous growth trend, as the following chart shows.

Customers served in branches⁸² and telephone calls handled at the call centre



The “Monthly call trend” chart below shows the trend of calls to the Group's Call Centre in 2023, indicating the percentage of calls handled in each month compared to the ARERA parameter (shown with a red line), which is consistently exceeded.

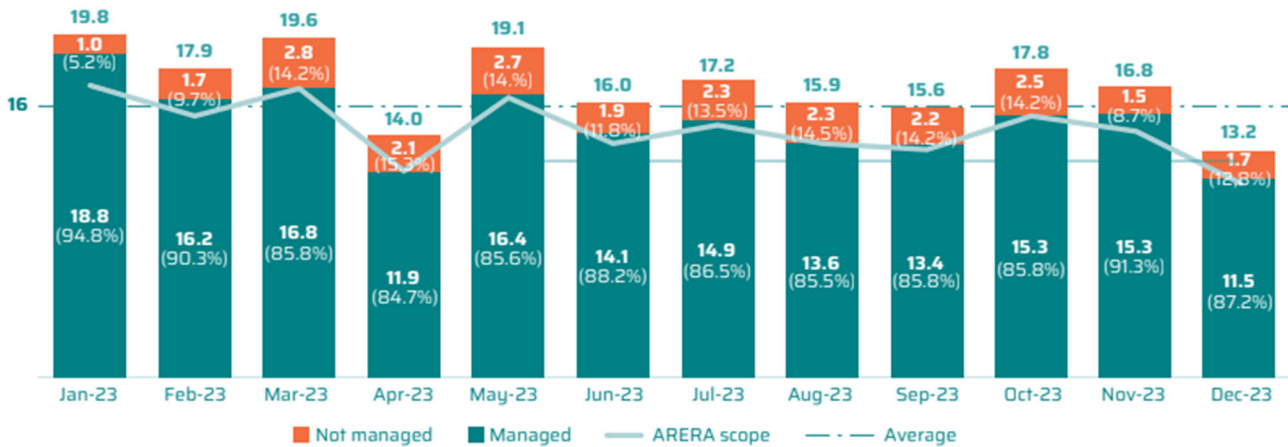
Total calls in 2023⁸³



⁸² All customers served by the help desk staff are counted, whether physically in the branch or via PST, i.e. requests made via email.

⁸³ The number of calls is expressed in decimal numbers. 1=1000 calls.

Monthly call trend⁸⁴



Customer satisfaction

For the Tea Group, constant measurement of the degree of customer satisfaction is an essential principle of good governance.

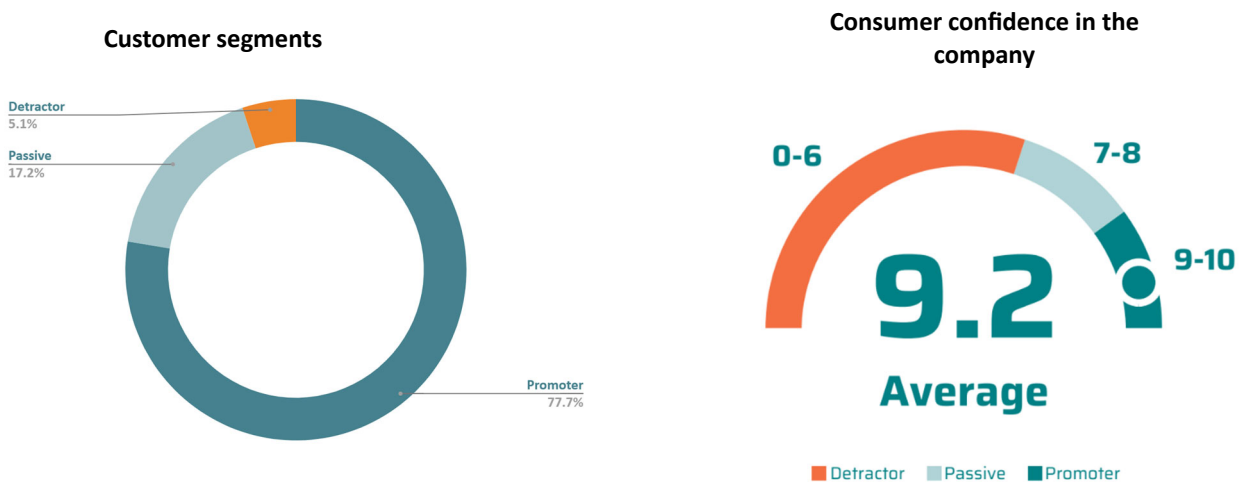
Tea was one of the first Italian companies to adopt the Net Promoter Score (NPS) method in all its customer satisfaction surveys. Today, the NPS method is the most widely used and internationally recognised method, and allows us to assess the extent to which the customer would recommend a particular service to their relatives and friends.

Considering a rating scale for the response from 0 to 10, in the NPS method a customer who rates 9/10 to 10/10 is assumed to be a “promoter”, a customer who rates 7/10 to 8/10 is assumed to be a “passive”, a customer who rates 6/10 to 0/10 is assumed to be a “detractor”.

The Group has introduced a special platform for the daily sending of customer satisfaction surveys to all customers who have come into contact with the Group through the various available channels.

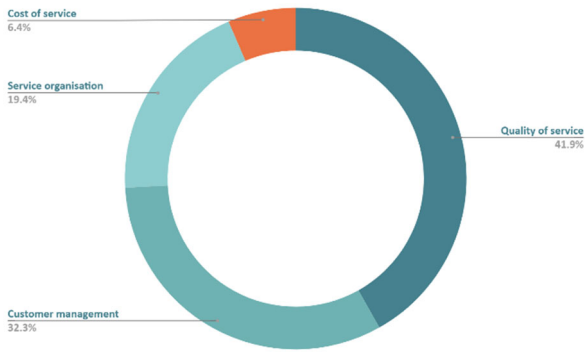
This permanent consultation makes it possible to measure customer satisfaction with increasing efficiency, in order to continuously identify points for improvement in contact management and services.

Surveys carried out in 2023 confirmed satisfaction with the services offered by the Group's branches and Call Centre:

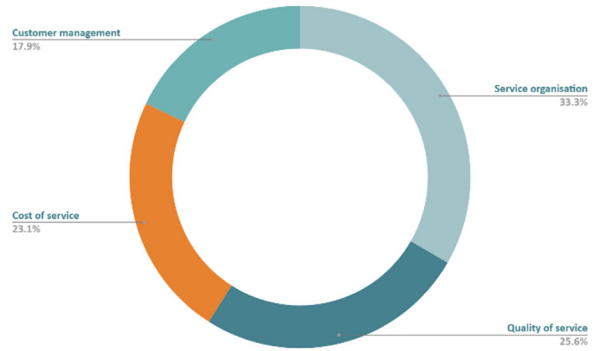


⁸⁴ The number of calls is expressed in decimal numbers. 1=1000 calls.

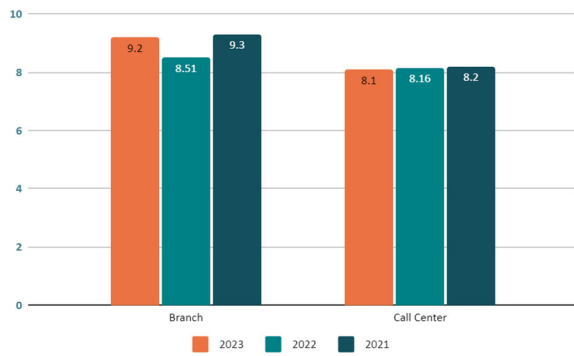
Promoters' reasons



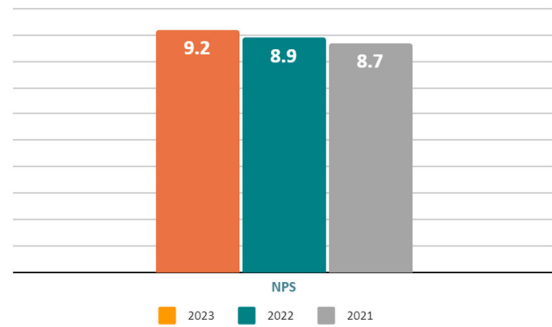
Detractors' reasons



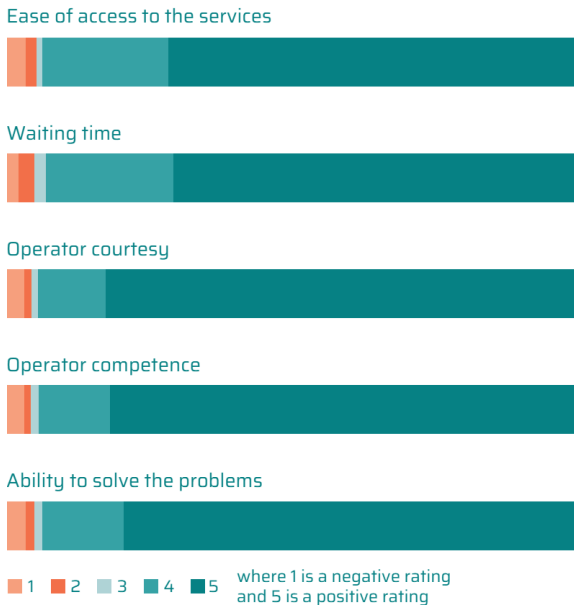
Score (NPS) earned over the three-year period



Overall score (NPS) of services offered by Tea in the three-year period



Topics evaluated by the customer



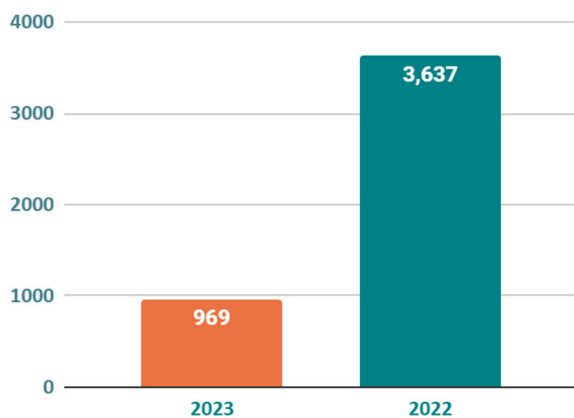
Social support services

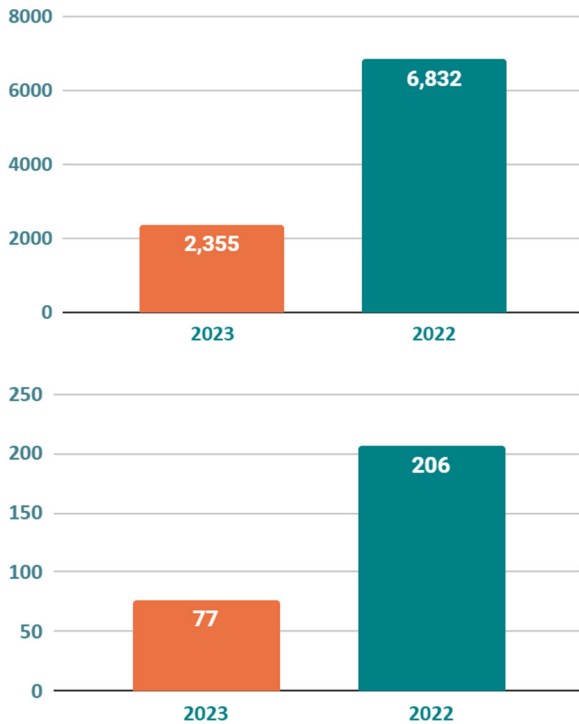
Bill instalments

Tea supports customers in specific financial difficulty by offering the opportunity of instalment payments of bills for public services (water, waste, energy, gas, district heating and cemetery services), subject to the verification of requirements.

The Tea Group has a specific policy for granting instalments for each public service, to guarantee a criterion of fairness and homogeneity of treatment towards all customers, and for the financial planning necessary to manage repayment times.

Below are charts showing the number of instalment plans issued during 2023 compared to the previous year.





“LunaAttiva 2.0 Officina Sociale Diffusa Project” collaboration

The “PROXIMIS” free debt counselling service managed by the Agape Onlus Association of Mantova has received increasing requests over the last few years due to rising over-borrowing by people of more modest means; the majority of people who seek out the PROXIMIS service have debt positions to the Tea Group companies, particularly Mantova Ambiente s.r.l. and Tea Energia s.r.l., or debt collection agencies that those companies have engaged.

In March 2023, the first form of collaboration was born between PROXIMIS and Tea Group company customer service, as part of the “LunaAttiva 2.0” project carried out by the Municipality of Mantova with Agape Onlus in the district of Lunetta, which is currently being expanded throughout the municipality. The feedback received from Proximis Agape Onlus was:

“Having opened a channel of dialogue with the Tea Group customer service, managed in compliance with regulations in force on privacy and as delegated by customers, has been particularly valuable for a number of reasons:

- being able to count on TEA customer service, i.e., expert, competent interlocutors, and initiate discussions based on reciprocal trust, has facilitated the PROXIMIS service in its reconstruction of individual debt positions on the basis of certain data
- it makes it possible to analyse debt positions in their entirety and to work based on priorities and urgency;
- it makes it possible to speed up customer response and reaction times;
- it makes it possible to develop sustainable instalment payment plans and plan forms of support or financial coaching with a view to gradually paying off the debt;
- to prevent or avoid the initiation of electricity, gas or water supply suspension procedures;
- to prevent the initiation of forced debt collection procedures or manage those already in place so as not to further aggravate already compromised economic situations”.

Collection of applications and disbursement of subsidies

Through its customer service structure, Tea also provides the municipalities concerned with a service for the collection, assessment and disbursement of applications for financial relief on the payment of waste collection services for people in financial difficulty.

Customer service staff provide information to applicants at the branch, assess documentation and notify them of the results of the application. If accepted, the full or partial reversal of the annual amount due for the waste service based on the percentage of the subsidy due to the person concerned is entered into the account of the customer, in accordance with the regulations approved by the local municipality.

In 2023, Tea's facilitation management service, already provided at branches in the Municipality of Mantova, Goito and Settimo Milanese was also provided through the use of a dedicated email service to make it easier to submit the documents requested.

As can be seen in the table below, the rising trend in requests for facilitations managed by Tea in the municipalities of Mantova, Goito and Settimo Milanese continued in 2023.

Table 3 - Requests managed for waste tariff discounts			
	2023	2022	2021
Applications by households	1456	1263	960
Applications by museums and NPOs	33	34	38
TOTAL APPLICATIONS	1,489	1,297	998

Customer reports (GRI 2-25; GRI 416-2)

The Technical Services Portal (PST) is the single official channel for recording all customer requests/reports referring to the various services offered by the Group and received on the platform or through the various contact channels.

The PST can be used by the Tea customer support service to promptly engage the Group organisational unit responsible for report management, which is activated to resolve the request and provide a response.

The PST also represents an important lever for improvement, because it makes it possible to make the most of the treasure trove of information that can be obtained by processing and comparing the statistical trend of a significant volume of reported events and plan corrective actions in the case of repeated and/or recorded negative events that increase over time.

The channel most frequently used by customers is the customer email, which channelled 60% of incoming requests and the corresponding written reply; 13% of requests instead come from physical branches and 6% from the call centre. The remaining reports stem from internally managed cases or requests from various business lines on a specific operation.

74% of the requests on the PST regard activities linked to utility management (updating of contractual and personal information, requests for deferments/instalments, contract-related requests). Table 4 below shows the total number of requests in the 2021-2023 three-year period.

Table 4 - Commercial enquiries from customers		
2023	2022	2021
27,394	32,060	26,121

Technical alerts received through the PST for events that could have potentially impacted the health and safety of customers concerned waterworks, sewerage, public lighting, street maintenance, thermal plants, district heating and public greenery.

The table below provides details of the reports received over the three-year period. Specifically, it can be seen that in 2023 there was an overall increase in reports compared to 2022, due for the most part to damages and malfunctions. Out of a total of 1,814 reports, as of 31/12/2023 there are 13 still under management that will be closed and resolved in the very first days of 2024.

Table 5 - Technical reports from customers, by service					
Reference service	Type of report ⁸⁵	No. of events 2023	No. of events 2022	No. of events 2021	Potential impact on health and safety
<i>Water supply</i>	Dirty water after intervention	115	207	194	Damage to individuals
	Alteration of the potability characteristics of distributed water	64	145	171	Damage to individuals
	copious or light water leaks with consequent danger of ice	43	44	37	Damage to property and individuals
	Broken/blown off/missing manholes	16	-	-	Damage to property and individuals
	Hole in the road	29	-	-	Damage to property and individuals
<i>Sewerage service</i>	Broken/blown off/missing manholes	57	41	38	Damage to property and individuals
	Hole in the road	193 ⁸⁶	150	131	Damage to property and individuals
<i>Street lighting</i>	Street lighting not working potentially causing damage to property and individuals	13	3	5	Damage to property and individuals
	One or more roads in the dark	941 ⁸⁷	595	563	Damage to property and individuals
	Flashing traffic lights	20	6	19	Damage to property and individuals
	Pedestrian crossing call button not working	23	13	11	Damage to property and individuals
	Traffic lights off	35	27	26	Damage to property and individuals
	One or more bulbs extinguished in traffic light system	28	13	17	Damage to property and individuals
	Light pole broken	98	86	80	Damage to property and individuals
<i>Road maintenance</i>	Cobblestones dislodged	9	19	25	Damage to property and individuals
	Potholes in the road	67	32	57	Damage to property and individuals
	Holes in the pavement	9	7	6	Damage to property and individuals
	Manhole cover/grille dislodged	3	-	8	Damage to property and individuals
	Road subsidence	4	2	-	Damage to property and individuals
	Bollard/parapet to be restored	12	29	32	Damage to property and individuals

⁸⁵ Starting from 2023, for the Water supply service the new types “Broken/blown off/missing manholes” and “Hole in the road” have been included on the report form (previously existing only for the sewerage service), which is why there were no reports for these items in 2021 and 2022.

⁸⁶ In 2023, the report peak is influenced by events for the redetermination of street lighting hours and/or zones requested by the various municipalities, which caused a number of users to incorrectly report the lack of light as a disruption.

Table 5 - Technical reports from customers, by service

Reference service	Type of report ⁸⁵	No. of events 2023	No. of events 2022	No. of events 2021	Potential impact on health and safety
	Spillage on the road	6	1	7	Damage to property and individuals
Thermal power plant service	Leaks of water or steam from the heating plant	1	-	2	Damage to individuals
	Leak of hot water or steam from the central heating plant	3	6	5	Damage to individuals
District heating	Alarm of fire and gas leak from the thermal power plant of the hospital and from the IES cabinet	-	2	-	Damage to property and individuals
	Leak of hot water or steam from the network onto private and public property	2	3	3	Damage to property and individuals
Public greenery	Broken or damaged furniture and toys	23	9	23	Damage to individuals
	Damaged paving	-	3	1	Damage to individuals
	Problems with trees	-	5	4	Damage to property and individuals
Total		1,814	1,448	1,465	

Insurance reimbursements (GRI 2-25)

In the event of traffic injuries and incidents resulting in damage to property and/or persons involving Tea or its employees, a report is submitted to the Group General Services Unit, which immediately contacts and involves the insurance broker to resolve the dispute. The time frame for handling a claim that does not require additional technical checks is relatively short, taking a couple of days for the formal opening of the case following the incident and about two to three weeks for the insurance company to reach a decision. The table below shows the details of claims that generated insurance reimbursements. It is possible to note that in 2023, the number of insurance claims fell by 24.32% compared to 2022. In particular, in 2023 there were no claims that resulted in damage to individuals with liability attributable to the Tea Group.

Table 6 - Claims that generated insurance reimbursements for the three-year period 2021-2023

Business area	Damage to property	Damage to individuals	No. of events 2023	No. of events 2022	No. of events 2021
Waste collection service/Funeral services/Technicians in the area for interventions	These are claims in which, during the service, the company's vehicles hit other vehicles, damaging them	NO	23	40	26
Waste collection service/Funeral services/Technicians in the area for interventions	This regards company vehicles that damaged infrastructures or private buildings during manoeuvres	NO	14	18	4
	Damage to vehicles caused by waste collection bins shifting due to strong winds	NO	-	1	-

Table 6 - Claims that generated insurance reimbursements for the three-year period 2021-2023

Business area	Damage to property	Damage to individuals	No. of events 2023	No. of events 2022	No. of events 2021
Waste collection/road sweeping service	NO	YES	-	2 ⁸⁸	1 ⁸⁹
Road maintenance service/water service	Damage to cars or tyres due to the presence of holes / cobblestones in the road surface	NO	8	2	3
	NO	YES	0	6 ⁹⁰	-
Sewage system, water supply and district heating	Flooding and infiltration due to the blockage of the sewage system; breakage of water supply or district heating pipes; faulty water meters	NO	10	4	10
Gas distribution	Damage to property following an explosion with fire caused by a gas leak from the distribution pipelines	NO	-	-	-
Water supply network	Damage to internal equipment due to pipes blocked by sand	NO	1	-	-
Green management	Damage to vehicles caused by falling plants	NO	0	1	-
Total			56	74	44

Service quality, efficiency and reliability (GRI 2-25; GRI 417-3)

Many of the activities managed by Tea are subject to regulation by the governmental authority ARERA (Autorità di Regolazione per Energia Reti e Ambiente).

ARERA has introduced a system of billing and commercial quality standards that provides for minimum service indicators and automatic compensation to be paid by suppliers to customers in the event of non-compliance with these indicators due to delays or inefficiencies.

When the customer suffers a breach of a quality standard, they may be compensated automatically by discounting the amount due from the service charge on the next bill.

Billing service compensation

According to the indicators set out in the Integrated Billing Text, the obligation to pay compensation is triggered when the following delays occur:

- *Periodic bills*: issuance of a bill beyond the maximum limit of 45 calendar days calculated from the last day of consumption charged;
- *Closing bill*: issue of the electronic bill beyond the maximum period of 40 calendar days starting from the day of termination of supply, and of the paper bill beyond the maximum period of 34 calendar days.

⁸⁸ In both cases there was physical injury to a person as a result of a collision with a moped.

⁸⁹ Personal injury as a result of a collision with a car.

⁹⁰ Physical injuries as a result of falls caused by unevenness of the road/pavement surface.

The following tables show the number and total amount of compensation paid by Tea Energia for delays in the billing of the Gas and Electricity service.

Table 7 - Electricity	No. of refunds	Amount of compensation	% of total bills
Compensation for delayed issue of closing bill	1713	€ 12,708.00	-
Compensation for delayed issue of periodic bills	255	€ 1,704.00	-
Total	1968	€ 14,412.00	0.00912%

Table 8 - Gas	No. of refunds	Amount of compensation	% of total gas bills
Compensation for delayed issue of closing bill	1043	€ 6,070.00	-
Compensation for delayed issue of periodic bills	403	€ 2,758.00	-
Total	1446	€ 8,828.00	0.00948%

Commercial quality compensation

The Integrated Text on the regulation of the Quality of electricity and natural gas Sales services (TIQV) sets the commercial quality indicators, the standards and the related compensation. Specifically, there are two types of quality standards:

- *Specific*: the quality level to be guaranteed relates to the individual service, and if breached provides for compensation to the customer.
- *General*: the quality level to be guaranteed refers to the whole of the services, and if it is not reached penalties may be imposed by ARERA.

When a customer suffers the consequences of a breach of a specific quality standard, they must be compensated automatically in the next bill, and the amount may vary according to the delay in performance, as detailed below:

- if the service is performed beyond the standard but within twice the standard: basic compensation is paid;
- if the service is performed beyond twice the standard time but within three times the standard time: double the basic compensation is paid;
- if the service is performed beyond three times the standard time: three times the basic compensation is paid.

Consistent with the obligations of publication on the company website envisaged by art. 37 of the TIQV, the table below shows the degree to which Tea Energia Srl complies with the specific and general standards:

Table 10 - Specific indicators of commercial quality of the sales service (ELEC and GAS)

INDICATOR	Maximum time	STANDARD (Art. 15.2, Table 2, TIQV)	TEA ENERGY RESULTS (2023)	
Minimum percentage of responses to written requests for information processed within the maximum time limit (Art. 7 TIQV)	30 calendar days	95%	no. of requests received	711
			no. of requests processed within the standard	708
			no. of requests processed beyond the standard	3
			average response time (calendar days)	20.75
			percentage of responses within the maximum time:	99.58%

TABLE 9 - Specific indicators of commercial quality of the sales service (ELEC and GAS)

INDICATOR	STANDARD (Art. 15.1, Table 1, TIQV)	BASIC COMPENSATION (Art. 19 TIQV)	TEA ENERGY RESULTS (2023)	
Maximum time for a reasoned reply to written complaints (Art. 4 TIQV)	30 calendar days	€ 25.00	no. of requests received	1,085
			no. of requests processed within the standard	1,075
			no. of requests processed beyond the standard	10
			average response time (calendar days)	21.9
			Total compensation in euros	€ 350.00
Maximum billing adjustment time (Art. 5 TIQV)	60 calendar days (90 calendar days for four-monthly bills)	€ 25.00	no. of requests received	162
			no. of requests processed within the standard	160
			no. of requests processed beyond the standard	2
			average correction time (calendar days)	28.7
			Total compensation in euros	€ 50.00
Maximum time for correction of double billing (Art. 6 TIQV)	20 calendar days	€ 25.00	no. of requests received	13
			no. of requests processed within the standard	11
			no. of requests processed beyond the standard	2
			average correction time (calendar days)	12.9
			Total compensation in euros	€ 50.00

ARERA has also established contractual quality standards for the Integrated Water Service that are linked to the tariff system, with consequent obligations of compensation in cases of non-compliance.

The table below shows the number of refunds paid in 2023 and the total amounts settled in cases of late billing (more than 45 days) and non-compliance with the minimum billing frequency:

Table 11 - Integrated water service	No. of refunds	Amount of compensation	% of total water bills
Billing delay (more than 45 days)	150	150	0.0126
Failure to comply with minimum billing frequency	0	0	-
Total	150	150	0.0126

The table below shows the number of refunds paid in 2023 and the total amounts settled for cases of non-compliance with the standards set for the processing of estimates and works, for the response and resolution of requests and complaints, and for the management of various basic operations (openings, closures, changeovers, meter checks or replacements, etc.).

Table 12 - Integrated water service	No. of refunds	Amount of compensation
Estimates/execution of works	23	€ 960.00
Requests and claims	1	€ 30.00
Sales management (openings/closures/changes/checks/replacements etc.)	24	€ 810.00
Total	48	€ 1,800.00

Note that, beyond the penalties imposed by ARERA on non-compliance with billing and commercial service quality standards, in the specific case of the Tea group's marketing communications, no incidents of non-compliance within the meaning of GRI 417-3 were identified by the organisation in 2023.

Innovation, Technology and Information Services

Tea considers innovation to be an essential element to guarantee the best possible experience to customers. For Tea, 2023 was a year of transition, during which future investments were planned and existing projects were monitored, with a view to continuous organisational and operational transformation, aligned with business evolutions, to make processes quicker, more intuitive and more modern.

Customer Relationship Management (CRM)

In 2023, the project for the development of the new CRM (Customer Relationship Management) system continued, based on the Salesforce platform and extended to all Group companies and structures. This project aims to renew and optimise marketing, sales and after-sales processes, redesigning the latter from a digital, omnichannel and multi-service perspective and thus simplifying front and back office operations.

In 2023, the CRM project therefore had an initial release, involving the customers of Mantova Ambiente, the customers of AqA and the customers of the district heating service provided by SEI.

In the near future, once it has become fully operational, encompassing all Group companies and structures, the new CRM, an in-cloud solution, will allow for considerable energy savings compared to an equivalent on-premise solution and will improve and optimise marketing processes, digitalising sales and after-sales activities and simplifying front and back office operating activities.

Robotic Process Automation

This project calls for the introduction of software-automated business processes with a view to boosting the efficiency of some activities. Until this point, 9 automated processes have been created for the Human Resources area, including RPA - Monitoring of temporary work processes, RPA - Passing the trial period and RPA - HSE Training Courses.

Website optimisation

In 2023, the process of modifying all Tea Group websites began, through SEO (Search Engine Optimisation), in order to guarantee a better user experience and improve digital marketing activities. Specifically, during the year the SEI website was renewed, while for the coming year, the renewal of the websites of Tea Energia and Mantova Ambiente is planned.

Geographic Information System

SII GIS (Geographic Information System) is a long-term project planned to end in 2025 which calls for the implementation of a number of actions, some of which already launched in the course of 2023. One of the various initiatives constituting the GIS project is the migration to the cloud of the entire GIS system, full support for network operations (water, gas and district heating), the interface with all group systems that need information from GIS and the evolution towards a more innovative release.

Data Centre

During the year, the Data Centre project concerning the Security Operation Centre continued, assigning the tender contract relating to the continuous monitoring of systems for the activation of the 24h Operation Centre Service. The assessment of bids for the migration of the data centre to the cloud was also concluded, and will be formalised and made public in the initial months of 2024.

The majority of the migration to the cloud will take place in the coming years, with the exception of two initiatives that were already implemented in 2023, namely:

- the SAC remote reading software adopted by SEI s.r.l., the aim of which was to in-house the meter acquisition and remote management network management software;
- satellite triangulation for the geolocation of pipes using the Trimble hardware adopted by AqA s.r.l., the objective of which was to create a network of GPS antennas in 4 purification plants so as to lay the stable foundations to which connections can be made to identify, with high precision, the planimetric and altimetric positions of pipes.

Remote control

In 2023, the centralised remote control system, for which critical infrastructure focusing on district heating was developed in 2022, was extended to the water and gas systems, and the cloud system disaster recovery was completed.

The extension of remote control allows for more rapid interventions in the case of failures, limiting inconveniences caused to users and improving plant management, thus resulting in savings in electricity consumption. Constant purification plant monitoring also makes it possible to guarantee improved quality of output wastewater.

“Acqua Lab” Laboratory

In 2023, two instruments were installed and inspected in the AqA AcquaLab analysis laboratory, which aim to facilitate the water analysis process: an HPLC-MS which makes it possible to analyse some types of pesticides and pollutants, and a GC-MS through which it is possible to analyse another range of pesticides and organic substances in both wastewater and drinking water.

These two tools meant a significant step forward for the laboratory, in terms of data retrieval timing and economic savings, as well as increased skills acquired by laboratory personnel, who can thus approach innovative and cutting-edge instrumental technologies, significantly raising their level of knowledge and experience.

Gas and water network management

In 2023, SEI and AqA carried out a number of technological implementations for advanced network management aimed at boosting service efficiency and day by day operations, through the RetiAMM software that can be used to display and manage information from the field (for example, total volumes and alarms), which can be used through the MDM Meter Data Management platform with LORAWan technology, with the NB-IoT data transmission function. The platform provides field data from user meters at any time, and stores them in their original encrypted format. The portal can also be used to send immediate commands and manage alarms.

Waste Management Service

In the course of 2023, Mantova Ambiente continued to analyse the Waste Management Solutions software, a platform capable of managing all requirements linked to the waste cycle and which makes it possible to have full coverage of the associated processes. In order to increasingly boost the efficiency of waste reporting, in the first half of 2023 the

technological updating project was implemented and concluded on the measurement systems located inside vehicles. On the other hand, integration with the database of users served is still in the implementation and testing phase. Once implemented and fully active, this will optimise waste control and reporting processes, enabling the municipalities to fully transparently verify the services provided.

Quality assurance

The Tea Group provides its services in accordance with the highest standards of quality and safety with a view to saving energy and with the utmost attention to environmental parameters.

In fact, for almost all Group companies Tea has adopted an Integrated Quality and Environmental Management System in accordance with UNI EN ISO 9001 and UNI EN ISO 14001 standards.

Furthermore, over the past few years the companies most specialised in energy, i.e. Sei S.r.l. and Tea Reteluce S.r.l., have earned UNI CEI EN ISO 50001 certification – relating to the optimisation of energy consumption – and have been recognised as Energy Service Companies (ESCO) in accordance with UNI CEI 11352.

In 2023, the Group continued the certification process according to the UNI EN ISO 45001:2018 standard relating to the Occupational Health and Safety Management System for the company Mantova Ambiente Srl, with reference to the public greenery management service and waste management facilities. The certification process is expected to be concluded in 2024 with an analysis of the waste collection and transport service. This is an evolving process aimed at increasingly effectively combatting occupational accidents and diseases, launched by the Group starting with the company Tea Reteluce S.r.l., which obtained the certification in question in 2021 and continued in 2022 with the company Sei S.r.l., which obtained the certification for the gas distribution service with a view to certifying all of its activities by the end of 2025.

Also in 2023, through third-party audits performed by the Certification Body, Tea maintained the certifications in place in line with the latest standards.

In addition to external controls, specific first-party internal audits – in accordance with the guidelines established by UNI EN ISO 19011:2018 – are regularly planned and carried out to analyse the compliance of the management systems and their appropriate and rigorous implementation.

The table below details the certifications and accreditations earned by the Group companies.

TABLE 2 - THE GROUP'S CERTIFICATIONS AND ACCREDITATIONS ⁹¹	
COMPANY	CERTIFICATION
Tea s.p.a. BC	UNI EN ISO 9001: 2015 UNI EN ISO 14001: 2015
Sei s.r.l.	UNI EN ISO 9001: 2015 UNI EN ISO 14001: 2015 ISO 50001: 2018 UNI CEI 11352: 2014 UNI EN ISO 45001:2018
Mantova Ambiente s.r.l.	UNI EN ISO 9001: 2015 UNI EN ISO 14001: 2015
Tea Reteluce s.r.l.	UNI EN ISO 9001: 2015 UNI EN ISO 14001: 2015 ISO 50001: 2018 UNI CEI 11352: 2014 UNI EN ISO 45001:2018

⁹¹ The table "The Group's certifications and accreditations" and the relative "Quality assurance" chapter were included in the "Governance" section of the 2022 NFS. The table in question in the previous report was labelled as number 3. With the reordering of the structure carried out in the document in question on the basis of the materiality analysis, the table was included in the "Social information" section in the "Our customers" chapter and was renumbered as 2.

AqA s.r.l. BC	UNI EN ISO 9001: 2015 UNI EN ISO 14001: 2015 UNI CEI EN ISO/IEC 17025:2018 (<i>Accreditation of the laboratory in accordance with the standard</i>)
Tea Servizi Funerari s.r.l.	UNI EN ISO 9001: 2015

The Group refers to a single Management Manual that is valid for all companies and is divided into General and Sectoral procedures. The former are valid for all processes common to all Group companies, while the latter are procedures for the specific activities of each operating company.

The integrated management system therefore represents a fundamental coordination tool, providing the Units dedicated to risk prevention and those responsible for managing the Group's processes with a common organisational scheme that the specificities of each of the different systems can then be incorporated into.

All of this makes it possible to operate efficiently and effectively, thereby fostering a relationship of trust with stakeholders, as the Group's ability to provide answers consistent with their expectations and specific needs is guaranteed.

Compliance with personal data protection regulations (GRI 418-1)

The protection of natural persons with regard to the processing of personal data is a fundamental right as set forth in art. 8, paragraph 1 of the Charter of Fundamental Rights of the European Union. The protection of rights and freedoms of users, employees, customers and suppliers is therefore one of the primary organisational goals within the Tea Group.

The benefits connected to the implementation of best practices and the accurate assessment of risks correlated with personal data processing activities on one hand represent a way to achieve regulatory compliance and on the other contribute to promoting a culture of privacy within the organisation.

In the course of 2023, the Group Privacy Area contributed towards creating corporate governance strategies enacted to protect the confidentiality, integrity and availability of personal data. In the design of new initiatives, the "data protection by default and by design" principle was respected, i.e. the need to configure the processing by providing from the beginning the indispensable guarantees "in order to meet the requirements" of the General Data Protection Regulation and protect the rights of data subjects. In compliance with this criterion, the Privacy Area was involved from the earliest planning stages for an assessment that takes into consideration the entire personal data life cycle, from collection, to storage and erasure, verifying that only strictly necessary and sufficient data are processed in relation to the intended purposes.

With a view to the progressive improvement of the tools available to the Group, for 2024 the company plans to adopt a cyber data protection platform as an additional instrument for accountability in the management of the personal data of the Group's customers and users.

The Data Protection Officer, responsible for supervising observance of the General Data Protection Regulation, within the scope of his responsibilities, completed in-person training sessions for the personnel involved in specific processing operations. The cross-training of all Group employees who process personal data continued in 2023. The training therefore involved 166 parties for a total of 192.5 training hours. In the final quarter of 2023, a new onboarding procedure was also introduced which calls for the completion of a compulsory training cycle to be carried out within a few days after being hired using a dedicated e-learning platform.

As regards requests relating to the exercise of rights by data subjects, received in 2023, none were processed late and all were processed according to the terms set out in the General Data Protection Regulation. There were no complaints sent to the Personal Data Protection Authority or security breaches - accidental or unlawful - that could have led to the destruction, loss, modification, unauthorised disclosure or access to personal data transmitted, stored or otherwise processed.

6. Operation of the company

Ethics, integrity and anti-corruption

NFS

The rules of corruption prevention coincide with those of good administration and help to achieve better efficiency and effectiveness in corporate governance. Corruption is in fact an obstacle to business efficiency, fair competition and maintaining a good reputation with stakeholders.

The Tea Group is committed to fighting direct and indirect corruption in all its forms by adopting all the necessary preventive measures, in compliance with the relevant national laws and applying the principles of the Internal Control and Risk Management System (SCIGR). Tea's SCIGR is inspired by fundamental, internationally recognised and recommended best practices for good corporate governance and corruption prevention, such as:

- "Segregation of duties": separation of powers in the assignment of responsibilities, identifying the different parties to whom to assign the task of deciding, executing and controlling each company activity.
- "Conflict of Interest": when assigning management and control tasks, prior verification of the absence of situations of potential incompatibility between the interests of the person appointed and those of the company connected with the task to be assigned.
- "Distinction of processes": strict separation of functions between directors and operational managers, to prevent situations of mixing, collusion and conditioning and to encourage the objective and responsible exercise of the various duties of each role.
- "Standardisation", i.e. the uniformity and formalisation of processes to ensure quality, efficiency, transparency and ease of control by the relevant bodies.

The Internal Control and Risk Management System (GRI 2-15; GRI 2-16; GRI 2-23; GRI 2-24; GRI 2-26; GRI 205-1; GRI 205-2; GRI 205-3)

The Internal Control and Risk Management System consists of the set of rules, procedures and corporate functions that aim to ensure the proper conduct of the business through a process of identifying, measuring, managing and monitoring risks:

- The Code of Ethics adopted voluntarily by the Tea Group organically defines the corporate ethics principles and values that the Group recognises, accepts and agrees on, as well as its responsibilities in managing internal and external relations.
The Code of Ethics is binding and represents a contractual obligation for all directors, executives and employees of the Group companies, without exception, as well as all those who, though external, have direct or indirect relations with the Group (e.g. consultants, legal representatives, agents, collaborators of any nature, suppliers, trade partners, customers). Under no circumstances does any claim to be acting in the interests of the Tea Group justify engaging in conduct in conflict with the content of the Code of Ethics. Therefore, all the parties mentioned are required to comply with and, to the extent of their responsibilities, ensure that others comply with the principles of the Code of Ethics.
- The Human Rights Protection Policy, which enhances the existing provisions of the Code of Ethics and constitutes a manifesto in which the Tea Group commits to promoting the protection of these rights for all individuals working in its "value chain", in full compliance with regulations and standards issued by the reference international organisations.
The Tea Group is aware that it plays a driving role in economic development and in the social growth of its operating area. For this reason, we believe it is necessary to promote the Group as an economic entity that safeguards the wellbeing of individuals who work in and for the Company, its collaborators or those who, simply, live in the communities in which it operates. In recent years, there has been a more forceful consolidation of the new awareness of the "social" dimension of business sustainability, which focuses on human rights, personal growth, quality of life and the promotion of diversity and equality. Today it is essential and indispensable to strengthen and respect these rights as a fundamental element of responsible and sustainable management of business activities.
- Zero Corruption Code which regulates the principles that the Tea Group recognises and promotes to counter and reject any forms of corruption. These principles include:
 - transparency and traceability, understood as the commitment to provide all stakeholders with information relating to corporate operations in a clear, complete and timely manner;

- personal responsibility, required of each Group employee to loyally commit to achieving company objectives, in compliance with their role and responsibilities;
- consistency, understood as the Group's commitment to pursuing its mission in compliance with the values and principles expressed in the Code of Ethics, and more generally, in the regulations adopted internally.

The commitments that the Tea Group assumes in the fight against corruption concern in particular: (i) facilitating payments and/or facilities, (ii) provision of sponsorships, contributions, donations and gifts, (iii) gifts received from third parties, (iv) dealings with public officials, (v) dealings with suppliers and customers, and (vi) hiring of personnel.

- The Organisation, Management and Control Model (Model pursuant to Italian Legislative Decree 231/2001 on the administrative liability of entities for crimes committed by their employees), which for each individual company in the Group defines and formalises the rules, principles, tools and various control mechanisms adopted to prevent the commission of the offences envisaged in Italian Legislative Decree 231/2001 as well as contribute to the assessment, prevention and reduction of the risks of offences being committed. The Board of Directors of each company guarantees the adequacy and effectiveness of the respective Model, also through the appointment of its own Supervisory Board (SB) composed of professionals who are granted wide and autonomous powers of initiative and control. Lastly, all SBs can rely on company organisational support, identified internally.

During 2023 the Models pursuant to Italian Legislative Decree 231 of all the Group companies were updated in order to acknowledge (i) the new regulatory provisions on whistleblowing, (ii) the introduction of new predicate offences, expanding the "list of offences pursuant to Legislative Decree 231" as well as (iii) any internal organisational changes.

- "Three-year plan for anti-corruption, transparency and integrity audits" aimed at ensuring the fitness from an ethical, operational and professional point of view of the persons called upon to operate in the areas deemed most "sensitive" to the risk of corruption, and more generally to maladministration. Despite the persistence of objective faults in coordination between the various primary and soft law regulatory systems, until such a time as the Authority defines/clarifies the extent of application of the regulations on transparency and anti-corruption to the particular status of Tea s.p.a. BC (and the Group), the Tea Group decided to adapt to the provisions on transparency and integrity for "listed companies" as initially envisaged in the Annex to the draft guidelines opened to consultation, even if later excluded; indeed, ANAC Decision no. 1134/2017 regarding "New guidelines for the implementation of regulations on corruption prevention and transparency by private companies and entities which are controlled by or investees of public administrations and for-profit public entities", unlike the contents of the draft consultation paper published in May 2017 on the Authority's website, specifically envisaged that "...these Guidelines do not apply to listed companies, for which further study was considered necessary, also on the basis of the Council of State opinion (...), to be conducted in partnership with the Ministry for the Economy and Finance and CONSOB".

The Authority therefore accepted the Council of State opinion on the draft determination which, reiterating the previous ANAC Decision no. 8/2015, required the Authority to clarify whether the draft Guidelines also envisage obligations for the listed companies and the outcome of the ANAC-CONSOB work group with a view to further studying the issue in question. The regulations, and in particular the subjective aspects referred to in art. 2 bis, paragraph 2 of Italian Legislative Decree 33/2013, lead to exclusion of the listed companies as defined in art. 2, paragraph 1, letter p) of the Consolidated Law on State Controlled Companies from the entities subject to the obligations envisaged by law on transparency and anti-corruption.⁹²

Furthermore, since June 2017, Tea S.p.a. BC has been qualified as a Public Interest Entity (PIE), following the finalisation of the procedure to issue bond instruments; the consequent obligations therefore make it subject to a specific legislative regime of listed companies, particularly as regards the disclosure of information, to protect investors and the functioning of the rules of competitive markets, regardless of the time frame in which the issue is made.

- "Policy-making and Oversight Rules" that govern Tea's governance model, separating policy-making and oversight from operational activities, allocating the management of each local public service concession and each free market activity through specific, distinct special-purpose companies, either directly or indirectly

⁹² The definition of listed company provided in letter p) is: "state-controlled companies that issue listed shares in regulated markets; companies that as at 31 December 2015 issued financial instruments, other than shares, listed in regulated markets; the companies invested in by one or the other, unless they are also controlled or invested in by public administrations."

In its note of 22 June 2018, the MEF provided its interpretation relating to the "notion of regulated market contained in the definition of "listed company" pursuant to art. 2, paragraph 1, letter p) of the TUSP", conclusively affirming that it "can be deemed as coinciding with that defined by the Consolidated Law on Finance and may not be susceptible to a broader interpretation; this is also in order to prevent possible evasions of the TUSP regulations, through the listing of financial instruments in markets more easily accessible to operators and which have less stringent reporting obligations".

controlled, focused on their own business (Operating Companies). The Parent Company (the Holding Company Tea s.p.a. BC) retains the role of provider of all staff services.

These Regulations, updated in 2021, constitute the general reference framework for relations between the parent company Tea s.p.a. BC and its subsidiary companies in order to standardise organisational/behavioural rules and decision-making processes, with a view to leading and guiding development policies and management strategies, in keeping with the economic and social objectives defined at Group level.

Within the Regulations, the individual areas of intervention are defined with details of the processes involved and the breakdown of activities, by competence, between the Parent Company and the Operating Companies. The connection between the activities of the Parent Company and the Subsidiaries is then guaranteed by the formalisation of specific Service Agreements ("Intercompany Agreements") that regulate, for each area of service provided, the conditions, terms, rates, timeframes and quality levels of the services provided centrally by the Parent Company in favour of the Subsidiaries.

- "Market Abuse Regulation", adopted by the Tea Group in compliance with obligations envisaged in EU regulations (Directive 2004/109/EC "Transparency", Regulation (EU) 596/2014 "MAR", as amended), with the aim of defining the methods for complying with financial transparency and market abuse prevention obligations.

