GRUPPO CAP

CONSOLIDATED FINANCIAL STATEMENTS 2024

- MANAGEMENT REPORT
- CONSOLIDATED SUSTAINABILITY REPORTING

gruppocap.it

The Consolidated Financial Statements are prepared and developed by the **Administration and Finance Department and the External Relations and Sustainability Department** of Gruppo CAP.

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SUMMARY

01.

LETTER TO SHAREHOLDERS AND STAKEHOLDERS

Dear shareholders and stakeholders,

This letter provides an opportunity for reflection and sharing every year. However, the past year has been a period of significant change, prompting us to reconsider how we present our story. This document is a significant milestone as it combines two previously separate documents — the management report and the non-financial statement — into a single report for the first time.

Today, we are presenting an integrated account. It is a single space in which the CAP Group transparently reports on its economic results as well as its environmental and social impact. This change goes beyond mere appearance, reflecting a significant evolution.

We have been working for years to achieve real convergence between industrial strategy and sustainability. We do not view this as an additional feature, but rather as an integral part of creating genuine value. This approach benefits those who entrust us with their resources, those who live in the areas where we operate, and those who share our vision for the future.

Now more than ever, doing business means acting responsibly. This also means communicating it consistently. These pages showcase the financial results of our unified approach, in which growth and responsibility go hand in hand.

Effective management of water services requires investment in the local area to protect this precious and unique resource. Our members have entrusted us with this noble goal, and we pursue it with passion and courage. However, doing things well also means being aware of our positive and negative impacts. On the one hand, there are greenhouse gas emissions, waste and high energy consumption. Conversely, one of our most worthwhile endeavours is underway: providing clean, safe water to people's homes, where it is produced and where people are cared for. Then there is the process of cleaning the water to protect our rivers, lakes and land.

This is an everyday task that often goes unnoticed. In many cases, it takes place underground. However, it must be carried out with respect for nature and water above all else. This is important not only for the environment, but also for our customers, citizens, businesses, communities, suppliers and workers, who depend on water every day to live, work and produce.

This is why we are proud to talk about our work today. We want to showcase the invisible innovations inside every underground pipe and in the treatment plants that protect us day, day out from the effects of living in the Lombardy countryside. After all, although water is essential for life, we inevitably pollute it.

This is what we really mean by sustainability. It is not just a manifesto for the future. Nor is it an easy slogan for 2030, which is now just around the corner. Rather, it is the concrete realisation that we are embarking on a challenging journey. A journey of attempts, corrections, achievements, setbacks and new beginnings. It is an endless journey because true commitment never has a finish line. This is particularly pertinent in such a volatile era, where every prediction is fragile and every scenario can change suddenly.

Nevertheless, 2024 was a significant year for the CAP Group. Revenues exceeded € 500 million. Net profit was close to € 80 million. Investments in the region totalled € 137 million. These results are undoubtedly solid. While this was partly due to a more favourable external environment, such as the drop in energy costs, there is no room for complacency.

Greenhouse gas emissions — direct (Scope 1), indirect (Scope 2) and those along the value chain (Scope 3) — pose a tangible and urgent challenge. To address this, we have made the following commitments, which we aim to achieve by 2030: reducing Scope 1 and 2 emissions by 42% and reducing Scope 3 emissions by 25%. However, the figures show that we still have a long way to go. While direct emissions have fallen by just over 5%, Scope 3 emissions have increased by around 14% compared to 2021.

Nevertheless, there are clear signs of progress. We consume almost 90% of our energy from renewable sources — 87.7%, to be exact. We produce a significant portion of this energy ourselves: approximately 38,000 MWh. Within our own plants. This is all part of our circular economy model, which transforms waste into resources. Today, we produce over 95 thousand tonnes of waste, none of which ends up in landfill. Almost 60 thousand tonnes are reused to produce energy or new materials.

Waste. It is a significant part of our present. This is also where we envisage the future. By observing water and how it moves and flows, we have learned that every drop creates ripples that spread and affect other areas, communities and needs.

Similarly, waste management is an area that we need to explore. It is a new frontier for our commitment. It is a natural extension of our actions. In this context, our next step is to develop a concrete plan to guide the consolidation process in the urban hygiene market. This ambitious project is designed for the Metropolitan City of Milan.

All of this is possible thanks to the people who work at CAP. Every day, these women and men set an example of how business can be conducted for the common good. We can talk about vision, sustainability and results today thanks to a commitment that cannot be measured solely in hours of work, but in a sense of duty, a spirit of service, and a passion for the common good.

We are a public company. This is not just a legal definition; it is a responsibility that we feel every day. It is the yardstick by which we measure our actions.

We look ahead, knowing that not everything is in our hands, but that our approach to things has a significant impact. We will approach things with consistency, transparency and courage. This is how we will tackle the challenges that lie ahead. We want to continue being a point of reference for the territory, its communities and future generations through our small yet essential work.

With respect. With commitment.
Water will always be at the heart of what we do.

President
Yuri Santagostino

General Director
Michele Falcone

02.

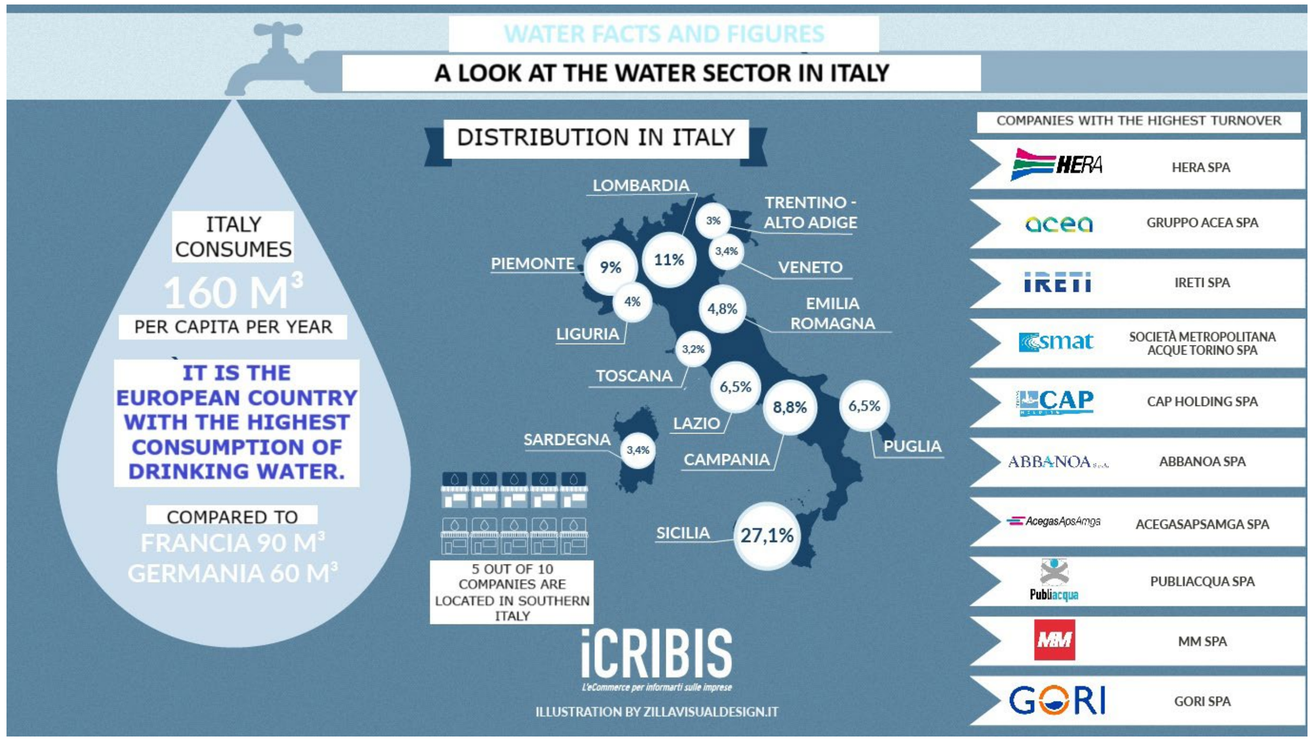
CONSOLIDATED FINANCIAL STATEMENTS

02. CONSOLIDATED FINANCIAL STATEMENTS

MANAGEMENT REPORT

Group presentation

The CAP Group is one of the leading Italian operators (in terms of meters and cubic meters raised) among the "mono-utility" operators (i.e. operators which do not carry out other significant industrial activities) operating in the Integrated Water Service, with a customer base as at 31 December 2024 of around 2.4 million resident inhabitants served for wastewater treatment, around 1.9 million inhabitants for aqueduct and around 1.9 million inhabitants for sewerage.



The CAP Group includes the Parent Company, CAP Holding S.p.A., and the following companies:

Company, Headquarters, Share Capital:

CAP Evolution S.r.l., with registered office in Milan, enrolled in the Companies' Register under E&A Index No. 1716795, tax code and VAT no. 03988160960, with share capital of € 23,667,606.16 owned for € 23,667,606.16, equal to 100.00% as at 31 December 2024 (equal to that held as at 31 December 2023 and unchanged to date). The company mainly acts as the operating company of the CAP Group as part of the integrated water service, specifically in the areas of wastewater treatment, energy policy development and waste treatment. The company is subject to the management and coordination of CAP Holding S.p.A.;

ZEROC S.p.A., with registered office in Sesto San Giovanni (MI), enrolled in the Milan Companies' Register under E&A Index No. 1501332, tax code and VAT no. 85004470150 (former CORE S.p.A.), with fully paid-up share capital equal to € 2,000,000.00 owned for € 1,600,000, equal to 80% as at 31 December 2024 (equal to that held as at 31 December 2023 and unchanged to date). 20% of the capital is owned by the municipalities of Sesto San Giovanni (MI), Cologno Monzese (MI), Cormano (MI), Pioltello (MI), Segrate (MI) and Cinisello Balsamo (MI). The company's main corporate purpose is to manage the treatment of FORSU at the Sesto San Giovanni plant. The company, by means of the minutes of the extraordinary shareholders' meeting held on 17 November 2024 (deed drawn up by Notary S. Ajello of Milan, volume no. 83021 file no. 20214), amended its articles of association, deleting certain clauses, including those that granted to "local authority" shareholders joint control over the company, which the company itself considered to have already become ineffective as from 29 April 2024, pursuant to paragraph 6 of Article 16 of Italian Legislative Decree No. 175 of 19 August 2016, following the termination of the assignments according to the *in-house providing* model by the Member Municipalities themselves. For this reason, the company is currently operating on the market, without prejudice to the benefits and advantages for the parent company and its shareholders. Consequently, with effect from the same date, the rights secured at 20% of the share capital that had previously prevented CAP Holding S.p.A. from gaining control of ZeroC S.p.A. — in which CAP Holding S.p.A. already held a majority stake — ceased to exist.

Rocca Brivio Sforza S.r.l. in liquidation (as from 21 April 2015), with registered office in Milan, enrolled in the Milan Companies' Register under E&A Index No. 1130781, tax code and VAT no. 07007600153, with fully paid-up share capital of € 53,100.00 owned for € 27,100.12 holdings, equal to 51.04% as at 31 December 2024 (equal to that held as at 31 December 2023 and unchanged to date). The equity investment was acquired following the merger of TASM S.p.A. in May 2013. The company's main corporate purpose involves the safeguarding and enhancement of the historic monumental complex of Rocca Brivio, located in the municipality of San Giuliano Milanese (MI), which it owns.

CAP Holding S.p.A. also holds equity investments in the following company:

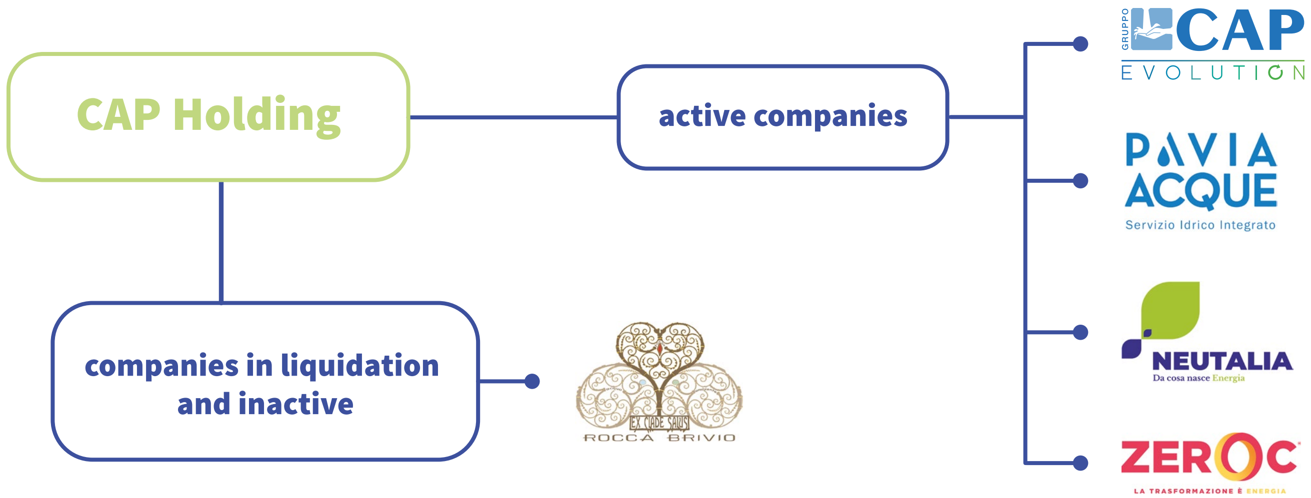
NEUTALIA S.r.l., with registered office in Busto Arsizio (VA) enrolled in the Varese Companies' Register under E&A Index No. VA-383041, tax code and VAT no. 03842010120, with fully paid-up share capital equal to € 500,000 owned for € 165,000, equal to 33% as at 31 December 2024 (equal to that held as at 31 December 2023 and unchanged to date). The remaining capital is distributed as follows: € 165,000.00 to AGESP S.p.A. of Busto Arsizio (VA), € 165,000 to Alto Milanese Gestioni Avanzate S.P.A. (also known as Amga S.p.A.) of Legnano (MI), € 2,500 to AEMME LINEA AMBIENTE S.R.L. (also ALA SRL) of Magenta (MI) (the latter, in turn, subject to management and coordination and controlled by Amga S.p.A.), for € 2,500 to ASM AZIENDA SPECIALE MULTISERVIZI S.r.l. of Magenta (MI). The company – owner of the waste-to-energy plant located in Busto Arsizio – operates in the sector of circular economy management of municipal solid waste and its differentiated fractions, hazardous municipal waste, hazardous and non-hazardous special waste and all waste in general (including waste from plants connected to the integrated water service, including screening and sewage sludge).

PAVIA Acque S.c.a.r.l., with registered office in Pavia, enrolled in the Pavia Companies' Register under E&A Index No. 0256972, tax code and VAT no. 02234900187, with fully paid-up share capital of € 15,048,128 owned for € 1,519,861, equal to 10.1% as at 31 December 2024 (equal to that held as at 31 December 2023 and unchanged to date). Pursuant to Article 2359 of the Italian Civil Code, the company is not related to CAP Holding S.p.A. The company operates in the integrated water service management sector in the province of Pavia.

With regard to the scope of consolidation, CAP Evolution S.r.l. and Zeroc S.p.A. are consolidated on a line-by-line basis with CAP Holding S.p.A.

The company Rocca Brivio S.r.l. in liquidation (whose corporate purpose involves the "safeguarding and enhancement of the historic monumental complex of Rocca Brivio") was not consolidated because, in accordance with IFRS 10, there is no effective control by Cap Holding S.p.A. due to the lack of material rights that assign the power to manage the significant activities of the investee company in such a way as to influence its returns. With regard to the presentation of the most recent and available Statement of financial position and Income Statement figures of the subsidiary company, please see the explanatory notes included in the financial statements.
The company NEUTALIA S.r.l. is under the joint control of its shareholders (essentially as a joint venture) and is recognised in the financial statements of CAP Holding S.p.A. using the equity method (para. 10 of IAS 28), as permitted by IAS 31, para. 38.

The diagram shows the current "corporate" equity investments of the Group in companies as at 31 December 2024:



Water Alliance
Acque di Lombardia

CAP Holding S.p.A. also participates in the network agreement "Water Alliance – Acque di Lombardia", with legal subjectivity pursuant to and for the purposes of Article 3, sections 4-ter et seq. of Italian Decree Law No. 5 dated 10 February 2009, converted into Italian Law No. 33 dated 9 April 2009 as amended and supplemented, enrolled in the Milan Companies' Register under No. 2115513 on 24 February 2017, VAT no. 11150310966, Tax Code 97773550153, with headquarters in Milan, total share capital of € 1,842,259 fully paid up, owned for € 319,682.33, equal to 17.4% as at 31 December 2024.

Fondazione CAP

Cap Holding S.p.A. is also the sole member of the CAP Foundation (previously Lida Foundation), with headquarters in Milan established on 31 July 2007, pursuant to Article 14 et seq. of the Italian Civil Code (payment by way of endowment fund of € 1,000,000 by the founder former T.A.S.M. S.p.A., merged in 2013 by CAP Holding S.p.A.). In the summer of 2018, the Foundation assumed its current name.
The Foundation has a temporary sole director without any financial remuneration. The Foundation's balance sheet as at 31 December 2024 shows residual cash and cash equivalents of approximately € 45 thousand.
In conclusion, the CAP Group participates in the Italian sector association Utilitalia with headquarters in Rome, as well as the international association Aqua Publica Europea (APE) with headquarters in Brussels (Belgium).
The purpose of the latter includes that of bringing the voice of the public water operators within the decision-making policy of the EU and furthering their interests and prospects.