With specific reference to procedures for the identification and management of Relevant Information and Inside Information, the Regulations were prepared on the basis of indications contained in the "Guidelines on Inside Information" issued by CONSOB in October 2017, in support of recommendations by ESMA in its final report 2015/1455.

The Regulations apply to the directors, representatives, employees, consultants, auditors, statutory auditors and collaborators of Tea s.p.a. BC (and each subsidiary) as an Issuer of financial instruments admitted to trading on a regulated market in an EU Member State. The Issuer status also qualifies Tea s.p.a. BC, under Italian and European law, as a Public Interest Entity (PIE) which is subject to additional specific legal provisions.

The Regulations also apply to the directors, representatives, employees, consultants, auditors, statutory auditors and collaborators of every subsidiary of Tea s.p.a. BC as originators, recipients or disclosing parties of Relevant Information or Inside Information concerning the Issuer.

- Whistleblower protection system, as a strategic tool to identify irregularities or abuses that may constitute or facilitate the commission of the offences pursuant to Italian Legislative Decree 24/2023 (in application of European Directive 2019/1937) on the protection of persons who report breaches of Union law and/or breaches of Italian regulatory provisions.
- "Rules on the disbursement of donations, contributions, sponsorships and gifts" which define the roles, responsibilities and operating procedures for managing the process of offering donations, contributions, sponsorships and gifts to third parties;
- System of Procedures, Policies and Guidelines adopted to clearly and effectively govern the organisation's relevant processes;
- Disciplinary system, which defines the penalties and their application in the event of a violation based on the nature of the violation and the principles of intentionality and gradualness;
- System of delegation and proxies that, through the assignment of specific proxies, establishes powers to represent or commit the company and, through a system of delegation, responsibilities with regard to environmental and safety aspects.

The main players in the Internal Control and Risk Management System are:

- BoDs of the parent company and its subsidiaries: these control the companies' decision-making processes;
- Designated Director (acting on behalf of the Ethics Committee);
- Boards of Statutory Auditors of Tea and the operating companies: these monitor compliance with the principles of proper administration;
- Head of the Internal Control and Compliance Function, who is tasked with overseeing the planning and execution of auditing and improvement support activities;
- Head of Corruption Prevention and Transparency, who is tasked with monitoring compliance with measures to prevent corruption, bribery and mismanagement;
- Whistleblowing Manager, who follows up on the reports in compliance with the methods and timing set out in Italian Legislative Decree 24/2023;
- Supervisory Board (SB) of the Parent Company and its subsidiaries, which assesses the adequacy of the organisation and management model pursuant to Italian Legislative Decree no. 231/2001 (hereinafter "Model pursuant to Italian Legislative Decree 231");

- Data Protection Officer (DPO): an independent supervisor whose task is to oversee compliance with privacy regulatory requirements;
- Independent Auditors, which perform the independent audit;
- Management and employees.

Alignment of the Whistleblowing management system to the new Italian Legislative Decree 24/2023

On 30 March 2023, the new Italian Legislative Decree 24/2023 entered into force (in application of Directive 1937/2019), establishing rules on the protection of persons who report breaches of Union law and/or breaches of Italian regulatory provisions.

As the Tea Group is included within the category of parties to which that Decree is applied, it has initiated an internal process, supervised by the Internal Control and Compliance Department, to guarantee compliance with the new regulatory provisions. In particular, the following activities were implemented:

- a **dedicated platform** was acquired, as an internal whistleblowing channel, which enables anyone to make both written and verbal reports, guaranteeing confidentiality about the identity of the people involved, the content of the report and the related documentation (ref. art. 4, paragraph 1 and art. 3 of Italian Legislative Decree 24/2023);
- a *Group policy* was set up which regulates the process of receiving, analysing and processing reports, approved by the BoD of Tea s.p.a. BC, while duly informing all Group companies afterwards (ref. art. 5, paragraph, 1 of Italian Legislative Decree 24/2023);
- Appointment by the BoDs of individual Group companies of the “Manager” of whistleblowing reports in the person of the Head of Internal Control and Compliance (also the Group Head of Prevention of Corruption and Transparency), who is required to follow up on the report in compliance with the methods and timing set out in Italian Legislative Decree 24/2023;
- Preliminary consultation with the trade union representatives on the methods for managing whistleblowing reports adopted at Group level (ref. art. 4, paragraph 1 of Italian Legislative Decree 24/2023);
- Updating the company website and intranet, specifying the methods that the Group shall use to manage whistleblowing reports (ref. art. 5, paragraph 1 of Italian Legislative Decree 24/2023);
- Updating all internal documentation, such as: The Code of Ethics, the Zero Corruption Code, Human rights protection policy and the Organisation, Management and Control Models pursuant to Italian Legislative Decree 231/01 of the individual Group companies;
- Internal communication to inform all Group personnel of the new tool adopted.

Group Risk Assessment

In 2023, the Group Enterprise Risk Assessment Project was launched by the Risk Management Team (composed of the Internal Control and Compliance Function and the Head of Group Administration, Finance and Control), with the support of a consulting firm, for the purpose of:

- mapping company processes and identifying the related risks;
- assessing the severity of each risk, using an assessment metric concerning the probability of occurrence and the quanti-qualitative and/or reputational impact.
- prioritising each risk scenario based on the degree of severity, classified as (i) low, (ii) medium-low, (iii) medium-high and (iv) high.
- identifying the safeguards in place to mitigate each risk and determining future mitigation strategies.

The start up of implementing a Group enterprise risk assessment system was completed in 2023, resulting in an initial identification and assessment of the risk scenarios to which the Tea Group is most exposed. As a priority, the results of these activities were presented to the top management of Tea S.p.A. BC, and in 2024, meetings will be held with the Boards of the individual operating companies to share these results. This represents a new approach aimed at increasing the awareness of all players involved in Enterprise Risk Management, while guaranteeing an improvement in the SCIGR in terms of integration between 2nd and 3rd level controls.

Supplementary tools of the SCIGR

To complement the SCIGR, the Tea Group has introduced specific corruption risk prevention/mitigation tools, including:

- Appointment document of the professionals required by the law on works, services and supply contracts (Single Project Manager, Works Manager, Works Supervisor, Safety Coordinator, Designer, Tester, etc.) for which the

appointed party agrees to inform the Contracting Authority of the existence of any dealings that may give rise to potential or actual conflicts of interest, for their assessment of the substantial impact on the assignment to be performed.

- Specific procedure concerning the personnel selection process that includes:
 - checks to verify family or personal ties between a candidate and Tea Group employees and/or members of the Public Administration;
 - standardisation and automation of the selection process through the use of software for managing the recruitment process in accordance with the principle of accountability and segregation of duties.
- Whistleblowing channel, as a tool made available by the Tea Group to all of its employees and/or external parties to submit verified or alleged whistleblowing reports, both written and verbal, guaranteeing confidentiality of the identity of the people involved, the content of the report and the related documentation. This channel can be used to transmit verified or alleged reports, including breaches of the “Zero Corruption” Code and, more generally, reports relating to situations that may constitute or facilitate the commission of crimes of corruption (or “maladministration”).
- Gift Management register, as a tool adopted by the Group to monitor the gifts received by employees of the Tea Group from third parties. On filling out the register in order for the beneficiary to pick up the gift, the beneficiary is presented with the list of reasons why the gift cannot be accepted, which states that, in any event, all Tea Group personnel is prohibited from accepting:
 - cash, loans, shares and/or any other equivalent instrument, irrespective of its value;
 - any goods and/or benefits (i) deriving from unlawful activities or (ii) which may generate or give rise to conflicts of interest or (iii) received from a sender with respect to which one holds the position of Single Project Manager, Works Manager or Contract Execution Manager.

The Head of corruption prevention and transparency is required to periodically verify the “Gifts Register” to identify, also with the support of the Internal Control and Compliance Function, any anomalous situations to be reported to the Control Bodies and the competent Authorities.

- Safeguard clauses under Italian Legislative Decree 231/2001, such as specific provisions relating to the Group's value system, which are envisaged in the “general supply conditions” signed when entering into supply agreements (in purchase orders/contracts). Similar clauses are also envisaged in agreements with commercial partners (temporary groupings and consortia) and in intercompany contracts.

New tools implemented in 2023

In 2023 the above tools were supplemented by the implementation of the following other new preventive elements:

- in line with the provisions of Italian Legislative Decree no. 24/2023 of 10 March 2023 (implementing Directive EU 2019/1937) on *Whistleblowing*, the Tea Group has set up a specific channel for sending reports - “Tea Group Whistleblowing Channel” - which can guarantee, also through encryption tools, the confidentiality (i) of the whistleblower, the person involved and the person mentioned in any way in the report, and (ii) the content of the report and of the related documentation. The whistleblowing channel can be reached in the “Canale Whistleblowing” section (in Italian) on the company intranet and/or the Company website. The management of reports is assigned to the Head of Internal Control and Compliance of Tea s.p.a. BC, in the role of “Manager”. The Manager is responsible for verifying the validity of the wrongdoing reported, conducting the internal investigations and providing feedback to the whistleblower on the outcome of the investigation and the resulting actions.

Where the report regards conduct that is directly relevant to the offences which give rise to liability pursuant to Italian Legislative Decree 231/01, the Whistleblowing Manager is required to promptly share the report with the Supervisory Board of the company involved, which may, in turn, conduct additional autonomous verifications on the wrongdoing reported.

The Tea Group has also set out suitable measures, both relating to the infringement of the ban on retaliatory acts against whistleblowers and/or other parties pursuant to art. 3 of Italian Legislative Decree 24/2023 or the abusive use of reporting channels, as well as towards those who with malicious intent or serious negligence submit reports that prove unfounded.

- a new Risk Assessment tool, which constitutes a structured reporting tool, capable of providing:
 - an overview of the overall risk exposure of the Group and the prioritisation of the risk scenarios identified;
 - analysis and monitoring of the evolution of the Group risk profile, its response strategies/main mitigation actions and their effectiveness.

Control activities 2023 (GRI 205-3)

In 2023 the Internal Control and Compliance Function monitored the effectiveness of the SCIGR with the following actions:

- Annual audit as per the audit plan approved by top management;
- Semi-annual monitoring (follow-up) on the progress of corrective actions taken by management following the audits performed on the Internal Control System.
- Drafting of the annual Internal Control and Compliance Report and the assessment of the Internal Control and Risk Management System, which describes the audits performed, the corrective actions put in place and shared with management and their progress. These documents are shared annually with the Board of Directors and the Internal Control and Audit Committee (CCIRC) of Tea s.p.a. BC.

In order to guide the actions of all the actors involved towards the achievement of corporate objectives, the Internal Control and Compliance Function schedules periodic meetings to ensure constant information flows on the audits performed with any corrective or improvement actions to be implemented. Specifically, the meetings are held as follows:

- Periodically, with the Group RSPP, the Tea S.p.A. BC Service Managers, Operations Managers and CEOs of all companies belonging to the Group; the DPOs of the Group and the Internal Privacy Officer;
- Quarterly with the SBs pursuant to Italian Legislative Decree 231/01 of all the companies, and with the Board of Statutory Auditors of Tea s.p.a. BC;
- once a year with the Independent Auditor.

The Internal Control and Compliance Department is required to promptly inform the BoD of any evidence of critical issues that emerge when performing controls or as a result of investigations with positive results relating to internal or external reports. In that regard, it must be specified that in 2023, 2 reports were received through the “new” Group Whistleblowing Channel. These reports were both anonymous, and were followed up on in compliance with the provisions of Italian Legislative Decree 24/2023. The two reports received were processed by the Whistleblowing Manager, specifically involving the Control Bodies, who decided to formally dismiss them with the result “non-pertinent report under Italian Legislative Decree 24/2023”. Please note that in 2023, there were no cases of corruption.

As part of the risk mapping related to Italian Legislative Decree 231, in 2023 Tea s.p.a. BC assessed:

- 19 company processes, approximately 73% of the total processes mapped as most exposed to the potential risk of corruption vis-à-vis the public administration;
- 23 company processes, approximately 88% of the total processes mapped as most exposed to the potential risk of corruption vis-à-vis private individuals.

Moreover, in order to verify the ability of the internal control system to mitigate the risk of these offences being committed, in 2023 specific controls were carried out on the following processes:

- awarding of works, services and supplies by tender under the Procurement Code;
- management of health and safety in the workplace and dealings with public bodies for compliance with regulatory precautions for the employment of employees assigned to particular tasks;
- management of environmentally relevant processes and activities, also with respect to third parties;
- selection and hiring of personnel;
- purchase of consultancy services;
- management of donations, contributions and sponsorships;
- management of relations with agents.

During 2023, in full compliance with its duties, each individual Supervisory Board:

- verified the adequacy of the Model with respect to current regulations and any updates, reporting possible action areas;
- formulated proposals for updates and amendments to the Model adopted by the Company;
- with support from the relevant company departments, ensured the maintenance and updating of the system for identifying, mapping and classifying areas where risk under Model pursuant to Italian Legislative Decree 231 could form;
- monitored the absence of news/reports concerning possible violations of the Model;
- formalised and shared the results of control activities carried out;

- held periodic exchanges of information with the Department Managers and corporate bodies;
- prepared periodic reports to the Board of Directors and Board of Statutory Auditors;
- monitored initiatives for the dissemination of and sensitisation to the Model, including training activities.

During the updating of the three-year 2023-2025 Anti-Corruption, Transparency and Compliance Plan, a mapping of processes and an analysis of the related risks linked to corruption offences was also performed, to be considered supplementary and complementary to the 231 Protocols. This mapping exercise identified risks and preventive measures, such as existing procedures and corrective actions specifically aimed at combating corruption in the following management areas:

- Personnel management;
- Works, services and supply contracts;
- Participation in tenders announced by third parties;
- Administration, finance and control;
- Dealings with third parties;
- Intercompany dealings;
- Procurement of operational tasks in PPPs;
- Operational management.

Audits in 2023: the processes involved

In 2023, 15 audits were performed on the following processes by the Internal Control and Compliance Function supported by the Supervisory Boards:

- Service Level Agreements (SLAs) and non-conformity management;
- management of temporary waste storage;
- analysis of commercial dealings between subsidiaries and suppliers (*extraordinary audit*);
- management of district heating/cooling emergency assistance;
- management of waste conferred to the biomethane plant;
- use of service vehicles;
- monitoring and control of the Works Supervisor;
- operational follow-up on the main criteria;
- awarding of works, services and supplies by tender under the Procurement Code;
- management of health and safety in the workplace and dealings with public bodies for compliance with regulatory precautions for the employment of employees assigned to particular tasks;
- management of environmentally relevant processes and activities, also with respect to third parties;
- selection and hiring of personnel;
- purchase of consultancy services;
- management of donations, contributions and sponsorships;
- management of relations with agents.

Twenty-three corrective actions were identified with the aim of eliminating the anomalies found in the operation of the control system. However, the processes audited had no significant deficiencies such as to render the Group's Internal Control and Risk Management System (SCIGR) unable to achieve the corporate objectives set, including in terms of preventing corruption and maladministration.

Anti-Corruption Communication and Training (GRI 205-2)

Anti-corruption policies and procedures are regularly communicated to both Group employees and external stakeholders. For the former, specific video clips are available, which are displayed when the company's laptops are in screen saver mode. In addition, during the onboarding of new hires, they are provided with:

- the delivery of a "welcome kit" containing specific information regarding the company intranet, on which they can view the documents that are part of the Tea Group Ethical Value System (Code of Ethics, "Zero Corruption" Code, Human rights protection policy, as well as other internal Model pursuant to Italian Legislative Decree 231 documentation, and company policies and procedures). At the same time, new hires are asked to sign a

commitment to read those documents, as well as to comply with the principles set out in the Group Ethical Value System and the Organisation, Management and Control Model of their company;

- the provision through the Group onboarding platform of the mandatory training courses "Administrative Liability of Entities" (Italian Legislative Decree 231/01) and Anti-corruption (Italian Law 190/2012)". To test the level of understanding of the course content, new hires must take a final test, the successful completion of which is attested by the awarding of a certificate.

Given the importance of the principles of ethics and integrity, in 2023 the training of Tea Group employees via e-learning continued, providing the courses "Administrative Liability of Entities" (Italian Legislative Decree 231/01) and Anti-corruption (Italian Law 190/2012)". The training involved 47 blue-collar workers, 30 white-collar workers, and 2 managers for a total of 79 employees (new hires and make-up courses for employees). The one-hour training course covered the following topics:

- Italian Legislative Decree 231/001
- Anti-corruption - Italian Law 190/2012
- Reporting misconduct - whistleblowing

To test the level of understanding of the course content, participants took a final test, the successful completion of which was attested by the awarding of a certificate. For more details on the recipients of anti-corruption training courses in 2023, see Table 2 below. Note that in 2023, no training was provided to members of the Board of Directors or to executives, as they had all been trained through the courses "Administrative Liability of Entities" (Italian Legislative Decree 231/01) and Anti-corruption (Italian Law 190/2012) in 2022. In 2023, the members of the Board of Directors and executives were informed of the new regulations (new Italian Legislative Decree 24/2023 on whistleblowing) through sessions promoted by the Head of Internal Control and Compliance during the Board meetings and through internal communications channels (the Group "inTea" platform, or via email).

Table 2 (GRI 205-2) - ANTI-CORRUPTION COMMUNICATIONS AND TRAINING		2023
Communication of anti-corruption policies and procedures to the BoD		
Total number of the members of the BoD		5
Number of BoD members informed of anti-corruption policies and procedures		5
Percentage of BoD members informed of anti-corruption policies and procedures		100%
Communication of anti-corruption policies and procedures to employees		
Total number of executives		14
Number of executives informed of anti-corruption policies and procedures		14
Percentage of executives informed of anti-corruption policies and procedures		100%
Total number of managers		26
Number of managers informed of anti-corruption policies and procedures		26
Percentages of managers informed of anti-corruption policies and procedures		100%
Total number of white collar workers		361
Number of white-collar workers informed of anti-corruption policies and procedures		361
Percentage of white-collar workers informed of anti-corruption policies and procedures		100%
Total number of blue collar workers		271

Table 2 (GRI 205-2) - ANTI-CORRUPTION COMMUNICATIONS AND TRAINING		2023
Number of blue-collar workers informed of anti-corruption policies and procedures		271
Percentage of blue-collar workers informed of anti-corruption policies and procedures		100%
Communication of anti-corruption policies and procedures to business partners		
Total number of business partners (suppliers - goods)		2,026
Number of business partners (goods) informed of anti-corruption policies and procedures		425
Percentage of business partners (goods) informed of anti-corruption policies and procedures		26.01%
Total number of business partners (suppliers - works)		491
Number of business partners (works) informed of anti-corruption policies and procedures		103
Percentage of business partners (works) informed of anti-corruption policies and procedures		6.30%
Total number of business partners (suppliers - services)		5,273
Number of business partners (services) informed of anti-corruption policies and procedures		1106
Percentage of business partners (services) informed of anti-corruption policies and procedures		67.69%
Anti-corruption training of the BoD		
Total number of the members of the BoD		5
Number of BoD members trained on anti-corruption		0
Percentage of BoD members trained on anti-corruption		0%
Anti-corruption training of employees		
Total number of executives		14
Number of executives trained on anti-corruption		0
Percentage of executives trained on anti-corruption		0%
Total number of managers		26
Number of managers trained on anti-corruption		2
Percentage of managers trained on anti-corruption		8%
Total number of white collar workers		361
Number of white-collar workers trained on anti-corruption		30
Percentage of white-collar workers trained on anti-corruption		8%
Total number of blue collar workers		271
Number of blue-collar workers trained on anti-corruption		47
Percentage of blue-collar workers trained on anti-corruption		17%

The governance tools adopted for the identification, prevention and control of corruption-related risks – such as the Organisational Model pursuant to Italian Legislative Decree 231, the Code of Ethics, the “Zero Corruption” Code and the instructions on reporting offences and irregularities through the whistleblowing channel – are published and can also be consulted (in Italian) by external stakeholders in the Ethics and Compliance section of the Tea Group's website at <https://www.teaspa.it/irj/portal/ts/codice-etico>.

The management of non-conformities (GRI 2-27)

In order to highlight all the non-conformities occurring in each process relating to its operations, the Tea Group decided to report in full transparency on the notifications of alleged violations and payment orders for ascertained violations of laws and regulations, received from the competent Authorities (Italian Revenue Agency, Provincial Administration, etc.), without limiting the publication to cases exceeding a specific materiality threshold, as permitted by the reporting standard (GRI 2-27).

As regards environmental aspects, the public services provided by the Tea Group with the greatest exposure to compliance risk are the integrated water cycle and the waste cycle. Specifically, the processes at risk include the wastewater purification process, which is made more vulnerable by the presence of so many small plants transferred to Tea by the municipalities. In fact, these plants are subject to inherent limitations that make it critical, for example, to manage sudden changes in the quality of the incoming flow due to abnormal spills or peaks in rainfall. The Group has already planned and invested in the gradual decommissioning of small purification plants in agreement with the Mantova ATO in order to channel the sewerage networks to larger plants that are able to guarantee stability in treatment processes and for which upgrading and/or technological improvements are planned. This centralisation will make it possible to minimise instances of exceeding the legal limits for discharges from purification plants.

During 2023, the Provincial Administration of Mantova served:

- AqA S.r.l. BC 13 formal notices of breach of Italian Legislative Decree 152/2006, as a result of checks by ARPA, mainly due to failure to comply with sewerage treatment plant and sewerage system discharge limits. For 6 notices, the company submitted a request for a hearing, providing defence briefs (in 2023, AqA paid Euro 26,516.60 in penalties for the previous years);
- Mantova Ambiente s.r.l. With an administrative penalty of Euro 1,500 for using unauthorised canopies at the composting plant located in the municipality of Borgo Mantovano. This amount will be paid in full in 2024;
- Depura S.r.l. with a penalty totalling Euro 6,500 (paid) referring to a report of non-compliance from ARPA concerning the relating to the checks on the analysis of approval of the incoming leachate in the liquid special waste treatment plant in Castiglione delle Stiviere in the autumn of 2022.

Table 1 (GRI 2 - 27) - Non compliance with laws and regulations (environmental penalties received from the Provincial Authority)						
	2023		2022		2021	
Monetary fines and non-monetary penalties	ARPA reports notified on alleged violations in 2023	Payment orders for ascertained violations	ARPA reports notified on alleged violations in 2022	Payment orders for ascertained violations	ARPA reports notified on alleged violations in 2021	Payment orders for ascertained violations
Total number of monetary fines	14	9	18	16	5	8
Total value of monetary fines (euros)	<p><u>AqA Srl BC</u> 2⁹⁴: minimum Euro 3,000, maximum Euro 30,000 8⁹⁵: minimum Euro 1,500, maximum Euro 15,000 2: minimum Euro 260, maximum Euro 1,550 1⁹⁶: minimum Euro 6,000, maximum Euro 60,000</p> <p><u>Mantova Ambiente s.r.l.</u> Euro 1,500</p>	Euro 33,016.60 paid ⁹⁷	<p>2⁹⁸: minimum Euro 6,000 maximum Euro 60,000 7: minimum Euro 3,000, maximum Euro 30,000 9⁹⁹: minimum Euro 1,500, maximum Euro 15,000</p>	Euro 45,533.34 paid	<p>3¹⁰⁰: minimum Euro 3,000, maximum Euro 30,000 2: minimum Euro 1,500, maximum Euro 15,000</p>	Paid Euro 21,000
Total number of violations (alleged or ascertained) involving non-monetary penalties	0	0	0	0	0	0
Cases in which dispute settlement systems were applied	0	0	0	0	0	0

The following is noted regarding the non-conformities reported by Other Entities in 2023, shown in the table below:

- Tea s.p.a. BC received two penalties from the Italian Revenue Agency, for the tax years 2018 and 2019, due to late payment of contributions and recalculation of the advances as envisaged by the “Decreto Crescita”, with interest due to non-payment amounting to Euro 168,396.97 and Euro 25,259.29, respectively. In 2023 Tea began the payment by instalments, paying an amount of Euro 22,424.36. The total amount of the penalties will be paid in full in 2024;

⁹³ARPA Lombardia is the regional Agency assigned the protection of the environment, alongside regional and local entities.

⁹⁴ Of which 1 is being challenged.

⁹⁵ Of which 4 are being challenged.

⁹⁶ Of which 1 is being challenged.

⁹⁷ The figure includes the fine paid by AqA Srl BC in 2023 for the sanction applied in 2023.

⁹⁸ Both are being challenged.

⁹⁹ Of which 2 are being challenged.

¹⁰⁰ Of which 2 challenged.

- Mantova Ambiente s.r.l. received from the Italian Revenue Agency a notification regarding alleged inconsistencies between the tax returns and the financial statement data for the tax year 2017, with a demand for payment of Euro 11,606;
- Tsf s.r.l. received from the Italian Revenue Agency a payment order of Euro 16,967.51 after it sent Certifications of Employee Income (CU) which were not filled out by Global Funeral Services s.r.l., an investee which was then incorporated into Tsf, which made the payment and applied for a refund on the receivable;
- Revere Energia S.r.l. paid a fine to the Chamber of Commerce in 2023 for a delay in reporting the metric tools at the plant, for a total of Euro 447;
- Revere Energia s.r.l. received from the Municipality of Borgo Mantovano, where the company's plant is located, a notification of failure to pay the second instalment of property tax (IMU) in 2018, with the fine, plus interest, totalling Euro 99.71;
- AqA s.r.l. BC paid an administrative penalty of Euro 80 due to failure to notify the Mantova Customs Agency of the disposal and connection of generators.

During the three-year period 2021-2023 there were no violations involving non-monetary sanctions, which include criminal and more serious violations.

Table 3 (GRI 2 - 27) - Non compliance with laws and regulations (penalties received from other entities)	
Monetary fines and non-monetary penalties	2023
Total number of monetary fines	7.00
Total value of monetary fines (euros)	222,856.48
Total number of non-monetary penalties	0.00
Cases in which dispute settlement systems were applied	0.00

Group tax policy (GRI 207-1; GRI 207-2; GRI 207-3; GRI 207-4)

NFS

The Tea Group maintains a fiscal approach of scrupulous compliance with the regulations and the duties of propriety and transparency towards the tax authorities and the community, applying the criterion of substance over form. This approach is strictly formalised in the guiding principles laid down in the group's Code of Ethics. The management of tax compliance for all Group companies is entrusted to the Administration, Finance and Control (AFC) Department of the parent company Tea S.p.a. BC, which also relies on the constant support of qualified external professionals, both to encourage the exchange of skills and the constant updating of internal resources with respect to the continuous evolution of regulations and to have a specialised contribution available for more complex analyses. Every important decision regarding the management of the Group's operations is first subjected to an assessment of the tax aspects, in order to verify:

Compliance in the development of each operation with the above-mentioned guiding principles.

The analysis of any possible risk of a breach of tax law.

The need for any procedures for prior consultation with the relevant authorities in accordance with the applicable law.

In the Tea group, the contribution to economic and financial objectives as well as social and environmental targets is important in the process of evaluating business opportunities to be developed, and the economic and financial evaluation of initiatives takes into account the normal tax burden on the activities examined, avoiding taking decisions to develop projects without economic sustainability or whose sustainability depends solely on tax advantages. The decision-making process is formalised and supported by precise documentation of the economic reasons underlying the transactions and a description of the logical assumptions for determining the values considered. Thanks to this process and the documentation of decisions taken, Tea is able to collaborate immediately with the tax authorities in the event of requests for information, and to make all relevant data available to those requesting for the purposes of controlling each transaction.

Also for all operations of an extraordinary nature, the AFC Management contributes to the decision-making process by ensuring the timely identification of tax risks in order to assess and manage any possible critical aspects in advance. In particular, operations are analysed in light of regulations and anti-evasion practices to ensure that the implementation methods planned always constitute the most direct option for achieving the underlying economic objectives.

The Tea Group does meet the subjective requirements for participation in the cooperative compliance regime introduced in Italy by Italian Legislative Decree 128/2015, and therefore interactions with the tax authorities are carried out within the scope of other regulatory instruments and limited to the cases in which they are applicable. This means that, outside of these cases and despite the prudent approach described here, situations of conflict in interpretation between the Group and the tax authorities that may result in disputes may in any event arise. Also in the management of any disputes, the Tea Group is inspired by the principles laid out here.

The collection and management of any reports of possible abusive conduct in tax and fiscal matters is governed by the prevention and monitoring processes established in the Organisation, Management and Control Model pursuant to Italian Legislative Decree 231/2001 of the Tea Group, as such law includes this matter among sensitive activities related to tax offences. Note that all of the Group's operations take place in the Italian tax jurisdiction and that the information contained in the Consolidated Financial Statements and in this document relating to tax matters has undergone an assurance process performed by a certified third party.

7. GRI Content Index

NFS

GRI Content Index	
Statement of use	The Tea Group's consolidated non-financial statement is reported in accordance with GRI Standards for the period 01/01/2023 - 31/12/2023
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI Sector Standard	No applicable sector standard

		Page no.	Omissions Requirement (s) omitted / Reason and explanation
GRI 2: GENERAL DISCLOSURES			
The organization and its reporting practices			
GRI 2-1	Organizational details	page 5 Tea Group - Via Taliercio, 3 - 46100 - Mantova	
GRI 2-2	Entities included in the organisation's sustainability reporting	pages 7, 27	
GRI 2-3	Reporting period, frequency and contact point	pages 27, 208 - The last NFS of the Tea Group was published in 2022 For further information on this NFS, contact sostenibilita@teaspa.it	
GRI 2-4	Restatements of information	pages 29, 97	
GRI 2-5	External assurance	pages 27, 227	
Activities and workers			
GRI 2-6	Activities, value chain and other business relationships	pages 34-36, 168-174	
GRI 2-7	Employees	pages 151, 152	
GRI 2-8	Workers who are not employees	page 151	
Governance			
GRI 2-9	Governance structure and composition	pages 6, 38-42	

GRI 2-10	Nominating and selecting the highest governance body	page 40	
GRI 2-11	Chair of the highest governance body	page 41	
GRI 2-12	Role of the highest governance body in overseeing the management of impacts	pages 41, 51-56	
GRI 2-13	Delegation of responsibility for managing impacts	pages 40, 51	
GRI 2-14	Role of the highest governance body in sustainability reporting	pages 51-56	
GRI 2-15	Conflicts of interest	pages 41, 202	
GRI 2-16	Communication of the critical concerns	page 195-201	
GRI 2-17	Collective knowledge of the highest governance body	page 42	
GRI 2-18	Evaluation of the performance of the highest governance body	pages 40-41, 160-161	
GRI 2-19	Remuneration policies	pages 160, 161	
GRI 2-20	Process to determine remuneration	pages 160, 161	
GRI 2-21	Annual total compensation ratio	page 161	
Strategy, policies and practices			
GRI 2-22	Statement on the sustainable development strategy	pages 3, 5	
GRI 2-23	Policy commitments	pages 49-51, 169, 195-204	
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GRI 305-2	Energy indirect (Scope 2) GHG emissions	pages 110-112, 114-116	
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GRI 3-3	Management of material topics	pages 127-128	
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GRI 303-2	Management of water discharge-related impacts	pages 62, 133-135	
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GRI 402-1	Minimum notice periods regarding operational changes	page 168	
GRI 403-1	Occupational health and safety management system	pages 161-167	
GRI 403-2	Hazard identification, risk assessment, and incident investigation	pages 162-163	
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GRI 413-2	Operations with significant actual and potential negative impacts on local communities	page 67	
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Reconciliation between GRI and ESRS of the Tea Group

This table represents an initial level of reconciliation between the GRIs currently reported on by the Tea Group and the corresponding ESRSs.

However, it is necessary to specify that the analysis in question should not be understood as the complete fulfilment of the requirements established by the new standards, but rather as a point of departure for understanding the correspondence between the GRIs reported on and the ESRSs.

GRI: DISCLOSURES AND REQUIREMENTS	ESRS: DISCLOSURE REQUIREMENTS
GRI 2: General Disclosures 2021	
2-1 Organisational details	See requirements of Directive 2013/34/EU.
2-2 Entities included in the organisation's sustainability reporting	ESRS 1 5.1; ESRS 2 BP ¹⁰¹ -1 no. 5 (a) and (b) i.
2-3 Reporting period, frequency and contact point (2-3-a, 2-3-b)	ESRS 1 no. 73.
2-4 Restatements of information	ESRS 2 BP-2 no. 13, no. 14 (a) and (b).
2-5 External assurance	See external assurance requirements of Directive (EU) 2022/2464.
2-6 Activities, value chain and other business relationships	ESRS 2 SBM ¹⁰² -1 no. 40 (a) i and (a) ii, (b) and (c), no. 42 ©.
2-7 Employees	ESRS S1 S1-6 no. 50 from (a) to (b) and from (d) to (e), from no. 51 to no. 52 in addition to other requirements of the standard.
2-8 Workers who are not employees	ESRS S1 S1-7 from no. 55 to no. 56.
2-9 Governance structure and composition (2-9-a only for public interest companies], 2-9-b, 2-9-c-i, c-ii, c-v to c-viii)	ESRS G1 no. 5 (b) in addition to other requirements of the standard. Also see the requirements on the corporate governance statement of Directive 2013/34/EU for public interest entities.
2-10 Nomination and selection of the highest governance body	This topic is not covered by the list of sustainability matters in ESRS 1 AR ¹⁰³ no. 16.
2-11 Chair of the highest governance body	This topic is not covered by the list of sustainability matters in ESRS 1 AR no. 16.
2-12 Role of the highest governance body in overseeing the management of impacts	ESRS G1 no. 5 (a) in addition to other requirements of the standard.
2-13 Delegation of responsibility for managing impacts	ESRS G1 G1-3 no. 18 (c) in addition to other requirements of the standard.

¹⁰¹ BP: Basis for Preparation, which are broken down into general (BP1: – General basis for preparation of sustainability statements) and specific (BP2: Disclosures in relation to specific circumstances).

¹⁰² SBM: Strategy and Business Model, or the methods of interaction of the strategy and business model of the company with the relevant impacts, risks and opportunities, including how the company deals with such impacts, risks and opportunities.

¹⁰³ AR: Application Requirements that support the application of reporting obligations and have the same authority as other parts of an ESRS.

GRI: DISCLOSURES AND REQUIREMENTS	ESRS: DISCLOSURE REQUIREMENTS
2-14 Role of the highest governance body in sustainability reporting	ESRS 2 GOV ¹⁰⁴ -5 no. 36; IRO ¹⁰⁵ -1 no. 53 (d).
2-15 Conflicts of interest	This topic is not covered by the list of sustainability matters in ESRS 1 AR no. 16.
2-16 Communication of critical concerns	ESRS G1 G1-1 AR 1 (a); G1-3 no. 18 (c) in addition to other requirements of the standard.
2-17 Collective knowledge of the highest governance body	ESRS 2 GOV-1 no. 23.
2-18 Evaluation of the performance of the highest governance body	This topic is not covered by the list of sustainability matters in ESRS 1 AR no. 16.
2-19 Remuneration policies (2-19-a [only for listed companies] and 2-19-b)	ESRS E1 no. 13 in addition to other requirements of the standard. Please also see the requirements on the remuneration report of Directive (EU) 2017/828 for listed companies.
2-20 Process to determine remuneration [only for listed companies]	ESRS 2 GOV-3 no. 29 (e). Please also see the requirements on the remuneration report of Directive (EU) 2017/828 for listed companies.
2-21 Annual total compensation ratio (2-21-a and 2-21-c)	ESRS S1 S1-16 no. 97 from (b) to (c).
2-22 Statement on sustainable development strategy	ESRS 2 SBM-1 no. 40 (g).
2-23 Policy commitments (2-23-a-i e a-iv; 2-23-b, 2-23-d, 2-23-e, 2-23-f)	ESRS S1 S1-1 from no. 19 to no. 21 and no. AR 14; ESRS S2 S2-1 from no. 16 to no. 17, no. 19 and no. AR 16; ESRS S3 S3-1 from no. 14, from no. 16 to no. 17 and no. AR 11; ESRS S4 S4-1 from no. 15 to no. 17 and no. AR 13; ESRS G1 G1-1 no. 7 and no. AR 1 (b). This is in addition to other requirements of the standard.
2-24 Embedding policy commitments	ESRS S1 S1-4 no. AR 35; ESRS S2 S2-4 no. AR 30; ESRS S3 S3-4 no. AR 27; ESRS S4 S4-4 no. AR 27; ESRS G1 G1-1 no. 9 and no. 10 (g). This is in addition to other requirements of the standard.
2-25 Processes to remediate negative impacts	ESRS S1 S1-1 no. 20 (c); S1-3 no. 32 (a), (b) and (e), no. AR 31; ESRS S2 S2-1 no. 17 (c); S2-3 no. 27 (a), (b) and (e), no. AR 26; S2-4 no. 33 (c); ESRS S3 S3-1 no. 16 (c); S3-3 no. 27 (a), (b) and (e), no. AR 23; S3-4 no. 33 (c); ESRS S4 S4-1 no. 16 (c); S4-3 no. 25 (a), (b) and (e), no. AR 23; S4-4 no. 32 ©.
2-26 Mechanisms for seeking advice and raising concerns	ESRS S1 S1-3 no. AR 32 (d); ESRS S2 S2-3 no. AR 27 (d); ESRS S3 S3-3 no. AR 24 (d); ESRS S4 S4-3 no. AR 24 (d); ESRS G1 G1-1 no. 10 (a); G1-3 no. 18 (a).

¹⁰⁴ GOV: Governance, which regards the governance processes, controls and procedures used to monitor, manage and control impacts, risks and opportunities.

¹⁰⁵ IRO: Management of Impacts, Risks and Opportunities, through which the company identifies impacts, risks and opportunities and evaluates their relevance and manages relevant sustainability matters by means of policies and actions.

GRI: DISCLOSURES AND REQUIREMENTS	ESRS: DISCLOSURE REQUIREMENTS
2-27 Compliance with laws and regulations	ESRS E2 E2-4 no. AR 25 (b); ESRS S1 S1-17 no. 103 from (c) to (d) and no. 104 (b); ESRS G1 G1-4 no. 24 (a). This is in addition to other requirements of the standard.
2-28 Membership associations	"Policy commitment" is a sustainability matter for G1, covered by ESRS 1 no. AR 16.
2-29 Approach to stakeholder engagement	ESRS S1 S1-1 no. 20 (b); S1-2 no. 25, no. 27 (e) and no. 28; ESRS S2 S2-1 no. 17 (b); S2-2 no. 20, no. 22 (e) and no. 23; ESRS S3 S3-1 no. 16 (b); S3-2 no. 19, no. 21 (d) and no. 22; ESRS S4 S4-1 no. 16 (b); S4-2 no. 18, no. 20 (d) and no. 21.
2-30 Collective bargaining agreements	ESRS S1 S1-8 no. 60 (a) and no. 61.
GRI 3: Material topics 2021	
3-1 Process to determine material topics	ESRS 2 BP-1 no. AR 1 (a) in addition to other requirements of the standard.
3-2 List of material aspects	ESRS 2 SBM-3 no. 48 (a) and (g).
3-3 Management of material topics	ESRS S1 S1-2 no. 27; S1-4 no. 39 and AR 40 (a); S1-5 no. 47 (b) to (c); ESRS S2 S2-2 no. 22; S2-4 no. 33, no. AR 33 and no. AR 36 (a); S2-5 no. 42 (b) to (c); ESRS S3 S3-2 no. 21; S3-4 no. 33, no. AR 31, no. AR 34 (a); S3-5 no. 42 (b) to (c); ESRS S4 S4-2 no. 20, S4-4 no. 31, no. AR 30, and no. AR 33 (a); S4-5 no. 41 (b) to (c) This is in addition to other requirements of the standard.
GRI 201: Economic performance 2016	
201-1 Direct economic value generated and distributed	This topic is not covered by the list of sustainability matters in ESRS 1 AR no. 16.
201-2 Financial implications and other risks and opportunities due to climate change	ESRS E1 no. 18; E1-3 no. 26; E1-9 no. 64. This is in addition to other requirements of the standard.
GRI 204: Procurement practices 2016	
204-1 Proportion of spending on local suppliers	"Communities' economic, social and cultural rights" is a sustainability matter for S3, covered by ESRS 1 no. AR 16.
GRI 205: Anti-corruption 2016	
205-1 Operations assessed for risks related to corruption	ESRS G1 G1-3 no. AR 5.
205-2 Communication and training about anti-corruption policies and procedures	ESRS G1 G1-3 no. 20, no. 21 (b) and (c) and no. AR 7 and 8.
205-3 Confirmed incidents of corruption and actions taken	ESRS G1 G1-4 no. 25.
GRI 207: Tax 2019	

GRI: DISCLOSURES AND REQUIREMENTS	ESRS: DISCLOSURE REQUIREMENTS
207-1 Approach to tax	This topic is not covered by the list of sustainability matters in ESRS 1 AR no. 16.
207-2 Tax governance, control and risk management	This topic is not covered by the list of sustainability matters in ESRS 1 AR no. 16.
207-3 Stakeholder engagement and management of concerns related to tax	This topic is not covered by the list of sustainability matters in ESRS 1 AR no. 16.
207-4 Country-by-country reporting	This topic is not covered by the list of sustainability matters in ESRS 1 AR no. 16.
GRI 302: Energy 2016	
302-1 Energy consumption within the organization (302-1-a, b, c, e, g)	ESRS E1 E1-5 no. 37; no. 38; no. AR 32 (a), (c), (e) and (f).
302-3 Energy intensity	ESRS E1 E1-5 from no. 40 to no. 42.
302-4 Reduction of energy consumption	Energy is a sustainability issue for E1, covered by ESRS 1 no. AR 16.
GRI 303: Water and effluents 2018	
303-1 Interaction with water as a shared resource	ESRS E3 no. 8 (a), no. AR 15 (a); E3-2 no. 15, no. AR 20 in addition to other requirements of the standard.
303-2 Management of water discharge-related impacts (303-2-iv)	ESRS E2 E2-3 no. 24.
303-3 Water withdrawal	"Water withdrawal" is a sustainability matter for E3, covered by ESRS 1 no. AR 16.
303-4 Water discharge	"Water discharge" is a sustainability matter for E3, covered by ESRS 1 no. AR 16.
303-5 Water consumption	ESRS E3 E3-4 no. 28 (a), (b), (d) and (e).
GRI 305: Emissions 2016	
305-1 Direct (Scope 1) GHG emissions	ESRS E1 E1-4 no. 34 (c); E1-6 no. 44 (a); no. 46; no. 50; no. AR 25 (b) and (c); no. AR from 39 (a) to (d); no. AR 40; AR no. 43 from (c) to (d).
305-2 Energy indirect (Scope 2) GHG emissions	ESRS E1 E1-4 no. 34 (c); E1-6 no. 44 (b); no. 46; no. 49; no. 50; no. AR 25 (b) and (c); no. AR 39 from (a) to (d); no. AR 40; no. AR 45 (a), (c), (d), and (f).
305-3 Other indirect (Scope 3) GHG emissions	ESRS E1 E1-4 no. 34 (c); E1-6 no. 44 (c); no. 51; no. AR 25 (b) and (c); no. AR 39 from (a) to (d); no. AR 46 (a) from (i) to (k).
305-4 GHG emission intensity	ESRS E1 E1-6 no. 53; no. 54; no. AR 39 (c); no. AR 53 (a).
305-5 Reduction of GHG emissions (305-5-a, c; 2.9.5)	ESRS E1 E1-3 no. 29 (b); E1-4 no. 34 (c); no. AR 25 (b) and (c); E1-7 no. 56.

GRI: DISCLOSURES AND REQUIREMENTS	ESRS: DISCLOSURE REQUIREMENTS
305-7 Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	ESRS E2 E2-4 no. 28 (a); no. 30 (b) and (c); no. 31; no. AR 21; no. AR 26.
GRI 306: Waste 2020	
306-1 Waste generation and significant waste-related impacts	ESRS 2 SBM-3 no. 48 (a), (c) ii and iv; ESRS E5 E5-4 no. 30.
306-2 Management of significant waste-related impacts (306-2-a, c)	ESRS E5 E5-2 no. 17 and no. 20 (e) and (f); E5-5 no. 40 and no. AR 33 (c).
306-3 Waste generated	ESRS E5 E5-5 no. 37 (a), from no. 38 to no. 40.
306-4 Waste diverted from disposal (306-4-a, b, c, e)	ESRS E5 E5-5 no. 37 (b), from no. 38 to no. 40.
306-5 Waste directed to disposal (306-5-a, b, c, e)	ESRS E5 E5-5 no. 37 (c), from no. 38 to no. 40.
GRI 401: Employment 2016	
401-1 New employee hires and turnover (401-1-b)	ESRS S1 S1-6 no. 50 (c).
401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees (401-2-a-ii, a-iii, a-iv, a-v e b)	ESRS S1 S1-11 no. 74; no. 75; no. AR 75.
401-3 Parental leave (401-3-a e b)	ESRS S1 S1-15 no. 93.
GRI 402: Labour-management relations 2016	
402-1 Minimum notice periods regarding operational changes	"Social dialogue" and "Collective bargaining" are sustainability matters for S1, covered by ESRS 1 no. AR 16.
GRI 403: Occupational health and safety 2018	
403-1 Occupational health and safety management system (403-1-a)	ESRS S1 S1-1 no. 23.
403-2 Hazard identification, risk assessment, and incident investigation (403-2-b)	ESRS S1 S1-3 no. 32 (b) and no. 33.
403-3 Occupational health services	
403-4 Worker participation, consultation, and communication on occupational health and safety	"Health and safety" and "Training and skills development" are sustainability matters for S1, covered by ESRS 1 no. AR 16.
403-5 Worker training on occupational health and safety	
403-6 Promotion of worker health	"Social protection" is a sustainability issue for S1, covered by ESRS 1 no. AR 16.
403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	ESRS S2 S2-4 no. 32 (a).
403-8 Workers covered by an occupational health and safety management system (403-8-a e b)	ESRS S1 S1-14 no. 88 (a); no. 90.

GRI: DISCLOSURES AND REQUIREMENTS	ESRS: DISCLOSURE REQUIREMENTS
403-9 Work-related injuries (403-9-a-i, a-iii, b-i, b-iii, c-iii, d, e)	ESRS S1 S1-4, no. 38 (a); S1-14 no. 88 (b) and (c); no. AR 82.
GRI 404: Training and education 2016	
404-1 Average hours of training per year per employee	ESRS S1 S1-13 no. 83 (b) and no. 84.
404-3 Percentage of employees receiving regular performance and career development reviews	ESRS S1 S1-13 no. 83 (a) and no. 84.
GRI 405: Diversity and equal opportunities 2016	
405-1 Diversity of governance bodies and employees (405-1-a-i and iii, 405-1-b)	ESRS S1 S1-6 no. 50 (a); S1-9 no. 66 from (a) to (b); S1-12 no. 79 in addition to other requirements of the standard.
405-2 Ratio of basic salary and remuneration of women to men	ESRS S1 S1-16 no. 97 and no. 98.
GRI 406: Non-discrimination 2016	
406-1 Incidents of discrimination and corrective actions taken	ESRS S1 S1-17 no. 97, no. 103 (a), no. AR 103.
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	"Freedom of association" and "Collective bargaining" are sustainability issues for S1 and S2, covered by ESRS 1 no. AR 16.
GRI 413: Local communities 2016	
413-2 Operations with significant actual and potential negative impacts on local communities (413-2-a-ii)	ESRS S3 no. 9 (a) i; (b) in addition to other requirements of the standard.
GRI 416: Customer health and safety 2016	
416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	ESRS S4 S4-4 no. 35.
GRI 417: Marketing and labelling 2016	
417-3 Incidents of non-compliance concerning marketing communications	ESRS S4 S4-4 no. 35.
GRI 418: Customer privacy 2016	
418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	ESRS S4 S4-3 no. AR 23; S4-4 no. 35.

8. Acronyms

NFS

231	Legislative Decree 231/2001 on the administrative liability of entities for crimes committed by their employees
AATO	Optimal Territorial Area Authority (Italy)
AC	Alternating Current
ACM	Mixed Composted Soil Improver
DHW	Domestic hot water
CEO	Chief Executive Officer
PE	Population Equivalent
AFC	Administration, Finance and Control
AIA	Integrated Environmental Authorisation
AIB	Association of Issuing Bodies
AIPO	Interregional Agency for the Po River (Italy)
ANAC	National Anti-Corruption Authority (Italy)
APE	Energy Performance Certification
AR	Application Requirements
ARERA	Regulatory Authority for Energy, Networks and Environment (Italy)
ARPA	Regional Agency for the Protection of Environment
ASPP	Prevention and Protection Officer
ATEM	Optimal Territorial Areas for natural gas distribution
ATI	Companies' Temporary consortia or association
ATO	Optimal Territorial Area
ATS	Health Protection Agency
SEA	Single Environmental Authorisation
BOD	Biochemical Oxygen Demand
BP	Basis for Preparation
LV	Low Voltage
CAPEX	Capital Expenditures
BoD	Board of Directors
CCIRC	Internal Control and Audit Committee
CCNL	National Collective Bargaining Agreement

CEDA	Comprehensive Environmental Data Archive
CEI	Italian Electrotechnical Committee
CEO	Chief Executive Officer
CER	Renewable Energy Community
CFO	Chief Financial Officer
CIAL	National Aluminium Packaging Consortium
SWB	Surface Water Body
CFP	Professional training centre
GCS	General Conditions of Supply
CNG	Compressed Natural Gas
COD	Chemical Oxygen Demand
CONSOB	Italian Authority for Financial Markets Surveillance
CRM	Customer Relationship Management
SPS	Special Procurement Specifications
CSE	Safety Coordinator
CSRD	Corporate Sustainability Reporting Directive
CV	Curriculum Vitae
DC	Direct Current
DEC	Contract Execution Manager
DEFRA	Department for Environment, Food and Rural Affairs (UK Government)
GM	General Manager
ESPD	European Single Procurement Document
DL	Works Manager
NFS	Non-Financial Statement
DNSH	Do No Significant Harm
PPE	Personal Protective Equipment
DPO	Data Protection Officer
DUVRI	Interference Risk Assessment Report (Italy)
DVR	Risk Assessment Report
EE	Electricity
EF	Emission Factor
EFRAG	European Financial Reporting Advisory Group

PIE	Public Interest Entity
EN	Identification code of the standards developed by the European Committee for Standardization (CEN)
EPM	District heating exchange cabinet
ESCO	Energy Saving Company
ESG	Environmental, Social and Governance
ESRS	European Sustainability Reporting Standards
ETS	European Emission Trading System
ESMA	European Securities and Markets Authority
FASDA	Supplementary Health Care Fund for Employees of the Environmental and funeral service companies (Italy)
FER	Renewable Energy Sources
OFMSW	Organic Fraction of Municipal Solid Waste
FTE	Full Time Equivalent
FTV	Photovoltaic System
FVTPL	Fair Value Through Profit or Loss
GC-MS	Gas Chromatography-Mass Spectrometry
GDPR	General Data Protection Regulation
DD	Degree days
GHG	Greenhouse Gases
GIS	Geographic Information System
GIT	Management of Heating Systems
GJ	Gigajoule
GLO	Global
GO	Guarantee of Origin (electricity from renewable energy sources)
GOV	Governance
LPG	Liquefied Petroleum Gas
GPS	Global Positioning System
GRF	Final reduction cabin
GRI	Global Reporting Initiative
GSE	Energy Services Manager (Italian Government Company)
GSSB	Global Sustainability Standards Board
GWP	Global-Warming Potential

HPLC-MS	High-performance liquid chromatography-mass spectrometry
HR	Human Resources
HSE	Health and Safety Executive
ICT	Information and Communication Technologies
IEC	International Standards for all electrical, electronic and related technologies
IFRS	International Financial Reporting Standards
IG	Injury Severity Rate
IIN	Inside Information
ILO	International Labour Organisation
INAIL	National Institute for Insurance against Accidents at Work
INPS	National Social Security Institute (Italy)
IP	Street Lighting
IPCC	The Intergovernmental Panel on Climate Change
ISAE	International Standard on Assurance Engagements
ISE	Irish Stock Exchange
ISEE	Equivalent Economic Status Indicator (Italy)
ISO	International Organization for Standardization
ISPRA	Higher Institute for Environmental Protection and Research (Italian Government)
KPI	Key Performance Indicator
LED	Light Electronic Device
LIFE	Financial Instrument for the Environment (L'Instrument Financier pour l'Environnement)
LPG	Liquefied Petroleum Gas
LTO	Territorial employability laboratory
M&A	Merger and Acquisition
MAR	Market Abuse Regulation
MBO	Management by Objectives
MDM	Meter Data Management
MITE	Ministry of Ecological Transition (Italian Government)
MRIO	Multi Region Input Output
TSS	Total Suspended Solid
MV	Medium Voltage

MTI	Water Tariff Method
MW	Megawatt
NIR	National Inventory Report
NPS	Net Promoter Score (Customer satisfaction measurement system)
OBIS-M	Pension income certificate (National Social Security Institute)
OECD	Organisation for Economic Co-operation and Development
SB	Supervisory Board
OECD	Organization for Economic Co-operation and Development
OEV	Most economically advantageous tender (Italy)
UN	United Nations
T U	Trade unions
OPEX	Operating Expenses
OTGI	Plants Management Shift Operator (organisation unit of Tea)
PAI	Principal Adverse Impact
PAV	Electric work qualification as "Warned Personnel" by training
HDPE	High Density Polyethylene (Italy)
PES	Electric work qualification as "Expert Personnel" by training (Italy)
RD	Re-delivery Point
PFAS	Per-and polyfluoroalkyl substances
PHAs	Polyhydroxyalkanoates
PLC	Programmable Logic Controller
MEWP	Mobile Elevating Work Platforms
NRRP	National Recovery and Resilience Plan (Italy)
OP	Organisational Procedure
POS	Operational Safety Plan
PPPI	Institutionalised Public Private Partnership (EU model of public services management)
PRU	Urban Requalification Program (Italy)
SCP	Safety and Coordination Plan
PST	Technical Services website Portal (Tea)
PUE	Power Usage Effectiveness parameter
WEEE	Waste from Electrical and Electronic Equipment
RCP	Representative Concentration Pathways

DWC	Differentiated waste collection
REMI	City gate station (natural gas station for Reduction and Measurement - Italy)
RFID	Radio Frequency Identification
RIN	Relevant Information
RL	Party in charge of the Works
RLS	Workers' Safety Representative (Italy)
RoW	Rest of the World
RPA	Robotic Process Automation
RPCT	Head of Internal Control and Compliance
DPO	Data Protection Officer
RSA	Company trade union representative
RSPP	Prevention and Protection Service Manager (Italy)
RSU	Unitary Trade Union Representative
RTI	Companies' Temporary consortium or association (Italy)
RUP	Single Project Manager
SAL	Work Progress Status
SASB	Sustainability Accounting Standard Board
BC	Benefit Corporation
SBM	Strategy and Business Model
SCADA	Supervisory Control And Data Acquisition
SCIGR	Tea's Internal Control and Risk Management System
SEO	Search Engine Optimization
EMS	Energy Management System
WRS	Work-Related Stress
Scm	Standard Cubic Meter
SDD	Sepa Direct Debit
SDGs	Sustainable Development Goals
SEI	Servizi Ecologici Integrati (Tea's subsidiary for management of environmental services)
SII	Integrated Water Cycle Service (Italy)
SIRE	Regional land digital registry of waste water discharges in Lombardy (Italy)
SLA	Service Level Agreement
S.p.A.	Joint-Stock Company (Italy)

SPP	Group Prevention and Protection Service (Italy)
S.r.l.	Limited Liability Company (Italy)
OSH	Occupational Health and Safety
SW	Software
T&D	Transmission and Distribution
TDI	Toluene diisocyanate
Tea	Territorio Energia Ambiente
TEE	Energy Efficiency Certificates
TEP	Tonne of Oil Equivalent
Employee severance indemnity	Severance pay (Italy)
TIF	Integrated Text on Billing (ARERA)
TIQV	Integrated Text of the regulation of the Quality of electricity and natural gas Sales services (ARERA)
TLR	District heating
TMB	Mechanical - Biological Treatment
TSF	Tea Servizi Funerari
TUF	Consolidated Act on financial brokerage
TUSP	Consolidated Act on state-controlled companies
TUSPL	Consolidation Act on reorganisation of the regulations of local public services of economic relevance
EU	European Union
UNI	Italian National Institute for Standardisation
UPS	Uninterruptible Power Supply
UV	Ultraviolet rays
EIA	Environmental Impact Assessment
WEEE	Waste Electrical and Electronic Equipment
WFM	WorkForce Management
WSP	Water Safety Plan
WTT	Well-To-Tank

9. Independent Auditor's Report NFS

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INDEPENDENT AUDITOR'S REPORT ON THE CONSOLIDATED NON-FINANCIAL STATEMENT PURSUANT TO ARTICLE 3, PARAGRAPH 10 OF LEGISLATIVE DECREE No. 254 OF DECEMBER 30, 2016, AND ART. 5 OF CONSOB REGULATION N. 20267/2018

To the Board of Directors of
Territorio Energia Ambiente Mantova S.p.A. Società Benefit

Pursuant to article 3, paragraph 10, of the Legislative Decree no. 254 of December 30, 2016 (hereinafter "Decree") and to article 5, paragraph 1, letter g) of the CONSOB Regulation n. 20267/2018, we have carried out a limited assurance engagement on the Consolidated Non-Financial Statement of Territorio Energia Ambiente Mantova S.p.A. Società Benefit and its subsidiaries (hereinafter "TEA Group" or "Group") as of December 31, 2023 prepared on the basis of art. 4 of the Decree, and approved by the Board of Directors on April 22, 2024 (hereinafter "NFS").

Our limited assurance engagement does not extend to the information required by art. 8 of the European Regulation 2020/852 included in the paragraph "Disclosure on EU Taxonomy".

Responsibility of the Directors and the Board of Statutory Auditors for the NFS

The Directors are responsible for the preparation of the NFS in accordance with articles 3 and 4 of the Decree and with the "Global Reporting Initiative Sustainability Reporting Standards" established by GRI – Global Reporting Initiative (hereinafter "GRI Standards"), which they have identified as reporting framework.

The Directors are also responsible, within the terms established by law, for such internal control as they determine is necessary to enable the preparation of NFS that is free from material misstatement, whether due to fraud or error.

The Directors are moreover responsible for defining the contents of the NFS, within the topics specified in article 3, paragraph 1, of the Decree, taking into account the activities and characteristics of the Group, and to the extent necessary in order to ensure the understanding of the Group's activities, its trends, performance and the related impacts.

Finally, the Directors are responsible for defining the business management model and the organisation of the Group's activities as well as, with reference to the topics detected and reported in the NFS, for the policies pursued by the Group and for identifying and managing the risks generated or undertaken by the Group.

The Board of Statutory Auditors is responsible for overseeing, within the terms established by law, the compliance with the provisions set out in the Decree.

Ancona Bari Bergamo Bologna Brescia Cagliari Firenze Genova Milano Napoli Padova Parma Roma Torino Treviso Udine Verona

Sede Legale: Via Tortona, 25 - 20144 Milano | Capitale Sociale: Euro 10.328.220,00 i.v.
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Auditor's Independence and quality control

We have complied with the independence and other ethical requirements of the *International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code)* issued by the *International Ethics Standards Board for Accountants*, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

During the year covered by this assurance engagement, our auditing firm applied *International Standard on Quality Control 1 (ISQC Italia 1)* and, accordingly, maintained a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Auditor's responsibility

Our responsibility is to express our conclusion based on the procedures performed about the compliance of the NFS with the Decree and with the GRI Standards. We conducted our work in accordance with the criteria established in the "*International Standard on Assurance Engagements ISAE 3000 (Revised) – Assurance Engagements Other than Audits or Reviews of Historical Financial Information*" (hereinafter "*ISAE 3000 Revised*"), issued by the *International Auditing and Assurance Standards Board (IAASB)* for limited assurance engagements. The standard requires that we plan and perform the engagement to obtain limited assurance whether the NFS is free from material misstatement. Therefore, the procedures performed in a limited assurance engagement are less than those performed in a reasonable assurance engagement in accordance with ISAE 3000 Revised, and, therefore, do not enable us to obtain assurance that we would become aware of all significant matters and events that might be identified in a reasonable assurance engagement.

The procedures performed on NFS are based on our professional judgement and included inquiries, primarily with company personnel responsible for the preparation of information included in the NFS, analysis of documents, recalculations and other procedures aimed to obtain evidence as appropriate.

Specifically, we carried out the following procedures:

1. analysis of relevant topics with reference to the Group's activities and characteristics disclosed in the NFS, in order to assess the reasonableness of the selection process in place in light of the provisions of art.3 of the Decree and taking into account the adopted reporting standard;
2. analysis and assessment of the identification criteria of the consolidation area, in order to assess its compliance with the Decree;
3. comparison between the financial data and information included in the NFS with those included in the consolidated financial statements of the TEA Group;



3

4. understanding of the following matters:

- business management model of the Group's activities, with reference to the management of the topics specified by article 3 of the Decree;
- policies adopted by the entity in connection with the topics specified by article 3 of the Decree, achieved results and related fundamental performance indicators;
- main risks, generated and/or undertaken, in connection with the topics specified by article 3 of the Decree.

Moreover, with reference to these matters, we carried out a comparison with the information contained in the NFS and the verifications described in the subsequent point 5, letter a) of this report;

5. understanding of the processes underlying the origination, recording and management of qualitative and quantitative material information included in the NFS.

In particular, we carried out interviews and discussions with the management of Territorio Energia Ambiente Mantova S.p.A. Società Benefit, Mantova Ambiente S.r.l., AqA S.r.l. and we carried out limited documentary verifications, in order to gather information about the processes and procedures which support the collection, aggregation, elaboration and transmittal of non-financial data and information to the department responsible for the preparation of the NFS.

In addition, for material information, taking into consideration the Group's activities and characteristics:

- at the group level:
 - a) with regards to qualitative information included in the NFS, and specifically with reference to the business management model, policies applied and main risks, we carried out interviews and gathered supporting documentation in order to verify its consistency with the available evidence;
 - b) with regards to quantitative information, we carried out both analytical procedures and limited verifications in order to ensure, on a sample basis, the correct aggregation of data.
- for Territorio Energia Ambiente Mantova S.p.A. Società Benefit, for Ceresara (MN) waste treatment plant of Mantova Ambiente S.r.l., for Suzzara (MN) wastewater purification plant and San Giorgio Bigarello (MN) drinking water purification plant of AqA S.r.l., which we selected based on their activities, their contribution to the performance indicators at the consolidated level and their location, we carried out site visits, during which we have met their management and have gathered supporting documentation with reference to the correct application of procedures and calculation methods used for the indicators.



4

Conclusion

Based on the work performed, nothing has come to our attention that causes us to believe that the NFS of the TEA Group as of December 31, 2023 is not prepared, in all material respects, in accordance with article 3 and 4 of the Decree and with the GRI Standards.

Our conclusion on the NFS does not extend to the information required by art. 8 of the European Regulation 2020/852 included in the paragraph "Disclosure on EU Taxonomy".

DELOITTE & TOUCHE S.p.A.

Signed by
Matteo Ogliari
Partner

Milan, Italy
May 8, 2024

This report has been translated into the English language solely for the convenience of international readers.

II. Holding Company Directors' Report

1. Economic and financial performance

In order to better understand the operating performance, reclassified versions of the Income Statement and Balance Sheet are provided below, respectively according to the production method and according to the financial method for sources and applications, for the year ended 31 December 2022:

The following financial ratios were calculated following the above reclassifications:

<i>(in thousands of Euro)</i>	Financial Statements for the year ended in		
	2023	2022	Change
Revenues	52,670	51,501	1,169
Other revenues and income	3,970	5,101	-1,131
Costs for raw materials	615	626	-11
Costs for services	12,654	12,565	89
Personnel costs	11,381	11,026	355
Other operating costs	3,857	5,643	-1,786
Write-down receivables and of financial assets	-	-	-
EBITDA	28,133	26,742	1,391
Depreciation/Amortisation and write-downs of fixed assets	8,566	10,734	-2,168
EBIT	19,567	16,008	3,559
Financial income	12,156	25,328	-13,172
Financial expenses	6,426	2,856	3,570
Gains (losses) on investments measured using the equity method	10,277	7,232	3,045
EBT	35,574	45,712	-10,138
Taxes	5,575	2,568	3,007
NET PROFIT	29,999	43,144	-13,145

Reclassified Balance Sheet - sources and applications method (in thousands of Euro)					
APPLICATIONS	2023	2022	SOURCES	2023	2022
Intangible assets and Rights of use	4,712	4,988	Shareholders' equity	263,028	247,012
Tangible assets	75,540	74,998			
Non-current financial assets	234,669	179,521	Non-current liabilities	115,561	113,636
Inventory	620	652			
Deferred liquidity	68,899	121,456	Current liabilities	41,675	41,545
Immediate liquidity	35,824	20,578			
Total Applications	420,264	402,193	Total Sources	420,264	402,193

Ratios	2023	2022
Non-current assets/Total assets	0.75	0.65
Working capital/Total assets	0.25	0.35
Equity/Total assets	0.63	0.61
Debt/Total assets	0.37	0.39
Current ratio	2.53	3.43
Liquidity ratio	2.51	3.42
Fixed capital self-financing ratio	0.84	1.01

ROE	11.00%	17.00%
ROI	4.72%	3.94%
ROS	35.00%	28.00%

Comments on the Income Statement and Balance Sheet

Ebitda +1,391 thousand

The income statement of the Parent Company shows an increase in EBITDA of Euro 1,391 thousand, attributable to a decrease in donations paid to the municipalities.

In terms of EBIT, the comparison with the previous year shows an increase of Euro 3.6 million due to a reduction in depreciation, amortisation and write-downs compared to the previous year.

In terms of EBT, the comparison with the previous year deteriorated by Euro 10.1 million due to lower financial income linked to the valuation of the investment in Enipower Mantova, which remained unchanged compared to the previous year.

Tax expense increased significantly compared to last year and amounted to Euro 3 million.

The net profit amounted to Euro 30 million compared to Euro 43.1 million in 2022 (Euro -13 million).

Non-current assets/total assets of 0.75 (slightly up against the previous year) and working capital/total assets of 0.25 (slightly down against the previous year), show a rigorous CapEx structure. However, applications are predominantly financed by equity capital, the weight of which in relation to total sources is 0.63.

The current ratio of 2.53, down against the previous year, shows the company's ability to meet short-term commitments through short-term applications, without having to use non-current assets.

The liquidity ratio of 2.51, down against the previous year, shows the company's ability to meet short-term payments and therefore the presence of liquidity to cover current debt.

The fixed capital self-financing ratio of 0.84, slightly down against the previous year, shows that capital expenditure in non-current assets is mostly made using equity.

The ROE of 11.00%, down against the previous year, shows the company's return on equity and therefore its ability to remunerate investors.

The ROI of 4.72%, up against the previous year, shows the rate of return of capital invested in ordinary operations.

The ROS of 35.00% rose against the previous year and shows that operating revenues have covered all of the costs of ordinary operations and that there are still some revenues to cover non-operating costs.

The reclassified Balance Sheet showed total non-current assets increasing by Euro 55.8 million and working capital increasing by Euro 1.2 million. Gross invested capital was up by Euro 57 million.

Looking at sources of finance, shareholders' equity increased by Euro 16 million against 2022 to Euro 263 million, which reflects the profit for the year net of the distribution of profits resolved by the shareholders' meeting at the time of the approval of the 2022 financial statements. The combination of these changes led the net financial position to deteriorate by Euro 35.7 million to Euro 22 million, leading to a debt/equity ratio at 0.08. The net financial position includes current and non-current loans and other non-current liabilities and is net of the cash pooling balance with subsidiaries and cash and cash equivalents.

Statement of financial position (in thousands of Euro)			
Aggregate figures	2023	2022	Change
Total non-current assets	316,249	260,440	55,809
Net working capital	(2,360)	(3,515)	1,154
Gross invested capital	313,889	256,925	56,964
Total provisions and others	(28,724)	(23,470)	(5,254)
Net invested capital	285,165	233,455	51,710
Shareholders' equity	263,028	247,012	16,016
Net financial position	22,137	(13,557)	35,694

Total sources of finance	285,165	233,455	51,710
Debt/equity ratio	0.08	- 0.05	0.14

Most of the assets are held by Tea Spa BC which, on becoming owner of the assets for which usage was transferred by the Municipality of Mantova at the time of transformation into a special Company in 1994, has always arranged the capital expenditure. Assets were assigned to the operating companies under their management against payment of a fee. Also the municipal and special non-hazardous waste landfill of Mariana Mantovana, owned by Tea Spa BC, was assigned under management to Mantova Ambiente against a fee commensurate with the waste disposal quantities.

With the start-up of operating companies in the water and gas distribution sectors, the pre-existing assets remained with Tea Spa BC, whilst subsequent capital expenditure was arranged by the operating companies. This structure is consistent with the tariff arrangements, which establish a close connection between invested capital and tariff recognition. Based on this logic, CapEx relating to the integrated water cycle and the gas distribution networks must be made, respectively, by AqA Benefit Corporation and by SEI. CapEx relating to district heating networks and plants and to the landfill is instead made by Tea Spa BC.

The separation of assets from operations, in addition to complying with the provisions of art. 35, Italian Law 448/2001 (paragraph 9 of which requires that companies established to provide local public services and are fully state-owned must unbundle ownership of the networks and systems from operations), safeguards ownership of the systems and networks - which will remain public - without inhibiting reliance on the market for operating and providing the service.

In 2023, the Company incurred total CapEx of Euro 5 million, which broke down as follows:

Type	Amount	Type	Amount
Land and buildings	959,569	Equipment and other assets	160,799
Landfill	350,034	General plant	119,690
District heating network and connections	1,954,637	Electronic office equipment	84,978
Thermal and cogeneration plants	847,998	Ordinary office furniture and equipment	204,943
Cemetery concessions	165,231	Software	639,477
		Total investments	5,487,356

2. Research and development activities

The Company has not conducted research and development activities as these are placed under the responsibility of the operating companies.

3. Relations with subsidiaries, associated companies, parent companies and entities under parent company control

A breakdown of intercompany relations with companies included in the scope of consolidation at the lower level (Tea Group) and the higher level (Municipality of Mantova Consolidated) is provided below:

	Trade receivables	Financial receivables	Trade payables	Financial payables
PARENT COMPANIES				
Municipality of Mantova	47,663	-	118,403	10,002,899
SUBSIDIARIES				
Tea Energia Srl	2,683,616	2,790,233	191,598	-
Mantova Ambiente Srl	6,072,203	-	478,052	1,594,056
SEI Srl	2,741,983	33,152,659	1,068,556	-
Tea Servizi Funerari Srl	225,230	185,289	204,153	-

Tea Reteluce Srl	747,963	7,769,222	9,538	-
AqA Srl BC	2,635,296	104,902,993	11,283	
Depura Srl	225,796	-	202,197	16,669
Revere Energia Srl	37,623	4,797,723	132,160	-
ASSOCIATED COMPANIES				
Unitea Srl ¹	-	-	-	-
Blugas Infrastrutture Srl ²	2,536,301	5,909,114	-	-
COMPANIES CONTROLLED BY PARENT COMPANIES				
Valdaro Spa ³	-	-	-	-
ASTER Srl- Agenzia Servizi Al Territorio ⁴	-	-	-	-
ASPeF- Azienda Servizi alla Persona e alla Famiglia ⁴	-	-	-	-

¹ 50%-owned by Tea Spa BC

² 10%-owned by Tea Spa BC

³ 88.02%-owned by the Municipality of Mantova

⁴ 100%-owned by the Municipality of Mantova

	Operating revenues	Operating costs	Financial income (expense)
PARENT COMPANIES			
Municipality of Mantova	149,544	4,634	-
SUBSIDIARIES			
Tea Energia Srl	4,539,000	754,079	240,739
Mantova Ambiente Srl	26,166,839	901,195	-171,991
SEI Srl	8,636,676	962,457	1,462,435
Tea Servizi Funerari Srl	609,539	386,025	25,581
Tea Reteluce Srl	1,183,360	52,665	524,058
AqA Srl BC	8,954,532	64,700	3,438,766
Depura Srl	447,051	194,737	21,237
Revere Energia Srl	244,837	-	50,175
ASSOCIATED COMPANIES			
Unitea Srl ¹	-	-	-
Blugas Infrastrutture Srl ²	38,008	-	193,436
COMPANIES CONTROLLED BY PARENT COMPANIES			
Valdaro Spa ³	-	-	-
ASTER Srl - Agenzia Servizi Al Territorio ⁴	22,458	198	-
ASPeF - Azienda Servizi alla Persona e alla Famiglia ⁴	-	-	-

¹ 50%-owned by Tea Spa BC

² 10%-owned by Tea Spa BC

³ 88.02%-owned by the Municipality of Mantova

⁴ 100%-owned by the Municipality of Mantova

4. Treasury shares

The Company owns 1,516 treasury shares with a par value of Euro 259. These shares derive from the voluntary liquidation of Smea Spa on 21 December 2000. Tea Spa had a 5.84% interest in Smea.

The carrying amount is equal to the value of shares deriving from the voluntary liquidation. In compliance with law, the percentage is within the limit established in articles 2357 and 2357 bis of the Italian Civil Code, and a specific undistributable reserve was allocated under shareholders' equity for the same amount.

5. Company use of financial instruments

From 2017, the Company is the issuer of a 7-year non-convertible bond for a total of Euro 30 million, listed on the regulated market of the Irish Stock Exchange and targeting institutional investors only.

This bond loan was measured at amortised cost, as envisaged by IFRS 9, and totalled Euro 11,987 thousand at 31 December 2023.

Note that the bond loan includes contractual clauses that require the Company to comply with financial covenants, calculated on consolidated financial statement figures, regarding NFP/EBITDA and NFP/Equity ratios.

In 2024, an extension of the bond to 7 December 2025 was negotiated with the bondholder, with an adjustment of the interest rate to market levels.

In 2022, two important loan agreements were executed for a total amount of Euro 180 million, Euro 120 million with a pool of banks and Euro 60 million with the European Investment Bank.

At 31 December 2023, of the line granted by banks, Euro 76 million had been disbursed, while Euro 34 million is still available for disbursement by April 2024. Of the loan granted by the EIB, Euro 15 million had been disbursed at February 2023 and Euro 45 million may be disbursed by April 2025.

At the same date, the revolving lines available to the group, Euro 10 million expiring in 2026 and another Euro 10 million in 2027, were unused.

For the year 2023, the Company did not use derivative financial instruments.

6. Branches

The Company does not have secondary branches.

The Chairman of the Board of Directors

III. Consolidated Financial Statements of the Tea Group

1. Financial statements

Consolidated income statement

<i>(in thousands of Euro)</i>	Notes	At 31 December	
		2023	2022
Revenues	1	451,915	573,079
Other revenues and income	2	4,609	6,128
Costs for raw materials	3	162,239	320,024
Costs for services	4	184,051	158,420
Personnel costs	5	34,348	33,418
Other operating costs	6	5,751	7,842
Write-down of financial assets and receivables	7	5,160	6,445
Depreciation/Amortisation and write-downs of non-current assets	8	24,820	23,777
Operating profit		40,155	29,281
Financial income	9	9,574	25,142
Financial expenses	9	6,700	3,750
Gains (losses) on investments measured using the equity method	10	95	-717
Profit before taxation		43,124	49,956
Taxes	11	9,821	5,535
Net profit for the year		33,303	44,421
<i>of which:</i>			
<i>Profit (loss) pertaining to the Group</i>		30,342	42,486
<i>Profit (loss) pertaining to minority interests</i>		2,961	1,935

The Notes to the financial statements are part thereof.

Consolidated statement of comprehensive income

<i>(in thousands of Euro)</i>	Year ended 31 December	
	2023	2022
Net profit for the year	33,303	44,421
Gains/(losses) from cash flow hedges	-58	-258
Gains/(losses) from cash flow hedges - tax effect	14	77
Other comprehensive income that will be reclassified to the Income Statement in subsequent years	-44	-181
Actuarial gains/(losses) for employee benefits	31	477
Actuarial gains/(losses) for employee benefits - tax effect	-1	-89
Other comprehensive income that will not be reclassified to the Income Statement in subsequent years	30	388
Total other comprehensive income	-14	207
Other changes in other comprehensive income that will not be reclassified to the Income Statement in subsequent years	-63	
Comprehensive income for the year	33,226	44,628
<i>of which:</i>		
<i>Profit (loss) pertaining to the Group</i>	30,118	42,664

Profit (loss) pertaining to minority interests	3,108	1,964
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Consolidated Statement of financial position

(in thousands of Euro)	Notes	At 31 December	
		2023	2022
Intangible assets	12	190,882	173,101
Tangible assets	13	92,833	88,297
Right of use	14	4,039	4,429
Investments measured using the equity method	15	6,280	6,185
Other non-current assets	16	74,616	76,854
Deferred tax assets	17	7,567	3,902
Total non-current assets		376,217	352,768
Inventory	18	4,828	3,139
Trade receivables	19	108,219	130,844
Current tax receivables	20	-	61
Other current tax assets	21	3,431	5,594
Other current assets	22	13,860	19,171
Cash and cash equivalents	23	37,090	25,048
Total current assets		167,428	183,857
Total assets		543,645	536,625
Share capital		73,403	73,403
Legal reserve		11,023	8,866
Share premium reserve		3,534	3,534
Other reserves		122,621	96,058
Retained earnings (losses)		22,078	22,179
Profit (loss) for the year		30,342	42,486
Shareholders' equity pertaining to the Group		263,001	246,526
Shareholders' equity pertaining to minority interests		9,883	8,360
Profit (loss) pertaining to minority interests		2,961	1,935
Shareholders' equity	24	275,845	256,821
Non-current loans	25	92,173	99,062
Employee benefits	26	4,711	4,767
Provisions for risks and charges	27	34,407	26,549
Deferred tax liabilities	28	2,918	1,344
Other non-current liabilities	29	9,237	6,817
Total non-current liabilities		143,446	138,539
Current loans	30	22,819	22,197
Commodity derivative liabilities		-	-
Trade payables	31	68,594	83,166
Current tax payables	32	3,171	1,552
Other current tax liabilities	33	2,793	3,817
Other current liabilities	34	26,977	30,533
Total current liabilities		124,354	141,265
Total liabilities		267,800	279,804
Total shareholders' equity and liabilities		543,645	536,625

The Notes to the financial statements are part thereof.

Consolidated statement of cash flows

<i>(in thousands of Euro)</i>	At 31 December	
	2023	2022
Net profit for the year	33,303	44,421
Adjustments for:		
Depreciation, amortisation and write-downs	24,820	23,777
Allocations to/(releases from) provisions for risk and others	6,118	3,128
Net financial (income)/expenses	-2,874	-21,392
Taxes on income	9,821	5,554
Other non-monetary items	245	-4,918
Cash flow generated/(absorbed) by operating activities before changes in net working capital	71,433	50,570
Change in inventories	-1,689	-8
Change in trade receivables	22,626	-17,982
Change in trade payables	-14,571	3,183
Changes in other assets/liabilities	3,991	644
Employee benefit payments	-376	-576
Use of risk provisions	-2,464	-2,019
Interest income (paid)	-4,027	-1,630
Taxes on income paid	-9,596	-5,862
Net cash flow generated/(absorbed) by operating activities	65,327	26,320
Investments in tangible assets	-11,864	-6,302
Investments in intangible assets	-31,507	-25,867
Investments in financial assets	-	-869
Changes in financial assets	-	-
Disposals of tangible assets	84	391
Disposals of intangible assets	111	233
Divestments of financial assets	4,001	672
Net cash flow generated/(absorbed) by investing activities	-39,175	-31,742
New loans arranged	15,000	87,095
Loans repaid	-16,303	-78,499
Bonds repaid	-5,000	-5,000
Increase (decrease) in bank overdrafts	95	-45
Principal repayment of lease obligations	-1,075	-915
Increase in third party capital	400	-
Dividends received	5,412	12,176
Dividends distributed	-12,639	-10,053
Net cash flow generated/(absorbed) by financing activities	-14,110	4,759
Total change in cash and cash equivalents	12,042	-663
Cash and cash equivalents at the beginning of the year	25,048	25,711
Cash and cash equivalents at year end	37,090	25,048

Statement of changes in consolidated shareholders' equity

<i>(in thousands of Euro)</i>	Share capital	Legal reserve	Share premium reserve	Other reserves	Extraordinary reserve	Valuation reserve for investments	Actuarial reserve	Cash flow hedge reserve	Retained earnings	Profit (loss) for the year	Capital and reserves - minority interests	Profit (loss) for the year - minority interests	Total Equity
At 31 December 2021	73,403	7,207	3,534	29,960	43,807	579	55	285	23,132	33,202	7,175	1,531	223,870
Net profit for the year 2022										42,486		1,935	44,421
Other comprehensive income										178		29	207
Comprehensive income for the year										42,664		1,964	44,628
Reclassifications							359	-181		-178	29	-29	0
Allocation of profit 2021		1,659			15,807	11,461			28	-22,103	1,531	-1,531	6,852
Dividends distributed										-11,099	-537		-11,636
Other changes				3,267		-9,122	-219		-981		162		-6,893
At 31 December 2022	73,403	8,866	3,534	33,227	59,614	2,918	195	104	22,179	42,486	8,360	1,935	256,821
Net profit for the year 2023										30,342		2,961	33,303
Other comprehensive income										-224		147	-77
Comprehensive income for the year										30,118		3,108	33,226
Reclassifications				-4,778	4,778		-180	-44		224	147	-147	-
Allocation of profit 2022		2,157		2	15,505	9,500				-27,164	1,935	-1,935	0
Dividends distributed										-13,937	-737		-14,674
Other changes				1,677		-	104		-102	-1,385	178		472
At 31 December 2023	73,403	11,023	3,534	30,128	79,897	12,418	119	60	22,077	30,342	9,883	2,961	275,845

Mantova, 22 April 2024

The Chairman of the Board of Directors

Massimiliano Ghizzi

2. Explanatory Notes

Reporting principles

General information

Tea SpA BC (the “**Company**” and, with its subsidiaries, the “**Group**”) is a multi-utility company established and resident in Italy, with registered office in Via Taliercio, under the control of the Municipality of Mantova, and is organised according to the laws of the Republic of Italy. The Company’s shareholders are all public authorities.

Through its subsidiaries, the Group operates in the following sectors: (1) infrastructure, (2) energy, (3) waste management, treatment and disposal, (4) services relating to the integrated water cycle (water sale and distribution, water treatment and sewerage system), (5) street lighting and (6) funeral services.

The statutory audit of the Consolidated Financial Statements is assigned to Deloitte & Touche Spa, with responsibility for auditing the accounts of the Company and the main Group companies.

Reporting principles

The main criteria and accounting principles adopted in the organisation and drafting of the Consolidated Financial Statements at 31 December 2023 are reported below.

Basis of presentation

The Consolidated Financial Statements for the year ended 31 December 2023 (“Consolidated Financial Statements”), approved by the Company’s Board of Directors on 22 April 2024, were prepared on a going concern basis. The approach adopted by the Group as regards financial risk management is discussed in the Directors’ Report.

These Consolidated Financial Statements were prepared in accordance with International Financial Reporting Standards (hereinafter “IFRS”). The term IFRS refers to all the International Financial Reporting Standards, all the International Accounting Standards (IAS) and all interpretations of the International Financial Reporting Interpretations Committee (IFRIC), previously known as the Standard Interpretations Committee (SIC), which at the date of approval of the Consolidated Financial Statements had been endorsed by the European Union in accordance with the procedure envisaged in Regulation (EC) no. 1606/2002 of the European Parliament and of the Council dated 19 July 2002. In particular, note that the IFRS were applied in a consistent manner to all periods reported in this document.

These Consolidated Financial Statements were prepared and presented in Euro, which is the currency of the main economic area in which the Group entities operate (the “operating currency”). Unless otherwise indicated, all amounts in this document are expressed in thousands of Euro.

The financial statements and related classification criteria adopted by the Group, from the options envisaged in IAS 1 “Presentation of Financial Statements” (“IAS 1”), are as follows:

the Balance Sheet was prepared by classifying assets and liabilities according to the “current/non-current” criterion;

the consolidated Income Statement was prepared by classifying operating costs by type;

the Consolidated Statement of Comprehensive Income, presented separately from the Consolidated Income Statement, includes income and expense items which are recognised directly in shareholders’ equity in accordance with specific IFRS provisions;

the Consolidated Statement of Cash Flows is prepared according to the “indirect method”, adjusting the result for the year for non-monetary components;

the Consolidated Statement of Changes in Shareholders’ Equity, which shows the total consolidated income (loss) for the year, transactions with shareholders and other changes in shareholders’ equity.

The Consolidated Financial Statements preparation adopted the historic cost method, where appropriate taking into account the value adjustments, except items which according to IFRS must be designated at fair value, as indicated in the valuation criteria and without prejudice to cases for which IFRS provisions allow a different valuation criterion.

The Consolidated Financial Statements were prepared and presented in Euro. Unless otherwise indicated, all amounts in this document are expressed in thousands of Euro.

To illustrate the financial statement figures in a clearer way and in compliance with that established by current accounting standards, some accounting entries were classified differently with respect to that made in previous financial statements. Therefore, the amounts relating to the financial statements for the year ended 31 December 2022 were restated in order to make them comparable with the financial statement items. For more information, refer to the following notes:

- Note 12 - Intangible assets
- Note 16 - Other non-current assets
- Note 6 - Other operating costs
- Note 11 - Taxes

Valuation criteria

A brief description is provided below of the most important accounting standards and valuation criteria used to prepare the Consolidated Financial Statements.

Foreign currency translation - Operating currency and Presentation currency

The financial statement items of each Group entity are recorded using the currency of the entity's primary economic context of operations (its "operating currency"). The Financial Statements were therefore prepared in Euro, the operating and presentation currency used by the Group.

Transactions and balances

The foreign currency transactions of each entity are translated to the operating currency using the spot rate at the execution date of the transaction. Exchange gains and losses deriving from the settlement of these transactions and the translation of assets and liabilities in other currencies, at the year-end exchange rate, are generally recognised in the Income Statement. These are recognised in shareholders' equity if they related to future cash flow hedges.

Recently issued accounting standards

IFRS ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS APPLIED FROM 1 JANUARY 2023

The following IFRS accounting standards, amendments and interpretations were applied for the first time by the Group starting on 1 January 2023:

- on 18th May 2017, the IASB published **IFRS 17 – Insurance Contracts**, which will replace **IFRS 4 – Insurance Contracts**. The standard was applied starting on 1 January 2023. The purpose of the new standard is to guarantee that entities provide pertinent information that faithfully represents the rights and obligations deriving from insurance contracts issued. The IASB developed the standard to eliminate inconsistencies and weaknesses in existing accounting policies, providing unified principle-based framework to take account of all types of insurance contracts, including reinsurance contracts that an insurer holds. The new standard also sets out presentation and disclosure requirements to improve the comparability of entities in this sector. The new standard measures an insurance contract based on a General Model or a simplified version thereof, called the Premium Allocation Approach ("PAA"). The main characteristics of the General Model are:
 - current estimates and assumptions on future cash flows are always used;
 - the measurement reflects the time value of money;
 - the estimates extensively use information observable on the market;
 - there is a current, explicit risk measurement;
 - the expected profit is deferred and aggregated into groups of insurance contracts on initial recognition; and

- the expected profit is recognised in the period of contractual coverage, taking account of the adjustments deriving from changes in the assumptions relating to cash flows for each group of contracts.

The PAA approach involves measuring liabilities for the residual coverage of a group of insurance contracts, provided that, at the time of initial recognition, the entity deems that those liabilities reasonably represent an approximation of the General Model. Contracts with a coverage period of one year or less are automatically suitable for the PAA approach. The simplifications deriving from the application of the PAA approach do not apply to the valuation of liabilities for outstanding claims, which are measured using the General Model. However, it is not necessary to discount those cash flows if it is expected that the balance will be paid or collected within one year from the date on which the claim was made.

The entity shall apply the new standard to insurance contracts issued, including reinsurance contracts issued, reinsurance contracts held and investment contracts with a discretionary participation feature (DPF).

Moreover, on 9 December 2021, the IASB published the “Amendments to IFRS 17 Insurance contracts: Initial Application of IFRS 17 and IFRS 9 – Comparative Information”. The amendment is a transition option relating to comparative information about financial assets presented on initial application of IFRS 17. The amendment was applied starting on 1 January 2023, along with the application of IFRS 17, to avoid temporary accounting mismatches between financial assets and insurance contract liabilities, and to improve the usefulness of comparative information for users of financial statements.

The adoption of that standard and the related amendment had no effects on the Group’s Consolidated Financial Statements.

- On 7th May 2021, the IASB published the “**Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction**”. The document clarifies how companies account for deferred tax on certain transactions that may generate assets and liabilities of the same amount at the date of initial recognition, such as leases and decommissioning obligations. The amendments were applied starting on 1 January 2023.

The adoption of that amendment had no effects on the Group’s Consolidated Financial Statements.

- On 12th February 2021, the IASB published two amendments named “**Disclosure of Accounting Policies—Amendments to IAS 1 and IFRS Practice Statement 2**” and “**Definition of Accounting Estimates—Amendments to IAS 8**”. The amendments regarding IAS 1 require that entities indicate their material information on the accounting standards applied by the Group. The changes aim to improve the disclosure on the accounting standards applied by the Group to provide information that is more useful to investors and other primary financial statement users, as well as help companies in distinguishing between changes in accounting estimates and changes in accounting policy. The amendments were applied starting on 1 January 2023. The adoption of those amendments had no effects on the Group’s Consolidated Financial Statements.
- On 23rd May 2023, the IASB published the “**Amendments to IAS 12 Income Taxes: International Tax Reform – Pillar Two Model Rules**”. The document introduces temporary relief from the recognition and disclosure obligations for deferred tax assets and liabilities referring to the Pillar II Model Rules (rules in force in Italy as of 31 December 2023, but applicable from 1 January 2024) and provides specific disclosure obligations for entities for which the International Tax Reform is applicable. Due to its size, the Company does not fall within the scope of Pillar 2. Therefore, there are no impacts on current or deferred taxes.

IFRS ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS ENDORSED BY THE EUROPEAN UNION, NOT YET MANDATORILY APPLICABLE AND NOT ADOPTED IN ADVANCE BY THE GROUP AT 31 DECEMBER 2023

The following IFRS accounting standards, amendments and interpretations were endorsed by the European Union, but are not yet mandatorily applicable and were not adopted in advance by the Group at 31 December 2023:

- On 23rd January 2020, the IASB published the “**Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current**” and on 31 October 2022 it published an amendment called “**Amendments to IAS 1 Presentation of Financial Statements: Non-Current Liabilities with Covenants**”.

Those amendments aim to clarify how to classify payables and other short or long-term liabilities. The amendments also improve the information that an entity shall provide when its right to defer the settlement of a liability for at least 12 months is subject to the entity complying with specific conditions (i.e. covenants). The amendment enter into force on 1 January 2024. However, early application is permitted. The directors do not expect a significant effect on the Group's Consolidated Financial Statements from the adoption of those amendments.