Strategic collaboration with other operators

The CAP Group proposed itself as the promoter of collaboration with various in house companies in Lombardy, creating a network of companies (called "Water Alliance – Acque di Lombardia" already mentioned above) which aims to improve the performance and the services provided to the user and to defend the role of the public management of water resource.
The companies involved (by means of deed dated 4 November 2015) are BrianzAcque S.r.l., Lario Reti Holding S.p.A., Padania Acque S.p.A. of Cremona, Pavia Acque s.c.a.r.l., S.Ec.Am S.p.A. of Sondrio, Società Acqua Lodigiana (SAL) S.r.l. of Lodi, Uniacque S.p.A. of Bergamo, companies that, together with the CAP Group, guarantee the water services for around 5.5 million inhabitants, equal to over 50% of the population resident in Lombardy, each year disbursing more than 500 million cubic metres of water, with over 27 thousand km of water mains and 2,758 wells.
The network agreement is an instrument for stimulating economic efficiency (e.g., calls for tenders for the purchase of energy and consumables), creating organised synergies (inter-company network offices), aligning operating instruments (Aqueduct Infrastructural Plan), etc.
At the beginning of 2020, 5 new companies joined the Network: Acque Bresciane S.r.l., ALFA S.r.l., Como Acqua S.r.l., MM S.p.A., Tea S.p.A. By a deed signed on 7 June 2021 (volume 411912/file No. 94359 Notary Public Pietro Sormani), the parties to the original network contract, as well as those who joined it subsequently, entered into a new network contract by which, in continuity with the previous one, they intended to amend and supplement the object and the Network Programme and the governance system in order to give the Network of Enterprises the form of a contractual joint venture also pursuant to Article 6 paragraph 1 letter b) of Italian Legislative Decree no. 50/2016;
By a deed drawn up by Notary Stefano Ajello on 31 July 2024 (Vol. 82153/File 19919), an amendment was made to Article 3.2, letter b, of the network contract of 7 June 2021 (vol. no. 411912/94359 Notary Pietro Sormani) providing, with regard to the composition of the Joint Management Body, for the appointment of one representative for each network company, removing, with respect to the previous wording, the provision for a minimum and maximum number of members of the aforementioned Management Body. The same deed also extended the duration of the network contract to 31 July 2027.
Specific collaboration agreements with operators in neighbouring areas are also reported in the following paragraphs.

Operating Performance in 2024

In recent years, the international economy has experienced a succession of disruptions of different and partially overlapping origins, some of which are still unresolved (among the main ones: the Covid crisis in 2020, the Russia-Ukraine conflict in 2022, the tensions between Israel and Iran and the latter's allies in 2023 and 2024).
Nevertheless, the global economy demonstrated notable resilience in 2024.
The European Commission's most recent forecasts show a moderate but stable global GDP growth in 2024 (+3.2%), albeit with significant differences between countries and regions.[1]
The outlook for the world economy in 2025 remains positive, with the growth differential between the US and the Eurozone narrowing. Following the inauguration of the new US administration on 20 January 2025, a high degree of uncertainty remains, generated by persistent geopolitical tensions and the resulting uncertainties from US trade policy (i.e. the introduction of duties and tariffs on numerous countries and areas). This uncertainty could also lead to a significant downward revision of growth estimates.[2]
One of the areas most affected by the above-mentioned dynamics and uncertainties is the development of the market for the supply of raw materials and, in particular, energy. In particular, it is recalled that energy prices (gas and later electricity) had shown a strong acceleration in 2022, reaching unprecedented peaks in July and August 2022. In 2023, prices fell, but without returning to the levels seen in the years before the outbreak of the Russian-Ukrainian crisis. The average price of electricity[3] increased during the summer of 2024, driven by higher demand for cooling. This increase continued into autumn. From November 2024 to January 2025, the PUN continued to rise. Neither the sustained seasonal demand for electricity nor the ongoing geopolitical tensions that have put pressure on the gas market and affected electricity prices are helping to contain costs.
Italy's GDP grew by 0.5% in 2024 and is expected to grow by 0.6% in 2025[4], but slowing down compared to 2023 (+0.7%), 2022 (+4.7%) and 2021 (+8.3%), after the decline in 2020 (-8.9%).
Weak economic growth within the European Union and Italy, geopolitical tensions and international trade disputes, and the ECB's relatively high reference rates due to the central bank's anti-inflation policy all point to an uncertain scenario for 2025. The ECB could continue the process of gradually easing monetary policy that began in 2024 with six rate cuts of 25 basis points each (the deposit rate in April 2025 is 2.25%).[5]
In the Metropolitan City of Milan (the main area in which the CAP Group operates), the economy grew by +0.4%, which is slightly below the national average. However, growth rates are still well above the national average between 2019 and 2024.[6]
All this being stated, despite the scenario of uncertainty, the pressure on prices and the uncertainties regarding energy costs already mentioned, both operating and investment activity of the CAP Group, recorded high levels of performance also in 2024, in line with previous years and without a break in continuity.
As will be explained in more detail below, the sector in which the CAP group operates is one with regulated revenues and less exposed than others to the "economic" risk of possible fluctuations in demand. Moreover, it is a sector in which the tariff is an element, albeit partial, of elasticity with respect to costs that are only partly under the "control" of the service provider (known as exogenous costs). One of these costs is energy, which is one of the CAP Group's largest operating costs.

1 ISTAT "Italy's economic outlook 2024-2025" note dated 5 December 2024.
2 This was stated by IMF Managing Director Georgieva on 17 April 2025 in a speech at the IMF headquarters in Washington, ahead of the spring meetings of the Fund and the World Bank.
3 This refers to the PUN: the weighted average price of electricity traded on the Italian electricity exchange.
4 While ISTAT had forecast it at 0.8% in its "Italy's economic outlook 2024-2025" note of 5 December 2024, the Government's new Public Finance Document of 9 April 2025 reduced it to +0.6%, following the turmoil caused by the US tariff announcements.
5 ECB Press Release of 17 April 2025. With effect from 23 April 2025, the interest rates on deposits with the central bank, on the main refinancing operations and on the marginal lending facility will be reduced to 2.25%, 2.40% and 2.65% respectively.
6 Assolombarda, Booklet Economia No. 1, January 2025, p.17, adds that "The metropolitan city is still performing well compared to before the Covid pandemic: Milan's economy grew by 9.9% between 2019 and 2024, a growth rate almost double that of Italy (+5.2%) and significantly higher than Lombardy (+5.9%)."

If anything, the sector may suffer the "financial" effects in the short to medium term, because it takes time for the current regulatory mechanisms to take into account (in the calculation and application of the tariff) the change in the costs necessary for production, especially when these are extraordinary and sudden, as is the case with the cost of electricity in 2022, for example, as far as is relevant here.
The operating performance is also shown in relation to the activity sector in which the CAP Group operates.
Therefore, the following paragraphs provide some information and some in-depth analysis of the new features for 2024, which mainly concern the integrated water service in general and in the areas of interest to the company. These features also concern the other initiatives in which the CAP Group, especially through investee companies, is present.

Overall scenario of the Water Sector

The integrated water service is a typical case of natural monopoly. The physical infrastructure of the service, the points of raw material withdrawal (springs, wells, etc.) and the points of their final release (discharge of treated water in watercourses, etc.) are closely and strongly linked to the territory, its urban planning, the environment and local communities.
This natural monopoly is also "legally" recognised, given the characteristics of the service and its central importance to local communities. Through the laws, rules and regulations and the contract of assignment, which – in substance – give – for a defined space and time – the exclusivity of the service to a single operator (the "sole" Operator).
Another characteristic of this sector is that it is typically capital intensive: the size and long duration of the infrastructure necessary to ensure the service on an "optimal" scale (generally coinciding, as required by Italian law, with the administrative territory of the Italian provinces) requires a high concentration of Capex in the asset structure of the Operator (in the form of own assets and/or improvements to third-party assets) and their permanence in that asset structure for a long period of time.
This sector-specific framework is closely related to the "general" framework that governs publicly owned companies and local public services.

The Consolidation Act on publicly owned companies (TUSP)

The water service, like the other public services, was affected in 2016 by the enforcement of Italian Legislative Decree No. 175 dated 19 August 2016 "Consolidation Act on publicly owned companies" (TUSP – published in the Italian Official Gazette No. 210 dated 8 September 2016). By means of Italian Legislative Decree no. 100 dated[7] 26 June 2017, and with Italian Law no. 145 dated 30 December 2018, the TUSP then underwent an initial series of amendments.
Italian Legislative Decree No. 175/2016 introduced in the legal system limitations on the use, by the local bodies, of the instrument of the investee company, especially when the latter is the beneficiary of exclusive rights (so-called in-house assignments), including the water service, with the exception of "listed" companies and companies which issue financial instruments on regulated markets.
The logic according to which companies subject to supervision from the Authorities that regulate trading and exchanges "on the market", are by their very nature subjected to more restraints than other companies (and therefore less obliged to observe the more typical legislative restrictions of the "public circle"), is a principle which has underlaid numerous rules and regulations over the years.
In this regard, CAP Holding S.p.A. believes that it is excluded from this regulation pursuant to Article 26, paragraph 5, of Italian Legislative Decree no. 175/2016, since it has adopted measures aimed at issuing financial instruments, other than shares, listed on regulated markets, communicated to the Court of Auditors in a note dated 21 November 2016, then followed, within the legal deadlines on 2 August 2017, by the issue, subscription and admission to listing on the Main Securities Market of the Irish Stock Exchange (ISE Dublin) of a non-convertible bond of € 40 million (ISIN: XS16567548739) to finance the investment programme in the water service.
In line and in continuity with maintaining the entirely public nature of the Company issuing financial instruments other than shares, listed on regulated markets, as well as maintaining its status as a public interest entity and with the need to finance the works envisaged by the Area

7 State Budget for the financial year 2019, paragraphs 721 to 724 of Article 1.

Plan, a second issue of a total of € 105 million in principal amount was subscribed and admitted to listing on Euronext-Dublin (ISIN: XS2726850881) on 5 December 2023.
In 2024 (due to Italian Decree Law no. 113 of 9 August 2024 – known as "Decreto Omnibus" (Omnibus Decree) – later converted, with amendments, by Italian Law No. 143 of 7 October 2024), the TUSP was amended to include a new paragraph (5-bis) to Article 26, which states the following: "*5 -bis. Companies issuing financial instruments other than shares, listed on regulated markets, subject to the provisions of Article 1, paragraph 5, and Article 26, paragraph 5, shall continue to be subject to the provisions contained in those paragraphs by virtue of the extension of the financial instrument or subsequent issues made in substantial continuity».*"
Following the said issue, since 2 August 2017 CAP Holding S.p.A. has been qualified as a public interest entity, pursuant to Article 16 of Italian Legislative Decree no. 39 of 27 January 2010 [8] and has been therefore subject, inter alia, to specific supervisory obligations regarding the financial reporting process, the effectiveness of the internal control and auditing systems and risk management.
Pursuant to Article 19 of Italian Legislative Decree No. 39/2010, the functions of the internal control and accounts audit committee for CAP Holding S.p.A., which adopts the traditional administration system, are carried out by the Board of Statutory Auditors.
The TUSP also contains a number of provisions that directly apply to public administrations holding shares in companies and helping to outline the overall picture within which public companies, including CAP Holding S.p.A., operate.
Given the possible significance in terms of "regulatory risk", it is worth mentioning that these include Article 24. This regulation required that, by 30 September 2017, each General Government Body must carry out, by means of a justified measure, the recognition of all the equity investments held as of the date of enforcement of said decree, identifying those to be disposed of. This also applies to the General Government Bodies that are shareholders of CAP Holding S.p.A
No General Government Body that is a shareholder of CAP Holding S.p.A. decided for "disposal", with the exception of three municipal authorities.
These municipal authorities are Nova Milanese (MB) and Vedano al Lambro (MB), which hold 1,763,547 and 256,279 shares, respectively, and the only municipal authorities in the Monza area to be affected by "minor" interconnections.
These two shareholders of CAP Holding S.p.A. resolved to "proceed with the disposal of the equity investment in CAP Holding S.p.A." since, in their opinion, it is a company with the same or similar corporate purpose to other bodies invested in by the Body (the reference is to the company Brianzacque S.r.l.).
With regard to the role played by the CAP Group in favour of the Monza complex and on the management structure adopted by the ATO Authority of Milan and Monza Brianza, please refer to the following paragraph.
Deeming the decision of the two municipal authorities not to be consistent with the above-mentioned management model, CAP Holding S.p.A. appealed in 2017 to the Lombardy Administrative Court requiring said decision to be cancelled. In 2019, CAP Holding S.p.A. notified the Municipality of Vedano al Lambro and the Municipality of Nova Milanese of an appeal on additional grounds challenging the 2018 resolutions of the aforementioned Municipalities, which upon the periodic review of shareholdings (art. 20 of tusp), confirmed the decisions taken in the extraordinary review.
In 2021, the the Lombardy Administrative Court cancelled all the deeds challenged by CAP Holding S.p.A. against the two municipalities. However, both municipalities appealed to the Council of State.
With judgements no. 4123/2024, published on 7 May 2024, and no. 4153/2024, published on 9 May 2024, the Council of State rejected the appeals lodged by the two municipalities, thereby confirming the judgements of the Milan Administrative Court and resulting in the final cancellation of the resolutions to dispose of the shareholdings adopted by the two municipalities at the time.
During its periodic review, the Municipality of Nova Milanese subsequently adopted a new municipal council resolution (no. 79 of 23 December 2024), thereby confirming its intention to dispose of its equity investment in CAP Holding S.p.A.
This resolution was challenged by CAP with an appeal filed on 6 March 2025.
The Municipality of Vedano al Lambro resolved, by Municipal Council resolution no. 57 of 19 December 2024, to maintain its stake in CAP Holding without any rationalisation.
It is believed that the Municipality of Nova Milanese is a shareholder of CAP Holding S.p.A. at the time we draft this report.
The third case concerns the Municipality of Cabiate (CO), which also promoted in 2020 the disposal of its equity investment in CAP Holding S.p.A. (1,554,528 shares) in 2019.

8 On this point, we observe that according to the guidelines of the Ministry of Economy and Finance, Rome, 22 June 2018 TREASURY DEPARTMENT VIII MONITORING STRUCTURE AND CONTROL OF PUBLIC INVESTMENTS: "the notion of regulated market defined in Article 2, letter p) of the TUSP is to be considered equivalent to that defined by the TUF" (Italian Legislative Decree No. 58 of 24 February 1998, Article 1, letter w-ter).

A dispute was lodged by CAP Holding S.p.A. before the administrative court, which, on appeal, saw the Council of State finally uphold the argument of the Municipality of Cabiate (judgement no. 6862 of 4 August 2022, subsequently confirmed, on appeal for revocation, by decision no. 4340/2023 of 28 April 2023 again by the Council of State).
The position of the municipality of Cabiate (CO) was deemed to differ from that of the municipalities of Monza referred to by the Council of State in judgements no. 4123/2024 and no. 4153/2024.
On 17 October 2023, the BoD of CAP Holding S.p.A. determined the liquidation value of 1,554,528 shares held by the Municipality of Cabiate, which were already deposited at the company's registered office.
On 6 December 2023, the Municipality filed an appeal with the Court of Milan pursuant to Article 696 bis of the Italian Code of Civil Procedure (preventive technical consultancy to settle the dispute), as it was not satisfied with the *quantum* decided by CAP Holding S.p.A. During the dispute, the court-appointed expert successfully persuaded the parties to settle the case by the summer of 2024. Finally, on 29 July 2024, the Municipality transferred 1,554,528 shares to CAP Holding S.p.A. The liquidation proceedings were therefore concluded.

The consolidation act on local public services (tuspl)

A systematic organisation of local public services of economic importance is provided by Italian Legislative Decree no. 201 of 23 December 2022 (hereinafter referred to as TUSPL).
This regulation of local public services makes more complex the direct "in house" assignments in order to take advantage of which the Entities will have to justify the reasons for not resorting to the "market", without prejudice to the fact that the current assignment of the Integrated Water Service in favour of the CAP Group must be considered, to all intents and purposes, as definitively consolidated insofar as it has been completed in accordance with the *pro tempore* rules in force at the time of such assignment, i.e. with the Agreement signed on 20 December 2013, subsequently updated (29 June 2016) on the basis of the provisions contained in the Resolution of the Italian Regulatory Authority for Energy, Networks and Environment (ARERA) no. 656/2015/R/IDR.
The CAP Group closely monitors regulatory developments and participates in association meetings to discuss with the relevant bodies in the interests of the company.

The "Decreto Ambiente" (Environment Decree)

The water service is organised on a territorial basis. Paragraph 1 of Article 147 of Italian Legislative Decree 152/06 (hereinafter referred to as "decreto ambiente") requires that the ATOs (Ambito Territoriale Ottimale) be defined by the regional authorities. All regions, including Lombardy, have delimited their ATO.[9] Each ATO is managed by an EGA, which is also the body granting the service. Further on, comments are provided on the area of reference of the CAP Group.
Incidentally, given the possible relevance in terms of "regulatory risk", it should be added that the rules on spatial planning and organisation of the integrated water service and more generally of local public services, have been and may be subject to specific regulatory changes.

The ARERA regulation

The water sector is highly regulated, especially by the measures of the sector Authority, the ARERA (Italian Regulatory Authority for Energy, Networks and Environment) by virtue of the powers granted by means of Italian Decree Law No. 201/11, converted into Italian Law No. 214/11, also with regard to water services.
ARERA regulations cover a wide range of areas, including the technical and commercial quality of water services, tariffs, and the definition of "framework" rules for service concessions, etc.