- On 22nd September 2022, the IASB published the **“Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback”**. The document a seller-lessee to measure lease liabilities arising from a sale & leaseback in a way that it does not recognise any amount of the gain or loss that relates to the right of use it retains. The amendments apply as of 1 January 2024. However, early application is permitted. The directors do not expect a significant effect on the Group's Consolidated Financial Statements from the adoption of those amendments.

ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS NOT YET ENDORSED BY THE EUROPEAN UNION AS OF 31 DECEMBER 2023

At the reporting date, the competent bodies of the European Union had not yet completed the endorsement process necessary to adopt the amendments and standards described below.

- On 25th May 2023, the IASB published the **“Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements”**. The document requires that an entity provide additional disclosure on reverse factoring arrangements that enables financial statement users to assess how supplier finance arrangements can influence the entity's liabilities and cashflows and to understand the effect of those arrangements on the entity's exposure to liquidity risk. The amendments apply as of 1 January 2024. However, early application is permitted. The directors do not expect a significant effect on the Group's Consolidated Financial Statements from the adoption of those amendments.
- On 15th August 2023, the IASB published the **“Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability”**. The document requires that an entity consistently apply a methodology to check whether a currency is exchangeable with another and, when this is not possible, specifies how to determine the exchange rate to use and the disclosure to provide in the explanatory notes. The amendment applies as of 1 January 2025. However, early application is permitted. The directors do not expect a significant effect on the Group's Consolidated Financial Statements from the adoption of those amendments.
- On 30th January 2014, the IASB published IFRS 14 – Regulatory Deferral Accounts, which allows first-time adopters of the IFRSs to continue to recognise amounts relating to Rate Regulation Activities in accordance with the previous accounting standards adopted. As the Group is not a first-time adopter, that standard is not applicable.

Revenue recognition

Revenues are recognised at the fair value of the consideration received from the sale of products and services as part of the Group's core business activities. Revenue recognition is net of VAT, expected returns, allowances, discounts and certain marketing activities undertaken with the aid of customers and for which the value is a function of those revenues.

Revenues from the sale of products are recognised when it is likely that the economic benefits deriving from the transaction will flow to the entity.

Revenues from the provision of services are recognised by the Group when the total revenues can be reliably calculated, it is likely that the economic benefits deriving from the transaction will flow to the entity and the completion status of the transaction can be reliably measured at the Financial Statement reporting date. The Group bases its estimates on historic results, taking into consideration the type of customer, transaction and specific characteristics of every arrangement. In particular, revenues for electricity, gas and district heating are recognised and accounted for when the services are provided and include the estimated revenues accrued for the supplies made from the last actual consumption metering date to the year-end date. These revenues are determined by estimating the daily consumption of each user, based on historical profiles adjusted to reflect weather conditions or other factors that may affect consumption. Revenues for the integrated water service and for gas distribution activities are accounted for by

estimating the revenue guaranteed by the reference tariff regulation, just as for waste management, revenues are accounted for on the basis of the economic-financial plans drawn up in accordance with the tariff method in force.

The Group has concluded that it is operating on own account in all sales contracts as it is the primary debtor, it has discretion on the pricing policy (except for in the protected market) and it is also exposed to inventory and credit risk.

IFRS 15 establishes a model for the recognition of revenue which applies to all contracts entered into with customers, with the exception of those falling within the application of other IAS/IFRS standards.

- The fundamental steps for the recognition of revenue according to this model are:
- customer contract identification;
- identification of the contract's performance obligations;
- transaction pricing;
- allocation of the transaction price to the performance obligations included in the contract;
- revenue recognition when each performance obligation is met.

The Group's revenues are partly defined by regulatory criteria fixed by ARERA and partly by contracts settled at market conditions. The former include revenues for integrated water services, for gas distribution and for waste management. The main guide for the tariff systems in use for these activities is the focus on allowing the operator to recover operating costs and efficient investment. The requirement of efficiency is obtained by setting a maximum limit to the revenues that the operator may obtain and requiring that any higher amounts invoiced to customers be adjusted. Revenues are presented in the financial statements within the limits of the restriction on revenues, recognising any adjustments in the year accrued.

Revenues settled at market conditions include all other revenue inflows, with the exception of those deriving from the sale of electricity from renewable sources and revenues from services under concession. The former are obtained based on incentive tariffs paid by the GSE (Electricity System Operator), applied to production obtained during the year. For information on the treatment of the latter, refer to the section "Services under concession".

Government grants

Government grants received are recognised at their fair value if there is reasonable certainty that they will be disbursed and that the Group will comply with all conditions for such disbursement. Capital grants are recognised as a direct decrease in capital expenditure, resulting in a lower amortisation amount over the useful life of the asset. It should be noted that grants received in the form of tax credits are accounted for using the deferral technique, with the portion pertaining to the year being charged to the income statement under other revenues and income, in line with the depreciation of the asset to which they refer.

Taxes on income

Current taxes on income, recognised under "Current tax payables" net of payments on account, or under "Current tax receivables" when the net balance results in a credit, are determined on the basis of an estimation of taxable income and in compliance with tax regulations in force. Taxable income is different from net profit in the Income Statement as it excludes income and cost components that are taxable or deductible in other years, or are not taxable or deductible. In particular, such payables and receivables are calculated by applying the tax rates in force at the reporting date.

The Group companies have adopted the tax consolidation system introduced by Italian Legislative Decree 344/2003. This system envisages the recognition of a single tax base for Group companies opting for inclusion in the tax consolidation. The adoption of the above-mentioned optional system offers the possibility, for IRES tax purposes, of netting the tax results (taxable amounts and tax losses in the consolidation period) of the participating companies.

Deferred tax assets and liabilities are calculated against all differences emerging between the tax base of an asset or liability and its related carrying amount, except for goodwill and for differences arising from investments in subsidiaries, when the reversal timing of such differences is subject to Group control and it is probable that they will not be reversed in a reasonably foreseeable time frame. Deferred tax assets, including those relating to prior tax losses, for the portion not offset against deferred tax liabilities, are recognised to the extent that future taxable income is probable against which they can be recovered. Deferred tax assets and liabilities are determined using tax rates expected to apply in the years in which the differences will be realised or settled.

Current taxes, deferred tax assets and liabilities are recognised in the separate Income Statement under "Taxes", except those relating to items recognised as components of comprehensive income other than net profit and those relating to

items debited or credited directly in shareholders' equity. Deferred tax assets and liabilities are netted when they refer to the same tax authority, when there is a legal right to netting and when settlement of the net balance is expected.

Other taxes not related to income, such as indirect taxes and duties, are included under "Other operating costs" in the Income Statement.

Leased assets

IFRS 16 establishes a single model for the recognition of leases based on the recognition by the lessee of an asset representing the Right of Use, with a balancing entry of a financial liability representing the obligation to make the payments envisaged by the lease ("Lease liability"). The "Right of Use" at the commencement date, the date on which the asset is made available for use, is initially valued at cost and is the sum of the following components:

- the initial amount of the Lease liability;
- the payments due for the lease made before the commencement date, net of any lease incentives received;
- the initial direct costs sustained by the lessee;
- the estimated costs that the lessee expects to incur for the decommission and the removal of the underlying asset and for the clean-up of the site where the asset is located or to return the underlying asset to the conditions envisaged in the terms and conditions established in the lease.

After initial recognition, the Right of Use is reduced by the amount of accumulated depreciation, by any impairment losses and by the effects related to any recalculated on the Lease liability. Depreciation is made on a straight-line basis and follows the duration of the lease, taking into account any renewal/termination options that are highly likely to be exercised. Only if the lease envisages the reasonably certain exercise of a call option is the Right of Use asset systematically depreciated over the useful life of the underlying asset.

As a practical expedient, IFRS 16 allows the lessee not to separate the different lease components and to recognise any lease and the relative different components other than the lease as a single lease. The Group applied this exemption, together with that of not assessing short-term leases and low-value assets.

Operating lease revenues, in leases where the Group holds the position of lessor, are recognised in the Income Statement on a straight-line basis for the duration of the lease, and the assets covered by the lease are recognised in the financial statements by type.

Interest income from leases in which the Group is the lessor and for which a significant component of the risks and benefits have been transferred to another entity is recognised at amortised cost and classified as a financial income component.

Cash and cash equivalents

Cash and cash equivalents include cash, demand deposits and financial assets with a maturity on origination that is equal to or less than three months, readily convertible to cash and subject to immaterial risk of a change in value. The components of cash and cash equivalents are measured at fair value and related changes are recognised in the standard Consolidated Income Statement. Collection transactions are recorded by banking transaction date. Payment transactions also take into account the order date.

Trade receivables

Trade receivables are initially recognised at fair value, adjusted for directly attributable transaction costs, and subsequently measured at amortised cost according to the effective interest rate method, suitably adjusted to take into account any write-downs, by recognising a provision for bad debts.

Derivative instruments

Derivative instruments are used by the Group to hedge against commodity risk. With regard to the recognition in the accounts of hedges, the Company has decided to continue to apply the provisions of IAS 39, again postponing the adoption of the hedge accounting envisaged by IFRS 9, as allowed by the standard. Consistent with the provisions of IAS 39, derivative instruments can be defined as hedges only when at the start of the hedge there is formal designation and documentation of the hedging relationship, which envisages that the hedging will be highly effective, its effectiveness can be reliably verified and the hedge itself is highly effective during the various accounting periods to which it is designated.

All derivative instruments are measured at fair value, as required by IAS 39.

When derivative instruments are defined as hedges, the following accounting principles apply:

Cash flow hedging: When a financial instrument is designated as a hedging instrument against fluctuations in future cash flows of an asset or liabilities or of a transaction considered highly probable that could have an impact on the Statement of Comprehensive Income, the overall gain (loss) is reclassified to the Income Statement at the time the economic effect of the transaction or of the underlying asset/liability arises. Gains (losses) associated with a hedge, or part of a hedge that has become ineffective, are immediately recognised in the Income Statement among financial income/expenses. When a hedging instrument or hedging relationship is settled but it is expected that the hedged transaction will in any event take place, the gain or loss realised up to the moment of settlement remains in the Statement of Comprehensive Income, and is later recognised in the Income Statement at the date of execution of the underlying transaction. If the transaction hedged is no longer probable, the gain (loss) recorded in the Statement of Comprehensive Income is immediately recognised in the Income Statement.

The Group did not use fair value hedges for assets and liabilities in the period covered by these Consolidated Financial Statements.

Where hedge accounting cannot be applied, the gain or loss resulting from the fair value measurement of derivative instruments is immediately recognised in the Income Statement under financial income (expenses).

Equity investments are designated through profit or loss. Shares, for which the fair value cannot be calculated with sufficient reliability, are measured at acquisition cost. In addition, the carrying amount recorded in the financial statements for such instruments is tested regularly for signs of potential impairment. Where such proof of impairment is found, an impairment loss is recorded under financial expenses in the Income Statement for the period.

Inventory

Raw materials and consumables, semi-finished and finished products

Raw materials and semi-finished products are recognised at the lower between the purchase or production cost (which includes the cost of raw materials and the cost of labour) and the net realisable value. The costs are calculated using the weighted average cost method. Inventory purchase costs are calculated net of reductions for allowances and discounts. The net realisable amount is the sale price estimated as part of normal operations, less the estimated costs for completion and finalisation of the sale.

Contract assets and liabilities

Contracts with customers are identified and measured based on IFRS 15 after the contract is signed, which results in reciprocal obligations arising between the Company and the customer. As concerns the Company's contracts with customers, the performance obligation is usually represented by the creation of the work as a whole. Despite the fact that the single performance obligations set out in the contract may be separate by nature, in the context of the contract

they are highly interdependent and integrated, for the purpose of transferring the infrastructure as a whole to the customer.

Contracts with customers typically signed by the Company relating to the construction of long-term orders envisage obligations to be fulfilled over time, based on the gradual progress of the activities and the transfer over time of control of the work to the customer, as the work under construction cannot have an alternative use, and the Company holds the right to collect the consideration for the services provided during the construction.

In choosing the appropriate method for measuring the transfer of control to the customer, the input method was chosen for orders currently managed by the Company.

Using the input method, revenues are recognised on the basis of the entity's inputs used to satisfy a performance obligation under a contract (for example, resources consumed, labour hours expended, costs incurred, time elapsed or machine hours used) relative to the total expected inputs.

The method deemed most representative for revenue recognition is cost-to-cost, determined by applying the percentage of progress - as the ratio of the costs incurred to total expected costs - to the total expected contract revenues. In calculating the ratio of costs incurred to expected costs, only the costs contributing to the actual transfer of control of the goods and/or services are considered. Thus, that calculation method makes it possible to objectively measure the transfer of control to the customer, as it considers the quantitative variables relating to the contract as a whole.

The contract with the customer may envisage the accrual of penalties payable due to the breach of specific contract clauses (for example, failure to meet the delivery times).

When the entity has acquired the elements to define the accrual of the contract penalties as "reasonably foreseeable", they shall be considered as a decrease in the contract consideration. In order to conduct those assessments, all the indicators available are analysed to estimate the probability of a contractual default which may give rise to the accrual of penalties payable.

As the costs incurred irrespective of the acquisition of the order cannot be classified as incremental, they are expensed to the income statement and do not contribute to the contract progress (cost not attributable to the Cost-to-Cost).

The assets and liabilities deriving from the contract are classified under the balance sheet items "Contract work in progress" and "Advances from customers", in the assets and liabilities sections, respectively. Based on that set out by the standard, the classification in either contract assets or liabilities depends on the ratio of the Company's performance to the customer's payment. If the resulting value is positive, the net balance of the order is posted in "Inventory"; vice versa, it is posted in "Other current liabilities".

Non-current assets held for sale and discontinued operations

Non-current assets (or disposal groups) are classified as held for sale if their carrying value will be recovered mainly through a sale transaction considered highly probable, rather than through continuous use. These are recognised at the lower of the carrying amount and the fair value, less costs to sell.

If the fair value is lower than the carrying amount of the asset or Group of discontinued assets, a write-down is recognised. If not, a revaluation is recognised, which can never be higher than the total write-downs previously recognised. A revaluation/write-down not recognised by the date of sale of the non-current asset (or disposal Group) is recognised at the date of derecognition of the carrying amounts.

Non-current assets (including those forming part of a disposal Group) are not amortised/depreciated whilst classified as held for sale. Interest expense and other expenses attributable to liabilities of a disposal Group classified as held for sale continue to be recognised.

Non-current assets classified as held for sale and assets of a disposal Group classified as held for sale are recorded separately from other assets in the Balance Sheet. The liabilities of a disposal Group classified as held for sale are recorded separately from other liabilities in the Balance Sheet.

Tangible assets

Tangible assets are recognised at acquisition or production cost, which considers the initial estimate of the costs to decommission or remove the asset and the reclamation of the site on which it is situated, net of accrued depreciation and any impairment losses, periodically determining the market value and adjusting the carrying amount to that value

at the measurement date. The purchase or production cost includes expenses directly attributable to acquisition of the asset.

Costs for improvement, modernisation and transformation of an incremental nature in relation to leased assets are recognised under balance sheet assets when it is probable that the expected future economic benefits will be increased from the use or sale of the asset. These are:

- reclassified under the asset item to which they pertain;
- depreciated over the shorter period between the useful life of the improvements and the duration of the related lease agreement.

Subsequent costs are included in the carrying amount of the asset or recognised separately, as appropriate, only when it is probable that it will generate future economic benefits and the cost can be reliably measured. Expenses incurred for routine and/or cyclical maintenance and repairs are recognised directly in the Income Statement when incurred.

Tangible assets are depreciated on a straight-line basis over their economic-technical useful life, intended as the estimated period in which the asset will be used by the Company. The period begins from the month in which the asset is first used or could have been used. When the tangible asset is made up of multiple significant components with different useful lives, depreciation is applied to each component. The value to be depreciated is the recognition value less the estimated net disposal value at the end of its useful life. The following are not subject to depreciation: land, even if purchased jointly with a building; works of art; or tangible assets held for sale. Any changes to the depreciation schedule resulting from a review of the useful life of a tangible asset, its residual value or the methods for achieving economic benefits from the asset, are recognised prospectively.

The residual value of the assets and the related useful life are tested, and adjusted if necessary, at the end of each year. In addition, the carrying value of the asset is promptly adjusted if it proves to be recognised at a cost higher than its related recoverable amount.

Tangible assets are depreciated on a straight-line basis over their useful lives, as follows:

TANGIBLE ASSETS	Estimated useful life (percentage)
Buildings	3%
Plant and machinery	2% - 12.5%
Industrial and commercial equipment	10% - 20%
Other tangible assets	2% - 25%

Services under concession

The Group applies IFRIC 12 to agreements for services under concession signed between a public entity (granting authority) and the Company (concession holder) in reference to the integrated water service, street lighting, gas distribution and cemetery services. In particular, if the granting authority controls the infrastructure, defining and monitoring the characteristics of the service provided and applicable prices, at the same time retaining a residual interest in the asset, the concession holder has the right to claim payment from users for services provided through the use of the infrastructure, or the right to receive a consideration from the granting authority for the public utility services provided. Consequently, operators covered by the aforementioned situations cannot recognise the assets dedicated to providing the service as tangible assets in the Balance Sheet, regardless of recognition of ownership to that operator in the service concession arrangements.

In particular, the operator recognises a financial asset to the extent that the concession holder has an unconditional right to receive contractually guaranteed cash flows from the granting authority for construction services, regardless of the actual use of the infrastructure. The financial asset acquired is subject to the provisions of IAS 32, IAS 39 and IFRS 7.

The operator instead records an intangible asset to the extent that it has the right to claim payment from users of the infrastructure. Consequently, the concession holder's cash flows are not guaranteed by the granting authority, but are associated with effective use of the infrastructure by users, and therefore demand risk is incurred by the concession holder. The intangible asset recognised is also subject to the provisions of IAS 38.

Street lighting concessions are considered to be financial assets, whilst the others are classified as intangible assets (integrated water service, gas distribution or cemetery services).

With reference to capital grants received on non-current assets subject to the application of IFRIC 12, these are recorded as a reduction in such assets.

Intangible assets

Goodwill

Goodwill is classified as an intangible asset with an indefinite useful life and is initially recognised at cost, subsequently subjected to annual impairment tests, carried out more frequently if there are indicators suggesting any impairment. Writeback of the value in a case of previous impairment loss is not permitted. Gains and losses deriving from the disposal of an asset include the carrying amount of its related goodwill.

Amortisation methods and periods

Intangible assets with a finite useful life are amortised on a straight-line basis over their useful lives, as follows:

INTANGIBLE ASSETS	Estimated useful life (percentage)
Concessions	Concession duration
Licences	20% - 33%
Other intangible assets	9%-20%

Impairment test

Goodwill and intangible assets with an indefinite useful life are not amortised, but instead are subject to annual impairment tests, carried out more frequently if there are indicators suggesting any impairment.

The recoverability of tangible assets, intangible assets and rights of use is checked when events or changes in circumstances lead to the belief that the carrying amount is not recoverable.

Any write-down is recognised in an amount equal to the difference between the carrying amount of the asset and its recoverable value, in turn equal to the higher between the fair value of the asset, less disposal costs, and its value in use. For impairment testing purposes, the assets are grouped on the basis of their capacity to generate cash inflows, separately identifiable and independent of other assets or groups of assets, cash generating units (also "CGUs") represented by the smallest identifiable set of assets that generate cash inflows largely independent of those generated by other assets.

CGUs are defined considering, inter alia, the methods whereby the management controls operating activities (e.g., by lines of business) or takes decisions regarding whether to maintain in operation or dispose of the Company's assets and properties.

The CGUs may include corporate assets, or assets that do not generate autonomous cash flows, attributable on reasonable and consistent bases. Corporate assets that cannot be attributed to a specific CGU are allocated to a broader aggregate consisting of multiple CGUs. With reference to goodwill, the test is performed at the level of the smallest aggregate on the basis of which the Company Management directly or indirectly assesses the return of the investment which includes the goodwill itself. The rights of use, which generally do not produce autonomous cash flows, are allocated to the CGU to which they refer; the rights of use which cannot be specifically allocated to the CGUs are considered corporate assets.

The recoverability is checked by comparing the carrying amount with the relative recoverable amount represented by the higher of the fair value, net of costs to sell, and the value in use. The latter is determined by discounting the expected cash flows deriving from the use of the CGU and, if significant and reasonably determinable, from its disposal at the end of its useful life net of costs to sell. Expected cash flows are determined on the basis of reasonable and supportable assumptions representing the best estimate of the future economic conditions that will be in place during the residual useful life of the CGU, attributing major relevance to indications obtained externally.

In order to determine the value in use, the expected cash flows are subject to discounting at a rate that reflects the current market valuations of the time value of money and the specific risks of the asset not reflected in the estimated cash flows. In particular, the discount rate used is the Weighted Average Cost of Capital (WACC), which is differentiated on the basis of the risk expressed by the sectors/business in which the asset is operating. Specific WACCs are defined on the basis of a sample of comparable companies.

Value in use is determined net of the tax effect as this method generates values that are substantially equivalent to those that may be obtained by discounting cash flows gross of taxes at a pre-tax discount rate deriving, on an iterative basis, from the result of the post-tax valuation.

When the carrying amount of the CGU inclusive of any goodwill attributed to it, determined by taking into account any write-downs of non-current assets which are part of the CGU, is higher than the recoverable amount, the difference is subject to a write-down and is attributed on a priority basis to goodwill up to its entire amount. Any excess write-down over and above goodwill is attributed on a pro rata basis to the book value of the assets in the CGU, up to the recoverable amount of the assets with a finite useful life.

When the reasons for the write-downs recognised no longer apply, the value of the assets is written back and the adjustment is recognised in the income statement. The write-back is recognised in an amount equal to the lower between the recoverable amount and the carrying amount gross of the write-downs previously recognised and reduced by the amortisation/depreciation that would have been recognised if there had been no write-down. Write-downs of goodwill are not written back.

Business combinations

For further details, please refer to the specific section “Consolidation scope and principles” below.

Investments

For more details on investments in subsidiaries and associated companies, please refer to the “Consolidation scope and principles” below. Investments of less than 20% are measured at fair value with the related value adjustments being charged to the income statement.

Trade and other payables

Trade and other payables are classified as current liabilities, unless payment is due more than 12 months after year end. These are initially recognised at their fair value and subsequently measured at amortised cost using the effective interest method.

Loans

Loans are initially recognised at their fair value, net of directly attributable transaction costs, and subsequently measured at amortised cost using the effective interest method.

Loans are classified as current liabilities unless the Group has an unconditional right to defer payment for more than 12 months after the reporting date.

Provisions for risks and charges

The provisions for risks and charges refer to costs and charges of a specified nature and of certain or probable existence for which, at the reporting date, the amount and/or date of occurrence cannot be determined. Allocations to these provisions are recognised when:

- it is probable that a current legal or implicit obligation exists, deriving from a past event;
- it is probable that complying with the obligation will be costly;
- the total obligation can be reliably estimated.

The allocations are recognised at the value representing the best estimate of the amount that the company could reasonably be expected to pay to settle the obligation or transfer that obligation to third parties at the reporting date. Provisions for risks and charges are subject to discounting if it is possible to reasonably estimate the moment that cash outflows will be required. Discounting of the amount is at a pre-tax rate that reflects the time value of money and takes into account the specific risk attributable to each liability. When the liability refers to tangible assets (e.g. dismantling and site clean-up), changes in estimation of the provision are recognised as a balancing entry to the asset to which they refer, up to the limit of the recognition value. Any surplus is recognised in the Income Statement.

Employee benefits - Short-term obligations

The short-term benefits are wages, salaries, related social security contributions, indemnities in lieu of leave and incentives in the form of bonuses payable in the twelve months following the reporting date. These benefits are recognised as personnel cost components in the period in which the employment service is provided.

Medium/long-term obligations

The employee severance indemnity is the amount to which employees in Italy are entitled to receive at the time of termination of the employment contract, and is determined on the basis of years of service and the taxable income calculated for each employee. When such circumstances arise, it is also possible to partially settle the related amount accrued by the employee in their years of service.

In 2006 the regulations changed, whereby companies with more than 50 employees were obliged to transfer the employee severance indemnity to a state-managed Treasury Fund (INPS) or to a supplementary pension fund. If previously the companies had the option of making allocations to employee severance indemnity provisions in total independence, now, following the changes brought about by IAS 19, Italian companies accrue an obligation to INPS or to a supplementary pension fund in the form of "defined benefit plans". Consequently, the provision for employee severance indemnity still recognised in the financial statements of Italian companies refers to that accrued up to 31 December 2006. This is an unfinanced defined benefit plan as the benefits are already fully matured, with the sole exception being future revaluations.

In the defined benefit plans, which also include the employee severance indemnity due to employees pursuant to art. 2120 of the Italian Civil Code ("TFR"), the total benefit payable to the employee can only be quantified after employment has terminated, and is linked to one or more factors such as age, years of service and remuneration. Therefore, the related charge is recognised in the Income Statement for the year based on actuarial calculations. The liability recognised in the financial statements for defined benefit plans corresponds to the present value of the obligation at the reporting date. The defined benefit plan obligations are determined annually by an independent actuary using the projected unit credit method. The present value of defined benefit plans is determined by discounting future cash flows at an interest rate equal to that of Euro bonds (high-quality corporate) which takes into account the duration of the related pension plan. Actuarial gains and losses deriving from the aforementioned adjustments and changes in actuarial assumptions are recognised in the Statement of Comprehensive Income.

On 1 January 2007, the 2007 Finance Act and related implementing decrees introduced changes to the employee severance indemnity regulations, including the decision of employees regarding the allocation of their accruing severance indemnity. In particular, an employee can opt to direct new employee severance indemnity flows into pre-selected pension forms or to remain within the company. In the case of allocation to external pension forms, the Group is only required to pay a defined contribution to the chosen fund, and from that date any new accruals are defined contribution plans not subject to actuarial assessment.

Shareholders' equity

Ordinary shares are recognised in shareholders' equity.

If the Group purchases treasury shares, the consideration paid, including any directly attributable incremental costs (net of income taxes) are deducted from the shareholders' equity attributable to the Group's shareholders until the shares are cancelled or reissued. If such ordinary shares are later reissued, any consideration paid, net of directly attributable incremental costs of the transaction and tax effects, is included in the shareholders' equity attributable to the Group's shareholders.

Dividends

The dividends distributed by the Group are recognised as a decrease in shareholders' equity in the period in which they are approved by the shareholders.

Rounding

All amounts indicated in the Consolidated Financial Statements and the notes are rounded to the nearest thousand units unless otherwise indicated.

Estimates and assumptions

The preparation of the financial statements requires that the Directors apply accounting standards and approaches which, in certain circumstances, are based on difficult and objective assessments and estimates based on historic experience and on assumptions which on each occasion are considered reasonable and realistic for the related circumstances. The application of those estimates and assumptions influences the amounts reported in the financial statement tables, as well as the disclosure provided. The final results of financial statements items, for which such estimates and assumptions are used, can differ from those indicated in the financial statements that recognise the effects of the estimated event after it arises, due to the uncertainty characterising the assumptions and the conditions on which the estimates are based.

The Financial Statements items for which the most significant use of estimates and assumptions is made relate to the quantification of allocations to provisions for risks and charges and to the provision for bad debts, the estimate of the economic-technical residual useful life of tangible assets and intangible assets with a finite useful life, measurement of investments, assessment of employee benefits, measurement of contract work in progress, quantification of deferred tax liabilities and assets as well as the recoverability of deferred tax assets, and allocations at year end for sales revenues relating to electricity, gas and district heating accrued for services provided between the last actual consumption metering date and the year-end date and related associated costs. The estimates and assumptions are reviewed periodically and the effects of every change are reflected in the income statement, provided it affects only that period. If the review affects both current and future periods, the change is recognised in the period in which the review is made and in the related future periods.

Reporting by lines of business

The reportable segments reflect the Group's lines of business that are regularly reviewed by the Chief Executive Officer (the "chief operating decision maker", the highest operational decision maker in the company, as defined under IFRS 8 - Operating Segments) in order to make strategic decisions, allocating resources and assessing performance, and which exceed certain quantitative thresholds set forth in IFRS 8 - Operating Segments, i.e., whose information is considered useful to readers of financial statements.

The Chief Operating Decision Maker ("CODM") considers the Group to be divided into six segments according to IFRS 8, in consideration of the reporting structure, the resource allocation process and the Group's activities.

In particular, in accordance with IFRS 8, the segments identified by the Group for reporting purposes are as follows:

- SALES: includes electricity and methane gas sales services;
- INFRASTRUCTURE: includes gas distribution and district heating distribution/sales services;
- STREET LIGHTING: includes public lighting and smart city services;
- ENVIRONMENTAL SERVICES: includes the collection, treatment, recovery and disposal of solid urban and special waste of the province or of third parties;
- WATER: includes services relating to the integrated water cycle such as collection, purification and sewerage;
- OTHER BUSINESS: includes heat production services, thermal plant management, public green management, street maintenance, special waste management, cemetery management and cremations, and other minor services.

Balance sheet by Business Unit (figures in thousands of Euro)

31/12/2023	SALES	INFRASTRUCTURE	STREET LIGHTING	ENVIRONMENTAL SERVICES	WATER	OTHER BUSINESS	CONSOLIDATED
NET WORKING CAPITAL	27,809	3,701	-3,027	3,410	5,106	-9,599	27,400
NON-CURRENT ASSETS	2,536	73,720	29,317	59,945	134,660	69,874	370,052
Intangible	1,444	39,787	54	14,431	133,608	5,597	194,921
Tangible	34	29,389	285	42,091	841	20,193	92,833
Financial	1,058	4,544	28,978	3,423	211	44,084	82,298
PROVISIONS	-2,215	-1,871	-1,650	-25,465	-144	-3,124	-34,469
NET INVESTED CAPITAL	28,129	75,550	24,640	37,890	139,624	57,150	362,983

31/12/2022	SALES	INFRASTRUCTURE	STREET LIGHTING	ENVIRONMENTAL SERVICES	WATER	OTHER BUSINESS	CONSOLIDATED
NET WORKING CAPITAL	45,832	-646	-1,609	3,880	1,829	-10,480	38,807
NON-CURRENT ASSETS	4,926	68,753	30,953	56,139	119,665	69,362	349,799
Intangible	993	39,437	135	14,287	119,341	4,829	179,021
Tangible	46	27,345	417	39,136	90	19,771	86,806
Financial	3,886	1,971	30,401	2,717	235	44,762	83,972
PROVISIONS	-615	-1,986	-1,305	-22,155	-731	-1,965	-28,757
NET INVESTED CAPITAL	50,143	66,121	28,039	37,865	120,764	56,917	359,849

Income Statement by Business Unit (figures in thousands of Euro)

31/12/2023	Sales	Infrastructure	Street Lighting	Environmental services	Water	Other Services	Elisions	Consolidated
Total revenues	242,965	35,582	12,407	91,839	68,812	44,118	-39,199	456,524
Operating costs	-232,953	-26,442	-10,650	-64,861	-53,777	-42,065	39,199	-391,549
Costs for raw, ancillary and consumable materials	-166,135	-10,453	-1,957	-2,603	-9,009	-4,450	32,368	-162,239
Costs for services	-61,786	-13,182	-7,743	-46,090	-37,050	-16,786	-1,414	-184,051
Personnel costs	-1,596	-2,197	-730	-11,535	-4,692	-13,980	382	-34,348
Other operating costs	-3,436	-610	-221	-4,632	-3,026	-6,849	7,863	-10,911
Depreciation, amortisation and write-downs	-542	-5,650	-262	-5,747	-8,845	-3,774	0	-24,820
EBIT	9,470	3,490	1,495	21,231	6,190	-1,721	0	40,155

31/12/2022	Sales	Infrastructure	Street Lighting	Environmental services	Water	Other Services	Elisions	Consolidated
Total revenues	366,778	42,164	14,741	88,245	66,191	40,221	-39,133	579,207
Operating costs	-360,936	-31,981	-13,155	-63,233	-54,428	-41,532	39,133	-526,149
Costs for raw, ancillary and consumable materials	-303,421	-14,483	-4,018	-3,372	-15,858	-3,391	24,520	-320,024
Costs for services	-52,665	-14,206	-8,452	-41,275	-31,359	-16,050	5,585	-158,420
Personnel costs	-1,566	-2,231	-460	-12,008	-4,501	-13,055	403	-33,418
Other operating costs	-3,284	-1,061	-225	-6,578	-2,709	-9,055	8,626	-14,287
Depreciation, amortisation and write-downs	-511	-5,300	-238	-6,609	-7,141	-3,985	-	-23,777
EBIT	5,330	4,883	1,348	18,404	4,623	-5,297	-	29,281

The representation by business line reflects the breakdown of the activities among operating companies as described in the Directors' Report. Compared to the operating companies, the business lines incorporate the non-current assets held by the parent company made available to the companies in exchange for the payment of a fee. The amortisation and depreciation of non-current assets contribute to the EBIT of the business lines which, thus, does not consider the fee paid by the operating companies to the parent company.

Consolidation scope and principles

Scope of consolidation

The following table lists the companies included in the scope of consolidation and related percentage interests at 31 December 2023. All the companies have their registered office in Mantova.

Company	Location	Reporting date	Share capital		Percentage held at
			Currency	Amount (000)	31/12/2023
Tea Spa SB	Mantova	31/12/2023	EUR	73,403	
Tea Energia Srl	Mantova	31/12/2023	EUR	2,000	100%
Mantova Ambiente Srl	Mantova	31/12/2023	EUR	227	40.48%
Sei Srl	Mantova	31/12/2023	EUR	1,000	100%
Tea Servizi Funerari Srl	Mantova	31/12/2023	EUR	100	100%
Tea Reteluce Srl	Mantova	31/12/2023	EUR	100	80%
AqA Srl BC	Mantova	31/12/2023	EUR	3,378	85.92%
Depura Srl	Mantova	31/12/2023	EUR	1,245	60%
Revere Energia Srl	Mantova	31/12/2023	EUR	10	100%

Note that AqA Srl Bc is consolidated on a line-by-line basis, by virtue of its contractual purchase commitments.

Consolidation principles and equity accounting

Subsidiaries

The subsidiaries are entities over which the Group exercises control. An investor controls an entity when i) it is exposed to, or has the right to participate in, variations in the related economic returns and ii) it is able to exercise its decision-making power in relation to significant activities of the entity in order to influence such returns. The existence of control is verified every time that events and/or circumstances indicate a change in one of the above elements that determine such control. The subsidiaries are consolidated on a line-by-line basis from the date on which control is acquired, and cease to be consolidated from the date of transfer of control to third parties.

Business combinations are accounted for by the Group using the acquisition method.

Intercompany transactions, balances and unrealised gains on transactions between Group Companies are netted. Unrealised losses are also netted unless the transaction indicates elements of proof of impairment of the asset transferred. The accounting standards of the subsidiaries were adjusted where necessary to ensure consistency with those adopted by the Group.

Minority interests in the income statement results and shareholders' equity of the subsidiaries are shown separately in the Income Statement, Statement of Comprehensive Income, the Statement of Changes in Shareholders' Equity and the Balance Sheet.

Associated companies

The associated companies are those over which the Group exercises considerable influence, which is presumed to exist when the interest refers to between 20% and 50% of the voting rights. Associated companies are measured using the equity method after their initial recognition at cost.

The equity method is described below:

- the carrying amount of these investments is aligned with the shareholders' equity of the related company, adjusted where necessary to reflect the application of IFRS and including the recognition of higher values attributed to the assets

and liabilities and any goodwill, identified at the time of acquisition, following a similar procedure to that previously described for business combinations;

- the profits or the losses pertaining to the Group are recognised from the date on which the considerable influence began and up to the date on which the considerable influence ceases. If as a result of losses and by using this method, the company records negative shareholders' equity, the carrying amount of the investment is cancelled and any excess pertaining to the Group, where the latter is committed to comply with legal or implicit obligations of the investee, or in any event cover its losses, is recognised in a specific provision. Changes in shareholders' equity of companies measured using the equity method, that are not represented in the Income Statement results, are recognised directly in the Statement of Comprehensive Income;

- unrealised profits and losses, generated on transactions carried out among the company/its subsidiaries and an investee measured using the equity method, are eliminated based on the value of the Group's percentage interest in the investee, except with regard to losses, if these represent a decrease in the value of the underlying asset and dividends, which are eliminated in full. The carrying amount of such investments measured using the equity method is impairment tested annually in compliance with the accounting principle described in the valuation criteria.

Changes in the ownership structure

The Group handles transactions with minority interests in the same way as transactions with Group shareholders, when no loss of control is involved. A change in ownership structure generates an adjustment to the carrying amount of the portion pertaining to the Group and that pertaining to minority interests. Any difference between the amount of the adjustment due to the redistribution of interests and any price, paid or received, is recorded in a separate distributable reserve in shareholders' equity.

When the Group no longer consolidates the investment or no longer uses the equity method for its recognition, due to the loss of control or significant influence, the residual amount of the investment is determined at its fair value and the change is recognised in the Income Statement. The latter becomes the new initial carrying amount of the investment, classified as an associated company, joint venture or financial asset. In addition, any amount recognised in the Statement of Comprehensive Income for that entity is accounted for as if the Group had directly disposed of the related assets and liabilities. This led to amounts previously recognised in the Statement of Comprehensive Income being reclassified to the Income Statement.

If the percentage interest in an associated company reduces without loss of significant influence, only the proportionate percentage of amounts previously recognised in the Statement of Comprehensive Income has to be reclassified to the Income Statement.

Business combinations

The purchase method is used for the accounting of all corporate acquisitions, regardless of whether the acquisition refers to equity instruments or other assets. The consideration paid to acquire a subsidiary includes:

- the fair value of assets transferred;
- the total liabilities assumed in relation to previous shareholders of the acquired business;
- the shares issued by the Group;
- the fair value of any contingent assets or liabilities; and
- the fair value of any pre-existing investment in the subsidiary.

The identifiable assets acquired, and the liabilities and contingent liabilities assumed, are recognised at their present value at the acquisition date, i.e. the date on which control is acquired (the "Acquisition Date"). The Group accounts for the entity's minority interests in proportion to the percentage minority interest in the net assets.

The costs associated with the acquisition are recognised in the Income Statement in the year in which they are incurred.

The positive difference between (a) the consideration transferred, (b) the percentage minority interest of the controlling entity and (c) the fair value at the acquisition date of the previous investment in the company acquired and the fair value of net identifiable assets acquired, is recognised as goodwill. If, on the other hand, this difference proves negative, it is recognised directly in the Income Statement as "badwill".

Business combinations as a result of which the investees are controlled by the same entity or entities both before and after the combination, and for which the control is not transitional, are qualified as transactions under common control. These transactions are not covered by IFRS 3 or other IFRSs. In the absence of a reference accounting standard, the

choice of method for the accounting representation of the transaction must guarantee compliance with the provisions of IAS 8, i.e. reliable and faithful representation of the transaction.

Analysis of Income Statement and Balance Sheet items

Income Statement

The Group analyses its economic performance both by looking at the results of the individual operating companies within the scope of consolidation and through the reports by line of business as noted in the preceding paragraphs. Each Group company is managed by a Chief Executive Officer who is responsible for the income statement and the returns on invested capital.

Note 1 - Revenues

The following table provides a breakdown of revenues by type of activity:

<i>(in thousands of Euro)</i>	Year ended 31 December	
	2023	2022
Fees for the use of gas networks	708	708
District heating services	19,354	26,969
Waste collection and disposal services	62,694	61,832
Operation of Landfill	23,271	21,354
Integrated water services	39,009	39,171
Services to third parties	2,097	2,025
Cemetery and funeral services	5,917	6,662
Technical services	551	404
Revenues from services under concession	44,175	44,313
Sale of assets	948	876
Sale of electricity	138,103	200,400
Sale of gas	93,517	146,392
Gas distribution	4,793	8,538
Sale of steam and heat	662	878
Other	3,846	1,675
Waste management and green area cleansing services	10,959	9,980
Roads and road signs service	1,311	902
Total	451,915	573,079

The item "Sale of electricity", equal to Euro 138,103 thousand, decreased by Euro 62,297 thousand compared to the previous year. The decrease in the item is mainly attributable to the negative price effect, only partially offset by the positive quantity effect.

The item "Sale of gas", equal to Euro 93,517 thousand, increased by Euro 52,975 thousand compared to 2022. The decrease in the item is partly attributable to the price effect and partly to the quantity effect, both negative, with the former performing worse than the latter.

The decrease in revenues in 2023 is attributable to the decrease in the prices of electricity and gas, as their market returned to price levels which, though still high compared to the historical averages, substantially reabsorbed the speculative peaks of the second half of 2022.

The item "Waste management and green area cleansing service" mainly refers to revenues from green area management for Euro 5,153 thousand and revenues from consortia for separate waste collection for Euro 4,959 thousand, up compared to the previous year, mainly due to the increase in the value of secondary raw materials and consortia (mainly glass).

The item "Waste collection and disposal services" showed an increase of Euro 862 thousand compared to the previous year, mainly attributable to the increase in revenues for waste disposal at the Mariana Mantovana landfill (due to the increase in the incoming quantities from third parties and the price of conferral) and for waste conferred to the Ceresara Mechanical - Biological Treatment Plant.

Revenues for “Integrated water services” derive from the management of the integrated water service in the province of Mantova.

“District heating services” comprise Euro 19,354 thousand (Euro 29,969 thousand in 2022) referring to the sale of district heating. The decrease in the item is mainly due to the decrease in the sale price. The district heating sales tariffs are indexed to those of the Virtual Trading Point (VTP). During 2023, the price of methane gas decreased sharply by around 300% compared to the value of 2022, dropping from an annual average of 124.1 euro/MWh in 2022 to 41.4 euro/MWh in 2023.

The item “Other” refers mainly to the works at Te Park by Mantova Ambiente Srl and Tea Reteluce Srl for Euro 2,206 thousand and to bonuses paid by CSEA to Aqa Srl BC for the quality of service for Euro 1,508.8 thousand.

The item “Gas distribution” decreased by Euro 3,745 thousand compared to the previous year, as ARERA modified the tariff components, which represent revenues on the gas distribution service for Sei Srl.

Note 2 - Other revenues and income

The breakdown of this item is as follows:

<i>(in thousands of Euro)</i>	Year ended 31 December	
	2023	2022
Real estate income	241	279
Compensation for damages	-	-
Sundry reimbursements	563	466
Other income	1,900	3,307
Contingent assets	593	988
Capital gains	156	266
Personnel services	-	-
Income from management of users/utility	1,156	822
Operating grant income	-	-
Total	4,609	6,128

The item “Other revenues and income” amounts to Euro 4,609 thousand and mainly includes other income for charges for expenses under contracts for the supply of services, revenues for industry 4.0 and revenues for investments in new operating assets. In addition, “Other income” includes the releases of provisions for risks, classified here by nature.

Note 3 - Costs for raw materials

This item breaks down as follows:

<i>(in thousands of Euro)</i>	Year ended 31 December	
	2023	2022
Purchases of electricity	83,906	168,941
Purchases of heat	7,163	13,223
Fuel and lubricants	1,449	1,493
Purchases of gas	57,749	120,362
Other raw materials and consumables	11,972	16,005
Provisions for inventory obsolescence	-	-
Total	162,239	320,024

Costs for raw materials, in particular electricity, gas and heat, decreased significantly compared to the previous year, mainly due to the reduction in the purchase prices of commodities. The item refers to the costs of Tea Energia Srl and Sei Srl, which resell their purchases.

The decrease in “Purchases of Electricity” is partly attributable to the negative price effect and partly to the positive quantity effect. The decrease in the item “Purchases of Gas” is partly attributable to the price effect and partly to the quantity effect, both negative.

Note 4 - Costs for services

This item breaks down as follows:

<i>(in thousands of Euro)</i>	Year ended 31 December	
	2023	2022
Repairs and maintenance	18,894	11,540
Provision of technical and administrative services	8,550	5,842
Municipal services	8,299	8,710
Sundry third-party services	24,665	27,788
Insurance	1,708	1,389
Postal charges	1,232	1,120
Sales promotion activities	1,873	1,398
Agents' indemnities and charges	2,703	1,891
Bank charges and commissions	1,347	1,243
Lease and rental costs	1,211	1,253
Cleaning costs	1,073	1,116
Waste disposal	30,698	27,292
Meter reading	540	411
Provision of street lighting services	3,788	3,188
Gas distribution services	17,330	13,742
Electricity transport services	52,953	43,213
Other costs for services	4,856	5,127
Other personnel service costs	1,156	1,160
Remuneration to directors	274	898
Sundry cemetery services	477	726
Utilities	424	-627
Total	184,051	158,420

Costs for services amounted to Euro 184,051 thousand at 31 December 2023, and was mainly composed of the cost for transport of electricity.

The item “Sundry third-party services” refers mainly to the restatement of the costs of capitalising concessions IFRIC 12 for the companies Aqa Srl BC, Sei Srl and Tea Spa BC for Euro 15,169 thousand, and services from the private partner of the companies Aqa Srl SB and Mantova Ambiente Srl for Euro 7,153.7 thousand.

The item “Waste disposal” refers mainly to increased disposal of waste by Mantova Ambiente Srl deriving from the Ceresara Mechanical - Biological Treatment Plant, for which it was decided to increase the use of external plants instead of transferring the waste to the Mariana Mantovana landfill.

The item “Gas distribution services” changed as a result of the process of restructuring by Tea Energia Srl of the portion of gas procurement in which the company acts as a shipper directly to the SNAM system. That cost was previously included in the purchase conditions of the gas purchased at the station.

The increase in “Electricity transport services” is linked to the end of the ARERA measured which, in 2022, ordered extraordinary decreases in several distribution components.

The increase in “Repairs and maintenance” is mainly attributable to the restatement of the costs incurred by Aqa Srl BC to build water networks for Euro 5,689 thousand, which are valued in accordance with the application of IFRIC 12.

Note 5 - Personnel costs

This item breaks down as follows:

<i>(in thousands of Euro)</i>	Year ended 31 December	
	2023	2022
Wages and salaries	25,062	24,415
Social security contributions	7,588	7,327
Allocation to employee severance indemnity provision	1,600	1,491
Other personnel costs	98	185
Total	34,348	33,418

The increase in personnel costs is due to the higher number of employees (+11 compared to 2022) and the increase in the ISTAT index.

The following table summarises the number of employees for the years ended 31 December 2023 and 31 December 2022:

	Year ended 31 December		
	2023	2022	Average number
Executives	14	14	14
Middle Managers	26	26	26
White collar	357	340	348.5
Blue collar	257	263	260
Total number of employees	654	643	648.5

Note 6 - Other operating costs

This item breaks down as follows:

<i>(in thousands of Euro)</i>	Year ended 31 December	
	2023	2022
Sundry indemnities	1,123	1,180
Indirect and sundry taxes	1,019	1,163
Allocation to provisions for risks and charges	2,265	538
Other costs	1,111	4,341
Capital losses	92	231
Contingent losses	141	389
Total	5,751	7,842

The item "Other costs", equal to Euro 1,111 thousand, includes Euro 314 thousand relating to ARERA grants and sundry association membership fees. The remainder is composed of non-homogeneous residual items with fragmented amounts.

Sundry indemnities amounted to Euro 1,123 thousand and refer to contributions paid to the Municipality of Mariana Mantovana for transfers to landfills.

The item "Provisions for risks and charges" includes the allocations relating to the Technical Quality Regulation Incentive (RQTI) penalty of Aqa Srl Bc for Euro 465 thousand and provisions for donations of Euro 1,800 thousand relating to a partnership agreement with the Municipality of Mantova with which Tea Spa BC undertook to cofinance an urban

development project which entails the future creation of IT, general chemistry and biotech laboratories. For this commitment, provisions for future charges were recognised.

Note that, for better representation and comparability, Euro 18 thousand was reclassified from “Taxes” (described in Note 11) to “Other operating costs” (described in Note 6).

Note 7 - Write-down of financial assets and receivables

<i>(in thousands of Euro)</i>	Year ended 31 December	
	2023	2022
Allocation to the provision for bad debts	5,160	6,445
Total	5,160	6,445

Looking at the different categories of receivables and the amount of the existing provision, the company decided to make allocations to the provision for the current year, mainly for the businesses relating to environmental services (total amount provisioned Euro 2,779 thousand), electricity and gas (total amount provisioned Euro 1,575 thousand) and water (total amount provisioned Euro 770 thousand).

Note 8 - Depreciation/Amortisation and write-downs of non-current assets

This item breaks down as follows:

<i>(in thousands of Euro)</i>	Year ended 31 December	
	2023	2022
Amortisation of intangible assets	12,762	11,185
Depreciation of tangible assets	10,170	11,066
Write-down of intangible assets	905	604
Right of use amortisation	983	922
Total	24,820	23,777

Note 9 - Financial income and expenses

This item breaks down as follows:

<i>(in thousands of Euro)</i>	Year ended 31 December	
	2023	2022
Fair value changes in capital expenditure	-	9,500
Financial income from street lighting	2,651	2,588
Other financial income	1,511	877
Dividends from investments in other entities	5,412	12,177
Total financial income	9,574	25,142
Interest expense on loans	5,023	1,736
Landfill financial expenses	1,030	604
Financial expenses on bonds	362	489
Financial expenses on employee severance indemnity	167	401
Financial expenses on IFRS 16	88	92
Other financial expenses	30	428
Total financial expenses	6,700	3,750
Total net financial income (expenses)	2,874	21,392

The item “Fair value changes in capital expenditure” refers to the fair value adjustment of the investment in Enipower Mantova. The management assessed the investee’s Business Plan approved by the BoD on 08/03/2024, confirming the valuation of the investment at 31/12/2023.

The item Dividends from investments in other entities includes Euro 5,403 thousand for the dividend received from Enipower Mantova and Euro 9 thousand received from Casalasca Servizi.

The “Landfill financial expenses” reflect the adjustment of the future landfill investment and post-mortem costs due to the passing of time to their present value.

The item “Interest expense on loans”, amounting to Euro 5,023 thousand, mainly comprises interest expense on pool loans for Euro 4,086 thousand (see Note 25) on the EIB loan for Euro 509 thousand and interest on other bank loans for Euro 428 thousand.

Note 10 - Gains (losses) on investments measured using the equity method

The following table shows the change in investments measured using the equity method:

<i>(in thousands of Euro)</i>	Associated companies
1 January 2022	6,902
Income (expenses) from investments measured using the equity method	449
Dividends	-1,166
31/12/2022	6,185
Income (expenses) from investments measured using the equity method	95
Dividends	0
31/12/2023	6,280

Income from investments refers to the revaluation of the investments in Blugas Infrastrutture Srl and Biociclo Srl.

The following table shows the assets, liabilities, revenues and net income from investments measured using the equity method. Note that the amounts refer to financial statements drawn up in accordance with the Italian GAAP.

<i>(in thousands of Euro)</i>	<i>Carrying amount</i>	<i>% interest</i>	Assets	Liabilities	Revenues	Profit/(Loss)	Shareholders' Equity **
31/12/2023							
Blugas Infrastrutture*	4,746	28.70%	35,567	19,030	2,100	83	16,454
Unitea*	-	50.00%	5,536	3,700	5,461	-423	2,259
Biociclo *	1,534	24.00%	12,516	6,123	4,025	257	6,136
31/12/2022							
Blugas Infrastrutture ***	4,713	28.70%	34,766	18,346	2,482	435	15,985
Unitea***	-	50.00%	7,499	5,240	6,792	-72	2,331
Biociclo ***	1,472	24.00%	12,235	6,099	3,850	258	5,878

* The figures refer to the draft financial statements at 31/12/2023 approved by the respective Boards of Directors

** The shareholders' equity figure does not include profit (loss) for the year

*** The figures refer to the last financial statements approved by the Shareholders' Meeting at 31/12/2022

Note 11 - Taxes

This item breaks down as follows:

<i>(in thousands of Euro)</i>	Year ended 31 December	
	2023	2022
Current taxes on income	11,784	8,474
Deferred taxes on income	-2,038	-3,342
Taxes on previous years' income	75	403
Total	9,821	5,535

Note that “Current taxes on income” includes Euro 9,663 thousand in current IRES (of which Euro 3,391 thousand in charges for participating in tax consolidation) and Euro 2,120 thousand in current IRAP.

Note that, for better representation and comparability, Euro 18 thousand was reclassified in 2022 from “Taxes” to “Other operating costs” (described in Note 6).

The changes in deferred tax assets and liabilities were as follows:

Changes in Deferred Tax Assets

	Other tangible and intangible assets	Provisions for risks and charges	Provision for bad debts	Employee severance indemnity	Other	Remun., maint., amortisation and other minor	Total
At 31 December 2022	-1,040,260	1,004,963	3,547,555	-900	126,908	263,596	3,901,862
<i>Recognised in the income statement</i>	973,248	1,106,284	89,480	-29,112	214,719	-4,036	2,350,583
<i>of which:</i>							
<i>IRES</i>	995,556	937,434	89,480	-29,112	208,878	-3,492	2,198,745
<i>IRAP</i>	-22,309	168,850			5,840	-544	151,838
<i>Recognised in statement of comprehensive income</i>	-			-1	-		-1
<i>Transfer to deferred tax liabilities</i>	1,246,420				-		1,246,420
<i>Previous years' rectifications/adjustments</i>	-			40,948	26,663		67,611
At 31 December 2023	1,179,477	2,111,247	3,637,035	10,935	368,290	259,560	7,566,544

The transfer of Euro 1,246 thousand refers to the transfer to IFRIC 12 deferred tax liabilities for street lighting.

The previous years' rectifications/adjustments refer to adjustments of the tax portion of the actuarial reserve and rectifications/adjustments to the tax treatment of intercompany margins earned by the Group companies up to the previous year.

Changes in deferred tax liabilities

	Services under concession	Landfill	EPM*	Other	Total
At 31 December 2022	44,323	1,063,562	137,520	98,095	1,343,500
<i>of which:</i>					-
<i>IRES</i>	42,983	914,892	137,520	98,095	1,193,490
<i>IRAP</i>	1,341	148,670			150,011
<i>Recognised in the income statement</i>	345,395			-32,640	312,755
<i>Recognised in statement of comprehensive income</i>	-				-
<i>IRES tax effect not recognised in the income statement</i>				-13,950	-13,950
<i>Transfers from deferred tax assets</i>	1,246,420				1,246,420
<i>Transfers</i>	29,382				
At 31 December 2023	1,665,520	1,063,562	137,520	51,505	2,918,107
<i>of which:</i>					-
<i>IRES</i>	1,441,668	914,892	137,520	51,505	2,545,585
<i>IRAP</i>	223,852	148,670			372,522

*EPM: Enipower Mantova

IRAP tax is calculated on a measurement of income defined in reference regulations as the difference between operating income and expenses, gross of financial income and expenses and, in particular, gross of personnel costs, write-downs of receivables and interest included in lease payments. IRAP tax is then applied to taxable income at the rate of 3.90% for the year ended 31 December 2023.

Reconciliation between balance sheet tax payable and theoretical tax payable (IRES)		
Description	Value	Taxes
Profit before taxation	43,124,342	
Theoretical tax payable (%)	24.0%	10,349,842
Decreases		
Permanent	-20,587,975	
Temporary	-7,044,862	
Increases		
Permanent	13,634,674	
Temporary	12,515,515	
Taxable income	41,641,694	
of which Aid to Economic activity (ACE) effect	465,400	
of which donations	858,457	
Taxable income net of the ACE effect and donations	40,317,837	
Tax to be paid		9,676,281
Various subsidies	13,183	
Current IRES tax for the year		9,663,098
Actual tax rate		18%
Determination of IRAP tax base		
Description	Value	Taxes
Difference between value and cost of production	40,155,000	
Costs not relevant for IRAP purposes		
- personnel costs	34,947,731	
- write-downs of loans	5,160,695	
- allocations	2,580,198	
- other	4,075,720	
	86,919,345	
Theoretical tax payable (%)	3.90%	3,389,854
Increases		
Permanent	1,243,762	
Temporary	3,310,141	
Decreases		
Permanent	-1,011,823	

Temporary	-2,573,740	
Deductions	-33,517,173	
IRAP tax payable	54,370,511	
Current IRAP tax for the year		2,120,450
Actual tax rate		5%

Balance Sheet

Note 12 - Intangible assets

This item and related changes for the years ended 31 December 2023 and 2022 can be broken down as follows:

<i>(in thousands of Euro)</i>	Other intangible assets	Goodwill	Concessions	Intangible assets in progress	User licences	Overall total
Balance at 31 December 2022	5,100	905	154,726	1,068	11,302	173,101
<i>Of which:</i>						
- historic cost	32,532	1,293	275,225	1,068	13,979	324,097
- accumulated amortisation	-27,432	-388	-120,499	-	-2,677	-150,996
Increases	769	-	26,985	3,753	-	31,507
Other changes (historic cost)	3,186	-	42	-3,227	49	50
Other changes (acc. amortisation)	1	-	-	-	-	1
Decreases (historic cost)	-	-	-2,908	-	-	-2,908
Decreases (acc. amortisation)	-	-	2,798	-	-	2,798
Amortisation	-2,935	-	-9,746	-	-81	-12,762
Write-downs	-	-905	-	-	-	-905
Balance at 31 December 2023	6,121	-	171,897	1,594	11,270	190,882
<i>Of which:</i>						
- historic cost	36,487	388	299,344	1,594	14,028	351,841
- accumulated amortisation	-30,366	-388	-127,447	-	-2,758	-160,959

“Other changes” refer to transfers between the various categories of assets.

In 2022, Euro 912 thousand was reclassified from "plant and machinery" shown in Note 13 to "Concessions". This reclassification was necessary as the consolidation entries relating to part of the netting of intercompany margins refer to non-current assets classified under “Concessions”.

In 2022 as well, Euro 580 thousand was reclassified from "Intangible assets in progress" to "Tangible assets in progress" shown in Note 13. This amount mainly refers to the remote control project that began amortisation in 2023 for the Group companies Mantova Ambiente Srl, Sei Srl and AqA Srl BC.

The business units of A.SE.P. (water and gas) and LGH (gas sales), contained in the item “Goodwill”, were fully written down.

The item “User licences” recorded increases for transfers from non-current assets of Euro 49 thousand due to a reclassification of the asset relating to the renewal of the AIA concession of Depura Srl, previously included in tangible assets.

The increase in the item “Other intangible assets” mainly refers to investments related to software, in particular SAP licenses and developments, specific information systems for the gas and water business and apps for customers.

“Concessions”, totalling Euro 171,897 thousand at 31 December 2023, are mainly composed of rights relating to networks and systems for providing the following services managed by the Group: gas distribution, integrated water cycle and cemetery services. The increases recorded for this item refer to the capex made in 2023 in the integrated water

cycle, in gas distribution and in cemetery services. These concessions and activities are accounted for using the intangible assets model indicated in IFRIC 12.

With regard to gas distribution, the company Sei Srl is the concession holder of networks in 10 municipalities in the province of Mantova, 8 of which in the "Mantova 1" Area and 2 in the "Mantova 2" Area. Of these, 9 were subsequently awarded on approval of Decree 164/2000 (the "Letta Decree", implementing Directive 98/30/EC), which revised the duration of the concessions (initially between 10 and 40 years). A list of existing concessions at 31 December 2023 is provided below:

Municipality	Local Area	Signing date	Termination date
Asola	Mantova 1	11/06/2007	31/01/2020
Borgo Virgilio	Mantova 1	23/12/2008	01/01/2021
Bozzolo	Mantova 1	31/05/2007	01/02/2020
Curtatone	Mantova 1	05/04/2011	05/04/2023
Mantova	Mantova 1	30/12/1999	30/12/2039
Porto Mantovano	Mantova 1	16/09/2010	01/10/2022
San Benedetto Po	Mantova 2	12/04/2005	11/03/2019
San Giorgio di Mantova	Mantova 1	16/09/2010	01/10/2022
San Martino dall'Argine	Mantova 1	17/09/2007	10/03/2020
Suzzara	Mantova 2	08/11/2011	08/11/2023

No calls for tender have been published for the areas mentioned above, nor is it foreseeable when they might be issued. Expired and expiring concessions (San Benedetto Po, Asola, Bozzolo, San Martino dall'Argine, Borgo Virgilio, Porto Mantovano, San Giorgio Bigarello, Curtatone and Suzzara) are extended by law until the date of the new award procedure.

The gas distribution tariffs are established pursuant to regulations in force and periodic resolutions published by the sector Authority (ARERA), and are determined on the basis of the number of re-delivery points (RPs) managed, the return on invested capital and the amortisation of the asset. The tariff regulations in force at the time of approval of these consolidated financial statements are primarily represented by resolution 570/2019/R/gas which for 2023 approved the compulsory tariffs for natural gas distribution, metering and marketing services. In addition to setting the tariffs, ARERA also establishes the minimum quality and safety levels of the services provided, to which a system of incentives/penalties is linked to stimulate continuous improvement of services by the distributors.

The concessions of the networks and plants of the integrated water service, as far as most of the province of Mantova is concerned, were awarded to the Tea Group (specifically to the company AqA Srl Benefit Corporation) in November 2005 and in February 2016 for the municipality of Castiglione delle Stiviere only. On 01/01/2022, the Ireti business unit that was managing the water supply network and drinking water treatment plants in the municipalities of Viadana and Gazzuolo was also acquired, thus completing the management of the three services in 40 municipalities.

The tariffs applied by the company to end users are established by specific resolutions of ARERA. Specifically, with resolution 580/2019, ARERA approved the water tariff method for the regulatory period 2020-2023 (MTI-3) defining the criteria for the determination of the maximum permissible tariff revenues for water utilities with which we have determined the Operator Revenue Restriction (VRG) for the years 2020 and 2021. By means of resolution 639/2021, ARERA defined the criteria for the biennial update of the tariff arrangements for the years 2022 and 2023.

Under the water tariff method, each operator is granted a revenue (called VRG) determined on the basis of operating and capital costs. This mechanism allows any differences in volumes and other opex allowed by the method to be recovered through adjustments in the following two years.

The cemetery services provided directly by the parent company Tea Spa BC include the management and maintenance of cemeteries (mainly those in the Municipalities of Mantova and Suzzara), crematorium management and vigil lighting. These services, provided as a result of tender awards, are subject to tariffs determined by the Ministry.

The increase in intangible assets is mainly attributable to investments in concessions:

- gas concessions increased by Euro 4,675 thousand, due to the investments in the gas distribution network and related connections, cathodic protection, remote control, gas pressure stations and remote metering.
- water sector concessions increased by Euro 22,129 thousand for new investments in drinking water purification plants and wells, the sewerage network, purification plants and lifting systems;

- cemetery concessions increased by Euro 221 thousand for the extraordinary maintenance works on cemeteries managed and on the cremation plant.

Note 13 - Tangible assets

The tangible assets mainly refer to the Mariana Mantovana landfill and the networks and systems relating to district heating, gas, water and generic plants not accounted for in compliance with IFRIC 12 "Service Concession Arrangements".

This item and related changes for the years ended 31 December 2023 and 2022 can be broken down as follows:

<i>(in thousands of Euro)</i>	Other tangible assets	Landfill	Tangible assets in progress	Plant and machinery	Land and buildings	Overall total
Balance at 31 December 2022	12,079	13,233	5,515	36,658	20,812	88,297
<i>Of which:</i>						
- historic cost	38,314	53,863	5,515	100,993	36,107	234,792
- accumulated depreciation	-26,235	-40,630	-	-64,335	-15,295	146,495
Increases	3,284	-	7,176	1,145	259	11,864
Other changes (historic cost)	1,258	267	-6,458	4,011	877	-45
Other changes (acc. depreciation)	-	-	-	-203	-	-203
Decreases (historic cost)	-657	-	-	-6	-	-663
Decreases (acc. depreciation)	573	-	-	6	-	579
Depreciation	-2,867	-1,647	-	-4,588	-1,068	-10,170
Adjustment to provision for landfill post-closure management	-	3,174	-	-	-	3,174
Balance at 31 December 2023	13,670	15,027	6,233	37,023	20,880	92,833
<i>Of which:</i>						
- historic cost	42,199	57,304	6,233	106,143	37,243	249,122
- accumulated depreciation	-28,529	-42,277	-	-69,120	-16,363	156,289

"Other changes" refer to transfers between the various categories of assets.

In 2022, Euro 912 thousand was reclassified from "plant and machinery" shown in Note 13 to "Concessions". This reclassification was necessary as the consolidation entries relating to part of the netting of margins refer to non-current assets classified under "Concessions".

In 2022 as well, Euro 580 thousand was reclassified from "Intangible assets in progress" shown in Note 12 to "Tangible assets in progress": This amount mainly refers to the remote control project that began amortisation in 2023 for the Group companies Mantova Ambiente Srl, Sei Srl and AqA Srl BC.

With reference to the landfill, the adjustment of the provision for post-closure management reflects the change in the estimates of the present value of the investments necessary to complete the structures and plants and the costs of cleaning up the landfill at the end of the operating period, according to the method illustrated in the notes commenting on Provisions for Risks and Charges.

The increases include purchases of hardware, vehicles, capital expenditure made with regard to the management of the waste management and waste collection and transport service and with regard to plants relating to activities not managed under concessions. Specifically, investments were recognised in the district heating network and in thermal plants, for the construction of the new plant for treating leachate containing PFAS located in the Municipality of Castiglione delle Stiviere (MN) and for the remote control project.

The following table shows a breakdown of costs by nature incurred in 2023 and 2022 and then capitalised, mainly relating to capital expenditure in assets covered by service concession agreements classified under intangible assets:

<i>(in thousands of Euro)</i>	2023	2022
Tangible	4,661	7,808
Services	24,712	19,982
Other expenses	140	221
Personnel	2,428	2,015
Total	31,941	30,026

Note 14 - Right of use

Rights of use refer to leases of buildings, plant and car leases for which the Group has applied IFRS 16. 2023 is the fourth year of application of IFRS 16. The increases in the year refer to new lease agreements for Tea Spa BC and Tea Energia, and new car lease contracts for the companies Tea Spa BC, Tea Energia, Mantova Ambiente, Tea Reteluce and AqA SB. For new leases, the incremental borrowing rate applied to financial liabilities varies according to the length of the leases. It should be noted that the incremental borrowing rate applied to financial liabilities recognised during the year (corresponding to the increases in rights of use recorded during the year) falls within the following range of data:

- Contracts expiring within 5 years: from 2.30% to 1.85%;
- Contracts expiring from 5 to 10 years: from 2.04% to 2.67%;
- Contracts expiring beyond 10 years: 3.02%

All contracts refer to Italy.

The following table shows the effects on the Income statement of the recognition of lease agreements in accordance with IFRS 16.

<i>(in thousands of Euro)</i>	<i>Buildings</i>	<i>Other assets</i>	<i>Right of use</i>
Balance at 1 January 2022			4,762
<i>Of which:</i>			
- <i>historic cost</i>	5,639	1,313	6,952
- <i>accumulated depreciation</i>	-1,475	-715	-2,190
<i>Increases (historic cost)</i>	371	313	684
<i>Decreases (historic cost)</i>	-255	-51	-306
<i>Other changes</i>			-
<i>Decreases in accumulated depreciation</i>	211		211
<i>Depreciation</i>	-607	-315	-922
Balance at 31 December 2022			
<i>Of which:</i>			4,429
- <i>historic cost</i>	5,755	1,575	7,330
- <i>accumulated depreciation</i>	-1,871	-1,030	-2,901
<i>Increases (historic cost)</i>	355	238	593
<i>Decreases (historic cost)</i>	-124	-104	-228
<i>Other changes</i>			-
<i>Decreases in accumulated depreciation</i>	124	104	228
<i>Depreciation</i>	-727	-256	-983
Balance at 31 December 2023	3,512	527	4,039
<i>Of which:</i>			
- <i>historic cost</i>	5,986	1,709	7,695
- <i>accumulated depreciation</i>	-2,474	-1,182	-3,656

Effect on the Income statement	31/12/2023
Financial expenses	88
Right of use amortisation	983
Costs relating to short-term/low value leases	431
Total	1,502

Costs relating to short-term/low value leases are classified as costs for use of third party assets and refer to rental fees for leased cars with a duration of less than 12 months, rental fees for equipment with insignificant unit value.

This item also includes finance lease agreements.

The following table shows the breakdown of the right of use:

<i>(in thousands of Euro)</i>	At 31 December	
	2023	2022
Historic cost	7,695	7,330
Accumulated amortisation	-3,656	-2,901
Net carrying amount	4,039	4,429

The following table shows the breakdown of the right of use:

<i>(in thousands of Euro)</i>	At 31 December	
	2023	2022
Buildings IFRS 16	3,512	3,884
Other assets IFRS 16	527	545
Net carrying amount	4,039	4,429

Note 15 - Investments measured using the equity method

<i>(in thousands of Euro)</i>	2022	Change	2023
Biociclo	1,472	62	1,534
Unitea	-	-	-
Blugas Infrastrutture	4,713	33	4,746
Total	6,185	95	6,280

Blugas Infrastrutture's assets contain the right to collect 20% of the annual production of the Longanesi deposit up to the amount of 70 million square metres. The deposit is located in the province of Ravenna and the joint owners of the permit are Aleanna Italia Srl, against which Blugas Infrastrutture holds the right, and Padana Energia, which is the operator of the joint venture. During 2021, the drilling works began for mining the deposit, which continued in 2023. Production tests are expected to start in 2025.

Note 16 - Other non-current assets

This item breaks down as follows:

<i>(in thousands of Euro)</i>	Year ended 31 December	
	2023	2022
Non-current financial receivables from related parties	8,985	8,034
Investments in other entities	31,022	31,022
Non-current financial receivables from others	-	-
Guarantee deposits	587	3,789
Financial receivable from street lighting	27,473	28,522
Multi-year prepaid expenses	2,876	3,070
Other non-current assets	2,358	1,194
Other non-current assets from related parties	1,315	1,223
Total	74,616	76,854

The item “Non-current financial receivables from related parties” mainly refers to the financial receivable due from the Blugas Infrastrutture Srl for Euro 5,909 thousand. The remainder breaks down into:

- a medium/long-term receivable to the Municipality of Asola for Euro 2,532 thousand, maturing at the end of September 2038;

- a receivable to A3M Luce Srl amounting to Euro 544 thousand, maturing in January 2025.

Note that, for better representation and comparability of the 2022-2023 financial statements, two reclassifications were made in 2022:

- one reclassification from “current financial receivables from related parties” to “non-current financial receivables from related parties” for Euro 1,871 thousand, relating to the medium/long-term receivable due from A3M Luce Srl;
- one reclassification of Euro 446 thousand from “non-current financial receivables from third parties” relating to the receivable for penalties posted as a result of the agreement signed in 2021 between Tea Reteluce Srl and A3M Luce Srl.

The financial position of A3M Luce Srl, shareholder and partner of the Group, required careful assessment of the receivables that it owes to the Group. To ensure that A3M Luce Srl maintains a balance in its financial position and regularly meets its obligations, in 2023, Tea S.p.A BC and the shareholders of A3M Luce Srl launched a deal to immediately obtain the value of the residual portion (20%) of the share capital of Tea Reteluce Srl held by A3M Luce Srl, by moving up the regular term set for the takeover (2034), to allow the shareholder to fully pay the receivables due to the Company and to Tea S.p.A SB. As a result of those developments and the resulting economic-financial plan of the shareholder, the Company’s Directors deemed the receivable due from A3M Luce Srl to be fully recoverable. Negotiations are under way with the shareholders of Tea S.p.A BC and A3M Luce S.r.l. To finalise the agreement entered into on 23 April 2023 regarding the purchase by Tea Spa BC of a 20% stake in the Company held by A3M Luce S.r.l., effective on 30 June 2034, and the amount of Euro 500 thousand has been lodged as pledge.

“Guarantee deposits” decreased on the previous year (Euro 3,202 thousand) due to the refund of the amounts paid to suppliers by Tea Energia Srl in 2022.

The item “Investments in other entities” refers to the investment in Enipower Mantova Spa equal to 13.5% and recorded in the financial statements for a total value of Euro 30,900 thousand, unchanged on the previous year, and the investment in Casalasca equal to 13.88% and recorded at a value of Euro 121 thousand.

The non-current “Financial receivable from street lighting” derives from the application of “IFRIC 12 - Financial Method” to the service under concession for the management and upgrading of street lighting systems provided by the Tea Group, particularly by Tea Reteluce Srl.

During 2023, 2 Municipalities were added, through tender participation, to the 63 already included in the 2022 scope.

“Other non-current assets” include advances by Mantova Ambiente Srl to the Municipalities of Pieve di Coriano and Ceresara for Euro 951.7 thousand. It is noted that the return of the advances to the two counterparties is continuing as per agreements, and Ceresara’s share for 2023 was collected at the start of 2024.

That item also includes Euro 846 thousand for receivables for the provincial surcharge and Euro 232 thousand for the non-current portion of the receivable for Industry 4.0.

“Other non-current assets from related parties” relates to the receivable for penalties due from A3M to Tea Reteluce Srl, due in 2034.

Below is the breakdown of receivables due beyond 12 months, relating to the receivables due from A3M, the Municipality of Asola and the Municipalities of Pieve and Ceresara, respectively due to Tea Reteluce Srl, Sei Srl and Mantova Ambiente Srl.

Non-current receivables (in thousands of Euro)	31.12.2023
Due beyond a year	4,799
of which within 5 years	838
of which beyond 5 years	3,961

Note 17 - Deferred tax assets

<i>(in thousands of Euro)</i>	Year ended 31 December	
	2023	2022
Deferred tax assets	7,567	3,902
Total	7,567	3,902

For further information, please refer to Note 11.

Note 18 - Inventory

This item breaks down as follows:

<i>(in thousands of Euro)</i>	Year ended 31 December	
	2023	2022
Work in progress and semi-finished goods	2,756	570
Raw materials and consumables	2,252	2,673
Payments on account	-	76
Provision for inventory write-downs	-180	-180
Total	4,828	3,139

Inventory amounted to Euro 4,828 thousand at 31 December 2023 and Euro 3,139 thousand at 31 December 2022. The provision for write-downs totals Euro 180 thousand, unchanged from the previous year.

The increase in Work in progress and semi-finished goods” is mainly attributable to contract work in progress of the companies Mantova Ambiente and Tea Reteluce relating to the new Palazzo Tè park and the renovations works on the street lighting system.

Note 19 - Trade receivables

This item breaks down as follows:

<i>(in thousands of Euro)</i>	Year ended 31 December	
	2023	2022
Trade receivables for invoices issued	71,429	68,078
Trade receivables for invoices to be issued	54,701	80,876
Provision for bad debts	-17,911	-18,110
Total	108,219	130,844

Receivables refer primarily to the invoices issued for users of gas, water, energy and waste, net of the provision for bad debts. Receivables for invoices to be issued refer to estimated consumption by customers in the period from the last

invoice issued to the end of the year for electricity, natural gas and district heating, as well as to the obligations arising from the VRG, VRT and PEF contracts entered into with the Municipalities.

The following table shows the changes in the provision for bad debts:

<i>(in thousands of Euro)</i>	Provision for bad debts
31/12/2022	18,110
Allocations	5,160
Uses	-5,359
31/12/2023	17,911

Allocations reflect the specific credit exposure of Tea Energia, Mantova Ambiente and Aqa, while uses mainly refer to the waste management, water, gas and district heating businesses.

Note 20 - Current tax receivables

<i>(in thousands of Euro)</i>	Year ended 31 December	
	2023	2022
IRES tax receivables	-	9
IRAP tax receivables	-	52
Total	-	61

Current tax receivables refer to the IRES and IRAP advances.

Note 21 - Other current tax assets

<i>(in thousands of Euro)</i>	Year ended 31 December	
	2023	2022
VAT receivables	311	895
Other tax receivables	547	2,285
Gas duty payable to tax authorities	2,573	2,414
Total	3,431	5,594

The item "Other tax receivables" mainly consists of receivables for new investments in the amount of Euro 111 thousand, and receivables for Industry 4.0 in the amount of Euro 445 thousand.

Note 22 - Other current assets

<i>(in thousands of Euro)</i>	Year ended 31 December	
	2023	2022
Advances to suppliers	355	400
Receivables for the social bonus	11	-
Derivative financial instruments - assets	-	137
Incentives for electricity production from renewable sources	900	650
Prepaid expenses	915	672
Energy efficiency certificates	905	679
Other current assets	6,162	2,600
Other current assets from related parties	1,737	3,840
Tariff component compensation receivables	2,786	10,018
Receivables for Covid-19 contributions	89	175
Total	13,860	19,171

The item “Incentives for electricity production from renewable sources”, amounting to Euro 900 thousand, refers to the receivable due from Arera.

The item “Energy efficiency certificates” refers TEE held in the portfolio for Euro 905 thousand.

The item “Other current assets” mainly includes the receivable due from RFI for Euro 4,565 thousand, relating to the works carried out by Aqa Società Benefit and Tea Reteluce on behalf of Rete Ferroviaria Italiana for railway underpasses and doubling, on investments not remunerated through the tariff, in the province of Mantova.

“Other current assets from related parties” refer to the receivable due from A3M for Euro 1,661 thousand and the receivable due from the Municipality of Asola for gas networks for Euro 75 thousand.

The decrease in “Tariff component compensation receivables” is attributable to the fact that the social bonuses established in 2022 to mitigate high utility bills were not renewed in 2023.

Note 23 - Cash and cash equivalents

This item breaks down as follows:

<i>(in thousands of Euro)</i>	Year ended 31 December	
	2023	2022
Cash on hand	6	7
Bank and post office accounts	37,084	25,041
Total	37,090	25,048

Please refer to the statement of cash flows for further information on the generation and absorption of cash and cash equivalents.

Note 24 - Shareholders' Equity

Share capital

At 31 December 2023, the Group's fully subscribed and paid-up share capital amounted to Euro 73,403 thousand (Euro 73,403 thousand at 31 December 2022) and consisted of 283,408 ordinary shares in issue (283,408 ordinary shares in issue including 1,516 treasury shares at 31 December 2023) with a par value of Euro 259 each.

Other reserves

The breakdown of Other reserves is shown below:

- Negative reserve for treasury shares held recognised for Euro 411 thousand;
- Revaluation reserve pursuant to Law 185/2008 recognised for Euro 2,592 thousand;
- FTA reserve recognised for Euro 17,633 thousand;
- Voluntary Contribution Reserve recognised for Euro 1 thousand;
- Reserve for Profits Carried Forward recognised for Euro 18 thousand;
- Consolidation Reserve recognised for Euro 10,294 thousand; Other changes refer to the change in 2023 compared to the previous year, as a result of the consolidation calculations.

There is also a reclassification from the consolidation reserve to the extraordinary reserve of Euro 4,778 thousand, due to the accounting rectifications/adjustments regarding previous years.

Capital and reserves - minority interests include other changes of Euro 178 thousand, which comprise the entries for previous years' rectifications/adjustments and the capital increase of Depura Srl for Euro 400 thousand.

Other reserves as a balancing entry to comprehensive income

The breakdown of Other reserves that are changed as a balancing entry to comprehensive income is shown below.

<i>(in thousands of Euro)</i>	Cash flow hedging	Actuarial reserve
At 31 December 2021	285	-89
<i>Profit/(Loss)</i>	-258	477
<i>Tax effect</i>	77	-89
Other comprehensive income	-181	388
At 31 December 2022	104	299
<i>Profit/(Loss)</i>	-58	31
<i>Tax effect</i>	14	-1
Other comprehensive income	-44	30
<i>Other changes</i>		-63
At 31 December 2023	60	266

Note 25 - Non-current loans

The following table provides a breakdown of this item at 31 December 2023 and 2022:

<i>(in thousands of Euro)</i>	Year ended 31 December	
	2023	2022
Non-current portion of bank loans	89,146	83,640
Right of use financial payables	3,027	3,436
Bonds	-	11,986
Non-current loans	92,173	99,062
Current portion of bank loans	9,822	16,331
Right of use financial payables	895	882
Bonds	11,987	4,964
Bank overdrafts	115	20
Current loans	22,819	22,197
Total loans	114,992	121,259

<i>(in thousands of Euro)</i>	Due within a year	Due in 1 to 5 years	Due after more than 5 years	Total
31/12/2023				
Bank loans	9,822	80,262	8,884	98,968

Right of use financial payables	895	1,913	1,114	3,922
Bonds	11,987	-	-	11,987
Bank overdrafts	115	-	-	115
31/12/2022				
Bank loans	16,331	83,640		99,971
Right of use financial payables	882	2,637	799	4,318
Bonds	4,964	11,986		16,950
Bank overdrafts	20			20

Finance lease liabilities represent the recognition of liabilities resulting from the accounting of lease agreements on buildings and cars as fringe benefits pursuant to IFRS 16.

The changes in loans are shown below:

<i>(in thousands of Euro)</i>	Value at 31.12.2022	Increases	Decreases	Value at 31.12.2023
Bank loans	99,971	15,300	-16,303	98,968
Right of use financial payables	4,318	679	-1,075	3,922
Bonds	16,950	37	-5,000	11,987
Bank overdrafts	20	95	-	115

The following table summarises the “cash changes” and “non-cash changes” as required by IFRS 7.

<i>(in thousands of Euro)</i>	01/01/2023	Cash changes		Non-cash changes			31/12/2023
		Increases	Reimbursements	Changes due to acquisitions	RoU increase	Other	
Bank borrowing	99,971	14,850	-16,303			450	98,968
Bonds	16,950		-5,000			37	11,987
Finance lease liabilities	4,318		-1,075		593	86	3,922
Bank overdrafts	20	95					115
Total	121,259	14,945	-22,378	-	593	573	114,992

During 2023 a tranche of a loan taken out with the European Investment Bank in 2022 was applied for and disbursed for a total of Euro 15 million. The related costs were capitalised and amortised over the entire duration of the loan.

At the end of 2023 the group had unused short-term cash lines of Euro 63 million, of which Euro 20 million in the form of committed revolving lines.

As at 31 December 2023, the last instalment of the 2017-2024 bond loan at 2.3% was due. The residual amount totalled Euro 11,987 thousand. With regard to the changes in interest rates and maturities agreed with the bondholders during 2024 relating to the bond, reference is made to the paragraph “Significant events after the reporting period”.

For more details on the increases in loans during the year and their use, refer to the “Risk management” section of the Directors’ Report.

The following table provides information on the main loans in place:

<i>(in thousands of Euro)</i>	Financial institutions	Contract year	Maturity year	Notional value	At 31 December			
					Interest rate	2023	current portion	2022

Banco BPM	2019	2025	12,000	3M/6M Euribor+spread	2,133	842	3,351	1,240
MPS	2021	2026	1,660	6M Euribor+spread	3,490	1,139	4,619	1,126
Credit Agricole	2002	2027	4,338	6M Euribor+20bps	706	199	894	199
Credit Agricole	2022	2023	5,000	2.14%	-	-	5,000	5,000
Intesa SanPaolo	2022	2023	8,000	1.89%	-	-	8,000	8,000
Bper	2019	2024	2,000	3M Euribor+110bps	405	405	808	403
Unicredit	2021	2027	2,700	0.40%	2,360	675	2,700	338
Banking pool A	2022	2027	70,000	6M Euribor+150bps	68,900	6,532	68,095	-
Banking pool B1	2022	2028	10,000	6M Euribor+165bps	6,000	-	6,375	-
EIB Loan	2023	2035	15,000	3.70%	14,865	-	-	-
Other	2013	2027	489	Fixed	109	30	129	25
Total			190,687	-	98,968	9,822	99,971	16,331

The increase in medium/long-term exposure compared to the previous year was due to the disbursement of the EIB loan, which aims to cover the planned investments in the water business.

In line with international practices, during the years under review the Group's loan agreements envisage compliance with operating and financial covenants, which at 31 December 2023 had been satisfied.

Covenants: a number of contractual clauses require the Group to comply with certain levels of financial ratios and could lead to changes in the interest rate if certain conditions arise. If these covenants are not satisfied, the Group could be called upon to immediately settle the residual debt. The following are also envisaged:

- negative pledges: those clauses entail the option for the financial institutions to demand early repayment of the loans, mainly establishing limits to the option for the Group to establish collateral and personal guarantees on its assets in favour of third parties, or to change the reference shareholding structure that controls the Group without the consent of the lenders;
- cross-default clauses: those clauses provide that, where the default of an obligation arising from relations other than loan contracts is declared, such default triggers the default of the loan contracts.

At 31 December 2023, the bond, pool line and EIB line were covered by loan agreements that contained financial covenants providing for certain limitations, which require the Group to have a specific level of NFP/EBITDA, NFP/Equity, Available Cash Flow/Financial Debt and EBITDA/Financial Expenses.

Note 26 - Employee benefits

Employee benefits include the employee severance indemnity for Group employees. The following shows a breakdown of the changes recorded in the years under review:

<i>(in thousands of Euro)</i>	Employee severance indemnity
1 January 2022	5,305
Costs for services	114
Financial expenses on employee severance indemnity	401
Total	515
Uses and advances	-576
Actuarial (Losses) Gains	-477
31/12/2022	4,767
Costs for services	123
Financial expenses on employee severance indemnity	167
Total	289

Uses and advances	-376
Actuarial (Losses) Gains	31
31/12/2023	4,711

The assumptions regarding employee invalidity are made on the basis of an actuarial calculation aligned with published statistics and with insurance sector experience, broken down by gender and age. The assumptions regarding pension age are based on position and the type of employment contract.

The actuarial assumptions for the calculation of defined benefit pension plans are broken down in the following table:

<i>(as percentages)</i>	At 31 December	
	2023	2022
Main assumptions		
Inflation rate	2.50%	3.00%
Discount rate	3.08%	3.63%
Pay increase rate	1.50%	1.50%
Turnover rate - Executives	5.00%	5.00%
Turnover rate - employees	5.00%	5.00%

Sensitivity analysis: Overall employee severance indemnity in accordance with IAS 19		31.12.2023
<i>(in thousands of Euro)</i>		
Discount rate +0.5%		4,572
Discount rate -0.5%		4,851
Inflation rate +0.5%		4,794
Inflation rate -0.5%		4,624

Note 27 - Provisions for risks and charges

The changes in this item were as follows:

<i>(in thousands of Euro)</i>	At 31 December 2022	Allocations	Releases	Changes in estimated cash flows	Uses	At 31 December 2023
Provision for landfill post-closure management	21,826	1,030	-	3,174	-8	26,022
Terna Provision	152	80	-	-	-152	80
Snam Provision	80	80	-80	-	-	80
Prov. for disputes - supplementary pension fund	44	22	-	-	-	66
Prov. for indirect commercial network	989	201	-8	-	-76	1,106
Prov. for disputes - Edison	-	1,941	-	-	-	1,941
Prov. for legal disputes	227	-	-45	-	-102	80
National Collective Labour Agreement Solidarity Fund	106	25	-	-	-	132
Prov. for Expenses - Debt Collection	562	260	-1	-	-561	260
ARPA Penalties Provision	161	-	-	-	-27	134
Prov. for Expenses - Debt Collection	-	120	-	-	-	120
Prov. for RQTI Penalties	71	465	-	-	-36	500
Risks re district heating fee	1,502	1,502	-	-	-1,502	1,502
Other provisions for risks	829	1,867	-311	-	-	2,385
Total	26,549	7,593	-445	3,174	-2,464	34,407

Provision for landfill post-closure management

This provision substantially relates to future expenses for the environmental recovery of the landfill area once it is filled. Therefore, this provision includes the present value of the estimated capital expenditure required to complete the structures and facilities to be constructed in future years and the “post-mortem” expenses, i.e. the future expenses for the environmental recovery of the area on which the landfills are located, to be incurred starting from the filling and up to the completion of the conversion of the site into a green area.

This item was calculated through recourse to an independent expert appraisal and reflects the present value of the estimated costs, calculated on the basis of the rate of return on risk-free loans. The increases and decreases for the period were made to adjust existing provisions on the basis of estimated future costs to be incurred at the reporting date, any changes in the discount rate and the expected remaining useful life calculated on the basis of the average annual contributions and the total authorised volume. The decreases also refer to use of the provision for expenses incurred during the period (relating to closed sections of the landfill), and to the total expense incurred during the post-closure phase until mineralisation of the waste is completed and the landfill has been converted to parkland. The difference of Euro 3,174 thousand in the estimated cash flows recognised for the year is due to the decrease of interest rates recorded in the financial markets between the end of last year and 31 December 2023. The adjustment to the value of the provision due to the difference in the estimated cash flows is offset by a balancing entry that changes the value of the tangible asset to which the environmental clean-up obligation refers by the same amount.

Terna Provision

This includes Euro 152.1 thousand in uses of the amounts allocated for adjustments and Euro 80 thousand in allocations by Tea Energia for adjustments relating to previous years.

Snam Provision

This includes Euro 80 thousand both in releases and in allocations of Tea Energia for adjustments relating to previous years.

Prov. for disputes - Edison

This includes Euro 1,941.1 thousand in allocations of Tea Energia for a dispute that progressed to the second instance, for which, despite the favourable result in the first instance, the risk of losing is deemed probable.

Other provisions for risks

The item other provisions includes the allocation of Euro 1,800 thousand made by the Parent Company relating to the environmental repair project named “Mantova Hub”.

The item also includes the Unitea Provisions for Risk of Euro 247 thousand, unchanged on the previous year.

There are also allocations to minor provisions for risks and charges mainly relating to the provisions for end of term of the BoD’s office and agents’ severance indemnity.

It is also noted that the provision decreased by Euro 311 thousand as a result of lower risks.

Note 28 - Deferred tax liabilities

<i>(in thousands of Euro)</i>	Year ended 31 December	
	2023	2022
Deferred tax liabilities	2,918	1,344
Total	2,918	1,344

See Note 11 for further details.

Note 29 - Other non-current liabilities

<i>(in thousands of Euro)</i>	Year ended 31 December	
	2023	2022
Guarantee deposits from customers	1,899	5,374
Deferred income from contributions	5,232	-
Other multi-year deferred income	1,706	1,043
Other non-current liabilities from related parties	400	400
Total	9,237	6,817

The item “Guarantee deposits from customers” decreased as a result of the reduction in value of the raw material electricity of Tea Energia, which, following the sharp increase in 2022, required guarantee deposits from its customers with the highest consumption, in order to keep the risk profile low and reduce on-balance sheet exposure. In 2023, in light of the changed trends in prices and, thus, in risk, the company partially refunded the deposits previously paid and did not make any new requests.

“Deferred income from contributions” mainly refers to the contributions disbursed by RFI to Aqa Srl Società Benefit for Euro 3,562 thousand and to Sei Srl for Euro 1,000 thousand.

Note 30 - Current loans

Please refer to Note 25.

Note 31 - Trade payables

This item breaks down as follows:

<i>(in thousands of Euro)</i>	Year ended 31 December	
	2023	2022
Trade payables	68,229	79,267
Payables to subsidiaries	-	-
Payables to associated companies	208	207
Payables to related parties	157	3,692
Total	68,594	83,166

The item “Payables to related parties”, equal to Euro 157 thousand, decreased on 2022 as the fees incurred by Sei for the concession of the gas distribution service had been paid by the Municipality of Mantova by the end of the year.