About the technical aspect of the service.
ARERA's resolution no. 917/2017/R/idr of 27 December 2017 remains on the technical aspects of reference as amended (minimum levels and technical quality objectives in the integrated water service, through the introduction of: i) specific standards to be guaranteed in the performance provided to the individual user, ii) general standards describing the technical conditions of service provision iii) prerequisites representing the necessary conditions for admission to the incentive mechanism associated with general standards).
The aforementioned regulations (abbreviated as RQTI) were last amended and supplemented by Resolution 637/2023/R/idr of 28 December 2023, with general effect from 1 January 2024. The latest elements are the introduction of a new macro indicator of technical quality (M0-water resilience), against which the Authority will measure operators' actions to mitigate the effects

9 ARERA: 20th report pursuant to Article 172, paragraph 3-bis, of Italian Legislative Decree No. 152 of 3 April 2006, containing "environmental regulations", no. 32/2025/I/IDR, 4 February 2025, page 7.

of climate change. Resolution 26/2024/R/idr started a procedure for the definition of the new technical quality macro indicator "M0 – Water Resilience", introduced by the aforementioned Resolution 637/2023 as amended by Resolution 595/2024/R/Idr.
The technical service quality is accompanied by bonuses and penalties for the Integrated Water Service operators. The bonuses earned are paid by the CSEA – Cassa per i servizi energetici e ambientali – and are added to the tariff payable to the operator, while the penalties are deducted from the tariff (by the VRG, see below) or set aside and linked to the realisation of investments aimed at achieving the targets set.
With Resolution 39/2024/R/idr, the Authority initiated the procedure for assessing the bonuses and penalties to be awarded to operators in relation to technical quality for the two-year period 2022–2023. This procedure is currently still ongoing.
Subsequently, with resolution 181/2025/R/idr of 17 April 2025, ARERA approved the methodological note for calculating the bonuses to be paid to the CAP Group for technical quality.
The final results of the awarding of bonuses for the two-year period 2022–2023 are not yet available.
The national regulations also address the issue of drinking water quality and monitoring, as well as issues such as water leaks, access to water, user information, etc. through a specific legislative decree, Italian Legislative Decree 18/2023.

About the commercial aspects of the service.
For the commercial aspects, the reference regulations are mainly represented by the "Regulation of the contract quality of the integrated water service i.e. of each service forming it (RQSII)", adopted by resolution of ARERA of 23 December 2015 no. 655/2015/R/idr as amended and supplemented (resolutions 217/2016/R/idr, 897/2017/R/idr, 227/2018/R/idr, 311/2019/R/idr, 547/2019/R/idr, 610/2021/R/idr and most recently 637/2023/R/idr).
The methods for defining the tariff structure to be applied to water service users are identified by ARERA Resolution no. 665/2017/R of 28 September 2017.
ARERA also regulated aspects concerning delays in payment with resolution 311/2019/R/idr (Regulation of delays in payment in the integrated water service – REMSI) as amended and supplemented by resolutions 547/2019/R/IDR, 221/2020/R/IDR, 63/2021/R/COM and 610/2021/R/IDR.
For the quality of the "commercial" relationship (RQSII), there is also a mechanism of bonuses and penalties, similar to that described above for the RQTI item.
With Resolution 37/2024/R/idr, the Authority initiated the procedure for assessing the bonuses and penalties to be awarded to operators in relation to contractual quality for the two-year period 2022–2023. This procedure is currently still ongoing.
The final results of the awarding of bonuses for the two-year period 2022–2023 are not yet available.
It should be noted here that on 30 September 2024 the Conference of Municipalities of the Metropolitan City of Milan approved an update of the contractual documents that govern the relationships between EGA and the operators of the IWS.
The main changes made to the Integrated Water Service Charter include: updated opening hours for the public help desk and call centre, effective from 1 October 2024, and updated target standards for six estimation indicators (effective from 1 January 2025).

The table below summarises the results of the contractual and environmental technical quality indicators that are subject to ARERA bonuses.

TABLE N° 1 – Contractual and environmental technical quality indicators that are subject to ARERA bonuses

	Indicator - Parameter	2020	2021	2022	2023	2023 Baseline	2024	2024- 2025 Targets
RQTI	M0a - water resilience at the level of IWS management	-	-	-	-	0.28	0.30	<0.4
	M0b - water resilience at a higher level *	-	-	-	-	0.65	0.65/2.08	≤0.7
	DISP – water availability (last 12 months)	-	-	-	-	849,470,952	805,333,197	849,470,952
	M0 - Water Resilience**		-		-	A	A/E	**A Maintenance**
	M1a (moving average) [m3/km/dd]	18.95	18.28	17.89	17.02	17.02	16.19	16.68 – 16.35
	M1b (moving average) [%]	21	20.59	20.49	20.12	20.12	19.2	
	M1 water leaks		B		B	B	B	**B -3.96% M1a**
	M2 service interruptions [h]	0.09	0.1	0.094	0.085	0.085	0.07	<0.75 hours
	M2 service interruptions		A		A	A	A	**A Maintenance**
	M3a - incidence of rulings declaring water unfit for human consumption [%]	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	≤0.005%
	M3b - NC rate [%]	0.37%	0.40%	0.14%	0.08%	1.52%	0.87%	**1.43% - 1.34%**
	M3c - NC parameter rate [%]	0.01%	0.01%	0.01%	0.00%	0.06%	0.03%	No
	M3 - Quality of water supplied		A		A	C	A	**C -11.64% M3b**
	M4a – Freq. of flooding from sew [n/100 km]	0.24	0.22	0.16	0.92	0.92	0.84	<1
	M4b - [% inadequate drains]	0.00%	0.00%	16.01%	14.68%	2.31%	1.09%	**2.14% - 1.99%**
	M4c - [% uncontrolled stormwater overflow drains]	0%	0%	0%	0%	0%	0%	No
	M4 - Adequacy of the sewerage system		A		C	C	C	**C -13.51% M4b**
	M5 - Sludge disposal in landfill [%]	5.34%	3.87%	0.00%	0.00%	0.00%	0.00%	≤3%
	M5 - Sludge disposal in landfill		A		A	A	A	**A Maintenance**
	M6 - Quality of treated water [%]	4.86%	4.26%	3.58%	2.85%	3.40%	1.74%	**3.20% - 3.01%**
	M6 - Quality of treated water		B		B	B	B	**B -11.64% M6**
RQSII	MC1 - start and termination of the contractual relationship	99.10%	98.94%	98.51%	99.05%	99.05%	98.970%	>98%
	MC1	A	A		A	A	A	**A Maintenance**
	MC2 - management of the contractual relationship	98.69%	98.94%	97.75%	98.16%	98.16%	97.206%	>95%
	MC2	A	A		A	A	A	**A Maintenance**
AMB-ENE	RIU – pur. vol. intended for reuse but not dest. [%]	-	-	-	-	62.84%	3.48%	60.34% - 57.84%
	RIU**		-		-	C	A	**C - RIU -5.0%**
	ENE – Amount of electricity purchased [kWh]	-	-	-	-	190,381,018	183,456,495	185,621,493 – 180,861,967
	ENE**				-	-	-	-

* On 28/04/2025, EGATO approved M0b equal to 0.65. Subsequently, on 29/04/2025, AdBPo, the entity responsible for calculating the indicator, provided a value of 2.08.
** Macro indicators introduced by ARERA resolutions 637/23 and 639/23 for the two-year period from 2024 to 2025

More specifically, the 2024 results for the specific and general quality indicators included in the IWS Charter for the RQSII are as follows:

- 24 indicators with a 100% performance level;
- 21 indicators with results above 99%;
- 1 indicator with a performance level above 98%;
- 1 indicator with a performance level of 85.31%;
- Telephone service level: progressive 80.75%;
- Response time to emergency call: 94.82%
- Average waiting time for telephone service: progressive 95.16%;
- 11 indicators with no performance as at 31 December 2024.

About the tariff aspect of the service.
The main tasks of ARERA also include the approval of the tariff methodology. The Method introduced by ARERA (called Transitory Method for 2012-2013, MTI-1 for 2014-2015 and MTI-2 for 2016-2019, MTI-3 for 2020-2023, MTI-4 per il 2024-2029)[10] is based on the principle of the Full Cost Recovering and is constructed first and foremost on the determination of two essential parameters: the Restriction Acknowledged to the Revenues of the Operator (VRG) and the invested regulatory capital (RAB).
The VRG is basically a prior allocation to each operator of an overall tariff fee/acknowledgement (VRG) calculated on the basis of operating (opex) and capital (capex) expenses. This is accompanied by a <<tariff adjustment>> mechanism that in the VRG of the second subsequent year recovers the differences between the acknowledged fee (VRG) and that invoiced at the time of application of the unit tariffs to the disbursed volumes and the final changes in certain costs.
These include electricity, albeit through complex mechanisms and also related to average sector values.
For measures of tariff content directly related to the CAP Group, the following information is provided.

About the concession aspect of the service
With Resolution 51/2023/R/idr of 14 February 2023, ARERA launched a procedure for the definition of typical call for tender schemes for the outsourcing of the management of integrated water services, in accordance with the provisions of Article 7, paragraph 2, of Italian Legislative Decree no. 201/22. With consultation document 245/2024/R/Idr published on 21 June 2024, the Authority presents the general framework and guidelines for defining the standard call for tenders format, to complete the regulations governing the new award procedures.

Regional regulations

At regional level, the reference legislation comprises the regional law No. 26 dated 12 December 2003 (Discipline of the local services of general economic interest. Standards regarding the handling of waste, energy, use of the subsoil and water resources).
The Lombardy Region issued Regional Regulation No. 7 dated 23 November 2017, containing “Criteria and methods for the observance of the principle of the hydraulic and hydrologic invariance pursuant to Article 58 bis of Italian Regional Law No. 12 dated 11 March 2005 (Law for the governance of the area)”, published in the Supplement of the Official Bulletin of the Lombardy Region No. 48 dated 27 November 2017.
The regulation deals with the handling of uncontaminated rainwater, for the purpose of decreasing the discharge to the urban drainage networks and from these towards the waterways already under critical conditions, thus reducing the effect of the urban sewage on the high-water flows of said waterways and defines:

- he territorial areas of application, differentiated in relation to the level of hydraulic criticality of the catchment areas of the receiving waterways;
- the admissible flow limits to the discharge in the receiving body;
- the flow calculation methods;
- the minimum requirements to be adopted in the planning stage for new measures or renovations.

The Regulation was supplemented in 2018, introducing a transitional period of non-application for certain types of interventions, and in April 2019, following technical observations and requests for clarification; the latest amendments are in force since 25 April 2019.
With regard to White Water, it is useful to point out that, during 2020, as indicated by the ATO note prot. 1641 of 10/02/2020 in response to the note of CAP Holding S.p.A. prot. no. 1771 of 29 January 2020, the new management area of sewerage network maintenance was defined, which would include white water infrastructures from 2021.
As a result, Cap Holding S.p.A. entered into specific Conventions for the implementation of the principles of hydraulic invariance, by preparing the Simplified Hydraulic Invariance Documents envisaged by Regional Regulation No. 7/2017 of 23 November 2017.
As at 31 December 2024, the Municipal Council approved 130 simplified documents, 127 of which were for partner municipalities. During 2021, the Cap Group started the maintenance management of white water networks, in line with what was indicated in the above ATO CMM note (prot. 1641) of 10 February 2020 following the signing of specific deeds by the Member Municipalities.
As at 31 December 2024, maintenance has been taken over in a further 14 Municipalities, for a total of 113 Municipalities and 835 km. For the remaining Municipalities, the completion of the management take-over activities continues.
The table below shows the Municipalities that have approved the simplified documents and conferred the management of white water networks as at 31 December 2024.

10 ARERA resolution no. 639/2023/R/IDR of 28 December 2023 concluded the process of defining the new tariff method for the fourth regulatory period (MTI-4).

TABLE N° 2 – Approval of simplified documents and the launch of the white water network management system by the Municipalities

	MUNICIPALITY	DATE OF SIMPLIFIED DOCUMENT APPROVAL	WHITE WATER MAINTENANCE MANAGEMENT START DATE
1	ABBIATEGRASSO	29/07/20	06/07/21
2	ALBAIRATE	30/07/20	29/01/21
3	ARCONATE	16/12/19	27/01/21
4	ARESE	05/03/20	07/06/21
5	ARLUNO	30/09/20	21/12/21
6	ASSAGO	14/12/20	06/10/22
7	BARANZATE	29/07/20	18/03/24
8	BAREGGIO	30/04/20	02/07/21
9	BASIANO	15/02/21	
10	BASIGLIO	20/02/20	12/03/21
11	BELLINZAGO LOMBARDO	22/02/22	04/04/22
12	BERNATE TICINO	21/12/20	27/01/21
13	BESATE	19/12/20	15/10/21
14	BINASCO	23/11/20	15/12/22
15	BOFFALORA SOPRA TICINO	29/10/20	01/03/21
16	BOLLATE	30/06/20	08/06/21
17	BRESSO	30/11/20	31/03/21
18	BUBBIANO	18/11/20	17/10/22
19	BUCCINASCO	22/01/20	20/03/23
20	BUSCATE	31/12/20	22/06/21
21	BUSSERO	06/04/20	
22	BUSTO GAROLFO	10/11/20	11/06/21
23	CALVIGNASCO	23/12/19	26/09/22
24	CAMBIAGO	22/06/20	
25	CANEGRATE	29/06/20	31/05/21
26	CARPIANO	23/07/20	24/03/21
27	CARUGATE	30/07/20	
28	CASARILE	23/11/20	08/03/21
29	CASOREZZO	08/04/20	01/02/21
30	CASSANO D'ADDA	08/10/19	04/06/21
31	CASSINA DE PECCHI	22/12/20	31/07/23
32	CASSINETTA DI LUGAGNANO	23/05/20	22/07/24
33	CASTANO PRIMO	30/11/20	04/03/21
34	CASTELLANZA	31/07/20	07/06/21
35	CERNUSCO SUL NAVIGLIO	21/05/20	01/06/21
36	CERRO AL LAMBRO	29/07/21	
37	CERRO MAGGIORE	13/11/19	15/06/21
38	CESANO BOSCONE	24/11/20	15/02/21
39	CESATE	26/05/22	23/04/24
40	CINISELLO BALSAMO	05/10/20	22/02/21

TABLE N° 2 – Approval of simplified documents and the launch of the white water network management system by the Municipalities

	MUNICIPALITY	DATE OF SIMPLIFIED DOCUMENT APPROVAL	WHITE WATER MAINTENANCE MANAGEMENT START DATE
41	CISLIANO	22/12/20	20/10/21
42	COLOGNO MONZESE	18/11/19	17/02/21
43	COLTURANO	12/04/22	19/05/22
44	CORBETTA	30/09/19	01/06/21
45	CORMANO	24/02/20	
46	CORNAREDO	04/04/19	13/11/23
47	CORSICO	16/12/20	17/01/23
48	CUGGIONO	20/04/22	27/09/22
49	CUSAGO	28/03/22	19/10/22
50	DAIRAGO	30/11/20	29/12/21
51	DRESANO	04/06/20	16/06/21
52	GAGGIANO	30/11/20	14/10/22
53	GARBAGNATE MILANESE	31/05/21	22/03/24
54	GESSATE	29/11/21	28/08/24
55	GORGONZOLA	30/06/21	04/01/22
56	GREZZAGO	11/02/22	
57	GUDO VISCONTI	28/09/20	28/01/21
58	INVERUNO	16/10/19	07/07/21
59	INZAGO	29/10/21	15/03/22
59bis	LACCHIARELLA	24/07/24	
60	LAINATE	13/02/20	23/03/21
61	LEGNANO	11/05/21	10/06/21
62	LISCATE	14/03/22	20/10/23
63	LOCATE DI TRIULZI	21/12/20	
64	MAGENTA	25/07/23	
65	MAGNAGO	23/09/19	12/10/21
66	MARCALLO CON CASONE	27/11/20	29/01/21
67	MASATE	08/02/21	26/03/21
68	MEDIGLIA	14/10/19	07/06/21
69	MELEGNANO	11/11/20	22/05/24
70	MELZO	18/12/23	07/03/24
71	MESERO	30/03/20	03/02/21
72	MORIMONDO	20/12/19	01/06/21
73	MOTTA VISCONTI	15/12/21	22/07/22
74	NERVIANO	13/10/20	29/06/21
75	NOSATE	17/12/19	14/08/20
76	NOVATE MILANESE	30/11/20	
77	NOVIGLIO	14/07/20	29/01/21
78	OPERA	27/11/20	25/02/21
79	OSSONA	18/11/20	28/10/22
80	OZZERO	29/05/20	21/03/22
81	PADERNO DUGNANO	15/09/20	26/03/21
82	PANTIGLIATE	09/09/21	16/05/23
83	PARABIAGO	20/12/19	12/04/24
84	PAULLO	20/11/19	04/02/21
85	PERO	20/12/19	14/02/22

TABLE N° 2 – Approval of simplified documents and the launch of the white water network management system by the Municipalities

	MUNICIPALITY	DATE OF SIMPLIFIED DOCUMENT APPROVAL	WHITE WATER MAINTENANCE MANAGEMENT START DATE
86	PESCHIERA BORROMEO	12/10/20	20/12/21
87	PESSANO CON BORNAGO	24/07/23	01/08/23
88	PIEVE EMANUELE	13/07/20	18/03/22
89	PIOLTELLO	30/06/20	01/02/21
90	POGLIANO MILANESE	24/11/20	19/07/21
91	POZZO D'ADDA	20/07/20	29/04/21
92	POZZUOLO MARTESANA	23/12/21	09/03/22
93	PREGNANA MILANESE	20/05/20	09/05/24
94	RESCALDINA	02/03/19	10/09/21
95	RHO	21/10/20	16/04/21
96	ROBECCHETTO CON INDUNO	30/11/20	01/04/21
97	ROBECCO SUL NAVIGLIO	14/04/23	17/06/24
98	RODANO	22/02/21	28/10/20
99	ROSATE	29/11/22	
100	ROZZANO	22/02/21	11/05/21
101	SAN COLOMBANO AL LAMBRO	27/02/21	
102	SAN DONATO MILANESE	17/12/20	27/11/24
103	SAN GIORGIO SU LEGNANO	30/07/20	24/09/20
104	SAN GIULIANO MILANESE	27/05/20	29/03/21
105	SAN VITTORE OLONA	25/11/20	27/03/24
106	SAN ZENONE AL LAMBRO	25/09/20	08/04/21
107	SANTO STEFANO TICINO	25/03/19	10/11/22
107bis	SEDRIANO	07/03/24	19/04/24
107ter	SENAGO	30/09/24	
108	SESTO SAN GIOVANNI	19/11/19	20/12/21
109	SETTIMO MILANESE	28/07/20	15/02/21
110	SOLARO	13/11/20	05/08/22
111	TREZZANO ROSA	15/06/22	
112	TREZZANO SUL NAVIGLIO	11/06/20	26/03/21
113	TREZZO SULL'ADDA	28/01/19	26/03/21
114	TRIBIANO	25/03/21	03/05/23
115	TRUCCAZZANO	22/12/21	09/03/22
116	TURBIGO	04/03/20	02/12/20
117	VANZAGHELLO	25/05/20	
118	VANZAGO	28/05/21	01/02/22
119	VAPRIO D'ADDA	25/11/22	19/06/24
120	VERMEZZO CON ZELO	30/09/20	31/03/21
121	VERNATE	24/11/20	14/11/22
122	VIGNATE	26/11/19	
123	VILLA CORTESE	28/07/20	01/02/21
124	VIMODRONE	20/05/21	22/06/21
125	VITTUONE	22/12/20	16/02/21
126	VIZZOLO PREDABISSI	27/11/20	05/03/21
127	ZIBIDO SAN GIACOMO	22/07/20	13/03/23

Following the agreement on hydraulic invariance with respect to the municipalities involved, a cooperation agreement was signed on 14 December 2021 between CAP Holding S.p.A. and the Metropolitan City of Milan for the implementation of the RRP – Integrated Urban Plans project, provided for by art. 21 of Law no. 233 of 29 December 2021, the agreement of which is based on the hydraulic invariance agreement of 12 December 2019, approved with regard to CAP by Decree no. 58/2019 of the Metropolitan Mayor.
As a result, CAP Holding was identified as the party responsible for the implementation and technical and operational support, including the role of delegated contracting station on behalf of the Metropolitan City of Milan, of the RRP project called “Città metropolitana spugna” (Sponge Metropolitan City), which precisely envisages the use of the design skills of CAP Holding S.p.A. on hydraulic invariance, as well as the consequent urban redevelopment.
On 1 June 2022, the loan for the “Città metropolitana spugna” (Sponge Metropolitan City) project, amounting to more than € 50 million, which will involve 90 interventions for 32 municipalities in the Milan metropolitan area was obtained from the Ministry of the Interior, in agreement with the Minister of Economy and Finance and the Metropolitan City of Milan.
Following the design and procurement activities, the first construction sites were launched in December 2023 and a total of 48 projects were started in 2024, of which 31 were completed with the achievement of hydraulic disconnection for a total area of approximately 153,000 square metres and the regeneration of approximately 125,000 square metres.