Note 32 - Current tax payables

<i>(in thousands of Euro)</i>	Year ended 31 December	
	2023	2022
Tax payables - IRAP	515	288
Tax payables - IRES	2,656	1,264
Total	3,171	1,552

Note 33 - Other current tax liabilities

<i>(in thousands of Euro)</i>	Year ended 31 December	
	2023	2022
Other tax payables	1,007	913
Italian TV licence fees payable	197	351
Energy duty payable to tax authorities	-	-
Regional waste tax	1,589	2,553
Total	2,793	3,817

The item "Other tax payables" mainly refers to IRPEF of employees and substitute tax on employee severance indemnity revaluation.

The item "Regional waste tax" of Euro 1,589 thousand mainly refers to the provincial surcharge on the waste tariff of Euro 1,108 thousand. The remainder of Euro 481 thousand relates to the environmental tax.

Note 34 - Other current liabilities

<i>(in thousands of Euro)</i>	Year ended 31 December	
	2023	2022
Payables to subsidiaries	-	-
Payables to employees	1,803	1,652
Payables to social security/pension institutions	2,098	2,025
Tariff component compensation payables	965	1,562
Other short-term liabilities	3,683	10,407
Other short-term liabilities to related parties	10,002	7,968
Payable from tax consolidation	-	-
Annual accrued expenses and deferred income	8,426	6,919
Total	26,977	30,533

The item "Other short-term liabilities" decreased, mainly due to advances from customers of Tea Energia which, in 2023, the company did not request from customers, due to the changed trends in prices and, thus, in risk.

Annual accrued expenses and deferred income mainly refer to advances to municipalities in 2023 (amount billed/invoiced exceeding the Economic and Financial Plans) and the remainder of advances in the previous years relating to Mantova Ambiente.

Other information

For more details on Risk management, refer to that set out in the Group's Directors' Report.

(i) Guarantees

The breakdown of guarantees given is as follows:

<i>(in thousands of Euro)</i>	At 31 December	
	2023	2022
Guarantees in favour of associated companies for medium/long-term loans	7,710	7,460
Guarantees in favour of other companies for medium/long-term loans	-	-
Total	7,710	7,460

(ii) Remuneration due to Directors, Statutory Auditors and Independent Auditors

The annual remuneration due to Directors and members of the Board of Statutory Auditors can be broken down as follows:

(in Euro)	Year ended 31 December	
	2023	2022
Remuneration to statutory auditors	202,277	183,400
Remuneration to directors	274,209	961,433
Total remuneration to directors and statutory auditors	476,486	1,144,833

No advances were paid.

The fees due to the Independent Auditors charged in the period from 1 January 2023 to 31 December 2023 totalled Euro 238,035 thousand.

Note that this amount includes the ISTAT adjustment and accessory expenses.

(in Euro)	Year ended 31 December	
	2023	2022
Statutory audit of the annual accounts	238,035	168,100
Other non-audit services	43,000	43,000
Total fees due to the external auditor or the independent auditors	281,035	211,100

(iii) Related party transactions

Related parties are identified on the basis of provisions of IAS 24. Related party transactions are mainly of a trade and financial nature and are associated with transactions carried out at arm's length. However, there is no guarantee that, if such transactions were concluded between or with third parties, the latter would have negotiated and signed the related contracts, or completed the transactions at the same conditions and in the same manner.

The breakdown of related party transactions is as follows:

PARENT COMPANY	Trade receivables	Financial receivables	Trade payables	Financial payables
Municipality of Mantova	2,196,417		182,883	10,002,899
COMPANIES SUBJECT TO THE CONTROL OF THE PARENT COMPANY				
ASTER Srl - Agenzia Servizi Al Territorio	66,071		9,000	
ASPeF - Azienda Servizi alla Persona e alla Famiglia	60,552			
Valdaro Spa	698			
OTHER RELATED PARTIES				
Unitea Srl ²	341,567			
Blugas Infrastrutture Srl ²	2,536,301	5,909,114		
Biociclo Srl ³	79,117		208,100	
S.I.S.A.M. Spa Società Intercomunale Servizi Alto Mantovano ¹			36,000	
Progetto Mantova Scarl ¹	6,316		1,216,683	
Casalasca Servizi Spa ³	605,491		112,683	
Green Alliance ³				

Last Service Srl in liquidazione ³				
A3M Luce Srl ¹	335,164	3,684,596	735,410	
Acque della Concordia Srl ¹			1,413,362	400,000
Enipower Mantova Spa ²				
S.I.E.M. -Società Intercomunale Ecologica Mantovana Spa ¹	4,670		64,631	
Apam Spa ²				

⁽¹⁾ Minority shareholders

⁽²⁾ Investee companies of the Parent Company Tea Spa

⁽³⁾ Investee companies of subsidiaries

PARENT COMPANY	Operating revenues	Operating costs	Financial income and (expenses)
Municipality of Mantova	9,696,893	1,271,412	
COMPANIES SUBJECT TO THE CONTROL OF THE PARENT COMPANY			
ASTER Srl - Agenzia Servizi Al Territorio	150,190	438	
ASPeF - Azienda Servizi alla Persona e alla Famiglia	366,745		
Valdaro Spa	698		
OTHER RELATED PARTIES			
Unitea Srl ²	1,213,009		
Blugas Infrastrutture Srl ²	38,008		193,436
Biociclo Srl ³	6,004	876,288	
S.I.S.A.M. Spa Società Intercomunale Servizi Alto Mantovano ¹		237,124	
Progetto Mantova Scarl ¹	20,968	14,362,815	
Casalasca Servizi Spa ³	1,330,044	462,849	
Green Alliance ³			
Last Service Srl in liquidazione ³			
A3M Luce Srl ¹		2,904,254	127,932
Acque della Concordia Srl ¹		10,217,715	
Enipower Mantova Spa ²			
S.I.E.M. -Società Intercomunale Ecologica Mantovana Spa ¹	151,953	387,761	
Apam Spa ²			

⁽¹⁾ Minority shareholders

⁽²⁾ Investee companies of the Parent Company Tea Spa

⁽³⁾ Investee companies of subsidiaries

Fulfilment of transparency and publicity obligations regarding grants received from administrations or entities treated as such

With reference to the regulations in terms of transparency of government grants set forth by Law no. 124 of 4 August 2017, art. 1, paragraphs 125-129, we hereby declare that, at Group level, the following government grants were received:

- Euro 3,539 thousand received from AATO disbursed to AqA Società Benefit.

Off-balance sheet agreements

There are no off-balance sheet agreements which could significantly impact the Company's balance sheet and the financial position and results of the Group.

Significant events after the reporting period

The Group has considered the events up to 22 April 2024, the date on which the Board of Directors met to approve the consolidated financial statements.

In January 2024, the restriction on revenues from the district heating services, introduced by ARERA with Resolution 638/2023, entered into force. Up to the date of these notes, the application of the price formulas contractually set out by the Group did not require a reduction in the price applied in order to comply with the restriction.

In March 2024, the Bondholders' Meeting of Tea SpA BC approved the change to several terms of the 2017-2024 bond listed on the Irish Stock Exchange. Specifically, the maturity for the residual amount of the loan of 12 million euro was extended to 7 December 2025. The interest rate applied to the loan was confirmed at 2.3% up to the original maturity of 7 June 2024, while it will rise to 5% for the period June 2024-December 2025.

The extension allows the Group to maintain a diversified mix of loans in terms of nature, purpose and interest rate structure, and to have more flexibility to decide on the timing of a new bond issue in relation to the performance of interest rates.

In the early hours of 16 April 2024 the Company's IT systems detected a ransomware cyber attack that hit the datacenter at the headquarters of Via Taliercio 3. This cyber incident involved the encryption of data and the resulting temporary loss of availability of that data.

The event was handled promptly by a multidisciplinary team composed of internal and external professionals who took action to mitigate the impacts and restore the systems, which returned to full operation starting in the afternoon of 19 April 2024.

In terms of operations, there were no significant inconveniences caused to users, as it was possible to guarantee the flow of customer requests through the local branches, the call center and e-mail channels.

In the following days, a criminal group claimed responsibility for the attack and announced that data, including personal data, had been exfiltrated.

With specific reference to personal data protection, in compliance with the Group's General Procedure, the Data Breach Committee was established, which promptly coordinated the activities necessary to analyse and manage the event. Based on the technical results acquired to date, the event seems to have caused temporary unavailability of the data, which, however, were recovered through the backups that the Company had set up, as well as causing a loss of confidentiality, whose scope will be further analysed. In that regard, a digital forensics job was assigned to an expert who will provide a technical report that will provide important information to the preliminary analysis. As the data controller, the Company decided, as a preliminary procedural matter, to notify the Personal Data Protection Authority of the event, reserving the right to supplement such notification. In the same way, the Company also provided evidence of the event to the Municipalities for which it carries out personal data processing transactions as the data processor.

The Company also initiated discussions with the Postal and Telecommunications Police and notified the National Cybersecurity Authority (ACN) of the cyber incident.

Based on the information available at the date of this report, the Company believes that an assessment of the economic-financial impacts of the event may be carried out only on receipt of the technical results of the investigations currently under way.

These Consolidated Financial Statements, comprising the Consolidated Income Statement, Consolidated Statement of Comprehensive Income, Consolidated Balance Sheet, Consolidated Statement of Changes in Shareholders' Equity, Consolidated Statement of Cash Flows and the Notes, present a true and fair view of the financial position and of the result for the period and reflect the contents of the accounting records.

Mantova, 22 April 2024

The Chairman of the Board of Directors
Massimiliano Ghizzi

3. Independent Auditor's Report

Deloitte.

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20144 Milano
Italia

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**INDEPENDENT AUDITOR'S REPORT
PURSUANT TO ARTICLE 14 OF LEGISLATIVE DECREE No. 39 OF JANUARY 27, 2010
AND ARTICLE 10 OF THE EU REGULATION 537/2014**

To the Shareholders of
Territorio Energia Ambiente Mantova S.p.A. Società Benefit

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the consolidated financial statements of TEA Group (hereinafter also the "Group"), which comprise the consolidated statement of financial position as at December 31, 2023, the consolidated income statement, the consolidated statement of comprehensive income, the statement of changes in consolidated shareholders' equity, the consolidated statement of cash flows for the year then ended and explanatory notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the financial position of the Group as at December 31, 2023, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree no. 38/05.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of Territorio Energia Ambiente Mantova S.p.A. Società Benefit (hereinafter also the "Company") in accordance with the ethical requirements applicable under Italian law to the audit of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Ancona Bari Bergamo Bologna Brescia Cagliari Firenze Genova Milano Napoli Padova Parma Roma Torino Treviso Udine Verona

Sede Legale: Via Tortona, 25 - 20144 Milano | Capitale Sociale: Euro 10.538.720,00 i.v.

Codice Fiscale/Registro delle Imprese di Milano Monza Brianza Lodi n. 03049560166 - R.E.A. n. MI-1720289 | Partita IVA: IT 03049560166

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Recognition of assets and liabilities related to the landfills

Description of the key audit matter	<p>The Group's consolidated financial statements include tangible assets and non-current provisions referring to landfills, respectively equal to Euro 15,027 thousand and Euro 26,022 thousand. The carrying amount of tangible assets includes, in addition to the capitalized costs already incurred, the best estimate of the present value of the necessary investments to complete structure and plants, to be realized in the coming years, and of so-called "post-mortem" charges, that are the expenses the Group will bear in future financial years, as a consequence of the filling, to be incurred for post-operating management commitments in order to convert the site on which the landfill sits into a green area, net of accumulated depreciation and impairment losses, if any. The accounting counterbalance for these future charges is represented by non-current provisions.</p> <p>The valuation of investments to be made and future liabilities to be incurred for the decommissioning and remediation of sites is a complex process based on technical and financial assumptions of the Management, which are supported by an appraisals issued by an external specialist.</p> <p>Considering the complexity of the ongoing procedures, the uncertainties inherent in the estimation process and the magnitude of possible effects on the consolidated financial statements, we considered this topic as a key audit matter.</p> <p>The paragraphs "Estimates and assumptions" and "Provisions for risks and charges" within the consolidated financial statements deal with the information about accounting estimates and provisions for the decommissioning and remediation of landfills sites.</p>
Audit procedures performed	<p>As part of our audit, we have, among the others, carried out the following procedures:</p> <ul style="list-style-type: none"> • recognition and understanding of the relevant controls implemented by the Group in order to identify, initially evaluate and update the future investment and decommissioning provisions evaluation; • analysis of the criteria and assumptions used by the Management in estimating future investments and decommissioning provisions; • analysis of the external appraisal used by the Management; • assessment of the competence, capacity and objectivity of the independent expert appointed by the Management; • assessment of the compliance of accounting representations and the adequacy of the information disclosed in the notes with reference to such assets and liabilities in compliance with accounting standards.



Revenue recognition - commodities supplied between the last metering and the reporting date

Description of the key audit matter Revenues arising from the sale of electricity, gas and district heating, amounting to Euro 250,974 thousand, are recognized and accounted for at the moment in which the service is delivered and include the estimated revenues related to commodities supplied between the date of last metering of actual consumption and the reporting date. Such revenues are determined by estimating the daily consumption of each customer by taking into account historical trends, atmospheric conditions and other factors that may affect consumption.

We concluded that the process of determining such estimated part of year-end revenues constitutes a key audit matter for the consolidated financial statements considering the discretionary component inherent in the estimation process of the recognitions, the relevance of these accounts and the high number of transactions.

The paragraph "Valuation criteria" reports the information of the revenue recognition principles implemented by the Group.

Audi procedures performed

As part of our audit, we have, among the others, carried out the following procedures, even with the support of experts:

- analysis of the procedures put in place by the Group to determine the estimate of revenues for supplies made from the date of the last recording to the year-end date;
- recognition and understanding of the significant controls put in place by the Group to mitigate the risk of incorrect estimates for the recognition of revenues not yet invoiced;
- sample checks to ascertain the completeness and accuracy of the data used by the Management to determine these accounting entries;
- verification, for a sample of users, of the process of estimating the quantities consumed and the application of the correct reference rates;
- analysis of the consistency between the quantities of energy, gas and water purchased or extracted during the year and those against which revenues are recorded;
- analysis of data relating to invoices issued in the year following the reference year and comparison with estimated data in order to assess the nature of the deviations and the reliability of the estimation processes for the determination of revenues;
- examination of the adequacy of the information provided regarding the recognition of revenues with respect to the reference accounting standards.



Responsibilities of the Directors and the Board of Statutory Auditors for the Consolidated Financial Statements

The Directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree no. 38/05, and, within the terms established by law, for such internal control as the Directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they have identified the existence of the conditions for the liquidation of the Company or the termination of the business or have no realistic alternatives to such choices.

The Board of Statutory Auditors is responsible for overseeing, within the terms established by law, the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with International Standards on Auditing (ISA Italia), we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors;



- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence applicable in Italy, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report.

Other information communicated pursuant to art. 10 of the EU Regulation 537/2014

The Shareholders' Meeting of Territorio Energia Ambiente Mantova S.p.A. Società Benefit has appointed us on May 17, 2017 as auditors of the Company and the Group for the years from December 31, 2017 to December 31, 2025.

We declare that we have not provided prohibited non-audit services referred to in art. 5 (1) of EU Regulation 537/2014 and that we have remained independent of the Company in conducting the audit.

We confirm that the opinion on the financial statements expressed in this report is consistent with the additional report to the Board of Statutory Auditors, in its role of Audit Committee, referred to in art. 11 of the said Regulation.



REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinion pursuant to art. 14 paragraph 2 (e) of Legislative Decree 39/10 and art. 123-bis, paragraph 4, of Legislative Decree 58/98

The Directors of Territorio Energia Ambiente Mantova S.p.A. Società Benefit are responsible for the preparation of the report on operations and the report on corporate governance and the ownership structure of TEA Group as at December 31, 2023, including their consistency with the related consolidated financial statements and their compliance with the law.

We have carried out the procedures set forth in the Auditing Standard (SA Italia) n. 720B in order to express an opinion on the consistency of the report on operations and information contained in the report on corporate governance and the ownership structure set forth in art. 123-bis, n. 2 (b) of Legislative Decree 58/98, with the consolidated financial statements of TEA Group as at December 31, 2023 and on their compliance with the law, as well as to make a statement about any material misstatement.

In our opinion, the above-mentioned report on operations and some specific information contained in the report on corporate governance and the ownership structure are consistent with the consolidated financial statements of TEA Group as at December 31, 2023 and are prepared in accordance with the law.

With reference to the statement referred to in art. 14, paragraph 2 (e), of Legislative Decree 39/10, made on the basis of the knowledge and understanding of the Group and of the related context acquired during the audit, we have nothing to report.

Statement pursuant to art. 4 of the Consob Regulation for the implementation of Legislative Decree 30 December 2016, no. 254

The Directors of Territorio Energia Ambiente Mantova S.p.A. Società Benefit are responsible for the preparation of the non-financial statement pursuant to Legislative Decree 30 December 2016, no. 254.

We verified the approval by the Directors of the non-financial statement.

Pursuant to art. 3, paragraph 10 of Legislative Decree 30 December 2016, no. 254, this statement is subject of a separate attestation issued by us.

DELOITTE & TOUCHE S.p.A.

Signed by
Matteo Ogliari
Partner

Milan, Italy
May 8, 2024

This independent auditor's report has been translated into the English language solely for the convenience of international readers. Accordingly, only the original text in Italian language is authoritative.

IV. Separate Financial Statements of the Parent Company

1. Financial statements

Income statement

<i>(in thousands of Euro)</i>	<i>Notes</i>	Year ended 31 December	
		2023	2022
Revenues	1	52,670	51,501
Other revenues and income	2	3,970	5,101
Costs for raw materials	3	615	626
Costs for services	4	12,654	12,565
Personnel costs	5	11,381	11,026
Other operating costs	6	3,857	5,643
Depreciation/Amortisation and write-downs of non-current assets	7	8,566	10,734
Operating profit		19,567	16,008
Financial income	8	12,156	25,328
Financial expenses	8	6,426	2,856
Gains (losses) on investments measured using the equity method	9	10,277	7,232
Profit before taxation		35,574	45,712
Taxes	10	5,575	2,568
Net profit for the year		29,999	43,144

The Notes to the financial statements are part thereof.

Statement of comprehensive income

<i>(in thousands of Euro)</i>	Year ended 31 December	
	2023	2022
Net profit for the year	29,999	43,144
Share of comprehensive income on investments measured using the equity method	-47	-185
Other comprehensive income that will be reclassified to the Income Statement in subsequent years	-47	-185
Actuarial gains/(losses) for employee benefits	1	151
Actuarial gains/(losses) for employee benefits - tax effect	0	-11
Other comprehensive income that will not be reclassified to the Income Statement in subsequent years	1	140
Total other comprehensive income	-46	-45
Comprehensive income for the year	29,953	43,099

The Notes to the financial statements are part thereof.

Statement of financial position

<i>(in thousands of Euro)</i>	Notes	At 31 December	
		2023	2022
Intangible assets	11	4,076	4,423
Tangible assets	12	75,540	74,998
Right of use	13	636	565
Investments measured using the equity method	14	91,754	80,428
Other non-current assets	15	142,915	99,093
Deferred tax assets	16	1,703	1,202
Total non-current assets		316,624	260,709
Inventory	17	620	652
Trade receivables	18	13,796	14,098
Current tax receivables	19	-	5
Other current tax assets	20	185	379
Other current assets	21	53,215	105,772
Cash and cash equivalents	22	35,824	20,578
Total current assets		103,640	141,484
Total assets		420,264	402,193
Share capital		73,403	73,403
Legal reserve		11,023	8,866
Share premium reserve		3,534	3,534
Other reserves		123,829	96,825
Retained earnings (losses)		21,240	21,240
Profit (loss) for the year		29,999	43,144
Shareholders' equity	23	263,028	247,012
Non-current loans	24	84,443	88,160
Provisions for risks and charges	25	28,086	22,397
Employee benefits	26	1,131	1,064
Other non-current liabilities	27	691	804
Deferred tax liabilities	28	1,210	1,211
Total non-current liabilities		115,561	113,636
Current loans	29	19,259	18,664
Trade payables	30	5,593	8,092
Current tax payables	31	2,328	862
Other current tax liabilities	32	253	413
Other current liabilities	33	14,242	13,514
Total current liabilities		41,675	41,545
Total liabilities		157,236	155,181
Total shareholders' equity and liabilities		420,264	402,193

The Notes to the financial statements are part thereof.

Statement of cash flows

<i>(in thousands of Euro)</i>	At 31 December	
	2023	2022
Net profit for the year	29,999	43,144
Adjustments for:		
Depreciation, amortisation and write-downs	8,566	10,734
Allocations to/(releases from) provisions for risk and others	1,493	877
Net financial (income)/expenses	-5,730	-22,472
Taxes on income	5,575	2,568
Other non-monetary items	-10,296	-7,301
Cash flow generated/(absorbed) by operating activities before changes in net working capital	29,607	27,550
Change in inventories	32	44
Change in trade receivables	3,849	1,442
Change in trade payables	-2,499	1,935
Changes in other assets/liabilities	1,024	1,714
Employee benefit payments	-	-93
Use of risk provisions	-	-270
Interest income (paid)	-1,884	1,088
Taxes on income paid	-7,416	-5,184
Net cash flow generated/(absorbed) by operating activities	22,713	28,226
Investments in tangible assets	-4,626	-2,780
Investments in intangible assets	-861	-2,591
Investments in financial assets	-46,603	-106,699
Disposals of tangible assets	189	424
Disposals of intangible assets	-	-
Divestments of financial assets	54,176	32,201
Purchase of investments	-	-
Net cash flow generated/(absorbed) by investing activities	2,275	-79,445
New loans arranged	15,000	87,095
Loans repaid	-13,526	-34,530
Bonds repaid	-5,000	-5,000
Increase (decrease) in bank overdrafts	-	-
Principal repayment of lease obligations	-219	-165
Dividends received	5,904	12,515
Dividends distributed	-11,901	-10,053
Net cash flow generated/(absorbed) by financing activities	-9,742	49,862
Total change in cash and cash equivalents	15,246	-1,357
Cash and cash equivalents at the beginning of the year	20,578	21,935
Cash and cash equivalents at year end	35,824	20,578

The Notes to the financial statements are part thereof.

Statement of changes in shareholders' equity

<i>(in thousands of Euro)</i>	Opening balance 2022	Net profit for the year 2022	Other comprehensive income	Comprehensive income for the year	Reclassifications	Allocation of profit 2021	Dividends distributed	Other changes	At 31 December 2022
Share capital	73,403								73,403
Legal reserve	7,207					1,659			8,866
Share premium reserve	3,534								3,534
Other reserves	18								18
Extraordinary reserve	25,176					8,955			34,131
Negative reserve for treasury shares held	-413					2			-411
Valuation reserve for investments measured using the equity method	31,751				-550	11,461			42,662
Revaluation reserve pursuant to Law 185/2008	2,592								2,592
FTA reserve	17,778								17,778
Actuarial reserve	-85				140				55
Retained earnings	20,875				365				21,240
Profit (loss) for the year	33,176	43,144	-45	43,099	45	-22,077	-11,099		43,144
Total Shareholders' equity	215,012	43,144	-45	43,099	-	-	-11,099	-	247,012
<i>(in thousands of Euro)</i>	Opening balance 2023	Net profit for the year 2023	Other comprehensive income	Comprehensive income for the year	Reclassifications	Allocation of profit 2022	Dividends distributed	Other changes	At 31 December 2023
Share capital	73,403								73,403
Legal reserve	8,866					2,157			11,023
Share premium reserve	3,534								3,534
Other reserves	18					1			19
Extraordinary reserve	34,131					8,499			42,630
Negative reserve for treasury shares held	-411								-411
Valuation reserve for investments measured using the equity method	42,662					18,550		-47	61,165
Revaluation reserve pursuant to Law 185/2008	2,592								2,592
FTA reserve	17,778								17,778
Actuarial reserve	55							1	56
Retained earnings	21,240								21,240
Profit (loss) for the year	43,144	29,999	-46	29,953		-29,207	-13,937	46	29,999
Total Shareholders' equity	247,012	29,999	-46	29,953	-	-	-13,937	-	263,028

The Notes to the financial statements are part thereof.

The Valuation reserve for investments measured using the equity method changed as a result of the allocation of the profit for the previous year and the change in the OCI components of the assets of subsidiaries (derivatives of Euro 44 thousand and actuarial reserve of Euro 3 thousand).

Mantova, 22 April 2024

The Chairman of the Board of Directors

Massimiliano Ghizzi

2. Explanatory Notes

Reporting principles

General information

The characterising element for the corporate identity of Tea Spa SB, a local public services company, lies in its historic link to the local area, where its roots date back to the 19th century. From a geographic point of view, its local area extends from the city of Mantova to the entire province and beyond.

The Company's registered office is at Via Taliercio 3, Mantova. The Company's shareholders are all public authorities, and the Municipality of Mantova holds the controlling interest.

The Company, the holding for the Group, is the owner of networks and plants and the Mariana Mantovana landfill, and holds the investments in the operating companies. It also provides all staff services and coordinates the treasury and cash pooling services for the Group.

The only operating activity still remaining with the Holding is the cemetery service, i.e. management of the cemeteries in Mantova and Suzzara (contract awarded through public tender) and the crematorium in Mantova.

In 2017, the Company issued a 7-year non-convertible bond for a total of Euro 30 million, listed on the regulated market of the Irish Stock Exchange.

The statutory audit of the separate financial statements is assigned to Deloitte & Touche Spa, with responsibility for auditing the accounts of the Company and the main Companies of the Group.

Summary of accounting standards

This note provides a list of the main international accounting standards adopted in the preparation of these Financial Statements at 31 December 2023.

Basis of presentation

With effect from the year ending 31 December 2017, in application of Italian Legislative Decree 38 of 28 February 2005, as amended by Decree Law 91 of 24 June 2014, the Company prepares the separate financial statements ("**Separate Financial Statements**") in compliance with International Financial Reporting Standards (hereinafter "**IFRS**" or "**International Accounting Standards**") issued by the International Accounting Standards Board (hereinafter "**IASB**") and adopted by the European Commission in accordance with the procedure referred to in art. 6, Regulation (EC) no. 1606/2002 of the European Parliament and of the Council issued on 19 July 2002. This because the Company qualifies under the definition in art. 2 (a) of Italian Legislative Decree 38/2005: "*Companies that are issuers of financial instruments admitted to trading on regulated markets in any EU Member State, other than those indicated under letter d*".

The term IFRS refers to all the IFRS, all International Accounting Standards (IAS), all interpretations of the International Financial Reporting Standard Interpretations Committee (IFRIC), previously known as the Standard Interpretations Committee (SIC).

The Separate Financial Statements for the year ended 31 December 2023, approved by the Company's Board of Directors on 22 April 2024, were prepared on a going concern basis as the Directors verified that there are no indications of a financial, operations or other nature that could suggest critical issues in the Company's capacity to meet its obligations in the foreseeable future and in particular in the next 12 months.

The description of the way in which the Company manages financial risk is contained in the Directors' Report.

The financial statements and related classification criteria adopted by the Company, from the options envisaged in IAS 1 "*Presentation of Financial Statements*", are as follows:

- the *Balance Sheet* was prepared by classifying assets and liabilities according to the "current/non-current" criterion;
- the *Separate Income Statement* was prepared by classifying operating costs by type;

- the *Statement of Comprehensive Income*, presented separately from the Income Statement, includes income and expense items which are recognised directly in shareholders' equity in accordance with specific IFRS provisions;
- the *Statement of Cash Flows* is prepared according to the "indirect method", adjusting the result for the year for non-monetary components;
- the *Statement of Changes in Shareholders' Equity*, which shows the total income/(expenses) for the year, transactions with shareholders and other changes in shareholders' equity.

The Financial Statements preparation adopted the historic cost method, where appropriate taking into account the value adjustments, except items which according to IFRS must be designated at fair value, as indicated in the valuation criteria and without prejudice to cases for which IFRS provisions allow a different valuation criterion.

The Separate Financial Statements were prepared and presented in Euro. Unless otherwise indicated, all amounts in this document are expressed in thousands of Euro.

To illustrate the financial statement figures in a clearer way and in compliance with that established by current accounting standards, some accounting entries were classified differently with respect to that made in previous financial statements. Therefore, the amounts relating to the financial statements for the year ended 31 December 2022 were restated in order to make them comparable with the financial statement items in Note 15 Other non-current assets.

Valuation criteria

A brief description is provided below of the most important accounting standards and valuation criteria used to prepare the Financial Statements.

Recently issued accounting standards

IFRS ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS APPLIED FROM 1 JANUARY 2023

The following IFRS accounting standards, amendments and interpretations were applied for the first time by the Company starting on 1 January 2023:

- On 18 May 2017, the IASB published **IFRS 17 – Insurance Contracts**, which will replace **IFRS 4 – Insurance Contracts**. The standard was applied starting on 1 January 2023. The purpose of the new standard is to guarantee that entities provide pertinent information that faithfully represents the rights and obligations deriving from insurance contracts issued. The IASB developed the standard to eliminate inconsistencies and weaknesses in existing accounting policies, providing unified principle-based framework to take account of all types of insurance contracts, including reinsurance contracts that an insurer holds.
- The new standard also sets out presentation and disclosure requirements to improve the comparability of entities in this sector.
- The new standard measures an insurance contract based on a General Model or a simplified version thereof, called the Premium Allocation Approach ("PAA").
- The main characteristics of the General Model are:
 - current estimates and assumptions on future cash flows are always used;
 - the measurement reflects the time value of money;
 - the estimates extensively use information observable on the market;
 - there is a current, explicit risk measurement;
 - the expected profit is deferred and aggregated into groups of insurance contracts on initial recognition; and
 - the expected profit is recognised in the period of contractual coverage, taking account of the adjustments deriving from changes in the assumptions relating to cash flows for each group of contracts.

The PAA approach involves measuring liabilities for the residual coverage of a group of insurance contracts, provided that, at the time of initial recognition, the entity deems that those liabilities reasonably represent an approximation of

the General Model. Contracts with a coverage period of one year or less are automatically suitable for the PAA approach. The simplifications deriving from the application of the PAA approach do not apply to the valuation of liabilities for outstanding claims, which are measured using the General Model. However, it is not necessary to discount those cash flows if it is expected that the balance will be paid or collected within one year from the date on which the claim was made.

The entity shall apply the new standard to insurance contracts issued, including reinsurance contracts issued, reinsurance contracts held and investment contracts with a discretionary participation feature (DPF).

Moreover, on 9 December 2021, the IASB published the “Amendments to IFRS 17 Insurance contracts: Initial Application of IFRS 17 and IFRS 9 – Comparative Information”. The amendment is a transition option relating to comparative information about financial assets presented on initial application of IFRS 17. The amendment was applied starting on 1 January 2023, along with the application of IFRS 17, to avoid temporary accounting mismatches between financial assets and insurance contract liabilities, and to improve the usefulness of comparative information for users of financial statements.

The adoption of that standard and the related amendment had no effects on the Company’s Separate Financial Statements.

- On 7 May 2021, the IASB published the “**Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction**”. The document clarifies how companies account for deferred tax on certain transactions that may generate assets and liabilities of the same amount at the date of initial recognition, such as leases and decommissioning obligations. The amendments were applied starting on 1 January 2023.

The adoption of that amendment had no effects on the Company’s Separate Financial Statements.

- On 12 February 2021, the IASB published two amendments named “**Disclosure of Accounting Policies—Amendments to IAS 1 and IFRS Practice Statement 2**” and “**Definition of Accounting Estimates—Amendments to IAS 8**”. The amendments regarding IAS 1 require that entities indicate their material information on the accounting standards applied by the Group. The changes aim to improve the disclosure on the accounting standards applied by the Group to provide information that is more useful to investors and other primary financial statement users, as well as help companies in distinguishing between changes in accounting estimates and changes in accounting policy. The amendments were applied starting on 1 January 2023. The adoption of those amendments had no effects on the Company’s Separate Financial Statements.

- On 23 May 2023, the IASB published the “**Amendments to IAS 12 Income Taxes: International Tax Reform – Pillar Two Model Rules**”. The document introduces temporary relief from the recognition and disclosure obligations for deferred tax assets and liabilities referring to the Pillar II Model Rules (rules in force in Italy as of 31 December 2023, but applicable from 1 January 2024) and provides specific disclosure obligations for entities for which the International Tax Reform is applicable.

Due to their size, the Group and Company do not fall within the scope of Pillar 2. Therefore, there are no impacts on current or deferred taxes.

IFRS ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS ENDORSED BY THE EUROPEAN UNION, NOT YET MANDATORILY APPLICABLE AND NOT ADOPTED IN ADVANCE BY THE GROUP AT 31 DECEMBER 2023

The following IFRS accounting standards, amendments and interpretations were endorsed by the European Union, but are not yet mandatorily applicable and were not adopted in advance by the Company at 31 December 2023:

- On 23 January 2020, the IASB published the “**Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current**” and on 31 October 2022 it published an amendment called “**Amendments to IAS 1 Presentation of Financial Statements: Non-Current Liabilities with Covenants**”. Those amendments aim to clarify how to classify payables and other short or long-term liabilities. The amendments also improve the information that an entity shall provide when its right to defer the settlement of a liability for at least 12 months is subject to the entity complying with specific conditions (i.e. covenants). The amendment enter into force on 1 January 2024. However, early application is permitted. The directors do not expect a significant effect on the Group’s Consolidated Financial Statements from the adoption of those amendments. On 22 September 2022, the IASB published the “**Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback**”. The document a seller-lessee to measure lease liabilities arising from a sale & leaseback in a way that it does not recognise any amount of the gain or loss that relates to the right of use it

retains. The amendments apply as of 1 January 2024. However, early application is permitted. The directors do not expect a significant effect on the Company's Separate Financial Statements from the adoption of those amendments.

ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS NOT YET ENDORSED BY THE EUROPEAN UNION AS OF 31 DECEMBER 2023

At the reporting date, the competent bodies of the European Union had not yet completed the endorsement process necessary to adopt the amendments and standards described below.

- On 25 May 2023, the IASB published the **"Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements"**. The document requires that an entity provide additional disclosure on reverse factoring arrangements that enables financial statement users to assess how supplier finance arrangements can influence the entity's liabilities and cashflows and to understand the effect of those arrangements on the entity's exposure to liquidity risk. The amendments apply as of 1 January 2024. However, early application is permitted. The directors do not expect a significant effect on the Company's Separate Financial Statements.
- On 15 August 2023, the IASB published the **"Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability"**. The document requires that an entity consistently apply a methodology to check whether a currency is exchangeable with another and, when this is not possible, specifies how to determine the exchange rate to use and the disclosure to provide in the explanatory notes. The amendment applies as of 1 January 2025. However, early application is permitted. The directors do not expect a significant effect on the Group's Consolidated Financial Statements from the adoption of those amendments. On 30 January 2014, the IASB published IFRS 14 – Regulatory Deferral Accounts, which allows first-time adopters of the IFRSs to continue to recognise amounts relating to Rate Regulation Activities in accordance with the previous accounting standards adopted. As the Company is not a first-time adopter, that standard is not applicable.

Revenues and costs

Revenues are recognised for the total fair value of the consideration received or to be received, net of returns, discounts, allowances and bonuses, as well as directly associated taxes.

The Company records revenues from the sale of goods and the provision of services when the amount of revenues can be reliably calculated, it is likely that the economic benefits deriving from the transaction will flow to the entity and the completion status of the transaction can be reliably measured at the Financial Statements reporting date. The Company bases its estimates on historic results, taking into consideration the type of customer, transaction and specific characteristics of every arrangement.

IFRS 15 establishes a model for the recognition of revenue which applies to all contracts entered into with customers, with the exception of those falling within the application of other IAS/IFRS standards.

The fundamental steps for the recognition of revenue according to this model are:

- customer contract identification;
- identification of the contract's performance obligations;
- transaction pricing;
- allocation of the transaction price to the performance obligations included in the contract;
- revenue recognition when each performance obligation is met.

The Company's revenues refer to:

- the use of the Mariana Mantovana landfill, whose revenues derive from the fees determined by the intercompany contract entered into with the subsidiary Mantova Ambiente;
- services provided to the subsidiaries, whose revenues derive from contracts for managerial services entered into with Group companies;
- cemetery services, whose revenues derive from the awarding of the tender relating to the management of the crematorium, cemetery lighting and vigil lighting. Note that those services are provided almost completely to funeral homes.

The income and expense from measurement of investments using the equity method refer to the percentages of profit or loss realised by the subsidiaries and associated companies. The dividends collected or to be collected as decided by the latter are recognised as a direct reduction in the carrying amount of the investment subject to impairment testing.

Costs are recognised on an accrual basis when they relate to goods and services purchased or consumed during the year or are systematically allocated, i.e. when their potential future use cannot be identified.

Financial income and expenses are recognised in the Income Statement in the year of accrual.

Transactions in foreign currency

Revenues and costs relating to transactions other than in Euro are recognised at the spot rate on the date the transaction is recognised.

Cash assets and liabilities in currencies other than the Euro are translated to the operating currency by applying the spot rate at the reporting date, with recognition of the effect in the Income Statement. Non-monetary assets and liabilities expressed in currencies other than the Euro are measured at cost and recognised at the exchange rate on initial recognition. When measurement is at fair value or at the recoverable value or realisable value, the spot rate at the date of calculation of that value is adopted.

Government grants

Government grants received are recognised at their fair value if there is reasonable certainty that they will be disbursed and that the Company will comply with all conditions for such disbursement. Capital grants are recognised as a direct decrease in capital expenditure, resulting in a lower amortisation amount over the useful life of the asset. It should be noted that grants received in the form of tax credits are accounted for using the deferral technique, with the portion pertaining to the year being charged to the income statement under other revenues and income, in line with the depreciation of the asset to which they refer.

Dividends

Dividends are recognised at the date of approval by the Shareholders' Meeting establishing entitlement to receive payment, except when it is reasonably certain that the shares will be sold prior to the coupon date.

The dividends decided by the Shareholders' Meeting are recognised as a change in shareholders' equity in the year in which they are approved.

Taxes on income

Current taxes on income, recognised under "Current tax payables" net of payments on account, or under "Current tax receivables" when the net balance results in a credit, are determined on the basis of an estimation of taxable income and in compliance with tax regulations in force. Taxable income is different from net profit in the Income Statement as it excludes income and cost components that are taxable or deductible in other years, or are not taxable or deductible. In particular, such payables and receivables are calculated by applying the tax rates envisaged by regulations in force at the reporting date.

Some of the Group companies have adopted the tax consolidation system introduced by Italian Legislative Decree 344/2003. This system envisages the recognition of a single tax base for Group companies opting for inclusion in the tax consolidation. The adoption of the above-mentioned optional system offers the possibility, for IRES tax purposes, of netting the tax results (taxable amounts and tax losses in the consolidation period) of the participating companies.

Deferred tax assets and liabilities are calculated against all differences emerging between the tax base of an asset or liability and its related carrying amount, except for goodwill and for differences deriving from investments in subsidiaries, when the reversal timing of such differences is subject to Group control and it is probable that they will not be reversed in a reasonably foreseeable time frame. Deferred tax assets, including those relating to prior tax losses, for the portion not offset against deferred tax liabilities, are recognised to the extent that future taxable income is probable against which they can be recovered. Deferred tax assets and liabilities are determined using tax rates expected to apply in the years in which the differences will be realised or settled.

Current income taxes, deferred tax assets and liabilities are recognised in the separate Income Statement under "Taxes", except for those relating to items recognised as components of comprehensive income other than net profit and those relating to items debited or credited directly in shareholders' equity. Deferred tax assets and liabilities are netted when

they refer to the same tax authority, when there is a legal right to netting and when settlement of the net balance is expected.

The balance payable after offsetting is recognised under “Deferred tax liabilities”.

Other taxes not related to income, such as indirect taxes and duties, are included under “Other operating costs” in the Income Statement.

Intangible assets

Intangible assets are composed of non-monetary elements, identifiable and with no physical consistency, controllable and suitable for generating future economic benefits, as well as goodwill when acquired against payment. The identifiability is defined in reference to the possibility of distinguishing the intangible asset acquired from the goodwill. This requirement is normally satisfied when:

- the intangible asset is attributable to a legal or contractual right; or
- the asset can be separated, i.e. sold, transferred, leased or exchanged independently, or is an integral part of other assets.

These elements are initially recognised at purchase and/or production cost, including directly attributable expense to prepare the asset for use.

(a) Services under concession

The Company applies IFRIC 12 to agreements for services under concession signed between a public entity (granting authority) and the Company (concession holder) in reference to cemetery services. In particular, if the granting authority controls the infrastructure, defining and monitoring the characteristics of the service provided and applicable prices, at the same time retaining a residual interest in the asset, the concession holder has the right to claim payment from users for services provided through the use of the infrastructure.

More precisely, the operator recognises an intangible asset in accordance with provisions of IAS 38, to the extent to which it has the right to claim payment from users of the infrastructure. Consequently, the concession holder’s cash flows are not guaranteed by the granting authority, but are associated with effective use of the infrastructure by users, and therefore demand risk is incurred by the concession holder.

With reference to capital grants received on non-current assets subject to the application of IFRIC 12, these are recognised as a reduction in such assets.

(b) Other intangible assets with a finite useful life

Intangible assets with a finite useful life are recognised at cost, as described previously, net of accrued amortisation and any impairment losses.

Intangible assets with a finite useful life are amortised from the moment the asset becomes available for use and the related cost is distributed systematically in relation to its residual possibility of use, i.e. over its estimated useful life. Intangible assets with a finite useful life are systematically amortised over their useful life, intended as the estimated period in which the assets will be used by the Company. Intangible assets are amortised according to the methods indicated below:

Intangible asset category	Estimated useful life (percentage)
Concessions	Concession duration
Licences	20% - 33%

Tangible assets

Tangible assets are recognised at acquisition or production cost, which considers the initial estimate of the costs to decommission or remove the asset and the reclamation of the site on which it is situated, net of accrued depreciation and any impairment losses, periodically determining the market value and adjusting the carrying amount to that value at the measurement date. The purchase or production cost includes expenses directly attributable to acquisition of the asset.

Costs for improvement, modernisation and transformation of an incremental nature in relation to leased assets are recognised under balance sheet assets when it is probable that the expected future economic benefits will be increased from the use or sale of the asset. These are:

- reclassified under the asset item to which they pertain;
- depreciated over the shorter period between the useful life of the improvements and the duration of the related lease agreement.

Subsequent costs are included in the carrying amount of the asset or recognised separately, as appropriate, only when it is probable that it will generate future economic benefits and the cost can be reliably measured. Expenses incurred for routine and/or cyclical maintenance and repairs are recognised directly in the Income Statement when incurred.

The initial estimated cost of dismantling is given by the present value of the expected capex for dismantling calculated on the basis of a risk-free interest rate. Subsequent changes of the discount rate or of the estimated capex expected are recognised as changes in the cost to be depreciated and depreciated on a forward-looking basis.

Tangible assets are depreciated on a straight-line basis over their technical economic useful life, intended as the estimated period in which the asset will be used by the Company. The period begins from the month in which the asset is first used or could have been used. When the tangible asset is made up of multiple significant components with different useful lives, depreciation is applied to each component. The value to be depreciated is the recognition value less the estimated net disposal value at the end of its useful life. The following are not subject to depreciation: land, even if purchased jointly with a building; works of art; or tangible assets held for sale. Any changes to the depreciation schedule resulting from a review of the useful life of a tangible asset, its residual value or the methods for achieving economic benefits from the asset, are recognised prospectively.

The estimated useful life of the main tangible assets is as follows:

Tangible asset category	Estimated useful life (percentage)
Buildings	3%
Plant and machinery	2% - 12.5%
Industrial and commercial equipment	10% - 20%
Other tangible assets	2% - 25%

Rights of use IFRS16

IFRS 16 establishes a single model for the recognition of leases based on the recognition by the lessee of an asset representing the Right of Use, with a balancing entry of a financial liability representing the obligation to make the payments envisaged by the lease ("Lease liability"). The "Right of Use" at the commencement date, the date on which the asset is made available for use, is initially valued at cost and is the sum of the following components:

- the initial amount of the Lease liability;
- the payments due for the lease made before the commencement date, net of any lease incentives received;
- the initial direct costs sustained by the lessee;
- the estimated costs that the lessee expects to incur for the decommission and the removal of the underlying asset and for the clean-up of the site where the asset is located or to return the underlying asset to the conditions envisaged in the terms and conditions established in the lease.

After initial recognition, the Right of Use is reduced by the amount of accumulated depreciation, by any impairment losses and by the effects related to any recalculated on the Lease liability. Depreciation is made on a straight-line basis and follows the duration of the lease, taking into account any renewal/termination options that are highly likely to be exercised. Only if the lease envisages the reasonably certain exercise of a call option is the Right of Use asset systematically depreciated over the useful life of the underlying asset.

As a practical expedient, IFRS 16 allows the lessee not to separate the different lease components and to recognise any lease and the relative different components other than the lease as a single lease. The Company applied this exemption, together with that of not assessing short-term leases and low-value assets.

Investments measured using the equity method

Investments in subsidiaries and associated companies are recognised at acquisition cost, then subsequently measured using the equity method, based on their financial positions and income statement results prepared pursuant to

international accounting standards. Then the share of profits or losses accrued during the year by the investees in accordance with international accounting standards is recognised in the Income Statement, with the exception of the effects related to other changes in the equity of the investee, which are directly reflected in the statement of comprehensive income. The percentage loss exceeding the carrying amount is recognised in a special provision under liabilities to the extent that the Company considers there are legal or implicit obligations it is required to fulfil for the investee or in any event to cover losses deriving from them.

Financial instruments

Equity investments not covered in the previous paragraph (ix) Investments measured using the equity method are designated at fair value through profit or loss under the item "Other non-current assets". Shares, for which the fair value cannot be calculated with sufficient reliability, are measured at acquisition cost. In addition, the carrying amount recorded in the financial statements for such instruments is tested regularly for signs of potential impairment. In this case, an impairment loss is recorded under financial expenses in the Income Statement for the period.

Inventory

Closing inventory of raw materials and semi-finished products is measured at the lower between the purchase cost, determined using the weighted average cost method, and the net realisable value. The costs are allocated to the individual inventory items based on the weighted average cost. The net realisable value is the estimated sale price in the ordinary course of business, net of the estimated completion costs and those estimated as necessary to close the sale.

Trade receivables

Trade receivables are initially recognised at fair value, adjusted for directly attributable transaction costs, and subsequently measured at amortised cost according to the effective interest rate method (i.e. the rate that, at the time of initial recognition, equates the present value of future cash flows to the recognition value), suitably adjusted to take into account any write-downs, by recognising a provision for bad debts. Trade receivables are classed as current assets, except those with a contractual due date more than twelve months after the reporting date, which are instead classed as non-current assets.

Derecognition of financial assets and liabilities

Financial assets are derecognised when one of the following conditions is satisfied:

- the contractual right to receive cash flows from the asset has expired;
- the Company has substantially transferred all risks and benefits associated with the asset, relinquishing its right to receive cash flows from the asset or undertaking a contractual obligation to pass through the cash flows received to one or more beneficiaries under a contract that meets the requirements of IAS 39 (the "pass through test");
- the Company has not substantially transferred or retained all risks and benefits associated with the financial asset, but has transferred control.

Financial liabilities are derecognised when settled, i.e. when the contractual obligation has been fulfilled, cancelled or expired. A swap of debt instruments with substantially different contractual terms must be recognised as settlement of the original financial liability and the recognition of a new financial liability. Likewise, a substantial change in the contractual terms of an existing financial liability, even partial, must be recognised as settlement of the original financial liability and the recognition of a new financial liability.

Netting of financial assets and liabilities

The Company performs netting of financial assets and liabilities if, and only if:

- there is a legally exercisable right to net the values recognised in the financial statements;
- the intention is either to perform netting or to simultaneously sell the asset and settle the liability.

Cash and cash equivalents

Cash and cash equivalents include cash, demand deposits and financial assets with a maturity on origination that is equal to or less than three months, readily convertible to cash and subject to immaterial risk of a change in value. The components of cash and cash equivalents are measured at fair value.

Collection transactions are recorded by banking transaction date. Payment transactions also take into account the order date.

Short-term bank deposits with a maturity on origination that is equal to or more than three months that do not satisfy the requirements of IAS 7 are included in a specific item under current assets.

Non-current assets held for sale and discontinued operations

Non-current assets (or discontinued operations) are classified as held for sale if the recognition value will be recovered mainly through their sale (which must be highly probable), rather than through their use. These assets are recognised at the lower between the carrying amount and the related fair value, net of costs to sell.

If the fair value is lower than the carrying amount of the asset or group of discontinued assets, a write-down is recognised. If not, a revaluation is recognised, which can never be higher than the total write-downs previously recognised. A revaluation (write-down) not recognised by the date of sale of the non-current asset (or disposal group) is recognised at the date of derecognition of the assets.

Non-current assets (including those forming part of a disposal group) are not amortised whilst classified as held for sale. Interest expense and other expenses attributable to liabilities of a group classified as held for sale continue to be recognised.

Non-current assets classified as held for sale and assets of a disposal group are recorded separately from other assets in the Balance Sheet. Likewise, the liabilities of a disposal group classified as held for sale are also recorded separately from other liabilities.

Trade and other payables

Trade and other payables are classified as current liabilities, unless payment is due more than 12 months after year end. These are initially recognised at their fair value and subsequently measured at amortised cost using the effective interest method. Financial liabilities are derecognised when the contractual rights to the related cash flows expire or when the financial liability is sold with substantial transfer of all risks and benefits deriving from their ownership.

Loans

Loans are initially recognised at their fair value, net of directly attributable transaction costs, and subsequently measured at amortised cost using the effective interest method.

Loans are classified as current liabilities unless the Company has an unconditional right to defer payment for more than 12 months after the reporting date.

Provisions for risks and charges

The provisions for risks and charges refer to costs and charges of a specified nature and of certain or probable existence for which, at the reporting date, the amount and/or date of occurrence cannot be determined. Allocations to these provisions are recognised when:

- it is probable that a current legal or implicit obligation exists, deriving from a past event;
- it is probable that complying with the obligation will be costly;
- the total obligation can be reliably estimated.

The allocations are recognised at the value representing the best estimate of the amount that the company could reasonably be expected to pay to settle the obligation or transfer that obligation to third parties at the reporting date. Provisions for risks and charges are subject to discounting if it is possible to reasonably estimate the moment that cash outflows will be required. Discounting of the amount is at a pre-tax rate that reflects the time value of money and takes into account the specific risk attributable to each liability. When the liability refers to tangible assets (e.g. dismantling and site clean-up), changes in estimation of the provision are recognised as a balancing entry to the asset to which they refer, up to the limit of the recognition value. Any surplus is recognised in the Income Statement.

Employee benefits

Short-term obligations

The short-term benefits are wages, salaries, related social security contributions, indemnities in lieu of leave and incentives in the form of bonuses payable in the twelve months following the reporting date. These benefits are recognised as personnel cost components in the period in which the employment service is provided.

Medium/long-term obligations

In the defined benefit plans, which also include the employee severance indemnity due to employees pursuant to art. 2120 of the Italian Civil Code ("TFR"), the total benefit payable to the employee can only be quantified after employment

has terminated, and is linked to one or more factors such as age, years of service and remuneration. Therefore, the related charge is recognised in the Income Statement for the year based on actuarial calculations. The liability recognised in the financial statements for defined benefit plans corresponds to the present value of the obligation at the reporting date. The defined benefit plan obligations are determined annually by an independent actuary using the projected unit credit method. The present value of defined benefit plans is determined by discounting future cash flows at an interest rate equal to that of Euro bonds (high-quality corporate) which takes into account the duration of the related pension plan. Actuarial gains and losses deriving from the aforementioned adjustments and changes in actuarial assumptions are recognised in the Statement of Comprehensive Income.

From 1 January 2007, the 2007 Finance Act and related implementing decrees introduced changes to the employee severance indemnity regulations, including the decision of employees regarding the allocation of their accruing severance indemnity. In particular, an employee can opt to direct new employee severance indemnity flows into pre-selected pension forms or to remain within the company. In the case of allocation to external pension forms, the Company is only required to pay a defined contribution to the chosen fund, and from that date any new accruals are defined contribution plans not subject to actuarial assessment.

Shareholders' equity

Ordinary shares are recognised in shareholders' equity. If the Company purchases treasury shares, the consideration paid, including any directly attributable incremental costs (net of income taxes) are deducted from the shareholders' equity attributable to the Company's shareholders until the shares are cancelled or reissued. If such ordinary shares are later reissued, any consideration paid, net of directly attributable incremental costs of the transaction and tax effects, is included in the shareholders' equity attributable to the Company's shareholders.

Related parties

Related parties are those sharing the same parent company as the Company, companies with direct or indirect control over the Company, are subsidiaries of or are subject to joint control by the Company, and those in which the Company holds an interest sufficient to be able to exercise significant influence. Also included in the definition of related parties are the entities that manage post-employment benefit plans solely for the Company's employees (specifically indicated under the note "Related party transactions"), and executives of the Company with strategic responsibilities. Executives with strategic responsibilities are those with the power and responsibility, direct or indirect, for planning, management and control of the Company's activities and include the related Directors.

In compliance with the provisions of paragraph 26, IAS 24 "Related party disclosures", the Company is exempt from the disclosure requirements of paragraph 18 (according to which the Company has to indicate the nature of relations with the related party, in addition to providing information on associated transactions and existing balances, including commitments, necessary to ensure financial statements users' understanding of the potential effects of such relations on the financial statements) if the latter and the related party, involved in the transactions, are both under the control of the same government authority.

Estimates and assumptions

The preparation of the financial statements requires that the Directors apply accounting standards and approaches which, in certain circumstances, are based on difficult and objective assessments and estimates based on historic experience and on assumptions which on each occasion are considered reasonable and realistic for the related circumstances. The application of those estimates and assumptions influences the amounts reported in the financial statement tables, as well as the disclosure provided. The final results of financial statements items, for which such estimates and assumptions are used, can differ from those indicated in the financial statements that recognise the effects of the estimated event after it arises, due to the uncertainty characterising the assumptions and the conditions on which the estimates are based.

The Financial Statements items for which the most significant use of estimates and assumptions is made relate to quantifying allocations to provisions for risks and charges, estimating the residual economic-technical useful life of tangible assets and intangible assets with a finite useful life, measuring investments both using the equity method and at fair value, measuring employee benefits, and quantifying deferred taxation with the relative recoverability of deferred tax assets. The estimates and assumptions are reviewed periodically and the effects of every change are reflected in the income statement, provided it affects only that period. If the review affects both current and future periods, the change is recognised in the period in which the review is made and in the related future periods.

Analysis of Income Statement and Balance Sheet items

Income Statement

The Company presents only one segment based on information reviewed by its management (“CODM”), responsible for decisions regarding the allocation of resources and assessment of the results.

Note 1 - Revenues

The following table provides a breakdown of revenues by type of activity:

<i>(in thousands of Euro)</i>	Year ended 31 December	
	2023	2022
Fees for use of plant/systems	31,799	31,774
Services to related parties	16,598	15,255
Cemetery and funeral services	3,883	4,157
Revenues from services under concession	222	150
Sale of assets	53	79
Sale of electricity	4	-
Other	111	86
Total	52,670	51,501

The item “Fees for use of plant/systems” mainly includes revenues related to the Mariana Mantovana landfill generated by charges to the subsidiary Mantova Ambiente that manages it. The value of this item is in line with the previous year, with a decreased quantity offset by the price factor.

“Services to related parties” recorded an increase of Euro 1,343 thousand relating to contracts for managerial services provided to subsidiaries related to the increase in the volumes of activities performed for subsidiaries.

The item “Cemetery services” of Euro 3,833 thousand refers to revenues achieved in the cemetery area, down by Euro 274 thousand compared to the previous year due to fewer services provided.

Note 2 - Other revenues and income

The breakdown of this item is as follows:

<i>(in thousands of Euro)</i>	Year ended 31 December	
	2023	2022
Real estate income	1,755	1,896
Sundry reimbursements	291	242
Other income	85	102
Capital gains	109	98
Contingent losses	76	8
Personnel services	696	1,332
Other revenues	958	1,423
Total	3,970	5,101

The item “Real estate income”, amounting to Euro 1,755 thousand, mainly refers to intercompany rental income.

The item “Personnel services”, amounting to Euro 696 thousand, shows a decrease of Euro 636 thousand and refers to personnel seconded to subsidiaries.

The item “Other revenues”, amounting to Euro 958 thousand, comprises Euro 532 thousand for invoices to be issued to subsidiaries for insurance chargebacks, Euro 166 thousand to biogas sales to the subsidiary Sei Srl and Euro 260 thousand relating to various services.

Operating grant income is classified by nature, as a decrease to the costs to which they refer.

Note 3 - Costs for raw materials

This item breaks down as follows:

<i>(in thousands of Euro)</i>	Year ended 31 December	
	2023	2022
Purchases of heat	182	240
Fuel and lubricants	79	81
Other raw materials and consumables	354	305
Total	615	626

The item "Purchases of heat" decreased compared to the year 2022 by a total of Euro 58 thousand due to the decrease in raw material prices, and refers to heating the headquarters.

Note 4 - Costs for services

This item breaks down as follows:

<i>(in thousands of Euro)</i>	Year ended 31 December	
	2023	2022
Repairs and maintenance	3,175	2,588
Provision of technical and administrative services	3,253	2,843
Municipal services	33	30
Sundry third-party services	167	121
Insurance	617	548
Postal charges	8	6
Sales promotion activities	1,310	1,106
Agents' indemnities and charges	2	-
Bank charges and commissions	574	491
Lease and rental costs	166	137
Cleaning costs	263	350
Waste disposal	230	238
Other costs for services	753	1,079
Other personnel service costs	496	511
Remuneration to directors	125	740
Sundry cemetery services	497	600
Utilities	985	1,177
Total	12,654	12,565

The item "Maintenance and repairs" increased by Euro 587 thousand as a result of higher IT system assistance fees.

"Provision of technical and administrative services" includes primarily costs for information services for Euro 2,011 thousand, whose increase originates from higher innovation and technology activities performed. In addition, there are general, legal and notary consulting fees for Euro 593 thousand, and costs for administrative services for Euro 312 thousand.

The item "Utilities" includes the cost of electricity which in 2023 amounted to Euro 454 thousand, recording a decrease of Euro 206 thousand compared to the previous year, due to a decrease in the cost of raw materials. The change in the cost of electricity was net of the contribution for non-energy-intensive companies of Euro 44 thousand in 2023 compared to Euro 110 thousand in 2022.

The item “Sales promotion activities”, amounting to Euro 1,310 thousand, mainly includes sponsorship and advertising services.

The item “Other costs for services” amounting to Euro 753 thousand mainly relates to cleaning services at cemeteries for Euro 293 thousand, services for customer service points for Euro 188 thousand, and general services for Euro 272 thousand.

Note 5 - Personnel costs

This item breaks down as follows:

<i>(in thousands of Euro)</i>	Year ended 31 December	
	2023	2022
Wages and salaries	8,311	8,081
Social security contributions	2,460	2,350
Allocation to employee severance indemnity provision	555	537
Other personnel costs	55	58
Total	11,381	11,026

Personnel costs increased due to the higher number of employees and the increase in the ISTAT index.

The following table summarises the number of employees for the years ended 31 December 2023 and 31 December 2022:

	31.12.2023	31.12.2022	Average employees
Executives	12	12	12.00
Middle Managers	10	12	10.50
White collar	159	154	147.56
Blue collar	27	25	25.79
Total number of employees	208	203	195.85

Note 6 - Other operating costs

This item breaks down as follows:

<i>(in thousands of Euro)</i>	Year ended 31 December	
	2023	2022
Sundry indemnities	1,122	1,180
Indirect and sundry taxes	405	435
Allocation to provisions for risks and charges	1,800	247
Other costs	463	3,492
Contingent liabilities and capital losses	67	289
Total	3,857	5,643

“Allocation to provisions for risks and charges” refers to donations to the Municipality of Mantova for Euro 1,800 thousand, to support the “Mantova Hub” project.

“Other costs” of Euro 463 thousand mainly refer to sundry membership fees of Euro 181 thousand, while the remainder relates to sundry operating costs of fragmented, non-homogeneous amounts.

Sundry indemnities, amounting to Euro 1,122 thousand, refer to contributions paid to the Municipality of Mariana Mantovana for transfers to landfills.

Note 7 - Depreciation/Amortisation and write-downs of non-current assets

This item breaks down as follows:

<i>(in thousands of Euro)</i>	Year ended 31 December	
	2023	2022
Amortisation of intangible assets	1,208	1,547
Depreciation of tangible assets	7,155	8,405
Right of use amortisation	203	178
Write-down of intangible assets	-	604
Total	8,566	10,734

The item “Depreciation of tangible assets” decreased by Euro 1,250 thousand mainly due to the reduction in depreciation of the Mariana Mantovana landfill, which decreased from Euro 2,999 thousand in 2022 to Euro 1,651 thousand in 2023.

Note 8 - Net financial (income)/expenses

This item breaks down as follows:

<i>(in thousands of Euro)</i>	Year ended 31 December	
	2023	2022
Fair value changes in capital expenditure	-	9,500
Other financial income	6,753	3,678
Dividends from investments in other entities	5,403	12,150
Total financial income	12,156	25,328
Interest expense on loans	4,713	1,582
Landfill financial expenses	1,030	604
Financial expenses on bonds	362	489
Financial expenses on employee severance indemnity	39	92
Financial expenses on IFRS 16	16	11
Other financial expenses	266	78
Total financial expenses	6,426	2,856
Total net financial income (expenses)	5,730	22,472

The item “Fair value changes in capital expenditure” refers to the fair value adjustment of the investment in Enipower Mantova. The management assessed the investee’s Business Plan approved by the BoD on 08/03/2024, confirming the valuation of the investment at 31/12/2023.

The item “Dividends from investments in other entities” comprises Euro 5,403 thousand in the dividend received from Enipower Mantova.

“Other financial income” mainly refers to interest income and other financial income from subsidiaries and associated companies for Euro 6,049 thousand, interest income on financial receivables for Euro 92 thousand related to the loan to the related party A3M Luce, and interest income on bank and postal current accounts for Euro 485 thousand.

Interest expense on loans increased by Euro 3,131 thousand, as the interest expense on outstanding floating rate loans increased due to the hike in the 6-month Euribor.

Note 9 - Gains (losses) on investments measured using the equity method

Income refers to the recognition of the share of the result of investments measured using the equity method.

For details on changes in investments, please refer to the comments to the tables in the balance sheet.

Note 10 - Taxes

This item breaks down as follows:

<i>(in thousands of Euro)</i>	Year ended 31 December	
	2023	2022
Current taxes on income	5,854	5,425
Deferred taxes on income	-501	-3,242
Taxes on previous years' income	222	385
Total	5,575	2,568

Note that the item "Current taxes on income" mainly includes Euro 4,937 thousand in current IRES and Euro 918 thousand in IRAP. The item "Deferred taxes on income" is the combined result of Euro 0.8 thousand of the reversal of deferred tax liabilities and Euro 502 thousand of the reversal of deferred tax assets.

The following table shows the reconciliation between the theoretical tax payable used in the Separate Financial Statements and the effective tax payable for the year ended 31 December 2023. As for the IRES, the actual tax burden was calculated at the rate of 24%, which corresponds to the income tax rate for companies in Italy for the year ended 31 December 2023.

Reconciliation between balance sheet tax payable and theoretical tax payable (IRES)		
Description	Value	Taxes
Profit before taxation	35,573,787	
Theoretical tax payable (%)	24.0%	8,537,709
Decreases		
Permanent	-18,816,078	
Temporary	-10,667	
Increases		
Permanent	1,808,823	
Temporary	2,967,435	
Taxable income	21,523,301	
of which Donations	60,300	
of which Aid to Economic activity (ACE) effect	835,157	
Taxable income net of the ACE effect and subsidies	20,627,844	
Tax to be paid		4,950,683
Various subsidies	13,184	
Current IRES tax for the year		4,937,499
Actual tax rate		14%

For OIC (Italian GAAP) purposes, IRAP tax is calculated on a measurement of income defined in reference regulations as the difference between operating income and expenses, gross of financial income and expenses and, in particular, gross of personnel costs, write-downs of receivables and interest included in lease payments. The tax is then applied to taxable income at the rate of 3.90% for the year ended 31 December 2023.

Reconciliation between balance sheet tax payable and theoretical tax payable (IRAP)		
Description	Value	Taxes
Difference between value and cost of production	19,567,141	
Costs not relevant for IRAP purposes		
- personnel costs	11,381,137	
- allocations to provisions	2,097,933	

- write-downs and other provisions	330	
	33,046,541	
Theoretical tax payable (%)	3.90%	1,288,815
Increases		
Permanent	473,863	
Temporary	1,800,000	
Decreases		
Permanent	-356,814	
Temporary		
Deductions	-11,424,360	
IRAP tax payable	23,539,230	
Current IRAP tax for the year		918,030
Actual tax rate		5%

The changes in deferred tax assets and liabilities during the year, without taking any netting of balances into account, are as follows:

Changes in Deferred Tax Assets

Temporary difference	Value at 31.12.2022	Increases	Decreases	Value at 31.12.2023
Asset write-downs	3,832,989			3,832,989
IRES tax effect	919,917			919,917
IRAP tax effect	149,487			149,487
Property Revaluation Depreciation pursuant to Decree Law 185/2008	464,305	-	-	464,305
IRES tax effect	111,433	-	-	111,433
IRAP tax effect	18,108	-	-	18,108
Provisions for risk	-	1,800,000		1,800,000
IRES tax effect	-	432,000		432,000
IRAP tax effect	-	70,200		70,200
Remuneration to directors	10,667	8,493	-10,667	8,493
IRES tax effect	2,560	2,038	-2,560	2,038
Total IRES tax effect	1,033,910	434,038	-2,560	1,465,389
Total IRAP tax effect	167,595	70,200		237,795

Changes in deferred tax liabilities

Temporary difference	Value at 31.12.2022	Increases	Decreases	Value at 31.12.2023
Landfill	3,812,049			3,812,049
IRES tax effect	914,892	-	-	914,892
IRAP tax effect	148,670			148,670
<i>Cemeteries</i>	34,379	-	-2,865	31,514
IRES tax effect	8,251	-	-688	7,563
IRAP tax effect	1,341	-	-112	1,229
<i>Enipower Mantova assessment</i>	11,460,000	-		11,460,000
IRES tax effect	137,520	-		137,520
Total IRES tax effect	1,060,663	-	-688	1,059,975

Total IRAP tax effect	150,011	-	-112	149,899
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The deferred tax assets represent the total income taxes recoverable in future years in reference to the deductible temporary differences and mainly relate to the depreciation of assets and the allocation relating to the Mantova Hub project. The deferred tax liabilities represent the total income taxes due in future years in reference to the deductible temporary differences and mainly relate to the valuation of the investment in Enipower Mantova and the Mariana Mantovana landfill.

Balance Sheet

Note 11 - Intangible assets

This item and related changes for the years ended 31 December 2023 and 2022 can be broken down as follows:

<i>(in thousands of Euro)</i>	Other intangible assets	Concessions	Intangible assets in progress	User licences	Total
Balance at 31 December 2022	2,567	1,683	-	173	4,423
<i>Of which:</i>					
- historic cost	18,682	6,500	-	2,608	27,790
- accumulated amortisation	-16,115	-4,817	-	-2,435	-23,367
Increases	120	221	520	-	861
Transfer from/to non-current assets	405	-	-405	-	-
Decreases (historic cost)	-	-	-	-	-
Decreases (acc. amortisation)	-	-	-	-	-
Amortisation	-874	-317	-	-17	-1,208
Balance at 31 December 2023	2,218	1,587	115	156	4,076
<i>Of which:</i>					
- historic cost	19,207	6,721	115	2,608	28,651
- accumulated amortisation	-16,989	-5,134	-	-2,452	-24,575

“Concessions”, totalling Euro 1,587 thousand at 31 December 2023, consist of assets relating to cemetery services provided through contracts with the respective public authorities. The assets involved in the provision of such services are accounted for using the intangible assets model indicated in IFRIC 12.

The cemetery services provided include the management and maintenance of cemeteries (mainly those in the Municipalities of Mantova and Suzzara), crematorium management and vigil lighting. These services, provided as a result of tender awards, are subject to tariffs determined by the Ministry.

The item “Intangible assets in progress”, amounting to Euro 115 thousand, refers to investments in proprietary software that has not yet been completed.

The increases relating to “Other intangible assets” mainly regard the capital expenditure in proprietary software.

Note 12 - Tangible assets

The tangible assets mainly refer to the Mariana Mantovana landfill and the networks and systems relating to district heating, gas, water and generic plant not accounted for in compliance with IFRIC 12, as they are proprietary and leased to the subsidiaries.

This item and related changes for the years ended 31 December 2023 and 2022 can be broken down as follows:

<i>(in thousands of Euro)</i>	Other tangible assets	Landfill	Tangible assets in progress	Plant and machinery	Land and buildings	Overall total
Balance at 31 December 2022	1,944	13,233	495	40,498	18,828	74,998
<i>Of which:</i>						
- historic cost	12,357	53,863	495	142,834	34,293	243,842
- accumulated depreciation	-10,413	-40,630	-	-102,336	-15,465	168,844
Increases	436	-	3,896	69	225	4,626
Transfer from/to non-current assets	9	325	-3,043	1,953	756	-
Decreases (historic cost)	-53	-	-	-2,708	-100	-2,861
Decreases (acc. depreciation)	41	-	-	2,694	23	2,758
Depreciation	-436	-1,651	-	-4,064	-1,004	-7,155
Adjustment to provision for landfill post-closure management	-	3,174	-	-	-	3,174
Balance at 31 December 2023	1,941	15,081	1,348	38,442	18,728	75,540
<i>Of which:</i>						
- historic cost	12,749	57,362	1,348	142,148	35,174	248,781
- accumulated depreciation	-10,808	-42,281	-	-103,706	-16,446	173,241

Investments in “Plant and machinery” refer mainly to investments made on plants relating to the district heating network.

The increase in the item “Land and buildings” deriving from transfers from tangible assets in progress for Euro 756 thousand refers to the conclusion of investments in owned buildings, while the increase and decrease in historic cost refer to the deed of exchange of land entered into with the Municipality of Mantova.

With reference to the landfill, the adjustment of the provision for post-closure management reflects the change in the estimates of the present value of the investments necessary to complete the structures and plants and the costs of cleaning up the landfill at the end of the operating period, according to the method illustrated in the notes commenting on Provisions for Risks and Charges.

The item “Tangible assets in progress” changed mainly due to the investments made in the district heating network and, at the end of the year, it mainly included works on that network that were not yet completed.

The following table shows the breakdown of internal costs capitalised in 2023 and 2022, mainly related to capital expenditure in assets covered by service under concession agreements classified under intangible assets:

<i>(in thousands of Euro)</i>	2023	2022
Tangible	-	-
Services	221	150
Other expenses	-	-
Personnel	-	-
Total	221	150

Note 13 - Right of use

This item and related changes for the years ended 31 December 2023 and 2022 can be broken down as follows:

<i>(in thousands of Euro)</i>	Buildings	Other assets	Total
Balance at 31 December 2022	386	179	565
<i>Of which:</i>			
- historic cost	520	428	948

- accumulated depreciation	-134	-249	-383
Increases (historic cost)	134	140	274
Decreases (historic cost)	-28	-84	-112
Decreases in accumulated depreciation	28	84	112
Depreciation	-81	-122	-203
Other historic cost changes	-	-	-
Other changes in accumulated depreciation	-	-	-
Balance at 31 December 2023	439	197	636
<i>Of which:</i>			
- historic cost	626	484	1,110
- accumulated depreciation	-187	-287	-474

The rights of use refer to property lease agreements and car leases as fringe benefits to which IFRS 16 applied.

The increases in the year refer to new lease agreements and new car lease agreements. For new leases, the incremental borrowing rate applied to financial liabilities varies according to the length of the leases. It should be noted that the incremental borrowing rate applied to financial liabilities recognised during the year (corresponding to the increases in rights of use recorded during the year) falls within the following range of data:

- Contracts expiring within 5 years: from 2.30% to 1.85%;
- Contracts expiring from 5 to 10 years: from 2.04% to 2.67%;
- Contracts expiring beyond 10 years: 3.02%.

All contracts refer to Italy.

The following table shows the effects on the Income statement of the recognition of lease agreements in accordance with IFRS 16.

Effect on the Income statement	31/12/2023
Financial expenses	16
Right of use amortisation	203
Costs relating to short-term/low value leases	35
Total	254

Costs relating to short-term/low value leases are classified as costs for use of third party assets and refer to rental fees for leased cars with a duration of less than 12 months, rental fees for equipment with insignificant unit value.

<i>(in thousands of Euro)</i>	At 31 December	
	2023	2022
Historic cost	1,110	948
Accumulated amortisation	-474	-383
Net carrying amount	636	565

Note 14 - Investments measured using the equity method

<i>(in thousands of Euro)</i>	Subsidiaries
1 January 2022	66,668
Purchase of investment	-
Income (expenses) from investments measured using the equity method	8,398

Portion of other comprehensive income referring to investments measured using the equity method	-185
Other changes	1,200
Dividends	-365
31/12/2022	75,716
Purchase of investment	-
Income (expenses) from investments measured using the equity method	10,243
Decrease in investment as a result of use of provisions (TSF Srl)	-6
Portion of other comprehensive income referring to investments measured using the equity method	-47
Other changes	1,603
Dividends	-501
31/12/2023	87,008

The amount distributed by Mantova Ambiente is indicated under “Dividends”.

“Other changes” include Euro 1,603 thousand relating to the share capital increase paid by Tea Spa BC in favour of subsidiaries for Euro 173 thousand to Tea Servizi Funerari, Euro 830 thousand to Revere Energia and Euro 600 thousand to Depura.

The statement of reconciliation of investments measured using the equity method is shown below:

Company	% Owned	IFRS Equity 2023*	IC Netting 2023*	Investments IFRS 2023	Investments IFRS 2022	Rev./Write-downs IFRS 2023	Pro-rata change in act. reserve*	Change in Derivatives Reserve**	Changes due to capital inc. and dividends**	Other Changes	Rev./Write-downs IFRS 2023
TSF	100%	174		174	144	30	10		-173	6	-127
Tea Energia	100%	22,258		22,258	15,530	6,729	-13	44			6,760
TEA RETELUCE	80%	10,754	-6	10,748	8,525	2,223	17				2,241
MANTOVA AMBIENTE	40%	6,223	-3	6,221	5,172	1,048	-33		501		1,516
S.E.I.	100%	13,580	-170	13,410	13,277	133	2				134
AQA	100%***	22,762	-534	22,227	21,879	349	19				367
Depura	60%	1,654	-140	1,514	760	754	1		-600		155
REVERE ENERGIA	100%	286		10,456	10,429	27			-830		-803

*Investments are understood as pro-rata

**the following changes do not entail revaluations or write-downs

***considered at 100% by virtue of contractual commitment to purchase the minority share.

<i>(in thousands of Euro)</i>	Associated companies
1 January 2022	5,878
Income (expenses) from investments measured using the equity method	-1,166
Investment sale	-
Dividends	-
31/12/2022	4,712
Income (expenses) from investments measured using the equity method	34
Investment sale	-
Dividends	-
31/12/2023	4,746

Income from equity investments relates to the revaluation of the Blugas Infrastrutture investment for Euro 34 thousand.

Blugas Infrastrutture's assets contain the right to collect 20% of the annual production of the Longanesi deposit up to the amount of 70 million square metres. The deposit is located in the province of Ravenna and the joint owners of the permit are Aleanna Italia Srl, against which Blugas Infrastrutture holds the right, and Padana Energia, which is the operator of the joint venture.

The company Unitea, 50%-owned by Tea Spa BC, is active in the transformation of fat into electricity and steam at its plant in Pegognaga. Partially covering the entire demand within the same plant, the remaining part is placed with the Network Operator.

The following table shows the assets, liabilities, revenues and net income from investments measured using the equity method. Note that the amounts refer to financial statements drawn up in accordance with the Italian GAAP, while the valuation at equity uses IFRS reporting.

<i>(in thousands of Euro)</i>	<i>Headquarters</i>	<i>Carrying amount</i>	<i>% interest</i>	<i>Assets</i>	<i>Liabilities</i>	<i>Revenues</i>	<i>Shareholders' equity</i>	<i>Profit/(Loss)</i>
31/12/2023								
Blugas Infrastrutture	Mantova	4,746	28.70%	35,567	19,210	2,100	16,357	83
Unitea	Mantova	-	50.00%	5,536	3,700	5,461	1,836	-423
Tea Energia	Mantova	22,258	100.00%	64,831	42,572	241,264	22,259	6,825
Mantova Ambiente	Mantova	6,221	40.48%	51,528	37,545	96,669	13,982	3,642
Sei	Mantova	13,410	100.00%	63,642	49,396	33,986	14,246	422
Tea Servizi Funerari	Mantova	174	100.00%	1,429	1,066	3,170	362	-134
Tea Reteluce	Mantova	10,748	80.00%	27,245	18,098	15,085	9,147	1,902
AqA **	Mantova	22,227	85.92%	167,887	144,973	39,656	22,915	1,231
Depura	Mantova	1,514	60.00%	5,371	2,612	4,703	2,759	500
Revere Energia	Mantova	10,456	100.00%	5,822	5,496	242	326	-802
31/12/2022								
Blugas Infrastrutture	Mantova	4,713	28.70%	34,766	18,346	2,482	16,420	435

Unitea	Mantova	-	50.00%	7,499	5,240	6,792	2,259	-72
Tea Energia	Mantova	15,530	100.00%	96,347	80,868	363,997	15,479	3295
Mantova Ambiente	Mantova	5,172	40.48%	51,700	40,121	93,304	11,579	1,680
Sei	Mantova	13,277	100.00%	65,019	51,195	39,609	13,824	971
Tea Servizi Funerari	Mantova	144	100.00%	1,877	1,553	3,664	324	-270
Tea Reteluce	Mantova	8,525	80.00%	29,854	22,610	15,303	7,244	1976
AqA	Mantova	21,879	85.92%	147,955	126,271	39,470	21,684	904
Depura	Mantova	760	60.00%	3,611	2,352	3,102	1,259	215
Revere Energia	Mantova	10,429	100.00%	5,035	4,737	-	298	-382

* The shareholders' equity figure includes profit (loss) for the year.

**considered at 100% by virtue of contractual commitment to purchase the minority share.

Note 15 - Other non-current assets

<i>(in thousands of Euro)</i>	At 31 December	
	2023	2022
Non-current financial receivables from related parties	111,508	67,642
Investments in other entities	30,900	30,900
Guarantee deposits	265	262
Financial receivable from street lighting	-	-
Multi-year prepaid expenses	238	163
Other non-current assets	4	126
Total	142,915	99,093

"Non-current financial receivables from related parties" refer to the outstanding loan to a number of subsidiaries and to one associated company. Specifically, the increase in the item recorded in 2023 is attributable to the new loans granted to the subsidiary AqA Srl Società Benefit for a total of Euro 45,000 thousand.

For the purpose of better presentation and comparability, the non-current portion of the financial receivable from A3M Luce was reclassified from the item "Non-current financial receivables from others" to "Non-current financial receivables from related parties, also for 2022. This financial receivable was triggered by the agreement reached between the parties in 2022 for the loan to A3M Luce for Euro 544 thousand.

Moreover, one reclassification was made from "current financial receivables from related parties" to "non-current financial receivables from related parties" for Euro 1,871 thousand, relating to the medium/long-term receivable due from A3M Luce Srl.

The financial position of A3M Luce Srl, shareholder and partner of Tea ReteLuce, required careful assessment of the receivables that it owes to the Company. To ensure that A3M Luce Srl keep its financial situation balanced and can regularly meet its obligations, in 2023, Tea SpA BC and the members of A3M Luce Srl launched a deal to immediately increase the value of the residual share (20%) of the capital of Tea Reteluce Srl held by A3M Luce Srl, by moving up the deadline set out for the takeover (2034), to allow the member to fully pay the receivables due to Tea Reteluce and Tea SpA SB. As a result of those developments and the resulting economic-financial plan of the shareholder, the Company's Directors deemed the receivable due from A3M Luce Srl to be fully recoverable.

Negotiations are under way with the shareholders of Tea Spa BC and A3M Luce S.r.l. To finalise the agreement entered into on 23 April 2023 regarding the purchase by Tea Spa BC of a 20% stake in the Company held by A3M Luce S.r.l., effective on 30 June 2034, and the amount of Euro 500 thousand has been lodged as an advance on the pledge obtained on the minority stake held in A3M Luce Srl.

"Investments in other entities" refer mainly to the 13.5% interest in Enipower Mantova Spa. The fair value of the investment in Enipower Mantova Spa is measured on the basis of the best estimate of expected future cash flows from

the investment. Specifically, these refer to the expected future cash flows from the investee in terms of dividends. Once estimated, these cash flows are discounted at the reporting date.

Given the use of benchmarks not observable on the market, the fair value is classified as "Fair value level 3".

Note 16 - Deferred tax assets

See Note 10 for further details.

Note 17 - Inventory

This item breaks down as follows:

<i>(in thousands of Euro)</i>	At 31 December	
	2023	2022
Work in progress and semi-finished goods	550	570
Raw materials and consumables	70	82
Total	620	652

Inventory totalled Euro 620 thousand and Euro 652 thousand, respectively, at 31 December 2023 and 2022.

Note 18 - Trade receivables

This item breaks down as follows:

<i>(in thousands of Euro)</i>	At 31 December	
	2023	2022
Trade receivables for invoices issued	7,953	10,384
Trade receivables for invoices to be issued	6,644	4,917
Provision for bad debts	-801	-1,203
Total	13,796	14,098

The receivables refer primarily to invoices issued and to be issued to the subsidiaries for services provided by the Company, specifically to Mantova Ambiente for Euro 6,981 thousand, Sei for Euro 3,158 thousand and AqA for Euro 2,781 thousand.

The decrease in the year of Euro 302 thousand is due to invoices issued and collected during the year.

The following table shows that the provision for bad debts recorded a decrease due to use of Euro 402 thousand, of which Euro 192 thousand relating to the urban waste tax credits (TIA) of Mantova Ambiente.

<i>(in thousands of Euro)</i>	Provision for bad debts
31/12/2022	1,203
Allocations	-
Uses	-402
31/12/2023	801

Note 19 - Current tax receivables

This item, which can be broken down as follows, includes the resulting balance of IRES and IRAP, which came to zero for 2023.

<i>(in thousands of Euro)</i>	At 31 December	
	2023	2022
IRES tax receivables	-	-
IRAP tax receivables	-	5
Total	-	5

Note 20 - Other current tax assets

This item breaks down as follows:

<i>(in thousands of Euro)</i>	At 31 December	
	2023	2022
VAT receivables	76	-
Other tax receivables	109	379
Total	185	379

Other tax receivables relate to the current portion of receivables for new operating assets and Industry 4.0 for a value of Euro 109 thousand.

Note 21 - Other current assets

This item breaks down as follows:

<i>(in thousands of Euro)</i>	At 31 December	
	2023	2022
Advances to suppliers	1	47
Other receivables from subsidiaries	63	259
Cash pooling receivables from subsidiaries	48,042	103,500
Current financial receivables from related parties	1,326	934
Receivable from tax consolidation	2,178	-
Prepaid expenses	703	675
Other current assets	902	357
Total	53,215	105,772

The balance of cash pooling vis-à-vis subsidiaries, classified in short-term receivables because the contracts provide for their tacit renewal every 12 months, is the positive balance vis-à-vis subsidiaries with the largest decreases in 2023 concerning Tea Energia and AqA Società Benefit.

The item Receivable from tax consolidation, equal to Euro 2,178 thousand, refers to the balance due to the subsidiaries for tax consolidation.

Current financial receivables from related parties includes the short-term portion of the financial receivable from the related party A3M Luce, equal to Euro 1,326 thousand in 2023, compared to 934 thousand in 2022.

Other current assets include Euro 500 thousand in advances for the quotas purchased by Tea Reteluce S.r.l. and Euro 311 thousand in accrued income.

Note 22 - Cash and cash equivalents

This item breaks down as follows:

<i>(in thousands of Euro)</i>	At 31 December	
	2023	2022
Cash on hand	2	2
Bank and post office accounts	35,822	20,576
Total	35,824	20,578

For the changes during the year, please refer to the statement of cash flows.

Note 23 - Shareholders' Equity

Share capital

At 31 December 2023, the Company's fully subscribed and paid-up share capital amounts to Euro 73,403 thousand (Euro 73,403 thousand at 31 December 2022) and comprises 283,408 ordinary shares in issue (including 1,516 treasury shares) with a nominal value of Euro 259 each.

Reserves

Reserves include the legal reserve amounting to Euro 11,023 thousand at 31 December 2023 (Euro 8,866 thousand at 31 December 2022).

At 31 December 2023, the actuarial reserve for employee benefits included under "Other reserves" recorded the following changes:

<i>(in thousands of Euro)</i>	Actuarial reserve
At 31 December 2021	-85
Actuarial gains/(losses) for employee benefits	151
Actuarial gains/(losses) for employee benefits - tax effect	-11
Other comprehensive income	140
At 31 December 2022	55
Actuarial gains/(losses) for employee benefits	1
Actuarial gains/(losses) for employee benefits - tax effect	
Other comprehensive income	1
At 31 December 2023	56

The following table shows the shareholders' equity items at 31 December 2023 with breakdown by source, usage options and distributable amount.

	Amount	Origin/Nature	Possibility of use	Possibility of use	Summary of uses in the previous three years	
					As loss coverage	For other reasons
Share capital	73,403	CAPITAL				
Legal reserve ⁽²⁾	11,023	PROFIT	B			
Share premium reserve ⁽¹⁾	3,534	CAPITAL	A, B	3,534	-	-
Other reserves	19	PROFIT	A, B, C	19		
Extraordinary reserve	42,630	PROFIT	A, B, C	42,630	-	-
Negative reserve for treasury shares held	-411	CAPITAL				
Valuation reserve for investments measured using the equity method	61,165	PROFIT				
Revaluation reserve 185/2008 ⁽³⁾	2,592	CAPITAL	B		-	-
FTA reserve ⁽⁴⁾	17,778					
Actuarial reserve ⁽⁵⁾	56					
Retained earnings	21,240	PROFIT	A, B, C	21,240		
Profit for the year	29,999					
Total	263,028					

<i>Undistributable portion</i>	199,139
<i>Residual distributable portion</i>	63,889

Note that Other reserves were not used in the previous three years.

* Key:

A: for share capital increase

B: as loss coverage

C: for distribution to shareholders

- (1) The share premium reserve, unchanged from the previous year, includes the surplus of the issue price of shares compared to their nominal value and cannot be distributed to shareholders until the legal reserve reaches one-fifth of the share capital (art. 2431, Italian Civil Code). It can be used to cover losses, for share capital increases free of charge, and to top up the legal reserve.
- (2) Pursuant to art. 2430 of the Italian Civil Code, the legal reserve is available for share capital increases for the amount exceeding the legal limit envisaged in art. 2430 of the Italian Civil Code. In the case in question, it can be used solely to cover losses and is not available for share capital increases or distribution to shareholders.
- (3) The undistributable valuation reserve for investments derives from application of the equity method to measure the investments in subsidiaries and associated companies. As envisaged in art. 6, paragraph 5, Italian Legislative Decree 38/2005, this reserve is available solely to cover losses after use of the available profit reserves and legal reserve. In this case, the aforementioned reserves must be restored by allocating profit in future years.
- (4) With reference to the FTA reserve, as envisaged in art. 7, paragraph 7 of Italian Legislative Decree 38/2005 for the case in question, this is an undistributable shareholders' equity reserve which in future years will be released for the part exceeding the positive differences at the reporting date. This reserve cannot be used for share capital increases and if used to cover losses it is subject to compulsory restoration from profits in future years.
- (5) The actuarial reserve is: (i) to be covered from retained earnings and (ii) not taken into consideration for the purpose of dividend distribution.

Note 24 - Non-current loans

Current and non-current loans

The following table provides a breakdown of this item at 31 December 2023 and 2022:

<i>(in thousands of Euro)</i>	At 31 December	
	2023	2022
Bonds	-	11,986
Non-current portion of bank loans	83,983	75,770
Right of use financial payables	460	404
Non-current loans	84,443	88,160
Bonds	11,986	4,964
Current portion of bank loans	7,094	13,535
Right of use financial payables	179	165
Bank overdrafts	-	-
Current loans	19,259	18,664
Total loans	103,702	106,824

The following tables show the breakdown of due dates of current and non-current debt at 31 December 2023 and 2022, with related changes:

<i>(in thousands of Euro)</i>	Total
-------------------------------	-------

	Due within a year	Due in 1 to 5 years	Due after more than 5 years	
31/12/2023				
Bank loans	7,094	75,099	8,884	91,077
Right of use financial payables	179	293	167	639
Bonds	11,986	-	-	11,986
Bank overdrafts	-	-	-	-
31/12/2022				
Bank loans	13,535	75,770		89,305
Right of use financial payables	165	279	125	569
Bonds	4,964	11,986		16,950
Bank overdrafts	-	-		-

The changes in loans are shown below:

<i>(in thousands of Euro)</i>	Value at 31.12.2022	Increases	Decreases	Value at 31.12.2023
Bank loans	89,305	15,298	-13,526	91,077
Right of use financial payables	569	289	-219	639
Bonds	16,950		-4,964	11,986
Bank overdrafts	-		-	-

The increase in bank loans refers mainly to the contracting of a medium/long-term line with the European Investment Bank (EIB) for a total of Euro 14,850 thousand. At the same time, there was a decrease due to repayment of the principal on the loans taken out for Euro 13,526 thousand, of which 13,000 thousand deriving from the short-term lines contracted for temporary cash flow needs.

The cost of obtaining the new loan was capitalised and, thus, amortised over the duration of the loan.

At 31 December 2023, there was Euro 34 million in pool loans available, by April 2024, and Euro 45 million in the EIB loan, by April 2025. At the reporting date, the available revolving lines, amounting to Euro 20,000 thousand, were unused.

The following table summarises the “cash changes” and “non-cash changes” as required by IAS 7.

<i>(in thousands of Euro)</i>	01/01/2023	Cash changes		Non-cash changes			31/12/2023
		Increases	Reimbursements	Changes due to acquisitions	RoU increase	Other	
Bank borrowing	89,305	14,850	-13,526			448	91,077
Bonds	16,950		-5,000			36	11,986
Finance lease liabilities	569		-219		274	15	639
Bank overdrafts	-		-				-
<i>Total</i>	106,824	14,850	-18,745	-	274	499	103,702

Bank loans

The following table provides information on the bank loans in place at 31 December 2023 and 2022:

<i>(in thousands of Euro)</i>	Financial institutions	Contract year	Maturity year	Notional value	Interest rate	At 31 December			
						2023	current portion	2022	current portion
	Credit Agricole	2002	2027	4,338	6M Euribor+20bps	705	192	894	199
	Credit Agricole	2022	2023	5,000	2.14%			5,000	5,000
	Banco BPM	2019	2025	2,000	6y EuroIRS+199 bps	607	344	941	336
	Intesa SanPaolo	2022	2023	8,000	1.89%			8,000	8,000
	Banking pool A	2022	2027	70,000	6M Euribor+150bps	68,900	6,558	68,095	-
	Banking pool B	2022	2027	6,000	6M Euribor+165bps	6,000	-	6,375	-
	EIB Loan	2023	2035	15,000	3.70%	14,865			
	Total			110,338		91,077	7,094	89,305	13,535
	<i>of which fixed interest rate</i>					<i>14,865</i>		<i>13,000</i>	<i>-</i>
	<i>of which floating interest rate</i>					<i>76,212</i>		<i>76,307</i>	<i>-</i>

At 31 December 2023, the bond, pool line and EIB line were covered by loan agreements that contained financial covenants providing for certain limitations, which require the Group to have a specific level of NFP/EBITDA, NFP/Equity, Available Cash Flow/Financial Debt and EBITDA/Financial Expenses.