Brief chronological history of the company and its presence in the areas of reference

The integrated water service in the Metropolitan City of Milan

The year 2024 represented for the CAP Group the eleventh year of assignment (from 1 January 2014 to 31 December 2033) of the entire IWS within the former Province of Milan, the result:

- of the profound process of industrial restructuring (through a process of merger between the management companies present in the territory that took place in 2013[11], which then had another step in 2015[12]);
- of the expansion of the activities in favour of the Municipal Authorities of the former Province of Milan, started in 2010 and particularly ended in 2013 (overcoming shoestring operations and acquiring many business units from former operators).

During 2016 and at the beginning of 2017, this process passed through a number of additional transformations represented by the acquisition of business units of other operators (Brianzacque S.r.l., Acque Potabili S.r.l.) that were still present in the Milan area.
Only a number of very modest portions of the territory remain in relation to which the wastewater treatment service is carried out by non-area plants.

These are “wholesaler” situations recognised by the Conference of Municipalities of the ATO of the Metropolitan City of Milan on 12 September 2016 with resolution No. 3, in which operators of other areas (or portions thereof) carry out wastewater treatment services:

- for the metropolitan municipalities of Cerro al Lambro and San Zenone al Lambro (carried out by SAL Società Acque Lodigiane S.r.l.);
- for the metropolitan municipality of Settimo Milanese and part of the municipality of Novate Milanese (carried out by MM S.p.A.).
- Finally, for the eastern districts of the City of Milan, CAP Holding S.p.A. provides the wastewater treatment service through the Peschiera Borromeo plant (located in the Metropolitan City of Milan), where the main operator is MM S.p.A.

In the light of ATO Resolution no. 6 of 16 December 2019, the above-mentioned “wholesaler” situations, starting from 2020, were managed through the application of special exchange tariffs, equal to the tariffs applied to its users by the operators providing wholesale services in its area of reference, implemented in the tariff preparation of the ATO of the Metropolitan City of Milan pursuant to MTI-3.
Starting in 2021, on the basis of an inter-ATO agreement between the EGAs of the Metropolitan City of Milan and the Province of Bergamo, the wholesale wastewater treatment service provided by Cogeide S.p.A. for a residual part of the metropolitan municipality of Cassano d’Adda (MI) has been regulated with the same approach.
Similarly, starting in 2023, on the basis of an inter-ATO agreement between the EGAs of the Metropolitan City of Milan and the Province of Pavia, the wholesale sewerage and wastewater treatment service provided by Pavia Acque S.c.a.r.l. for a residual part of the municipality of San Colombano al Lambro (MI) has been regulated.
You are reminded that for the Municipality of Castellanza (VA), included in the Metropolitan City of Milan ATO (previously it was included in the tariff defined for the CAP Group by the Varese ATO), this involves management (aqueduct, wastewater treatment and sewerage) at this point also to be considered “in terms of tariffing” metropolitan (see resolution of the Board of Directors of the EGA of the Metropolitan City of Milan dated 31 May 2016- Annex A).
The CAP Group is therefore the sole operator of the Integrated Water Service within the area of the former Province of Milan, established according to the “*in house*” management model of the public concern, in compliance with the conditions required by the resolution of the Provincial Council and by the Conference of Mayors of the territorial area of reference on 11 October 2012.
The chosen management form – that of the “in house providing” model – involves a stringent relationship with the shareholder bodies and with the Strategic Policy Committee, a body whose task is precisely that of ensuring the full exercise of the same policy and control powers.
To complete the point on the area of the Metropolitan City of Milan, note that with resolution no. 13/07 of 28 November 2007 of the Board of Directors of the ATO Authority of the City of Milan (later merged into that of the Metropolitan City of Milan in 2016), the management of the Integrated Water Service of the City of Milan was assigned to Metropolitana Milanese S.p.A. in the form of “in house providing”.
In 2024, the CAP Group continued to develop its involvement in activities that are not strictly water-related, although related to its core business, through the corporate vehicles Neutalia S.r.l. and ZeroC S.p.A. (see *below*).

11 Tutela Ambientale del Magentino S.p.A. (T.A.M. S.p.A.), Tutela Ambientale Sud Milanese S.p.A. (T.A.S.M. S.p.A.), Infrastrutture Acque Nord Milano S.p.A. (I.A.No.Mi. S.p.A., the latter with a significant presence also in the province of Monza and Brianza), operators within the meaning of Italian Regional Law no. 26/2003, merged into CAP Holding S.p.A. as a result of the merger deed, signed on 22 May 2013 and with effect from 1 June 2013.
12 In 2015, Idra Milano S.r.l. (company that owns water infrastructures in the north-east of Milan) was merged with legal effect from 1 May 2015 and accounting effect from 1 January 2015, following its establishment as a result of the total demerger of Idra Patrimonio S.p.A., based in Vimercate (MB).

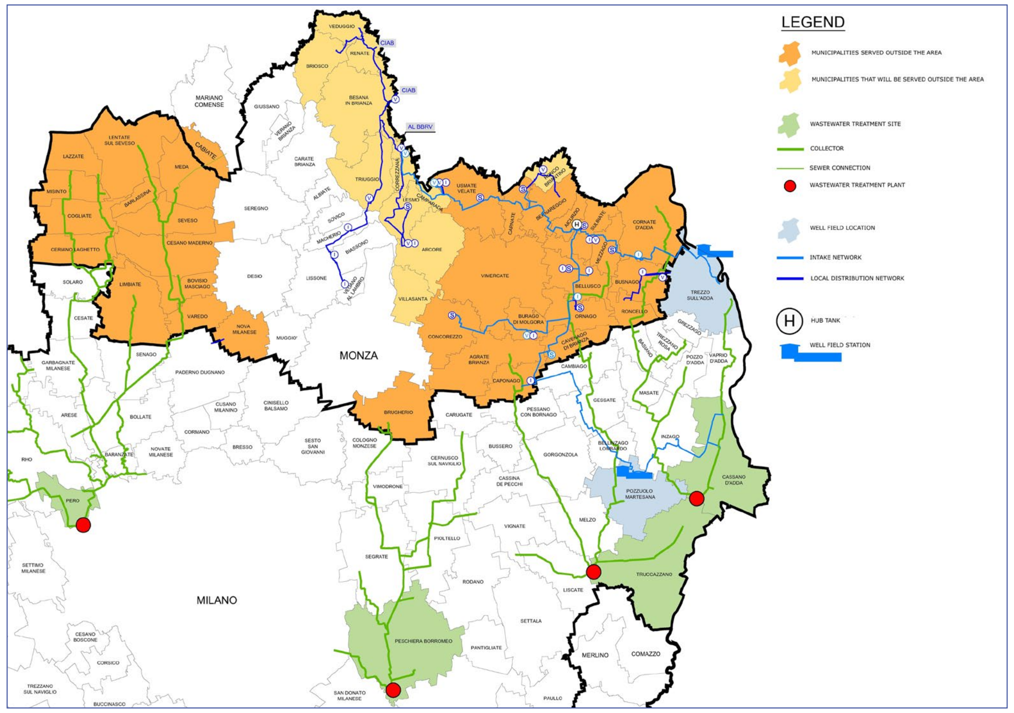
The IWS in the province of Monza

As at 31 December 2024, the CAP Group is the operator of the aqueduct service (limited to collection and large-scale transportation), sewerage service (limited to large-scale drainage) and wastewater treatment service in part of the Monza area.

For industrial and hydrogeological reasons, the infrastructures present in the two areas make sure that the management of the integrated water services is highly interconnected.

The numerous interconnections present as at 31 December 2024 between the Milan and Brianza areas are shown below:

Fig. 1 – Integrated water service map of the province of Pavia



Another operator is also present in the Monza area, appointed by the area governance body of the Province of Monza, as operator of the IWS (BrianzAcque S.r.l.).
In fact, the CAP Group carries out specific activities for the shareholder municipalities of Monza according to the in-house providing model (drainage, wastewater treatment, collection and large-scale transportation) that contribute to the integrated water service as defined by Italian Legislative Decree 152/2006 as amended and supplemented and, consequently, activities of production of a service of general interest, considering that the above mentioned watercourse also includes the construction and management of networks and plants functional to the provision of the services themselves.
The validity of this organisational structure was also confirmed by administrative case law (see the aforementioned judgements of the Council of State nos. 4123/2024 and 4153/2024).
This in strict compliance with the planning deeds undertaken by the related EGAs. The Area Office of the Metropolitan City of Milan, in fact, signed on 29 June 2016 the inter-area agreement pursuant to Article 47, paragraph 2 of Italian Regional Law 26/2003, with the corresponding EGA of the Province of Monza and Brianza, followed:

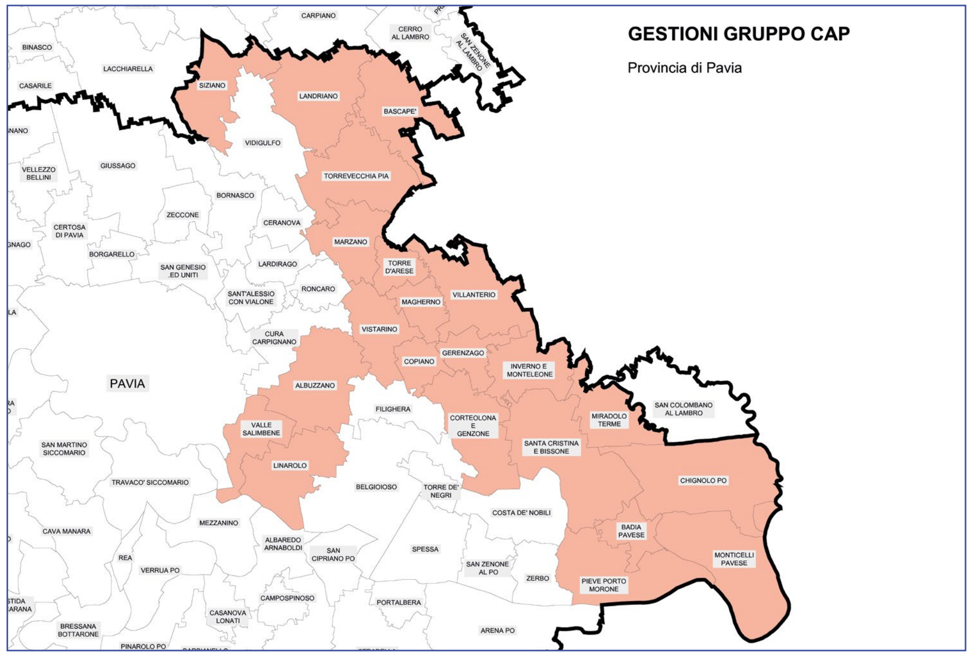
- on 29 June 2016, by the formal agreement between the CAP Holding S.p.A. and the ATO Office of the Province of Monza and Brianza, which regulates the performance of the activity of the former, with the role of "wholesale" operator (according to the acceptation of ARERA);
- on 28 February 2017, by a specific contract between BrianzAcque S.r.l. and CAP Holding S.p.A., with a duration equal to the agreement in place between CAP Holding S.p.A. and the ATO of the Metropolitan City of Milan.

The aforementioned conventional set was defined by the Authorities of Milan and Monza and Brianza as necessary to regulate water services in two closely interconnected areas (until 2008, they were part of the same province) where there are numerous (aqueduct and wastewater treatment) plant interconnections made even more interconnected as a result of climate change impacting on highly urbanised areas.
With regard to the collaboration between the individual operators mentioned above, we inform you that Cap last renewed on 29 July 2024 (Notary Stefano Ajello, Vol. 82122/File 19905) is valid until 31 December 2029

The IWS in the province of Pavia

The organisational scheme in the Pavia area is summarised in the resolution dated 7 June 2013 of the Provincial Administration Authority of Pavia which (finalised by means of subsequent resolution dated 20 December 2013 approving the related Service Agreement) took steps to entrust the Integrated Water Service to Pavia Acque S.c.a.r.l. for the entire provincial area for twenty years according to the "in house providing" model, a company which has been responsible as from 1 January 2014 for the joint and co-ordinated management of the Service within the Pavese ATO. The shareholders of Pavia Acque S.c.ar.l also engage in industrial activities for the company. In 2024, the CAP group carried out works worth € 4.154 million, of which € 3.295 million was for plant management and € 895 thousand for maintenance work on aqueduct and sewerage networks and plants.
Provisionally, the dealings for reimbursement, by Pavia Acque S.c.a.r.l. to the CAP Holding S.p.A. remain open for the portions of the loans taken out by the latter but transferred to the former by means of deed of transfer dated 23 December 2016, but which have remained in the name of the CAP Holding S.p.A.

Fig. 2 – Map of the integrated water service in the province of Pavia



The IWS in the province of Varese

In July 2019, the CAP Holding S.p.A. and Alfa S.r.l. (manager of the integrated water service in the Province of Varese) signed a strategic collaboration agreement. The agreement aims to build new synergies in several areas including research and development, technological innovation, sustainability and service quality.
On 12 June 2020 (Volume no. 18396 File no. 10835 Notary Enrico Maria Sironi), a network contract was signed between the CAP Holding S.p.A. and ALFA S.r.l., which, starting from the assumption of the significant interrelationships between the respective areas managed in terms of sewerage/wastewater treatment and aqueducts, has as its strategic objective the synergic integration of their organisational systems in order to make the management of the water service in their areas more efficient, including through economies of scale or the sharing of certain structures or resources.
The Contract provides ALFA with immediate benefits, as

it was able to overcome the crisis it was experiencing at the time and quickly make up for lost time by using CAP Holding's organisational model (procedures and processes) and its IT platforms.
This result is demonstrated by resolving non-compliant management issues, the securing of the EIB loan (thanks to the use of the company's own design office) and of the RRP loan, and the amount of investment in the area.
The Contract also benefited the CAP Group, which was able to recoup the costs of using its own adequately trained and specialised personnel (both through temporary secondment and lump-sum secondment) and, above all, of using its own IT platforms (hardware and software), which enabled the immediate construction of shared offices.
On 14 February 2022, an addendum to the network agreement was signed with Alfa S.r.l. for the construction and management of an infrastructure network of sludge bio-drying plants to support the wastewater treatment service in the Province of Varese (INTERBIODRY BASIN SYSTEM).

In May 2022, the Board of Directors of CAP Holding S.p.A. resolved to take note of the conclusion of the development phase of the network contract with ALFA S.r.l. on 30 May 2022 and to continue with the subsequent consolidation phase of the contract under the terms indicated in the same network contract signed on 12 June 2020.
For the CAP Group, the cooperation with ALFA S.r.l.:

- also generated utilities mainly from the IT application services contract, fees for using the ERP Cloud software and other digital systems under the SaaS method, as well as staff secondment to shared offices, and revenues from design work;
- also resulted in costs for staff secondment and wastewater laboratory tests.

Following the consolidation phase for ALFA Srl, the new 2025 – 2033 network contract between the two companies is in the process of being approved.
With regard to the management of the integrated water service for the Municipality of Castellanza (VA), please see the section relating to the Metropolitan City of Milan.

The IWS in other areas

There are some residual situations in which CAP Holding S.p.A. acts as a "wholesaler" recognised by the EGA of the Metropolitan City of Milan with effect from 1 January 2016 (see resolution of the Board of Directors of the aforementioned EGA no. 1 of 31 May 2016 – Annex A). These cases are as follows:

- wastewater treatment service carried out through the CAP Holding S.p.A. wastewater treatment plant located in the municipality of San Colombano al Lambro (enclave of the Metropolitan City of Milan in the Lodi area) for three municipalities in the Lodi area (Borghetto Lodigiano, Graffignana, Livraga) in which the main operator is SAL S.r.l.;
- wastewater treatment service rendered to 2 municipalities of the ATO of Como (Cabiate and Mariano Comense, for the latter case there are very few utilities) through the wastewater treatment of Pero plant located in the Metropolitan City of Milan.

These are absolutely residual cases compared to the integrated management of water services in their areas.
Due to the above mentioned situations, the principle of applying a special exchange tariff, equal to that applied to its users by CAP Holding S.p.A., implemented in the tariff arrangement of the ATO of the Metropolitan City of Milan pursuant to MTI-4, is defined as "wholesaler".
In addition to the above-mentioned situations, mention should also be made of:

- the transportation service provided to some hamlets in the municipalities of Ceriano Laghetto and Limbiate (managed by Brianzacque S.r.l.) through the closed aqueduct network commonly known as "Ex-Brollo";
- the transportation service provided by CAP Holding S.p.A. and SAL Acqua Lodigiana S.r.l. at the Borghetto Lodigiano (Casoni) aqueduct plant.
- the transportation service provided to Pavia Acque S.c.ar.l. for residual portions of the municipalities of Lacchiarella, Siziano and Chignolo Po.

Group presence in other initiatives

In order to better achieve its objectives, the CAP Group also participates in a number of plant and corporate initiatives in the environmental field, aimed, also with a view to the circular economy, at creating synergies between waste management and IWS and exploiting the experience gained in the latter sector.

NEUTALIA S.r.l.
In the summer of 2021, the CAP Group participated in the establishment of NEUTALIA S.r.l., in partnership with the AMGA Group of Legnano and AGESP S.p.A. of Busto Arsizio, and took over 80% of the share capital of ZEROC S.p.A.
The CAP Group holds 33% of the share capital of NEUTALIA S.r.l.
The company undertook the revamping of the thermal treatment plant located in Borsano of Busto Arsizio (VA) that has since become its property (first, NEUTALIA S.r.l. rented the relative business unit from ACCAM S.p.A., and then, having acquired 100% of its share capital, incorporated ACCAM itself with a merger deed dated 24 November 2022, under the hand and seal of the notary De Marchi of Milan).
On 2 September 2021, the CAP Group signed an "in-house providing contract with NEUTALIA S.r.l. for the final disposal service of special screened waste from urban wastewater treatment", valid until the end of 2032, with an indicative value of between € 450/500 thousand per year.
In 2023, NEUTALIA S.r.l. adopted a Business Development Plan that outlined a roadmap for action until 2047, thus positioning itself as a player in the region's green transition in the area of waste-to-energy conversion.
Already by the end of 2022, NEUTALIA S.r.l. had activated a procedure to define a project financing operation with lending institutions in order to co-finance the capex envisaged in period covered by the plan.
The project focuses in particular on the works that NEUTALIA S.r.l. brought together in "phase 1" (involving certain plant sections such as condensers, boilers, "pit" cranes; flue gas line; new water cooling system; electrical system, new turbines, etc.). Between the end of 2024 and the beginning of 2025, the banks concerned made their loan decisions. The transaction of a maximum value of € 32.6 million was completed on 13 February 2025.
The interventions of phase 1, totalling approximately € 50.8 million, also include equity support from shareholders (€ 18 million in the period from 2024 to 2026, to be allocated among the shareholders according to their respective shareholdings in the company's share capital), and, for the remaining part, self-financing by the company.
The plant will also process waste delivered by the shareholders of NEUTALIA S.r.l. which in 2024 regained R1 (recovery) qualification, a qualification lost after the fire in 2020 (before the establishment of Neutalia S.r.l.).
After phase 1, a further *set* of investments will follow in the next period, which together total approximately € 22 million.
The relevant designer completed the combustion diagram checks, which allow for up to 10,000 tonnes to be transferred to the pit (the 2027-2028 transfer years remain unchanged).
In 2024, the CAP Group made an advance payment of Euro 2,310 thousand on the equity share it had committed to give to Neutalia S.r.l. as described above.

Further information on relations with Neutalia S.r.l. is included in the explanatory notes to the 2024 financial statements, to which reference should be made.
NEUTALIA S.r.l. has taken the form of a B corp (in accordance with the provisions of Law 208/2015), whose general purpose is to pursue – in addition to the economic objectives proper to a business activity – purposes of common benefit and to operate in a responsible, sustainable and transparent manner. In particular, Neutalia S.r.l. aims to improve the quality of the environment and the territory by helping to reduce the environmental impact of waste and discards in terms of circular economy.

ZEROC S.p.A.
The CAP Group built a organic waste treatment plant ("Forsu") in close symbiosis with a sewage sludge treatment plant currently under construction, known as the "Bio-platform" project, at the wastewater treatment plant of Sesto San Giovanni (MI).
The CAP group also participates in ZeroC S.p.A., together with the municipalities of Sesto San Giovanni, Cormano, Cologno Monzese, Pioltello, Segrate and Cinisello Balsamo. The company also aims to operate in the field of FORSU treatment by exploiting the strong synergies that the relevant plant will have with the sewage sludge thermal treatment plant and with the wastewater treatment plant of Sesto San Giovanni.
The company (formerly known as CORE Consorzio Recuperi Energetici – S.p.A.) was taken over by the CAP Group, which acquired 80% of its share capital, and initially placed under the similar joint control of the direct shareholder local authorities, for whom it intended to manage the "forsu" service through an "in-house providing" contract.
In January 2023, the municipal councils of Sesto San Giovanni, Pioltello and Segrate decided these assignments, followed by the Municipality of Cinisello Balsamo in June. In February 2023, Montello S.p.A. notified three appeals before the Lombardy Administrative Court – Milan against the assignments of the municipalities of Sesto San Giovanni, Pioltello and Segrate.
On 16 October 2023, the Lombardy Administrative Court filed its judgements on the appeals, rejecting some of the objections raised by the appellant but upholding others.
With regard to the upheld grounds, the Milan Administrative Court found that, in this case, and with reference only to the Local Authorities to which the aforementioned appeals were addressed, the municipalities had failed to provide reasons for establishing the local public service for managing the organic portion of municipal solid waste or FORSU, since they had merely chosen the form of management of the local public service and

failed to provide full justification, pursuant to Article 10, paragraph 3, Italian Legislative Decree no. 201/2022, concerning the establishment of a local public service other than those already provided for by law, such as the FORSU management service. As for the contractual commitments entered into by the parties in the meantime, the Milan Administrative Court did not declare them ineffective, but rather requested that the resolutions be supplemented in line with the provisions of the judgement.
While the Municipalities were still working on completing the preliminary investigations for the assignments, on 20 March 2024, ZeroC S.p.A. asked the Shareholder municipalities that had not yet formalised their intentions regarding the in-house providing assignment of the service to confirm the start of activities and the expected timing for the start of the transfers. On 8 April 2024, the municipality of Cologno Monzese announced its intention not to carry out the "in-house providing assignment".
Consequently, as the conditions underlying the economic/financial plan for the FORSU service, which had formed the basis for the in-house providing assignment of the municipalities that had decided to do so, were no longer met, the latter announced their intention to call open tenders for the assignment of the service.
During the shareholders' meeting held on 29 April 2024, the shareholders, having regard to the decisions taken by the Municipalities, resolved that ZeroC S.p.A. could no longer operate under the "in-house providing" model, since its Regulations for "similar control" and the clauses in the articles of association for control by local authority shareholders (see paragraph 6 of Article 16 of Italian Legislative Decree 175/2016) ceased to have effect from the same date. Consequently, with effect from the same date, the rights secured at 20% of the share capital that had previously prevented CAP Holding S.p.A. from gaining control of ZeroC S.p.A. — in which the CAP Group already held a majority stake — ceased to exist.
While continuing to provide services to its Member municipalities pending the completion of the tender procedures, ZeroC S.p.A. amended its articles of association during the extraordinary shareholders' meeting held on 27 November 2024, by removing the already ineffective clauses that guaranteed control of the company to shareholder local authorities, which together held 20% of the share capital.
Following the shareholders' meeting held on 29 April 2024, ZeroC's Business Plan was reformulated to enable ZeroC S.p.A. to carry out FORSU intermediation activities on the market and plant management activities. In the second half of 2024, the company carried out operations on the FORSU market by participating in various tenders for the FORSU treatment service, securing full production capacity for the plant in 2025 and laying the foundations for the same result in subsequent years.
Further information on relations with ZeroC S.p.A. is included in the explanatory notes to the 2024 financial statements, to which reference should be made.

ALA (AEMME LINEA AMBIENTE S.r.l.)
On 4 December 2024, an agreement was signed between the CAP Group and the shareholders of Aemme Linea Ambiente s.r.l. (with registered office in Magenta (MI), Tax Code, VAT number and Registration Number with the Companies Registry Court of Milan 06483450968), hereinafter referred to as ALA S.r.l., for the acquisition of 20% (with an option up to 40%) of the share capital of ALA S.r.l. from the current majority shareholder AMGA S.p.A.
The current shareholders of ALA S.r.l. are Amga Legnano S.p.A. with 74.04%, ASM S.r.l. of Magenta with 16.69%, and AMSC S.p.A. of Gallarate with 9.27%. ALA has been operating since March 2010, consolidating its position within the urban hygiene sector in the western part of the Metropolitan City of Milan and the lower Varese area over time. To date, it manages the service on behalf of 19 Municipal Administrations, with a customer base of approximately 300,000 inhabitants served.
With the entry of CAP Holding, ALA's business plan envisages growth through the integration of companies and operations already working under the "in-house providing" model, with the aim of serving an area of approximately 500,000 inhabitants, creating synergies and generating efficiencies that will be impact the tariffs of citizens for both water and environmental hygiene services.
At the date of this report, after the fair value of the equity investment in question as at 31 December 2024 was determined with the help of specific appraisals, the shareholder local authorities of reference of the companies involved are in the process of passing the resolutions describing in detail the reasons for the acquisition by CAP Holding S.p.A. of the aforementioned shareholding in AEMME Linea Ambiente S.r.l. and authorising it.
On this point, on 15 April 2025, the conference of municipalities of the Metropolitan City of Milan expressed a favourable opinion on the aggregation process promoted by CAP Holding S.p.A., confirming its consistency with the guidelines of the metropolitan strategic plan, mission 2, green revolution and ecological transition.
Finally, authorisation is expected to be granted by the shareholders' meeting of CAP Holding S.p.A. in July 2025, prior to the acquisition.
In addition to aspects of corporate architecture, scope and governance, the CAP Group has also maintained its focus on researching and maintaining the efficiency and effectiveness of its internal processes, as well as identifying, preventing and managing risks.

Integrated Quality System

In terms of effectiveness and efficiency of business processes, the CAP Group, as part of the companies subject to management and coordination by the parent company and the latter, in line with the Group's Vision, Mission and Ethical Commitment, adopted an Integrated Policy, updated to August 2024, implemented through an Integrated Management System certified by an independent third party, in order to achieve the strategic objectives and implement the Policy itself.

The company's confirmed certifications are related to quality, environment, energy, occupational health and safety, food safety, anti-corruption, gender equality, information security, BIM (Building Information Modelling) management systems and corporate social responsibility.

In 2024, the CAP Group confirmed its focus on maintaining the certifications already achieved in the past, i.e. ISO 9001, ISO 14001, ISO 45001, ISO 50001, ISO 22000, ISO 17025 accreditation, ISO 37001, UNI PdR 125:2022, ISO 27001, UNI PdR 74:2019 and SA 8000 as well as the Carbon Footprint according to ISO 14064-1 in relation to the emissions of the Group companies.

The commitment made by Top Management to improve quality standards to satisfy the expectations of Customers and stakeholders in general, with a view to continuous improvement, was strengthened.

The CAP Group's commitment and work continues, therefore, in the adoption and development of an Integrated Management System, which combines the various reference standards.

Internal Control and Risk Management System

The CAP Group, as part of the companies subject to management and coordination by the parent company and the latter, adopted specific Guidelines on the internal control and risk management system.

The Internal Control and Risk Management System represents a qualifying and essential element of the Corporate Governance of the CAP Group and the subsidiaries subject to management and coordination.

The Internal Control and Risk Management System (hereinafter also referred to as "SCIGR") consists of a set of people, tools, organisational structures, standards and company rules designed to enable the company to be run in line with its strategic and sustainability objectives, to ensure the reliability and integrity of accounting and management information, and to guarantee the compliance of company operations with regulations and risk management.

The Internal Control System has been defined following a number of fundamental principles:

1. the dissemination of controls at all levels of the organisational structure in line with the operational responsibilities assigned and, where possible, providing for sufficient separation between the operational and control functions, taking care to avoid situations of conflict of interest in the assignment of responsibilities;
2. the sustainability of the controls over time so that their performance is integrated and compatible with the operational requirements.

The structure of the Internal Control System envisages controls at the level of entities that operate transversally with respect to the reference entity (Group/ individual company) and controls at process level.

The Internal Control System is also called upon to:

- adequately identify, gauge and monitor the main risks undertaken in the various operating segments, including those that could generate risks of error, unintentional error or fraud that could have a material impact on the financial statements;
- permit the registration on the operating transactions with a sufficient level of detail and correct allocation with regard to accruals accounting;
- use reliable information systems that can produce reports suitable for the units tasked with the control activities.

The governance and implementation of SCIGR involve players that have different roles within the company.

The SCIGR of CAP Holding comprises three distinct types of activity:

- 'line control' or 'first-level control', consisting of the set of control activities carried out by individual operating units on their own processes to ensure that operations are carried out correctly. These control activities are the primary responsibility of operational management and are considered an integral part of every business process (e.g., hierarchical control).
- "second-level" controls, which are carried out by specific corporate functions other than operational ones and are designed to manage and monitor typical categories of risk, represent continuous monitoring to verify the effectiveness of the controls defined for the performance of corporate operations; for example, second-level controls include checking compliance with spending limits assigned to various operating functions, checking the consistency of the operations of individual processes (e.g. by the Quality, Environment and Safety Management Systems function), assessing risk appetite (e.g. by the Risk Management department), etc.
- internal audit or "third-level" activities, aimed at checking the structure and functionality of the SCIGR as a whole, including through the monitoring of line controls and second-level control activities. With regard to this point, see the section "*Internal Audit and checking of the internal control system*" in this report.

The Internal Control System also involves:

- The Board of Directors – which is reserved the powers regarding the policies and the internal control of the Company and of the Group (e.g. the power to define the policies of the internal control system, as well as periodically check its suitability and effective operation, making sure that the main company risks are identified and managed adequately and that the controls required for monitoring the performance of the Company trend exist);
- The Risk Control and Sustainability Work Group (RC&SWG), which is responsible for providing supervisory and investigative support to the Board and, as far as it is concerned, the Chairman of the Company, in making assessments and decisions relating to the internal control and risk management system and sustainability.
- The Risk Management Dept. & Compliance function, whose manager reports hierarchically to the Executive Chairman and plays a leading role in the implementation of the Enterprise Risk Management Model of CAP Holding S.p.A. and its subsidiaries with the cooperation of the Sustainability function in the area of ESG risks;
- the Board of Statutory Auditors that oversees (by means of inspection and control activities) the observance of the law, the articles of association and the principles of correct administration and that, specifically, must assess the adequacy of the organisational, administrative and accounting structure and supervise its effective operation;
- The Internal Control Committee (coinciding with the Board of Statutory Auditors) which oversees a series of aspects which pertain to the internal and external controls system for bodies of public interest, in particular with regard to: financial disclosure process; efficacy of the internal control, internal audit, if applicable, and risk management systems; legal audit of the annual and consolidated accounts; independence of the official auditor or auditing firm. In order to strengthen the prerogatives of the committee it is also envisaged that the auditor submits a report to this body on key issues emerging during the external audit, especially with regard to the short falls identified in the internal control system, which have an impact on the financial reporting process.

Risks of company criminal liability, organisational model 231/01, Ethical Commitment and ERM, anti-corruption system and transparency

The CAP Group, as part of the companies subject to management and coordination by the parent company and the latter, operates on the basis of an Integrated Management System aimed at guaranteeing and defining the roles, responsibilities, powers and rules of conduct to be observed when conducting the company business. The Management System is updated continuously to guarantee the effectiveness and efficiency of processes, safeguard company assets, and ensure compliance with regulations.

Organisational Model pursuant to Italian Legislative Decree 231/2001

Each CAP Group company adopted an Organisation, Management and Control Model pursuant to Italian Legislative Decree no. 231 of 8 June 2001, complete with a Group Ethical Commitment and organisational/management protocols, since June 2013, as a support tool aimed at preventing the administrative liability of companies. It is intended for members of corporate bodies, management and employees of the Group, and all those who work to achieve its objectives.

The Document is updated promptly and regularly in the light of regulatory reforms that periodically amend the list of predicate offences relevant pursuant to Italian Legislative Decree 231/2001, as well as in the light of organisational and internal regulatory changes.
Since December 2023, ZeroC S.p.A. has had its own Model pursuant to Italian Legislative Decree 231/2001, adopted in a simplified form based on the UNI/PdR 138:2023 reference standards and taking into account the company's size and activities.

Ethical Commitment

With a view to simplification, the CAP Group, as part of the companies subject to the management and coordination of the parent company and the latter, adopted a single "Ethical Commitment" document, which is an annex to the Organisation, Management and Control Model adopted by the companies. The Ethical Commitment consists of three annexes: "*Code of Ethics of the CAP Group*", "*Supplier Code of Conduct" and "Anti-Corruption Policy".*
The "*Anti-Corruption Policy*" completes the framework for the prevention of offences provided for by Italian Legislative Decree 231/01 and Italian Law 190/2012 by defining the values, principles and responsibilities in the fight against corruption.
ZeroC S.p.A. has had its own Code of Ethics and Conduct since October 2018. This code is an annex to the company's Organisation, Management and Control Model.