Bonds

In 2017, the Company issued a 7-year non-convertible bond for a total of Euro 30 million, listed on the regulated market of the Irish Stock Exchange. This bond loan was measured at amortised cost and totalled Euro 11,987 thousand at 31 December 2023.

It should be noted that the bond loan is backed by contractual clauses that require fulfilment of financial covenant provisions which, at the reporting date, were fully complied with.

In March 2024, the Tea Spa BC shareholders' meeting resolved to extend the maturity of the bond from 7 June 2024 to 7 December 2025.

The agreement provides for lump-sum repayment of the principal of the residual debt on 7 December 2025.

The interest, calculated at an annual rate of 5%, shall be paid on 7 June 2025 and 7 December 2025. The charges incurred for renegotiating the bond loan amounted to Euro 84 thousand.

Note 25 - Provisions for risks and charges

The changes in this item were as follows:

<i>(in thousands of Euro)</i>	At 31 December 2022	Allocations	Releases	Transfers	Changes in estimated cash flows	Uses	At 31 December 2023
Provision for landfill post-closure management	21,826	1,030			3,174	-8	26,022
UNITEA guarantees provisions for risks	247						247
Provisions for environmental repair project	-	1,800					1,800
Provision for end of term of the BoD's office	4	10					14
Other provisions for risks	320	-	-317			-	3
Total	22,397	2,840	-317	-	3,174	-8	28,086

Provision for landfill post-closure management

This provision substantially relates to future expenses for the environmental recovery of the landfill area once it is filled. Therefore, this provision includes the present value of the estimated capital expenditure required to complete the structures and facilities to be constructed in future years and the “post-mortem” expenses, i.e. the future expenses for the environmental recovery of the area on which the landfills are located, to be incurred starting from the filling and up to the completion of the conversion of the site into a green area.

This item was calculated through recourse to an independent expert appraisal and reflects the present value of the estimated costs, calculated on the basis of the rate of return on risk-free loans. The increases and decreases for the period were made to adjust existing provisions on the basis of estimated future costs to be incurred at the reporting date, any changes in the discount rate and the expected remaining useful life calculated on the basis of the average annual contributions and the total authorised volume. The decreases also refer to use of the provision for expenses incurred during the period (relating to closed sections of the landfill), and to the total expense incurred during the post-closure phase until mineralisation of the waste is completed and the landfill has been converted to parkland. The difference of Euro 3,174 thousand in the estimated cash flows recognised for the year is due to the decrease of interest rates recorded in the financial markets in 2023. The adjustment to the value of the provision due to the difference in the estimated cash flows is offset by a balancing entry that changes the value of the tangible asset to which the environmental clean-up obligation refers by the same amount.

UNITEA guarantees provisions for risks

These provisions refer to the risks connected with the portion of the investment in UNITEA (already fully written down) pertaining to the Company.

Provisions for environmental repair project

These provisions include the allocation to provisions for future charges of per Euro 1,800 thousand relating to the environmental repair project named “Mantova Hub, with which the Company undertook with the Municipality of Mantova to cofinance that urban redevelopment project.

Other provisions

The item “Other provisions” includes allocations in the previous years for diverse types of risk, which it was decided to fully release during the year.

Note 26 - Employee benefits

Employee benefits include the employee severance indemnity for Company employees. The following shows a breakdown of the changes recorded in the years under review:

<i>(in thousands of Euro)</i>	Employee severance indemnity	
	01/01/2022	1,216
Costs for services		-
Financial expenses on employee severance indemnity		92
Uses and advances		-93
Actuarial (Losses) Gains		-151
	31/12/2022	1,064
Costs for services		-
Financial expenses on employee severance indemnity		39
Uses and advances		29
Actuarial (Losses) Gains		-1
	31/12/2023	1,131

The assumptions regarding employee indemnity are made on the basis of an actuarial calculation aligned with published statistics and with insurance sector experience, broken down by gender and age. The assumptions regarding pension age are based on position and the type of employment contract.

The actuarial assumptions for the calculation of defined benefit pension plans are broken down in the following table:

<i>(as percentages)</i>	At 31 December	
	2023	2022
Main assumptions		
Inflation rate	2.50%	3.00%
Discount rate	3.08%	3.63%
Pay increase rate	1.50%	1.50%
Turnover rate - Executives	5.00%	5.00%
Turnover rate - employees	5.00%	5.00%

Here below is the sensitivity analysis:

Sensitivity analysis: Total employee severance indemnity according to IAS 19 (in thousands of Euro)		31.12.2023
Discount rate +0.5%		1,099
Discount rate -0.5%		1,166
Inflation rate +0.5%		1,154
Inflation rate -0.5%		1,110

Note 27 - Other non-current liabilities

This item breaks down as follows:

<i>(in thousands of Euro)</i>	At 31 December	
	2023	2022
Guarantee deposits from customers	12	12
Deferred income from contributions	-	-
Other multi-year deferred income	279	392
Other non-current liabilities	400	400
Total	691	804

The item Other non-current liabilities, amounting to Euro 400 thousand, refers to the payable for the purchase of the investment in the former Tea Acque Srl, now AqA Srl BC.

The item Other multi-year deferred income decreased by Euro 113 thousand due to the release of deferred income relating to the receivable for operating assets and Industry 4.0.

Note 28 - Deferred tax liabilities

<i>(in thousands of Euro)</i>	At 31 December	
	2023	2022
Deferred tax liabilities	1,210	1,211
Total	1,210	1,211

See Note 10 for further details.

Note 29 - Current loans

See Note 24 for further details.

Note 30 - Trade payables

This item breaks down as follows:

<i>(in thousands of Euro)</i>	At 31 December	
	2023	2022
Trade payables	3,598	4,655
Payables to subsidiaries	1,911	2,379
Payables to associated companies	-	-
Payables to related parties	84	1,058
Total	5,593	8,092

The item Payables to related parties refers to the payable outstanding at 31 December 2023 to the Municipality of Mantova for cemetery fees. The decrease in the item is attributable to the disbursement during 2023 of the extraordinary grant to support households burdened by the hike in energy costs.

Note 31 - Current tax payables

<i>(in thousands of Euro)</i>	At 31 December	
	2023	2022
Tax payables - IRAP	228	-
Tax payables - IRES	2,100	862
Total	2,328	862

Note 32 - Other current tax liabilities

<i>(in thousands of Euro)</i>	At 31 December	
	2023	2022
Other tax payables	253	413
Regional waste tax	-	-
Total	253	413

The item Other tax payables mainly includes withholding taxes on salaries and compensation.

Note 33 - Other current liabilities

<i>(in thousands of Euro)</i>	At 31 December	
	2023	2022
Payables to parent companies	-	-
Payables to subsidiaries	3	24
Cash pooling receivables from subsidiaries	1,611	2,893
Payables to associated companies	-	-
Payables to employees	694	628
Payables to social security/pension institutions	782	733
Tariff component compensation payables	-	-
Other short-term liabilities	10,081	8,117
Payable from tax consolidation	-	259
Annual accrued expenses and deferred income	1,071	860
Total	14,242	13,514

The balance of the cash pool relating to subsidiaries refers to the negative cash pooling balance vis-à-vis the subsidiary Mantova Ambiente and Depura.

The item Other short-term liabilities mainly includes the payable to the Municipality of Mantova for the dividend to be disbursed of Euro 10,003 thousand.

Other information

(i) Risk management

Risks deriving from the Russian-Ukrainian conflict

During 2023 the tensions on energy prices which arose at the end of 2022 gradually decreased. There are many reasons for this performance: at European Union level, measures were adopted to diversify procurement sources and keep energy costs down, while the favourable weather made it possible to maintain fullness levels of storage higher than the historical average.

As a result of this trend, market liquidity returned to normal levels, eliminating the risks of unavailability of raw materials to satisfy the supply contracts signed for sale.

The reduction in prices, with other conditions being equal, also led to the value of trade receivables decreasing to an amount in line with the historical average, and less use of unsecured credit lines to provide guarantees connected with the supply of commodities.

With the return of looser market conditions, in the last part of the year, commercial margins on sales decreased year-over-year compared to the higher levels at the end of 2022 and the beginning of 2023, which compensated for the higher procurement risk. Another phenomenon that may contribute to the reduction of margins is the consolidation of more efficient consumption models that users learned to adopt in the phase of rising prices.

In October 2023, a new outbreak of instability occurred with the start of Israel's operations in the Gaza Strip, in response to the terrorist attacks suffered by the people in the Israeli towns bordering the Strip. In this new scenario, attacks on Western interests conducted by the Iran-supporting militia operating in the area of the Red Sea increased, with attacks on commercial shipping multiplying. In response to these threats, trade routes from the East towards Europe were lengthened, avoiding the Suez Canal and circumnavigating Africa, resulting in a hike in the transport and insurance costs for all goods.

The gas and electricity market does not seem to be sharply impacted by these costs increases, which, however, are gradually weighing on the prices of oil and other goods.

This new situation may slow the process of reducing inflation that had gained strength at the beginning of 2023, but which subsequently had a slower pace, featuring differing trends in the various components of the price index.

The expectations for a decrease in interest rates fall in line with the expectations of the trend in inflation, and, thus, gradually lost some strength. At the date of this report, the yield curve remained sharply inverted up to maturities of 3.5 years and in the section from 3.5 years to 10, rates are lower than the current short-term rates, in an amount ranging from 100 75 bps. However, compared to the end of 2023, the curve shows an increase of around 40 bps. Short-term rates are having difficulty coming down, and because these determine the cost of floating rate debt, the weight of financial expenses on companies' financial statements remain at significantly higher levels than those of the last few years.

Interest rate risk

The parent company centrally manages the cash flow needs of its subsidiaries and thus, Tea spa's exposure to interest rate risk substantially overlaps the interest rate risk at Group level.

Any change in market interest rates has an impact on the financial expenses associated with the different financing types, affecting both the economic result and the cash flow.

The Group's exposure to floating interest rate risk represented 70% of total debt at 31 December 2023. The remaining debt, comprised of the bond and the first tranche drawn down of the EIB loan, is fixed rate. An increase or decrease in interest rates by 10 basis points would have resulted in an increase/decrease in financial expenses of Euro 78 thousand.

The risk is managed by constantly monitoring the interest rate curves and intervening in the debt mix or evaluating hedging transactions where appropriate. At 31/12/2023 there were no hedging transactions in place.

In 2022, new loan agreements were executed for a total amount of Euro 190 million. Of these, at the end of 2023, Euro 91 million was drawn down, of which Euro 15 million attributable to an EIB loan totalling Euro 60 million, which provides the possibility for Tea to choose the type of interest rate applicable to each tranche. In the specific case, Tea opted for a fixed rate drawdown.

Credit risk

Credit risk represents the Group's exposure to potential losses due to a counterparty's inability to meet its obligations. For the parent company, this substantially derives from receivables due from subsidiaries in relation to centralised services and financial receivables deriving from centralised treasury management.

Thus, overall, the credit risk of Tea SpA BC overlaps the credit risk for the Group as a whole. This risk is assessed as low, as the Group's portfolio of receivables includes a wide variety of counterparties (retail customers, industrial companies, businesses and public entities) and, thus, is not significantly concentrated.

In the normal course of its business, the Group faces the risk that receivables may not be collected on their due date. In the centralised services provided to its subsidiaries, Tea SpA BC manages the procedures aimed at ensuring that commercial dealings are carried out with customers deemed reliable based on past experiences and the available information. The credit rating assessment varies according to the customer category and the types of services provided, and credit insurance was also activated for non-domestic electricity and gas customers.

During the first half of 2023, the extent of the credit risk to which the Group was exposed increased further on the historical average, due to the increase in turnover resulting from the growth in energy prices at the end of 2022/beginning of 2023, and relating to the rise in interest rates, which negatively influenced the opportunities for non-domestic customers to access credit.

The growth in exposure was mitigated by transitioning to monthly invoicing for all customers in the energy sector and adopting more selective criteria to approve the activation of repayment plans for past due amounts by end users.

To mitigate the credit risk associated with trade counterparties, the Group's management constantly reviews exposure and monitors the collection of receivables by the contractually established deadlines.

Liquidity risk

Liquidity risk is the risk of insufficient financial resources to satisfy one's obligations and commitments in the due time and methods. Both operational management and financial management are sources of liquidity risk. Specifically, operational management triggers significant fluctuations in the Group's liquidity, in relation to the seasonal nature of several of its businesses, while financial liabilities imposed obligations to pay principal and interest on borrowed capital.

Liquidity risk is associated with the Company's capacity to meet its commitments deriving mainly from financial liabilities. Prudent management of liquidity risk originating from normal operations implies maintaining an adequate level of cash and cash equivalents and availability of funding through an appropriate amount in credit facilities.

Prudent management of liquidity risk originating from the Group's normal operations implies maintaining an adequate level of cash and cash equivalents and availability of stand-by credit that can be readily activated.

Liquidity risk on the loans side is managed through a diversified structure of due dates, consistent with the business' cash generation profile. At the same time, maintaining a low level of debt in relation to the Group's operating profit and shareholders' equity reduces the risk of refinancing at the contractual expiries of the debit instruments.

During 2022, Tea SpA BC entered into new credit lines for Euro 190 million, of which Euro 20 million in revolving mode to manage the needs arising from fluctuations in working capital, and Euro 170 million in forward lines. The revolving lines were not used at the end of 2023, while the forward lines were drawn for a total of Euro 91 million, of which Euro 15 million for drawdowns in 2023. The revolving lines are available until 2027 and the remaining forward lines can be drawn for Euro 34 million by April 2024 and for Euro 45 million by April 2025. The final repayment dates for the drawn tranches vary between October 2027 and April 2028, while the tranche drawn in 2023 falls due in December 2035.

In addition to the lines described above, at the end of 2023 the Company had unused short-term cash lines of Euro 20 million.

Tea SpA BC has no factoring agreements in force.

In general, the diversification of existing financial relationships on both the asset and liability side is such as not to produce significant risks of concentration by counterparty.

The set of financial sources described makes it possible to cover the foreseeable requirements in the medium term and at the same time to manage peaks in financial requirements related to the trend in working capital. Cash and cash equivalents of Euro 36 million recorded at the end of 2023 should be added to this.

The following table indicates the expected cash flows in the years to come in relation to the financial liabilities at 31 December 2023.

<i>(in thousands of Euro)</i>	Due within a year	Due in 1 to 3 years	Due in 3 to 5 years	Due after more than 5 years	Total
31/12/2023					
Bank loans	12,085	36,432	45,742	11,706	105,965
Right of use financial payables	194	227	100	174	695
Bond	276	12,898			13,174
Bank overdrafts					
31/12/2022					
Bank loans	17,394	30,793	55,678	19,493	123,358
Right of use financial payables	178	206	80	158	622
Bond	5,391	12,276			17,667
Bank overdrafts					

Fair value

The fair value is the sum of estimated future cash flows relating to assets or liabilities, including the related financial income or expenses discounted at year end. The present value of future cash flows is calculated by applying the forward interest rate curve at the reporting date.

Fair value hierarchy

The fair value of financial instruments listed on an active market is based on the related market prices at the reporting date. The fair value of unlisted financial instruments is instead determined using measurement approaches based on a series of methods and assumptions linked to market conditions on that date.

The various levels are as follows:

Level 1: The fair value is determined using prices (unadjusted) of identical financial instruments listed on active markets.

Level 2: The fair value is determined using measurement approaches based on data observable on active markets, other than the level 1 listed prices.

Level 3: The fair value is determined using measurement approaches based on data not observable on the market.

There were no transfers between levels in the fair value hierarchy in 2023.

The following tables show the financial instruments recognised at fair value, based on the measurement approaches used:

<i>(in thousands of Euro)</i>	Level 1	Level 2	Level 3	Total
At 31 December 2023				
Other non-current assets	-	-	30,900	30,900
Total	-	-	30,900	30,900

The fair value of other current and non-current assets and other liabilities was defined on the basis of derivative instruments and equity instruments, which were measured by considering market parameters at the reporting date, using valuation techniques that are generally accepted in the financial sector.

In particular, the fair value of unlisted equity investments is determined by using the expected future cash flows discounted using a benchmark cost of capital.

The nominal value of the item cash and cash equivalents approximates the fair value, considering the short-term maturity of such instruments, which mainly consist of current accounts.

The table below reconciles the opening and closing balances of the financial instruments measured at Level 3 fair value - the equity investment in Enipower Mantova in 2023:

<i>(in thousands of Euro)</i>	Level 3
At 31 December 2022	30,900
Profit/(Loss) recognised in the consolidated income statement for the year	-
Other increases/(decreases)	-
At 31 December 2023	30,900

(ii) Remuneration due to Directors and Statutory Auditors

The annual remuneration due to Directors and members of the Board of Statutory Auditors can be broken down as follows:

(in Euro)	Year ended 31 December	
	2023	2022
Remuneration to statutory auditors	64,350	58,500
Remuneration to directors	124,880	740,433
Total	189,230	798,933

(iii) Independent Auditors' fees

Fees to the independent auditors for the year ended 31 December 2023 amounted to Euro 83 thousand, in line with the previous year.

(in Euro)	Year ended 31 December	
	2023	2022
Statutory audit of the annual accounts	39,500	39,500
Other non-audit services	43,000	43,000
Total	82,500	82,500

(iv) Guarantees

The breakdown of guarantees given is as follows:

<i>(in thousands of Euro)</i>	At 31 December	
	2023	2022
Guarantees in favour of associated companies for medium/long-term loans	7,710	7,460
Guarantees in favour of other companies for medium/long-term loans	-	-
Total	7,710	7,460

The Company has committed to guaranteeing the financial support required to its subsidiaries Depura, Mantova Ambiente, Sei, Tea Reteluce, Tea Energia, AqA Società Benefit, Tea Servizi Funerari and Revere Energia to guarantee business continuity if needed in the next 12 months.

(v) *Related party transactions*

Following the implementation of Legislative Decree 118/2011, the Municipality of Mantova - the majority shareholder of the Tea Group - will prepare the Consolidated Financial Statements of the Group and other companies under its control.

Given the above, details of transactions between the Company and Related Parties, identified on the basis of criteria defined in IAS 24 "Related Party Disclosures", at the reporting date and for the year ended 31 December 2022, are provided below. Though related party transactions are carried out at arm's length, there is no guarantee that, if they were concluded between or with third parties, the latter would have negotiated and signed the related contracts, or completed the transactions at the same conditions and in the same manner.

	Trade receivables	Financial receivables	Trade payables	Financial payables
PARENT COMPANIES				
Municipality of Mantova	47,663	-	118,403	10,002,899
SUBSIDIARIES				
Tea Energia Srl	2,683,616	2,790,233	191,598	-
Mantova Ambiente Srl	6,072,203	-	478,052	1,594,056
SEI Srl	2,741,983	33,152,659	1,068,556	-
Tea Servizi Funerari Srl	225,230	185,289	204,153	-
Tea Reteluce Srl	747,963	7,769,222	9,538	-
AqA Srl SB	2,635,296	104,902,993	11,283	-
Depura Srl	225,796	-	202,197	16,669
Revere Energia Srl	37,623	4,797,723	132,160	-
ASSOCIATED COMPANIES				
Unitea Srl ¹	-	-	-	-
Blugas Infrastrutture Srl ²	2,536,301	5,909,114	-	-
COMPANIES CONTROLLED BY PARENT COMPANIES				
Valdaro Spa ³	-	-	-	-
ASTER Srl- Agenzia Servizi Al Territorio ⁴	-	-	-	-
ASPeF- Azienda Servizi alla Persona e alla Famiglia ⁴	-	-	-	-
OTHER SHAREHOLDERS OF SUBSIDIARIES				
S.I.S.A.M. Spa Società Intercomunale Servizi Alto Mantovano ⁽⁵⁾	-	-	-	-
Progetto Mantova s.c.a.r.l. ⁵	-	-	-	-
S.I.E.M. Società Intercomunale Ecologica Mantovana Spa ⁵	811	-	-	-
A3M Luce Srl ⁶	-	2,369,889	-	-
Acque della Concordia Srl ⁷	-	-	-	400,000
OTHER RELATED PARTIES				
Apam Spa ⁸	-	-	-	-
Enipower Mantova Spa ⁹	-	-	-	-
Biociclo Srl ¹⁰	-	-	-	-
Casalasca Servizi Spa ¹⁰	-	-	-	-
Last Service Srl in liquidazione ¹¹	-	-	-	-

¹ 50%-owned by Tea Spa BC

² 10%-owned by Tea Spa BC

³ 88.02%-owned by the Municipality of Mantova

⁴ 100%-owned by the Municipality of Mantova

⁵ Members of Mantova Ambiente Srl

⁶ Member of Tea ReteLuce Srl

⁷ Member of AqA Srl BC

⁸ Investee of the Municipality of Mantova

⁹ 13.5%-owned by Tea Spa BC

¹⁰ Investee of Mantova Ambiente

¹¹ Investee of TSF Srl

PARENT COMPANIES	Operating revenues	Operating costs	Financial income (expenses)
Municipality of Mantova	149,544	4,634	-
SUBSIDIARIES			
Tea Energia Srl	4,539,000	754,079	240,739
Mantova Ambiente Srl	26,166,839	901,195	-171,991
SEI Srl	8,636,676	962,457	1,462,435
Tea Servizi Funerari Srl	609,539	386,025	25,581
Tea Reteluce Srl	1,183,360	52,665	524,058
AqA Srl BC	8,954,532	64,700	3,438,766
Depura Srl	447,051	194,737	21,237
Revere Energia Srl	244,837	-	50,175
ASSOCIATED COMPANIES			
Unitea Srl ¹	-	-	-
Blugas Infrastrutture Srl ²	38,008	-	193,436
COMPANIES CONTROLLED BY PARENT COMPANIES			
Valdaro Spa ³	-	-	-
ASTER Srl - Agenzia Servizi Al Territorio ⁴	22,458	198	-
ASPeF - Azienda Servizi alla Persona e alla Famiglia ⁴	-	-	-
OTHER SHAREHOLDERS OF SUBSIDIARIES			
S.I.S.A.M. Spa Società Intercomunale Servizi Alto Mantovano ⁽⁵⁾	-	-	-
Progetto Mantova s.c.a.r.l. ⁵	-	-	-
S.I.E.M. Società Intercomunale Ecologica Mantovana Spa ⁵	9,766	-	-
A3M Luce Srl ⁶	-	-	-
Acque della Concordia Srl ⁷	-	-	-
OTHER RELATED PARTIES			
Apam Spa ⁸	-	-	-
Enipower Mantova Spa ⁹	-	-	-
Biociclo Srl ¹⁰	-	-	-
Casalasca Servizi Spa ¹⁰	-	-	-
Last Service Srl in liquidazione ¹¹	-	-	-

¹ 50%-owned by Tea Spa BC

² 10%-owned by Tea Spa BC

³ 88.02%-owned by the Municipality of Mantova

⁴ 100%-owned by the Municipality of Mantova

⁵ Members of Mantova Ambiente Srl

⁶ Member of Tea ReteLuce Srl

⁷ Member of AqA Srl BC

⁸ Investee of the Municipality of Mantova

⁹ 13.5%-owned by Tea Spa BC

¹⁰ Investee of Mantova Ambiente

¹¹ Investee of TSF Srl

Off-balance sheet agreements

There are no off-balance sheet agreements which could significantly impact the Company's balance sheet and financial position and result for the year of the Company.

Fulfilment of transparency and publicity obligations regarding grants received from public administrations or entities treated as such

With regard to the provisions on transparency of public grants set out in Law no. 124 of 4 August 2017, article 1, paragraphs 125-129, there were no public grants (higher than Euro 10,000) disbursed to the Company.

Significant events after the reporting period

The Company has considered the events up to 22 April 2024, the date on which the Board of Directors met to approve the draft financial statements.

In March 2024, the Bondholders' Meeting of Tea SpA BC approved the change to several terms of the 2017-2024 bond listed on the Irish Stock Exchange. Specifically, the maturity of the bond was extended to 7 December 2025, the date on which the residual amount of Euro 12 million in residual debt will be repaid in a lump-sum. The interest rate applied to the loan was confirmed at 2.3% up to the original maturity of 7 June 2024, while for the maturities of 7 June 2025 and 7 December 2025, it will rise to 5%.

The extension allows the Group to maintain a diversified mix of loans in terms of nature, purpose and interest rate structure, and to have more flexibility to decide on the timing of a new bond issue in relation to the performance of interest rates.

In the early hours of 16 April 2024 the Company's IT systems detected a ransomware cyber attack that hit the datacenter at the headquarters of Via Taliercio 3. This cyber incident involved the encryption of data and the resulting temporary loss of availability of that data.

The event was handled promptly by a multidisciplinary team composed of internal and external professionals who took action to mitigate the impacts and restore the systems, which returned to full operation starting in the afternoon of 19 April 2024.

In terms of operations, there were no significant inconveniences caused to users, as it was possible to guarantee the flow of customer requests through the local branches, the call center and e-mail channels.

In the following days, a criminal group claimed responsibility for the attack and announced that data, including personal data, had been exfiltrated.

With specific reference to personal data protection, in compliance with the Group's General Procedure, the Data Breach Committee was established, which promptly coordinated the activities necessary to analyse and manage the event. Based on the technical results acquired to date, the event seems to have caused temporary unavailability of the data, which, however, were recovered through the backups that the Company had set up, as well as causing a loss of confidentiality, whose scope will be further analysed. In that regard, a digital forensics job was assigned to an expert who will provide a technical report that will provide important information to the preliminary analysis. As the data controller, the Company decided, as a preliminary procedural matter, to notify the Personal Data Protection Authority of the event, reserving the right to supplement such notification. In the same way, the Company also provided evidence of the event to the Municipalities for which it carries out personal data processing transactions as the data processor.

The Company also initiated discussions with the Postal and Telecommunications Police and notified the National Cybersecurity Authority (ACN) of the cyber incident.

Based on the information available at the date of this report, the Company believes that an assessment of the economic-financial impacts of the event may be carried out only on receipt of the technical results of the investigations currently under way.

Proposed allocation of profit for the year

With reference to the information required by art. 2427, paragraph 22-septies of the Italian Civil Code, it is proposed that the Shareholders' Meeting allocate the profit for the year of Euro 29,998,803.60 as follows:

To the valuation reserve for investments (Italian Leg. Decree 38/2005)	Euro	11,207,243.36
Distributable profit	Euro	18,791,560.24
5% to the legal reserve	Euro	1,499,940.18
15% to the extraordinary reserve	Euro	2,818,734.04
Retained earnings	Euro	14,472,886.02

Dear Shareholders,

In thanking you for the trust you have placed in us, we invite you to approve the Financial Statements as presented.

These Financial Statements, comprising the Income Statement, Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Shareholders' Equity, Statement of Cash Flows and the Notes, present a true and fair view of the financial position and of the result for the period and reflect the contents of the accounting records.

Mantova, 22 April 2024

The Chairman of the Board of Directors

Massimiliano Ghizzi

3. Board of Statutory Auditor's Report

BOARD OF STATUTORY AUDITOR'S REPORT TO THE SHAREHOLDERS' MEETING CALLED FOR THE APPROVAL OF THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2023 PURSUANT TO ART. 2429, PARAGRAPH 2, Italian Civil Code

Dear Shareholders,

- **Introduction**

During the year ending on 31/12/2023, our activity was inspired by provisions of law and the rules of conduct of the Board of Statutory Auditors recommended by the Italian National Council of Chartered Accountants and Accounting Experts.

The Board of Statutory Auditors in office was appointed by the Shareholders' Meeting on 2 August 2022 and its term of office will come to an end with the shareholders' meeting called to approve the financial statements as at 31 December 2024.

The audit of the accounts was carried out by the independent auditors Deloitte & Touche S.p.A., appointed by the shareholders' meeting held on 17 May 2017 which engaged the auditors for the 2017-2025 period; the Board of Statutory Auditors is responsible for supervision pursuant to arts. 2403 et seq. of the Italian Civil Code.

This report is provided to the Shareholders' Meeting in view of the meeting called for 23 May 2024 for the approval of the financial statements as at 31 December 2023.

- **Supervisory activity**

We supervised compliance with the law and the articles of association in force and compliance with the principles of proper administration.

To this end, we relied on the information flows activated by the Company, which are deemed suitable to enable the Statutory Auditors to verify the compliance of the organisational structure, internal procedures, company records and resolutions of the corporate bodies with the law, the articles of association and applicable regulations.

To carry out our audits, we met periodically as required by law and received information from the heads of the various company functions.

We participated in the shareholders' meetings and meetings of the Board of Directors during which we had the opportunity to obtain information about the activity carried out and the most significant transactions carried out by the Company and the Group in terms of profit and loss, the financial position and cash flows. In this context, the Chairman and the General Manager provided a disclosure on the exercise of their respective powers. On the basis of the information obtained in this manner, the resolutions and the resulting transactions carried out were found to be compliant with the law and the articles of association, do not seem to be in potential conflict of interest with the Company and are not clearly imprudent, risky, atypical, unusual or such so as to compromise the integrity of the corporate assets.

We acquired information from the directors and the top management during the meetings held on general business performance and its expected outlook, as well as about the activity carried out and the most significant transactions, in terms of their size or characteristics, carried out by the Company and its subsidiaries and, on the basis of the information obtained, we have no particular observations to report.

On the basis of the information currently available and the scenarios that can currently be predicted, the directors performed an analysis of the current and future potential impacts of instability in the energy

commodity markets, the conflict underway between Russia and Ukraine and the conflict in the Red Sea area, as well as the relative repercussions that may emerge for economic activity and the financial position and profit and loss of the company.

In light of such analyses, we checked the disclosure in the financial statements, particularly with reference to business continuity, in relation to which no situations of uncertainty were identified.

We met regularly with the independent auditor to exchange data and significant information for the performance of our respective duties. During these meetings, no fact or anomaly relevant enough to be mentioned in this report emerged.

We met with the statutory auditors and chief executive officers of the subsidiaries to exchange information concerning, inter alia, the functioning of corporate activities and respect for the directives provided by the parent company, the characteristics of the internal control system, the business organisation of the subsidiaries and the composition and activity carried out by the respective Supervisory Boards. During the meetings held, no data or relevant information emerged that would need to be mentioned in this report.

We supervised the adequacy of the instructions provided by the Company to its subsidiaries as well as the proper flow of information between them, and we believe that the Company is capable of meeting any communication obligations established by law.

We met with the Supervisory Board (SB) established in accordance with Italian Legislative Decree 231/2001 to exchange useful information and viewed its report issued for the year 2023 on 10 January 2024.

The report specifies that the SB received one report and that the whistleblowing portal is in operation. The report ends with the following observations: *"no events/conduct at the risk of an offence emerged that would require action on the part of the Board of Directors and no reports of unsuitable conduct were received"*.

The Organisation, Management and Control Model pursuant to Italian Legislative Decree 231/2001 was updated and approved by the Board of Directors at its meeting on 22 April 2024.

Insofar as it is responsible, the Board of Statutory Auditors believes that this Model is suitable to prevent the risks established by regulations in force and has been properly adopted.

Please recall that the version in force of the Company's code of ethics was updated by the Board of Directors by resolution of 2 October 2023 and incorporates, inter alia, what is set forth in Italian Legislative Decree 24/2023 (Whistleblowing).

The Head of the Internal Control and Compliance Department presented the 2023 Internal Audit Report and the report concerning the assessment on the internal control and risk management system to the Company's Board of Directors on 30 January 2024. The former reports on the audit activities carried out in 2023; the latter evaluates the internal control system and concludes with the opinion that the system is adequate, as no significant shortcomings were identified which would make the group's internal control and risk management system (SCIGR) unable to achieve the objectives set.

Please recall that the Head is responsible for supervision on the Prevention of Corruption and Transparency and that, at its meeting on 30 January 2024, the Board of Directors updated the relative three-year anti-corruption, transparency and compliance plan for the 2024-2026 three-year period.

We reviewed and positively evaluated the approval of the 2024 Audit Plan prepared by the Head of the Internal Audit Function and approved by the Board of Directors at its meeting on 30 January 2024.

When performing our activity, we did not identify situations or critical events that may lead us to believe, in relation to the year 2023, that the Internal Control and Risk Management System of Tea S.p.A. BC may be inadequate.

We obtained knowledge of and supervised, insofar as we are responsible, the adequacy and functioning of the Company's organisational structure, also by meeting with the relative function heads. In light of what was verified, the Board of Statutory Auditors believes that the organisational structure of the Company, and its procedures, authorities and responsibilities, are adequate in terms of the size of the company and the type of business in which it is engaged.

We obtained knowledge of and supervised, insofar as we are responsible, the adequacy and functioning of the administrative/accounting system, as well as its reliability to properly represent operating events, by gathering information from function heads, the independent auditor and a review of company documents. When performing the activity described above, we did not identify situations or critical events that may lead us to

believe, in relation to the year 2023, that the Company's administrative/accounting system may be inadequate and/or unreliable.

We also acknowledge that:

- we took no action due to omissions of the administrative body pursuant to art. 2406 of the Italian Civil Code,
- we did not receive any reports pursuant to art. 2408 of the Italian Civil Code or reports of any nature from third parties,
- no complaints were made pursuant to art. 2409, paragraph 7, of the Italian Civil Code,
- we did not send any reports to the administrative body pursuant to and for the effects of art. 15 of Decree Law 118/2021 or pursuant to and for the effects of art. 25-*octies* of Italian Legislative Decree no. 14 of 12 January 2019,
- we did not receive any reports from public creditors pursuant to and for the effects of art. 25-*novies* of Italian Legislative Decree no. 14 of 12 January 2019, or pursuant to and for the effects of art. 30-*sexies* of Decree Law no. 152 of 6 November 2021, converted by Law no. 233 of 29 December 2021, as amended.

During the year, the Board of Statutory Auditors issued no opinions or observations established by law.

In performing the supervisory activity as described above, we received no information about omissions, objectionable facts, limitations, exceptions or irregularities and no significant facts emerged which would require mention in this report.

In the performance of its activity, the Board of Statutory Auditors, in its role as the Internal Control and Audit Committee, pursuant to art. 19 of Italian Legislative Decree no. 39 of 27.01.2010, supervised the financial reporting process, the effectiveness of the internal control, internal audit and risk management systems, the annual independent audit and the independence of the independent auditors.

The Head of the Internal Audit Function periodically informed us about the activities carried out, the mapping of risks relating to activities under way, audit programmes and internal control system implementation projects. The independent auditors provided us with the Additional Report for the Board of Statutory Auditors, in its role as the Internal Control and Audit Committee, drafted pursuant to art. 11 of Regulation (EU) no. 537/2014, as well as the annual confirmation of independence pursuant to art. 6, paragraph 2, letter a) of the same regulation. The above-mentioned additional report does not bring to light any significant shortcomings in the internal control system in relation to the financial reporting process worth being brought to the attention of the Internal Control and Audit Committee. Furthermore, the significant issues emerging from the audit are specified in detail.

In the course of 2023, the Board of Statutory Auditors, in its role as the Internal Control and Audit Committee, was called upon to approve, when required and after checking the fulfilment of the requirements established by law, the non-audit services (NAS) assigned to the independent auditors for engagements other than and independent of the independent audit. Compliance with the specific NAS operating procedure adopted on 2 October 2019 was verified.

Taking into account the statement of independence issued by Deloitte & Touche S.p.A., the non-audit services assigned to it and the engagements of companies in its network by the Company, it is not deemed that there are any critical aspects with respect to the independence of the independent auditors.

We acknowledge that as of this year, the Company, anticipating the regulatory obligation that will come into force as of 2024, integrated the CNFS into the "Directors' Report" of the Group's Consolidated Financial Statements, which thus became an integral part of the Company's financial reporting.

The CNFS for this year provides details of the KPIs (Turnover, CapEx and OpEx), the Taxonomy-eligible

activities for all six environmental objectives (CCM, CCA, WTR, CE, PPC and BIO) and the proportion of alignment of such activities with the technical screening criteria of the first two objectives.

We supervised observance of the provisions laid out by Italian Legislative Decree no. 254/2016, verifying that the CNFS allows for an understanding of Group activities, its performance, results and impacts generated and that it reports on environmental, social, personnel, respect for human rights and governance topics, taking into account the company's activities and characteristics.

As an integral part of the "Directors' Report", the CNFS was certified by the independent auditors Deloitte & Touche S.p.A., which issued its report on 8 May 2024. As the activity carried out by the Independent Auditors is a limited audit, the opinion is expressed in negative terms. Indeed, the report confirms that on the basis of the work carried out, no elements were identified that lead to the belief that the TEA Group's CNFS for the year ending on 31 December 2023 was not drafted, in all significant aspects, in compliance with the requirements set forth in articles 3 and 4 of Italian Legislative Decree 254/2016 and the Global Reporting Initiative Standards (GRI Standards). The above-mentioned conclusions are not extended to the information contained in the "EU Taxonomy" section required by art. 8 of European Regulation 2020/852.

No elements of non-compliance of the CNFS with the regulatory provisions governing its preparation and publication have come to our attention.

Considering the fact that the Company adopted the Benefit Corporation model in 2022, the Board of Statutory Auditors discussed the activities carried out for the pursuit of the common benefit with the benefit officer.

Furthermore, the control body supervised the process governing the preparation of the Annual Impact Report, to be attached to the 2023 Financial Statements, drafted pursuant to and for the effects of Law no. 208 of 20 December 2015, and will check the associated public disclosure obligations. This report was approved by the Board of Directors at its meeting on 22 April 2024.

▪ **Annual financial statements**

We reviewed the draft financial statements as at 31 December 2023, made available to us within the terms pursuant to art. 2429, paragraph 1 of the Italian Civil Code. The financial statements were prepared in compliance with the International Accounting Standards (IAS/IFRS) issued by the International Accounting Standards Board (IASB) and endorsed by the European Union, as well as the measures issued in implementation of art. 9 of Italian Legislative Decree no. 38/2005.

As we are not responsible for the independent audit of the financial statements, we supervised their general set-up and their general compliance with the law as regards their formation and structure, and in that regard we do not have any specific observations to make.

We verified observance with provisions of law concerning the preparation of the Directors' Report, and in that regard we have no specific observations to report.

Insofar as we are aware, the directors, in drafting the financial statements, applied no exceptions to the provisions of law pursuant to art. 2423, paragraph 4 of the Italian Civil Code.

We verified the compliance of the financial statements with the facts and information of which we became aware during the fulfilment of our duties and we have no observations in this regard.

Please note that on 8 May 2024, the independent auditors Deloitte & Touche Spa released their report pursuant to art. 14 of Italian Legislative Decree no. 39 of 27 January 2010 and art. 10 of EU Regulation no. 537/2014 concerning the audit of the 2023 financial statements. The audit report includes, inter alia, an indication of the key aspects of the audit, in relation to which, however, no separate opinion is expressed, as they were dealt with as part of the audit and in the formation of the opinion on the financial statements as a whole. Specifically, the key aspect of the audit identified with regard to the Company's financial statements is the recognition of assets and liabilities for landfills.

• **Conclusions**

Also considering the results of the activity carried out by the independent auditor, contained in the audit report to the 2023 financial statements, the Board of Statutory Auditors, for the aspects under its responsibility, has found no reason not to approve the statutory financial statements as at 31 December 2023 as drafted by the

Board of Directors at its meeting held on 22 April 2024, or the proposed allocation of the profit for the year, based on an approach of reasonable prudence.

Lastly, we would like to cordially thank you for the esteem and trust you have shown in us by appointing us, as well as express our thanks to all Directors and, particularly, Chairman of the Board of Directors Massimiliano Ghizzi, General Manager Piero Falsina and General Manager Alessandro Beltrami, who took over that role, the management as well as all personnel of the Company for their assistance in the performance of our official functions and duties.

Mantova, 8 May 2024

The Board of Statutory Auditors

Mr Marco Voceri (Chairman)

Mr Giovanni Saccenti (Statutory Auditor)

Mr. Francesca Chiesi (Statutory Auditor)

4. Independent Auditor's Report

Deloitte.

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**AN INDEPENDENT AUDITOR'S REPORT
PURSUANT TO ARTICLE 14 OF LEGISLATIVE DECREE No. 39 OF JANUARY 27, 2010
AND ARTICLE 10 OF THE EU REGULATION 537/2014**

To the Shareholders of
Territorio Energia Ambiente Mantova S.p.A. Società Benefit

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Territorio Energia Ambiente Mantova S.p.A. Società Benefit (hereinafter also the "Company"), which comprise the statement of financial position as at December 31, 2023, the income statement, the statement of comprehensive income, the statement of changes in shareholders' equity, the statement of cash flows for the year then ended and explanatory notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at December 31, 2023, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree no. 38/05.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements applicable under Italian law to the audit of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Ancona Bari Bergamo Bologna Brescia Cagliari Firenze Genova Milano Napoli Padova Parma Roma Torino Treviso Udine Verona

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Recognition of assets and liabilities related to the landfills

Description of the key audit matter	<p>The Company's financial statements include tangible assets and non-current provisions referring to landfills, respectively equal to Euro 15,081 thousand and Euro 26,022 thousand. The carrying amount of tangible assets includes, in addition to the capitalized costs already incurred, the best estimate of the present value of the necessary investments to complete structure and plants, to be realized in the coming years, and of so-called "post-mortem" charges, that are the expenses the Company will bear in future financial years, as a consequence of the filling, to be incurred for post-operating management commitments in order to convert the site on which the landfill sits into a green area, net of accumulated depreciation and impairment losses, if any. The accounting counterbalance for these future charges is represented by non-current provisions.</p> <p>The valuation of investments to be made and future liabilities to be incurred for the decommissioning and remediation of sites is a complex process based on technical and financial assumptions of the Management, which are supported by an appraisal issued by an external specialist.</p> <p>Considering the complexity of the ongoing procedures, the uncertainties inherent in the estimation process and the magnitude of possible effects on the financial statements, we considered this topic as a key audit matter.</p> <p>The paragraphs "Estimates and assumptions" and "Provisions for risks and charges" within the financial statements deal with the information about accounting estimates and provisions for the decommissioning and remediation of landfills sites.</p>
Audit procedures performed	<p>As part of our audit, we have, among the others, carried out the following procedures:</p> <ul style="list-style-type: none"> • recognition and understanding of the relevant controls implemented by the Company in order to identify, initially evaluate and update the future investment and decommissioning provisions evaluation; • analysis of the criteria and assumptions used by the Management in estimating future investments and decommissioning provisions; • analysis of the external appraisal used by the Management; • assessment of the competence, capacity and objectivity of the independent expert appointed by the Management; • assessment of the compliance of accounting representations and the adequacy of the information disclosed in the notes with reference to such assets and liabilities in compliance with accounting standards.



Responsibilities of the Directors and the Board of Statutory Auditors for the Financial Statements

The Directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree no. 38/05 and, within the terms established by law, for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they have identified the existence of the conditions for the liquidation of the Company or for the termination of the operations or have no realistic alternative to such choices.

The Board of Statutory Auditors is responsible for overseeing, within the terms established by law, the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with International Standards on Auditing (ISA Italia), we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors;



- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence applicable in Italy, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report.

Other information communicated pursuant to art. 10 of the EU Regulation 537/2014

The Shareholders' Meeting of Territorio Energia Ambiente Mantova S.p.A. Società Benefit has appointed us on May 17, 2017 as auditors of the Company and the Group for the years from December 31, 2017 to December 31, 2025.

We declare that we have not provided prohibited non-audit services referred to in art. 5 (1) of EU Regulation 537/2014 and that we have remained independent of the Company in conducting the audit.

We confirm that the opinion on the financial statements expressed in this report is consistent with the additional report to the Board of Statutory Auditors, in its role of Audit Committee, referred to in art. 11 of the said Regulation.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinion pursuant to art. 14, paragraph 2 (e), of Legislative Decree 39/10 and art. 123-bis, paragraph 4, of Legislative Decree 58/98

The Directors of Territorio Energia Ambiente Mantova S.p.A. Società Benefit are responsible for the preparation of the report on operations and the report on corporate governance and ownership structure of the Company as at December 31, 2023, including their consistency with the related financial statements and their compliance with the law.



We have carried out the procedures set forth in the Auditing Standard (SA Italia) n. 720B in order to express an opinion on the consistency of the report on operations and on information contained in the report on corporate governance and ownership structure set forth in art. 123-bis, n. 2 (b) of Legislative Decree 58/98 with the financial statements of Territorio Energia Ambiente Mantova S.p.A. Società Benefit as at December 31, 2023 and on their compliance with the law, as well as to make a statement about any material misstatement.

In our opinion, the above-mentioned report on operations and information contained in the report on corporate governance and ownership structure are consistent with the financial statements of the Company as at December 31, 2023 and are prepared in accordance with the law.

With reference to the statement referred to in art. 14, paragraph 2 (e), of Legislative Decree 39/10, made on the basis of the knowledge and understanding of the entity and of the related context acquired during the audit, we have nothing to report.

DELOITTE & TOUCHE S.p.A.

Signed by
Matteo Ogliari
Partner

Milan, Italy
May 8, 2024

This independent auditor's report has been translated into the English language solely for the convenience of international readers. Accordingly, only the original text in Italian language is authoritative.