Enterprise Risk Management

The CAP Group developed an Enterprise Risk Management system aligned with nationally and internationally recognised best practices, such as the Corporate Governance Code and the CoSO ERM Framework, to protect and support the achievement of the Group's business and sustainable development objectives.
The ERM model is structured as an organised and synergistic system that enables the identification and assessment of the main risks and opportunities to which the company is exposed, considering both their financial and non-financial aspects, and manages them by defining strategies to mitigate and monitor them over time. Its ultimate goal is to support decision-making processes, raise awareness within the organisation and improve the ability to create value for stakeholders.
The ERM model is governed by the Enterprise Risk Management Policy, approved by the Board of Directors of CAP Holding, which defines and formalises the governance and operating models and applies to CAP Holding and its subsidiaries and companies subject to management and coordination. In response to the requirements of the CSRD, the ERM Policy also regulates the integration of the Financial Materiality analysis required by the Double Materiality process into the ERM model (see the relevant section in the Sustainability Report). Given its ability to assess the effects of sustainability issues on the company, the ERM model was deemed appropriate for this analysis.
Following the last Enterprise Risk Assessment, completed in December 2024, 78 risks were identified, of which 51 were ESG-related, and 17 opportunities, of which 15 were ESG-related, which overall reflect the short-, medium- and long-term trends in climate, social and economic changes affecting CAP Holding and its subsidiaries and companies subject to management and coordination.

Measures to prevent corruption, transparency requirements (pursuant to Italian Law 190/2012 and Italian Legislative Decree 33/2013) and legality rating

Starting in June 2014, as part of the companies subject to the management and coordination of the parent company and the latter, the CAP Group adopted the "Three-year corruption prevention and transparency plan," pursuant to Italian Law no. 190/2012 and Italian Legislative Decree no. 33/2013, updating it from time to time.
The latest update dates back to 22 January 2025 and refers to the three-year period from 2025 to 2027. The Plan is an integral part of the aforementioned organisational model pursuant to Italian Legislative Decree no. 231/2001 adopted by the Group. It is published on the institutional website www.gruppocap.it, together with the annual report of the Head of Corruption Prevention and Transparency on the implementation status of the PTPCT 2024.
On the other hand, for ZeroC S.p.A., a comprehensive review of the previous three-year corruption prevention and transparency plan was carried out in 2022, in light of the guidelines contained in the National Anti-Corruption Plan adopted by ANAC.
The latest update to the PTPCT of ZeroC S.p.A. was approved by the Board of Directors at its meeting on 24 January 2025. At the same time, the Group adopted an internal policy to characterise every administrative procedure according to transparency and accessibility criteria, in compliance with current regulations. A specific section ("Transparent Company") has been set up on the institutional website, where all relevant information is published.
A "transparent company" section has also been set up on the website of ZeroC S.p.A., where the information and data required by law are published in accordance with the compatibility criteria.
Back in 2014, the parent company submitted a request to the Italian Antitrust Authority (AGCM) for the assignment of a legality rating pursuant to Decree Law No. 1/2012, converted into Italian Law No. 62/2012.
The rating system awards between one and three stars, depending on how well the essential (one star) and additional requirements set out in the Implementing Regulation on legality ratings (last amended by Resolution No. 28361 on 28 July 2020) are met. The rating is a tool that recognises rewards to companies that operate according to the principles of legality, transparency and social responsibility.
The AGCM awarded CAP Holding S.p.A. a legality rating, assigning it the maximum score of three stars, renewed on 4 March 2025, confirming the aforementioned score for a period of two years.
In December 2019, CAP Holding joined the new WebRating platform activated by AGCM, which is now the only tool to obtain the attribution or renewal of the Rating and to communicate to the Authority any changes in the data reported in its Chamber of commerce certificates and any event that affects the possession of the requirements.

Risks of violation of antitrust laws

The CAP Group, as part of the companies subject to management and coordination by the parent company and the latter, applies, among other things, the principles laid down by the EU Treaty on the protection of competition and by sector-specific regulations in the management of procurement contracts.
The Group, with its own regulations, guarantees the quality of its services in accordance with the arm's length principles, cost-effectiveness, efficiency, impartiality, equal treatment, transparency, proportionality, publicity and non-discrimination.
The criteria for participation in the assignment procedures are such as to ensure that micro, small and medium-sized enterprises are not excluded and have an effective opportunity to participate.
The Regulations of public works, service and supply contracts in the special sectors and the Regulations on the Qualification System are published on the website www.gruppocap.it.
No internal regulations for the protection of industrial or intellectual property (e.g. rights to inventions, industrial patents) are currently applicable.

Risk of company crisis risk and its measurement

CAP Holding S.p.A. it is not required to apply the provisions of Article 6, paragraph 2 of Italian Legislative Decree 175/2016 as it falls under the hypothesis referred to in article 26, paragraph 5 of this decree.

Environmental risks

As mentioned above, the CAP Group operates mainly in the IWS sector, which is a typically capital-intensive sector where the technical and pricing life of fixed assets is particularly long. This raises the issue of possible changes in the medium to long term of interest to the company. It is now generally recognised that we are in the midst of [13]climate change and that infrastructures must be designed, built and maintained taking into account the potential impacts that a change in the weather system may have on their operation.
The "physical risks" that can arise directly from climate change can be "acute" or "chronic". The former can be traced to those related to extreme weather events and the latter to longer-term changes in climate scenarios.
The latter, insofar as they are "chronic" (a more frequent manifestation of extreme events) and therefore tend to be structural, have been considered in the design of the works already carried out and in the CAP Group's Sustainability Plan and must be taken into account in the company's planning as well as, obviously, in that of the Area Plan.
In addition to direct risks, there are also some indirect risks (or transition risks) such as amendments to regula-

13 "*The world is already 1.1°C warmer than at the dawn of the industrial revolution, with a significant impact on the planet and on people's lives".* Cop25: the UN Climate Change Conference, 5 things to know (https://unric.org/it/cop25-la-conferenza-onu-sul-cambiamento-climatico-5-cose-da-sapere/)

tions (ref. Regional Regulation 06/2019), public policies, technological changes, changes in customer focus, induced by climate change.
The above prompts the CAP Group to take into account, both by means of instruments to hedge the risk of liabilities that may arise as a result of acute physical events (insurance coverage for compensation for damages, for example, due to flooding and spillage of the managed sewage systems; the inclusion of environmental issues related to the multiplicity of services provided by the CAP Group in the Organisation and Management Model pursuant to Italian Legislative Decree no. 231/01, in the ERM) and by means of a careful assessment in the planning of operating and investment activities of chronic risks (e.g.: hydraulic invariance, management of mixed networks, culverting, etc.), as far as they may be required of the water services operator (but see also below).
From an economic point of view, the fact that the CAP Group operates in a regulated sector and that at the end of its concession the economic value (terminal value) of the infrastructures built in the course of its operation is indemnified and therefore removed from the future risk of fluctuations in demand, partly reassures the impact of climate risks.
However, it is important for the CAP Group that, as a public company seeking to be present in its area even after the concession has come to an end, the classic technical and industrial planning approach (capturing the resource, transporting it efficiently and economically, etc.) is immediately integrated with the more typical approaches of sustainability plans (assumptions about quantity, changes in demand and availability of supply in the long term), as the best preventive tool that the CAP Group has for managing the risks of long-term climate change. Long-term economic and financial forecasts also tend to be more reliable, partly thanks to the adopted risk management approach.
Regarding transition risks, it is possible that climate change, together with the weakness of Italian public finance, will push public authorities in the future to try to bring rainwater management closer to that of the integrated water service, just as has happened with regard to the CAP Group as from 2021 (ref. Note prot. no. 1641 of 10/0272020 ATO Metropolitan City of Milan). This implied for the operator a push to increase its knowledge of the area served, not only limited to the aspect of the water infrastructure directly managed, but also of those indirectly connected. This approach was also confirmed by the publications of ARERA Resolutions 2023 on technical quality: in fact, with Resolution 637/2023/R/idr, ARERA intervened in the regulation of the technical quality of the integrated water service (RQTI), with some highly topical elements such as:

1. A new macro-indicator (M0-water resilience) to measure operators' actions to mitigate the effects of climate change and their ability to respond to the needs of the areas they serve.
2. A new approach to rainwater management.

Therefore, the CAP Group confirms the commitment to closely monitor the issue of climate change and its developments at EU and international level (COPs – Conference of the Parties and European legislation).
The environmental risk is also taken into account in all activities to promote the circular economy – in compliance with both the guidelines of the Sustainability Plan and with the Kyoto Project approved by the Shareholders' Meeting in 2019, which allocated approximately € 34 million to promote activities closely related to the water service but, in fact, operating in related sectors (such as waste management, etc).
In particular – as in the procedure started for the construction of the Bio-Platform in Sesto San Giovanni – even in minor projects, compliance with specific legal procedures (AUA, AIA, etc.) requires the Operator to carry out a thorough analysis of the impact of its activities on the environment.
Moreover, specific environmental due diligence procedures are implemented when new projects are developed.
Finally, the CAP GROUP closely monitors the issue of climate change and its developments at EU and international level (COPs – Conference of the Parties and European legislation).

Security risks to corporate systems and data

The CAP Group, as part of the companies subject to management and coordination by the parent company and the latter, adopted a specific risk assessment document related to Information Technology (IT risks and the processes governing their activities).
The CAP Group adopted rules to ensure compliance with the company's standards and procedures on Information Technology.
In particular, during 2024, the CAP Group obtained ISO/IEC 27001:2022 – UNI CEI EN ISO/IEC 27001:2004 certification, the international standard that certifies excellence in information security management. In particular, the area is the management of ICT infrastructure supporting the provision of infrastructure and application services dedicated to the utility sector.
In detail, the following risks with their risk mitigation and cancellation procedures were identified within the risk management process:

- Cyber attack resulting in the blocking of ERP and/or Internet portals (e.g. supplier portal) for 2/3 weeks and subsequent:
  - inability to access administrative and management data (e.g. registration/payment of invoices, taxes) by the CAP Group persons and/or internet portals by suppliers and/or users;
  - theft of sensitive data (e.g. user/supplier data);
  - theft of credentials with an impact on both the Group's operations and reputation in the medium-short term.

This operational block could also result in economic losses. Any penalties for the theft of sensitive data would be proportionate to the extent of the damage and the mitigation measures implemented by the company.

- Cyber attack on remote infrastructure control systems, resulting in partial visibility of the operation and security of drinking water purification and supply plants, resulting in disruption of the provision of water services.
- The current geopolitical situation of the Russian-Ukrainian and Israeli-Palestinian conflicts, which increases the risk of cyber-attacks, also affects the probability assessment.
- Temporary unavailability of Data centres with an operational block of internal business processes of one week depending on the type of physical damage to the hardware and procurement time.
- A number of actions have been taken to comprehensivly mitigate the above risk, the main ones being:
  - Disaster recovery system to mitigate cryptolocker attacks (blocking of data and ransom demand to restore them) and to restart operations in the event of a disaster;
  - Cover through Cyber Policy with adequate coverage for damages to third parties due to data loss and/or business interruption damages;
  - Crisis Communication Management programme to deliver targeted and timely communications;
  - Increase in permanent monitoring systems for safety parameters, upgrading of firewall devices and security appliances for both IT and OT (Operational Technology) infrastructure;
  - Upgrading of monitoring systems for email protection;
  - Training to raise personnel awareness;
  - Specific OT safety training according to IEC62443;
  - Drinking water purification and supply systems can also be manually activated to restore the service;
  - Detailed analysis of all sensors in the field and strengthening of security policies dedicated to them;
  - Network organisation and segmentation;
  - Organisation of plants (wastewater treatment, aqueduct and sewerage) in accordance with IT safety rules and guidelines;
  - Armoured systems (e.g. MFA, VPN and access management software).

Financial risks and their management

As part of the performance of its activities the CAP Group is exposed to certain financial risks such as the interest rate risk, the liquidity risk and the credit/counterparty risk.

The financial risks to which the Group is exposed and the formalities by means of which they are managed are listed in greater details below.

(a) Interest Rate Risk

The portion of financial indebtedness that has a floating rate is however somewhat contained. As at 31 December 2024, it totalled € 3,569,308, equal to around 1% of the total indebtedness outstanding as at 31 December 2024.
On the same date, part of this indebtedness, as at 31 December 2024, € 692,308 at a floating rate, was accompanied by a non-speculative purely hedging interest rate swap agreement.
With reference to the residual interest rate risk, the Group prepared a sensitivity analysis to determine the impact on the income statement (result before taxes) that would result from a hypothetical positive/negative change in interest rates compared to those actually recorded in each period.
The following table shows the results of the analysis carried out.

TABLE N° 3 – Interest rate swap - Sensitivity analysis

in euro	Case A)	Case B)
Sensitivity analysis	-200 basis points	+200 basis points
Financial year ended 31/12/2024	+ 66,313	- 66,313

The objective of the CAP Group is to limit its exposure to the increases in the interest rates keeping the loan costs acceptable. The risks related to the increase in the interest rates are monitored as non-speculative.
There is no guarantee that the hedging policy adopted by the Group, intended to reduce to a minimum the losses associated with fluctuations in the interest rates in the event of floating rate indebtedness transforming them into fixed rate borrowing, will have the effect of reducing any of these losses. If the above does not take place on an absolutely remote basis, negative effects could come about on the activities of the Group, on the financial situation and on the results of the operations.

(b) Liquidity risk

The liquidity risk represents the risk that, due to the inability to procure new funds or liquidate assets on the market, the CAP Group is unable to meet its payment commitments, causing an impact on the economic result in the event that it is forced to incur additional costs to meet its commitments or a situation of insolvency.
The objective of the CAP Group is the maintenance over time of a balanced management of its financial exposure, aimed at ensuring a liability structure balanced with the composition of the financial statement assets and capable of ensuring the necessary operating flexibility by using the liquidity generated by the current operating activities and the recourse to bank loans.
The ability to generate liquidity from the core operations, together with the borrowing capacity, permits the Group to adequately satisfy its operating requirements, those for financing the working capital and investment needs, as well as the observance of its financial obligations.
The CAP Group is characterised by a policy involving the use of temporary liquidity in financial instruments with a low and/or average-to-low level of risk.
In particular, the parent company adopted a regulation for the use of liquidity as early as 2013 and updated it by a resolution of the board of directors on 18 February 2021, which excludes investments in high-risk financial assets. Please see the notes to the financial statements with regard to the loans existing at the end of reporting period.
Thus, the CAP Group also takes steps to hedge the liquidity risk by means of taking out a number of short-term credit facilities with banks.
The facilities for liquidity amount as at 31 December 2024 to € 17.55 million and none have yet been used.

As from June 2014, with the need of defining internal procedures aimed at optimising the allocation of the total financial resources at CAP Group level and endowing itself with a sole direction in the financial field for the purpose of rendering the financial operations of the entire group more efficient and rational, a sweeping cash pooling agreement was entered into between CAP Holding S.p.A. and CAP Evolution S.r.l., or rather an agreement for the centralisation of the handling of the liquidity, also operative for 2024 and extended until 30 November 2025.
As at 31 December 2024, this position amounted to €38.0

million payable by the parent company to the subsidiary (as at 31 December 2023, this position amounted to € 18.0 million payable by the parent company to the subsidiary).

(c) Credit risk

The credit risk represents the company's exposure to potential losses that may arise if a commercial or financial counterparty does not meet their obligations.
The main credit risks for the CAP Group derive from the trade receivables from the supply of the integrated water services, collected by the Group or by other companies (Operators of other ATOs, where CAP Holding S.p.A. is the "wholesale operator").
The CAP Group tries to deal with this risk adopting policies and procedures that regulate the monitoring of the expected funding flows, the granting of extended credit terms and if necessary the implementation of suitable recovery measures, both with regard to the users directly managed and with regard to the operators which it is the Wholesaler of. For the majority of the latter, specific and direct agreements have been reached.
Notwithstanding the foregoing, a general increase in default rates could have a substantial negative effect on the Group's business, financial situation and results of operations as well as on the Group's ability to fulfil its payment obligations.

Trade receivables are recognised in the financial statements net of the write-down calculated on the basis of the risk of default of the counterparty, determined considering the available information on the solvency of the customer and considering past and future data. The positions, if individually significant, for which there is an objective condition of partial or total non-payment, are subject to individual write-down.

(d) Covenants and Negative pledges and similar

Part of the CAP Group's indebtedness as at 31 December 2024 derives from loan agreements or from bonds that, in line with similar market transactions, envisage a number of restrictions and commitments for the Group. These include the commitment not to grant, unless within pre-established limits, to future financial backers encumbrances on its assets (negative pledge), change of control, pari passu and cross default clauses. A number of restrictive clauses are also envisaged on the accomplishment of specific extraordinary transactions and on the disposal of assets. Financial covenants are also envisaged, the possible non-observance of the which may lead to the operation of the acceleration clause to the detriment of the Group.

Risks related to the use of financial instruments

As at 31 December 2024, the CAP Group used a financial instrument. In particular, during 2015, it acquired an IRS from the merged company Idra Milano S.r.l. (of which Banca Nazionale del Lavoro S.p.A. is the counterparty).
This Interest Rate Swap (IRS), referring to an underlying financial liability, dates back to 16 May 2011 (agreement entered into by Idra Patrimonio S.p.A., which CAP Holding S.p.A. took over further to the merger of Idra Milano S.r.l. that took place in 2015): IRS for a nominal of € 6,000,000 (in repayment) expiring on 16 May 2026.
The open position is pure (and at least partial) hedge with respect to the interest rate fluctuation risk.

TABLE N° 4 – Interest rate swap - contract details

Type of derivative contract	Interest rate swap bnl
	1
contract date	16/05/11
purpose	rate hedging
contract number	5963433
notional value	6,000,000
existing principal	692,308
settlement date	16/05/26
financial risk	
mark to market as at 31/12/2024	-2,400.65
hedged asset/liability	BNL loan (former Idra Patrimonio)

Other financial risks

It is possible to add/conclude that:
- there are no significant concentrations of liquidity risk;
- there are no risks related to the trend in exchange rates;
- there are no significant risks related to the trend in interest rates;
- the trend in the prices of the services provided is linked to the tariffs and the Tariff Method determined by the sector Authority (ARERA).

Risks related to EU infringement procedures: convictions by the European Court of Justice 10 April 2014 case C85/13 (now Case C 515/23 of 10 August 2023), 6 October 2021 (infringement procedure no. 2014/2059 that became case C-668/19), infringement procedure 2017/2181 and internal pre-litigation

Specifically, the implementation status of the interventions is reported, as recorded by ATO CMM in its resolution no. 15 of 20 February 2025, based on the progress reports provided at the time by CAP Holding S.p.A.

Case C85/13

All the planned interventions are completed and tested.

Infringement procedure No. 2014/2059 (in pre-cause)

All the planned interventions are completed and tested.

Directive 91/271/EEC – Infringement procedure 2017/2181 – C-594/24

All the planned interventions are completed.
With regard to Case C-594/24, as an update to the contents of EGATO CMM Resolution no. 54 of 14 October 2024, note that

the only available update available is the communication sent by the Lombardy Region to MASE on 15 October 2024 (prot. no. V1.2024.0067128 – prot. U.A. no. 11503), which included the necessary documentation to draft the counter-claim.

Pre-litigation interventions

In relation to the obligations set out in Directive 91/271/EEC, as at 31 December 2024, three agglomerations of the ATO in the Metropolitan City of Milan are subject to monitoring. These agglomerations, monitored for critical issues that emerged in recent years during preliminary investigations between the Area Office and the Lombardy Region (based on assessments made by ARPA), are not subject to infringement procedure.

The table below shows the implementation status of interventions still in progress as at 31 December 2024, as reported in EGATO resolution No. 15 of 20 February 2025.

TABLE N° 5a - Pre-litigation interventions subject to monitoring: implementation status – updated on 31.12.24

Agglomeration code and name	Internal code	Intervention name	Work start date	Work completion date	Testing function completion date	Technical-administrative testing completion date	% Of work completed
Peschiera Borromeo	5861	MSD digester 1 Peschiera Borromeo	12 April 2021	12 December 2021	7 March 2025	7 June 2025	100.00%
	5862	MSD digester 2 Peschiera Borromeo	1 April 2025	1 July 2026	1 July 2026	31 December 2026	0.00%
	9290	Peschiera Borromeo - adaptation and upgrading of the wastewater treatment plant	26 September 2022	27 February 2025	27 February 2025	27 August 2025	60.00%
Olona Sud	9027_2-2	Sewage system reconstruction in various streets in the municipality of Bollate with final delivery to the wastewater treatment - Lot II	23 January 2023	30 June 2025	30 September 2025	31 December 2025	53.00%
Truccazzano	9291_3	Upgrading the biological department of the Truccazzano (MI) wastewater treatment plant	July 11	July 11	July 11	July 11	10.00%

TABLE N° 5b - Pre-litigations: completed and ongoing interventions - updated on 31.01.2025

Agglomeration code and name	Internal code	Intervention name	Work start date	Work completion date	Testing function completion date	Technical-administrative testing completion date	IPC
Peschiera Borromeo	5861	MSD digester 1 Peschiera Borromeo	12 April 2021	12 December 2021	7 March 2025	7 June 2025	100.00%
	5862	MSD digester 2 Peschiera Borromeo	1 April 2025	1 July 2026	1 July 2026	31 December 2026	0.00%
	9290	Peschiera Borromeo - adaptation and upgrading of the wastewater treatment plant	26 September 2022	27 February 2025	27 February 2025	27 August 2025	60.00%
Olona Sud	9027_2-2	Sewage system reconstruction in various streets in the municipality of Bollate with final delivery to the wastewater treatment - Lot II	23 January 2023	30 June 2025	30 September 2025	31 December 2025	53.00%
Truccazzano	9291_1	extraordinary maintenance and upgrading of Truccazzano agglomeration	23 November 2021	13 June 2023	4 August 2022	27 February 2024	100.00%
	9291_3	Upgrading the biological department of the Truccazzano (MI) wastewater treatment plant	July 11	July 11	July 11	11 February 2027	1000%

Economic performance

The consolidated financial statements of the CAP Group, accompanied by this report, illustrate the accounting data relating to financial year 2024 and that of the financial statements as at 31 December 2023, presented on the basis of the application of the International Financial Reporting Standards (IFRS) adopted by the European Union.[14]

Here is a summary:

TABLE N° 6 – Statement of comprehensive income

	Notes	Value as at 31/12/2024	Value as at 31/12/2023
Revenues	8.1	321,291,411	268,008,827
Increases for internal work	8.2	5,810,103	2,328,071
Revenues for work on assets under concession	8.3	117,991,891	98,521,965
Other revenues and income	8.4	79,979,900	44,665,143
Total revenues and other income		**525,073,305**	**413,524,007**
Costs for raw materials, consumables and goods	8.5	(12,697,761)	(15,077,753)
Costs for services	8.6	(141,132,760)	(165,056,197)
Costs for work on assets under concession	8.7	(105,699,863)	(61,838,915)
Personnel costs	8.8	(57,367,458)	(53,749,931)
Amortisation, depreciation, provisions and write-downs	8.9	(74,115,966)	(85,320,925)
Other operating costs	8.10	(10,294,487)	(9,813,782)
Non-recurring operations	8.11	0	0
Total costs		**(401,308,294)**	**(390,857,502)**
Operating result		**123,765,011**	**22,666,504**
Financial income	8.12	6,534,869	3,434,521
Financial expense	8.12	(12,179,348)	(9,647,496)
Result before taxes		**118,120,532**	**16,453,529**
Taxes	8.13	(35,037,757)	(3,968,415)
Profit (loss) from assets held for sale or disposed of	8.14	0	0
Net result for the year (A)		**83,082,775**	**12,485,115**
Group profit (loss) for the year		**83,061,253**	**12,485,115**
Third-party profit (loss) for the year		**21,522**	**0**

The table shows a net operating result that represents around 23.6% of total revenues of the CAP group (up from € 22,666,504 in the previous year) and a partial decrease in margins by the financial area.
Total revenues for 2024 increased (+27%) compared to the previous year for the reasons explained in more detail below. This mainly reflects the effects of the increase in Revenues, Revenues for work on assets under concession and Other revenues and income.

On the other hand, total costs for 2024 increased by +2.7% compared to 2023, mainly due to differences in the specific components of Costs for work on assets under concession, Costs for services and Amortisation, de-

14 The adoption of the IAS/IFRS accounting standards was approved by the Board of Directors of CAP Holding S.p.A. at the meeting of 26 June 2017 (as regards the suspensive condition, then occurred on 2 August 2017, of the actual admission to negotiations on the Main Securities Market of the Irish Stock Exchange of a bond of € 40 million issued by CAP Holding S.p.A.).

preciation, provisions and write-downs.
Note that the income statement for 2024 includes the results of ZeroC as from 1 May 2024. In 2023, these components were not present. Compared to the 2024 consolidated financial statements, the effect is still marginal (the 2024 statutory net result of ZeroC is € 72,458).

Total Revenues of the Group

Total Revenues of the CAP Group in 2024 were:

TABLE N° 7 – Revenues and other income

	"Value as at 31/12/2024"	"Value as at 31/12/2023"	Change	%Change
Revenues	321,291,411	268,008,827	53,282,585	19.9%
Increases for internal work	5,810,103	2,328,071	3,482,032	149.6%
Revenues for work on assets under concession	117,991,891	98,521,965	19,469,926	19.8%
Other revenues and income	79,979,899	44,665,143	35,314,756	79.1%
Total revenues and other income	**525,073,305**	**413,524,007**	**111,549,298**	**27.0%**

(Values in units of €)

Some details follow.

The Revenues

These are mainly made up of revenues for Integrated Water Service tariffs.
Their amount (€ 321,291,411) decreased by 19.9% compared to 2023 (€ 268,008,827, compared to € 281,622,670 in 2022) due to the increase in: the VRG revenues of the operator, the wholesale operator and, in particular, some contingent assets by tariff, as illustrated below.
These contingent assets (€ 19,738,000), which contribute significantly, together with the change in VRG, to explaining the revenue trend in 2024, are related to regulatory adjustments (for the recognition of costs from previous years that were not allowed in the tariff at the time), the main components of which are: € 10,430,261 for electricity, € 1,260,549 for sludge disposal, € 4,971,496 for extraordinary inflation recovery.
Note that CAP Group revenues, recognised "on an accrual basis" due to the management activity already carried out (see the previous paragraph on "tariff regulation" and, in particular, the <<tariff adjustment>> mechanism), may give rise to receivables for invoices to be issued at the end of the reporting period for the invoicing (and, consequently, collection) of which ARERA's regulation can require a gradual application to protect end customers. In this specific case, the notes to the financial statements show the amount of these receivables for regulatory adjustments, some of which may be collected until 2029.
For the areas of the Metropolitan City of Milan and the other areas where it operates as a wholesaler, the 2024-2029 tariff multiplier updates were approved in 2024.
With regard to the **Manager Tariff of CAP Holding S.p.A. in the area of the Milan Metropolitan City**, on 30 September 2024, the Conference of Municipalities of the same ATO approved the tariff update proposal, which was followed on 19 November 2024 by the approval by ARERA with Resolution 496/20242/R/IDR.
The tariff multiplier ϑ approved for 2024 is **1.100** (on a 1.000 basis in 2023).
With regard to the **Wholesaler Tariffs applied by CAP Holding S.p.A. for services rendered in the ATO of the Province of Monza-Brianza,**, on 29 October 2024, the Conference of Municipalities of the same ATO approved the tariff update proposal, which was followed on 11 February 2025 by the approval by ARERA with Resolution 42/2025/R/IDR.
For the **Aqueduct Wholesaler** service, the tariff multiplier ϑ approved for 2024 is **1.067** (on a 1.000 basis in 2023). In order to keep the tariff increase within the limits of the applicable regulatory scheme, adjustments amounting to € 7,287,546 were deferred to annual instalments after 2024.
For the **Wastewater treatment Wholesaler** service, the tariff multiplier ϑ approved for 2024 is **1.067** (on a 1.000 basis in 2023). In order to keep the tariff increase within the limits of the applicable regulatory scheme, adjustments amounting to € **2,126,981 were deferred to annual instalments after 2029.**
Returning to the subject of the Tariff Method (MTI -4), note that, as already mentioned in the section on "tariff aspects", in general terms, the portion of the future 2026 VRG will be designated to adjust costs incurred and not covered by the tariff, or to recover the differential on revenues earned as a result of "volumes", relating to 2024, as part of the logic of "guaranteed revenue" of ARERA's tariff methodology.
During the 2024-2029 tariff preparation, the right to submit a request under MTI-4 was exercised for the full recognition of electricity costs for 2022 with a total value of approximately € 12 million. However, the method did not allow this right for electricity costs for 2023, definitively confirming the cost for the year of € 4 million.
The value of the tariff portions, operator and wholesaler, belonging to the CAP Group amounted to a total of € 313,449,561 (€ 262,348,745 in 2023 and 276,214,882 in 2022).
The comparison of the revenue for the year 2024 with that of 2023 shows a change in the revenue from tariffs of € 51,100,816, equal to -19.5%, mainly as a result of the above.

Following is a table showing revenues from tariff by Province, Wholesale revenues and the contingent assets of the item Revenues of the income statement.

TABLE N° 8 – Tariff revenues

	"Value as at 31/12/2024"	"Value as at 31/12/2023"	Change	%Change
Tariff revenues				
Province of Milan	273,315,961	243,986,947	29,329,015	12.0%
City of Milan	3,296,478	3,078,487	217,990	7.1%
Province of Lodi	513,538	550,047	(36,509)	-6.6%
Province of Como	228,449	251,204	(22,755)	-9.1%
Total Tariff Revenues	**277,354,426**	**247,866,685**	**29,487,741**	**11.9%**
Wholesaler revenues				
Province of Monza and Brianza	16,358,136	14,199,845	2,158,291	15.2%
Total Wholesaler Revenues	**16,358,136**	**14,199,845**	**2,158,291**	**15.2%**
Contingencies				
Contingent assets by tariff	19,736,999	282,215	19,454,783	6893.6%
Total Tariff Revenues	**313,449,561**	**262,348,745**	**51,100,816**	**19.5%**

(values in units of €)

In addition, please note, as shown in the table below for the Pavia area, the additional revenues for services rendered for the carrying-out of technical activities pertaining to the running and ordinary maintenance of the works of the IWS for part of the territory of Pavia carried out in favour of the operator of that area.

TABLE N° 9 – Revenues for industrial services to other operators

	"Value as at 31/12/2024"	"Value as at 31/12/2023"	Change	%Change
Province of Pavia	4,154,357	4,112,129	42,227	1.03%
Total Revenues for industrial services to other operators	**4,154,357**	**4,112,129**	**42,227**	**1.03%**

(values in units of €)

With regard to tariff revenues, the results of a study commissioned by Water Alliance to REF Ricerche are reported below, aimed at highlighting the average expenditure levels in 2024 for a typical family of three with an annual consumption of 150 cubic metres. The analysis was carried out with reference to the following representative samples:

- Italy (net of Water Alliance operators)
- North (net of Water Alliance operators)
- Centre

The diagram clearly shows that CAP Holding S.p.A.'s unit tariff is the lowest in the Benchmark, significantly different compared to all the average values represented and, in particular, with a saving of more than € 1/m3 compared to the figure recorded nationwide.

Fig. 3 – Expenditure for a typical family of three by geographical macro-area
Values expressed in €/m3, year 2024

Source: REF calculations - Research based on tariff data

Revenues for work on assets under concession

Revenues for work on assets under concession amounted to € 117,991,891 for financial year ended 31 December 2024. These revenues were:

- € 98,521,965 for 2023;
- € 114,232,631 for 2022;
- € 110,811,283 for 2021;
- € 88,134,590 for 2020.

These revenues correspond, in accordance with IFRIC 12, to the work carried out on the assets under concession owned and used by the Group for its core activities

Other revenues and income

Other revenues and income amounted to € 79,979,899 for financial year ended 31 December 2024. In 2023, they amounted to € 44,665,143 and in 2022, € 33,033,651. The main components of 2024 include:

- income of € 40,765,581 for the reversal of the impairment loss recognised during the impairment test, pursuant to IAS no. 36, para. 14, of "rights on assets under concession", written down by € 23,481,221 in 2022 and by € 19,437,004 in 2023. The figure represents the lower of: a) the recoverable amount; b) the carrying amount that would have been determined (net of amortisation) had no impairment loss been recognised in 2022 and 2023. The reversal also reflects the improvement in economic conditions on the financial markets compared with 2023. More details can be found in the explanatory notes.
- other contingent assets/liabilities of € 5,460,862, mainly consisting of an adjustment to the 2023 information technology service contract with Alfa S.r.l. of € 363,635, an adjustment to the bad debt provision of € 2,019,420, lower costs of € 1,559,703 relating to previous years; settlement of the accrued result bonus for 2022 and 2023 of € 335,345 and settlement of the accrued result bonus charges for 2023 and 2021 of € 177,925.
- other income of € 24,105,795 mainly consisting of: other revenues and income of € 6,972,376 from companies participating in the "Water Alliance – Acque Lombardia" for IT services and network monitoring, revenues from the sale of biomethane at plants; revenues from the execution of works and from design and construction management for a total of € 16,452,005 (€ 13,829,457 of which from CMM for the implementation of the "Città spugna" project);
- adjustments decreasing provisions for future expenses and risks of € 857.176;
- penalties imposed on customers of € 1,118,002;
- other reimbursements and indemnities from insurance companies of 1,986,970 mainly consisting of the reimbursement of registration tax paid in 2017 and related to the purchase of AMGA's business unit, plus interest and legal expenses of € 1,047,552, indemnities from insurance companies for damages of € 98,782, various chargebacks to ATO of € 41,669 and reimbursement of legal costs of € 46,636;
- reimbursements for seconded personnel of € 1,094,548;
- operating grants of € 2,255,402 mainly comprising incentives for biomethane withdrawal of € 1,041,375 and incentives for on-site electricity exchange of € 326,148 from GSE S.p.A., Circular Biocarbon project of € 207,093, and MEF contribution 1st and 2nd half of 2022 of € 190,243;
- considerations from private individuals and municipalities of € 1,310,944.

Of the aforementioned adjustment decreasing provisions:

- € 350,000 relate to the adjustment of the provision for "sundry charges" due to the expiry of the TOSAP/COSAP assessment terms for 2017;
- € 271,980 relate to the adjustment of the fund for "pending litigations";
- € 235,196 relate to the partial excess of the fund for "amicable settlements" formed until 2016 pursuant to Article 12 of Italian Presidential Decree no. 207 of 5 October 2010. The unused portion of the fund is in fact released as the scheduled works of the investment programme for which the sums set aside, are completed.

The total costs of the CAP Group

SIt should be noted that, as permitted by IAS No. 1 (Presentation of the financial statements), the CAP Group presents an income statement that displays the cost analysis through a classification based on their nature.

In 2024, the CAP Group recorded total costs of € 401,308,294, slightly down compared to 2024 (€ 390,857,502). In 2022, they amounted to € 425,649,965.

There are some details in the following table:

TABLE N° 10 – Total costs

	"Value as at 31/12/2024"	"Value as at 31/12/2023"	Change	%Change
Costs for raw materials, consumables and goods	12,697,761	15,077,753	(2,379,993)	-15.8%
Costs for services	141,132,760	165,056,197	(23,923,437)	-14.5%
Costs for work on assets under concession	105,699,863	61,838,915	43,860,949	70.9%
Personnel costs	57,367,458	53,749,931	3,617,527	6.7%
Amortisation, depreciation, provisions and write-downs	74,115,966	85,320,925	(11,204,959)	-13.1%
Other operating costs	10,294,487	9,813,782	480,705	4.9%
Total costs	**401,308,294**	**390,857,502**	**10,450,792**	**2.7%**

(values in units of €)

This is mainly due to a reduction in the cost of services, the cost of raw materials and consumables, and amortisation, depreciation, provisions and write-downs against an increase in the costs for work on assets under concession and personnel costs.

Costs for raw materials, consumables and goods

This item mainly includes the costs for the purchase of consumables and maintenance of the Integrated Water Service (€ 12,697,761, € 15,077,753 in 2023 against € 15,917,845 in 2022).

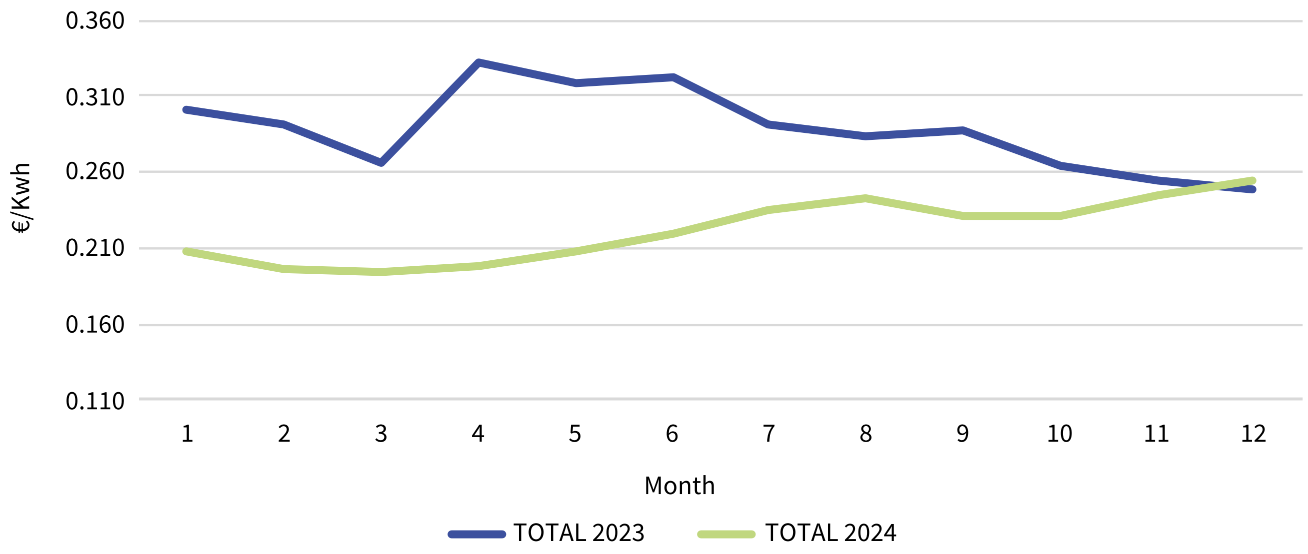
Costs for services

Costs for services in 2024 amounted to € 141,132,760 compared with € 165,056,197 in 2023 and € 196,155,816 in 2022.
The main items include: electricity, ordinary maintenance and sludge disposal which therefore merit particular mention.
The cost of electricity related to plants came to € 40,471,651, down by 23% compared to 2023 (€ 52.7 million).
In 2022, this expense amounted to € 69.9 million; in 2021, it amounted to € 29.2 million; in 2020, it amounted to € 29.8 million; in 2019, it amounted to € 31.3 million; in 2018, it amounted to € 26.9 million; in 2017, it amounted to € 29.4 million; and in 2016, it amounted to € 32.0 million.
In addition to the cost of electricity for plants in 2024, there is a cost of electricity for company premises of € 635,958 million (€ 1.091 in 2023 and 1.522 million in 2022).

Electricity

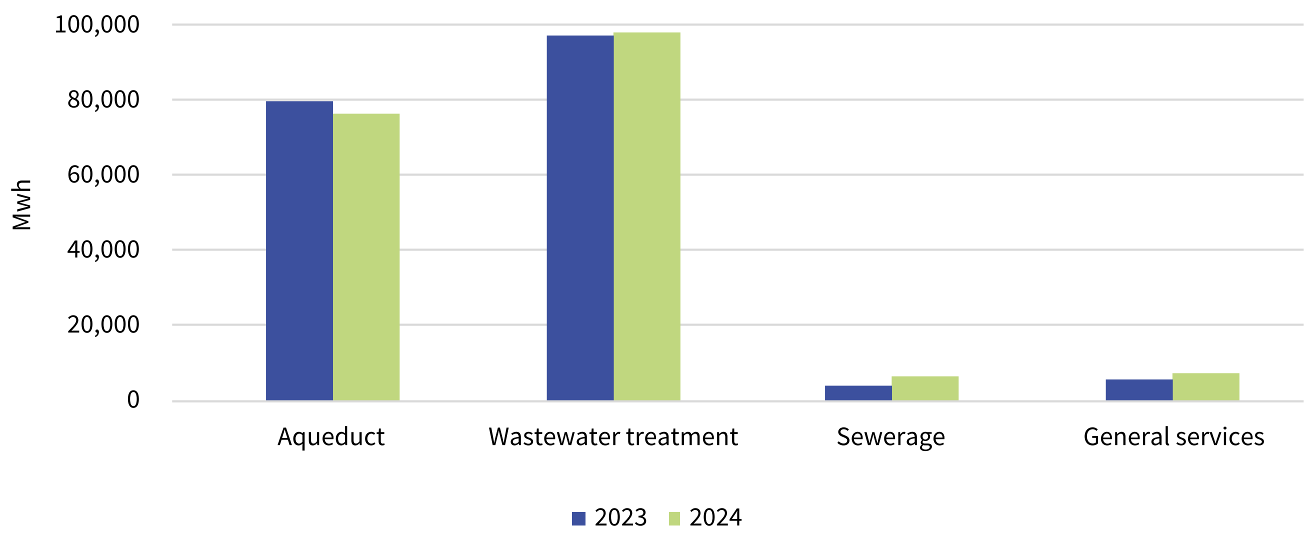
The electricity market initially experienced a drop in prices in 2024, with a reversal in March bringing prices back to near 2023 levels by the end of the year.
In 2024, energy supply continued under a variable-price contract.

Fig. 4 – Total unit cost



In quantitative terms, overall energy consumption was 0.06 % lower than in the previous year.
Despite energy efficiency measures and the installation of new photovoltaic systems, heavy rainfall and an increase in parasitic flow rates led to higher consumption in the sewerage and wastewater treatment sector compared to the previous year, partially offsetting the energy savings achieved.

Fig. 5 – Comparison of consumation by CAP group service



Regarding the electricity tariff adjustments (component), please refer to the paragraph “tariff aspects of the service” above.

Maintenance and sludge

We then witnessed in 2023:
- ordinary maintenance costs of € 14,609,045 changed by -1.1% from the previous year (€ 14,771,100 in 2023; € 16,828,368 in 2022, € 15,466,507 in 2021;
- cost of sludge disposal of approximately € 10,057,209 (inclusive of all waste disposal costs) changed by -13% compared to the previous year (€ 11,502,099 was spent in 2023; € 12,786,329 in 2022; € 11,991,995 in 2021;).

Over the last few years, disposal costs have remained largely stable.
The novelty of 2024 is due to a general reduction in transfers with the final destination being recovery in agriculture, the result of a likely deflation of the speculative bubble that characterised the three-year period from 2021 to 2023.

TABLE N° 11 – Sludge transfer: type of destination

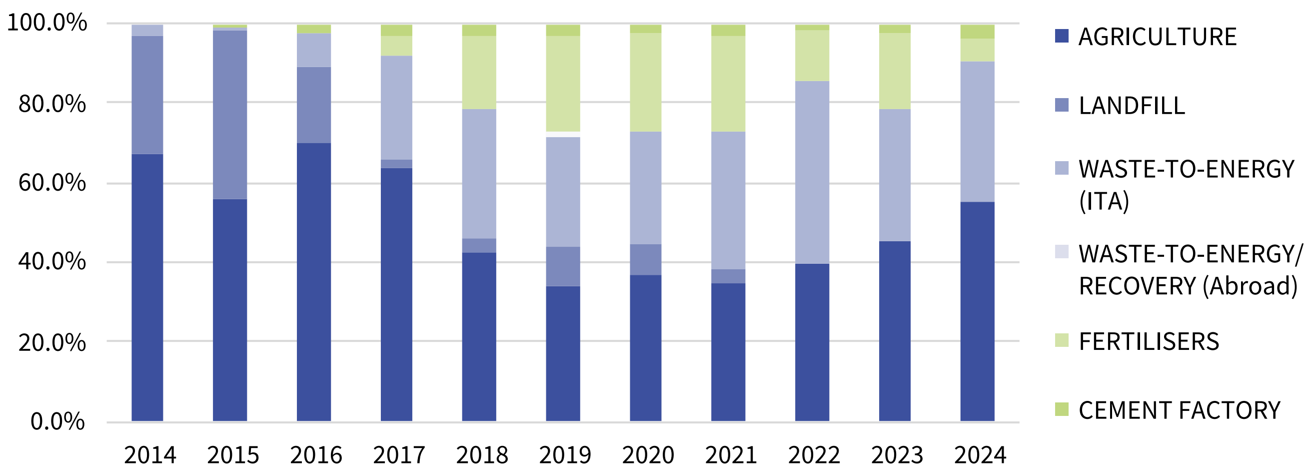
	Transfer costs (€/ton)				
Destination	**2020**	**2021**	**2022**	**2023**	**2024**
Sludge in agriculture	104,32	105,37	112,28	118,04	88,69
Sludge in landfill	-	202,00	-	-	-
Dried sludge to waste-to-energy/cement factory	157,34	132,08	184,93	146,67	134,30
Semi-solid sludge to waste-to-energy plant	160,34	158,57	159,68	161,70	172,17
Fertilisers	75,30	95,22	117,32	117,48	112,05
Sludge recovery – Abroad	201,78	-	-	-	-
Bio-dried sludge to waste-to-energy plant	140,00	140,00	140,00	144,90	144,90
Avarage cost	**114,22**	**120,98**	**134,34**	**127,49**	**110,81**

As can be seen from the table, there was a significant decrease in the €/tonne costs of sludge to the cement factory due to higher drying efficiency at the San Giuliano plant. Note also an increase in disposal costs at the external co-incineration plant intended for low-quality sludge, confirming once again the sound and forward-looking decision to build the Bio-platform of Sesto SG for the internal management of sludge mono-incineration.

With regard to strategic choices in sludge management, the following should be noted:

1. The optimisation of all processes aimed at reducing the volume of sludge, therefore anaerobic digestion and classical dehydration, up to the optimisation in the yield of the drying plant, making sure to maximise the availability of the plant itself, at the San Giuliano site, reducing the introduction of sludge into the environment.
2. The consolidation in the management of the bio-drying modules at the wastewater treatment plant of Robecco sul Naviglio, with direct savings in sludge disposal due to the reduction in moisture content.
3. An increase in high quality sludge is also due to the diligent work of the Industrial User Management Office, which achieved an excellent level of specialisation that led to an increased monitoring of the area and to a good ability to identify illegal discharges along the network.

Fig. 6 – Development of sludge destination



Use of the assets owned by third parties

Another significant item of costs for services is the cost recognised for the use of the infrastructures and/or third-party assets, thus further composed:

TABLE N° 12 – Costs for use of third-party assets

	"Value as at 31/12/2024"	"Value as at 31/12/2023"	Change	%Change
Repayments of loans and concession fees	2,827,313	3,069,214	(241,900)	-7.9%
Rental and licence fees	5,773,594	5,154,594	619,000	12.0%
Fee for use of well and crossings	2,263,140	2,273,735	(10,595)	-0.5%
Hiring	326,313	420,675	(94,363)	-22.4%
Total Costs for use of third-party assets	**11,190,360**	**10,918,218**	**272,142**	**2.5%**

(Values in units of €)

The value of € 2,827,313 (€ 3,069,214 in 2023) includes the fees paid to the former operators for the use of the respective infrastructures when they continued to be owned by them, on the basis of the amount agreed conventionally.

The item is destined to decrease further as the repayment plans of the underlying loans progress.

Provisions

The item costs for services includes, among others, € 4,679,327 (€ 3,751,954 in 2023 and 11,547,839 in 2022) annual provisions for risks and charges, in accordance with IAS No. 37 (Provisions, contingent liabilities and contingent assets). For more details, see the notes to the financial statements;

Other services

Following is a breakdown of the cost item (indemnity and contributions) relating to the **directors and statutory auditors** included in the item "services" of the Group.

TABLE N° 13 – Allowance for corporate bodies

	Value as at 31/12/2024	Value as at 31/12/2023	Change	% change
Board of Directors' allowance	265,197	219,481	45,716	21%
Board of Statutory Auditors' allowance	156,957	135,088	21,870	16%
Total allowances	**422,154**	**354,569**	**67,585**	**19%**

With regard to the costs of the Board of Directors and the Board of Statutory Auditors, it should be noted that the amount is the amount recognised by the shareholders' meetings. In addition to this, there is the cost of the SB of € 113,047.

The increase in the indemnity of the Board of Directors and the Board of Statutory Auditors is due to the consolidation of Zeroc S.p.A.

Costs for work on assets under concession

Costs for work on assets under concession amounted to € 105,699,863 for the financial year ended 31 December 2024 and represented changes relating to the work carried out on assets under concession. Capitalised internal costs are recognised by nature within the specific Income Statement items. In 2023 they amounted to € 61,838,915 and in 2022 to € 65,573,721.

Personnel costs

The item Personnel costs, € 57,388,033 in 2024 compared to € 53,749,931 in 2023, slightly increased, +6.7%). In 2022, they amounted to € 51,413,091.

Personnel in service as at 31 December 2024 with the Parent Company changed by +2 units compared to 31 December 2023, for a total of 724 employees.

Personnel in service as at 31 December 2024 at CAP Evolution S.r.l. changed compared to 31 December 2023 by -1 units, for a total of 199 employees.

Personnel in service as at 31 December 2024 at ZEROC S.p.A. changed compared to 31 December 2023 by -2 units, for a total of 25 employees.

Overall, for the Group there were 948 employees as at 31 December 2024, including ZeroC S.p.A. As at 31 December 2023, without including ZeroC S.p.A. (consolidated as from April 2024), there were 922 units, for a total change in 2024 of + 26 units.

Please see the following paragraph: *"Analysis of the trend of personnel costs with reference to the value of Costs."*

Amortisation, depreciation, provisions and write-downs

The item of € 74,115,966 in 2024, compared with € 85,320,925 in 2023, decreased by -13.1% due to the decrease in bad debts, lower write-downs of fixed assets. In 2022, they amounted to € 81,896,132.

In this item we highlight:

1. € 868,078 for allocation to provisions for future liabilities and/or deemed probable (€ 701,757 in 2023);
2. € 54,245,700 for depreciation of assets under concession, of intangible and tangible assets (€ 52,187,776 in 2023);

3. € 2,460,919 for depreciations of rights of use IFRS 16 Leases (€ 1,913,134 in 2023);
4. € 4,848,424 for bad debt provision (€ 11,081,254 in 2023);
5. € 11,692,846 for depreciation of tangible fixed assets (€ zero in 2023).

The write-down of tangible fixed assets recorded in 2024 refers to those belonging to the "waste-forsu" cash-generating unit. This write-down measures a reduction in value of these fixed assets as at 31 December 2024 (impairment loss), which was determined following the impairment test procedure in accordance with IAS 36. Please refer to the explanatory notes for details.

Other operating costs

One last item of some importance is other operating costs the value of which as at 31 December 2024 (€ 10,294,487) increased by 4.9% compared to 2023 (€ 9,813,782). In 2022, they amounted to € 14,693,359.
The item "other operating costs" also includes other charges paid to local authorities (EGA operating expenses of € 1,461,851, state fees, COSAP/TOSAP, IMU, etc. of € 2,758,953), water bonus of € 1,835,260 and other contingent liabilities and non-existent liabilities consisting mainly of: sludge regulatory adjustments pertaining to 2022, approved by ATO and Arera following the application of MTI-4 of € 1,100,613, tariff adjustments for invoicing of bills to civil users pertaining to the years prior to 2021 of € 150,835, fees for transportation service and fire-fighting penalties of € 75,769, settlement of the 2023 bonus of € 120,465, lower revenues of € 572,353.

Net operating result

The net operating result for 2024 amounted to + € 123,765,011, a change of +318% (+ € 101,098,504) compared to 2023 (+ € 22,666,504). In 2022, they amounted to € 7,085,355.

Financial income and expense

The balance between financial income and expense for 2024 amounted to – € 5,644,479, which, in absolute terms, is lower than that of 2023, amounting to – € 6,212,975. In 2022, it amounted to – € 2,930,964.

Taxes

The balance between taxes for the year and deferred tax assets amounted to € 35,037,757 (- € 3,968,415 in 2023). In 2022, it amounted to – € 1,570,250.

Net result for the year

The balance for the year 2024 amounted to € 83,082,775 of which € 21,522 belonging to third parties (€ 12,485,115 in 2023). This item amounted to € 5,724,641 in 2022.

Financial result indicators

In order to allow an analysis of the asset and financial structure and the operating results and in particular for the analysis of the profitability of the operations as well as the conditions of financial equilibrium, the following indicators have been developed, compared with those presented for 2023.

TABLE N° 14 – Equity ratios

Ratio	Notes	31/12/2024	31/12/2023
Shareholders' equity	Consolidated shareholders' equity	947,967,913	864,822,665
Fixed assets	Total non-current assets	1,079,121,629	993,871,341
Consolidated liabilities	Total non-current liabilities	371,479,473	383,338,183
Current liabilities	Total current liabilities	180,493,936	153,467,344
Loan liabilities	Current and non-current payables to banks and other lenders	256,770,563	284,980,902
Current assets	Current assets	420,819,693	407,756,852
Immediate + deferred liquidity	Cash and cash equivalents + current portion restricted a/c+trade receivables+other current receivables	412,791,755	399,411,265
Net invested capital	Total current assets - liabilities	1,319,447,386	1,248,160,848

(values in units of €)

TABLE N° 15 – Profitability indicators

	31/12/2024	31/12/2023
EBIT	123,765,011	22,666,504
EBITDA (*)	160,904,150	110,589,179
Gross result	118,120,532	16,453,529
Net result	83,082,775	12,485,115
Sales revenues	321,291,411	268,008,827

(values in units of €)

(*) In application of Consob Communication of 3 December 2015, which transposes in Italy the guidelines on Alternative Performance Indicators (hereinafter also "IAP") issued by the European Securities and Markets Authority (ESMA) with ESMA/2015/1415 orientation, the meaning and content of the indicator "Gross operating profit (EBITDA)" is described below.
EBITDA is a measure used by the Company's management to monitor and evaluate its operational performance and is not identified as an accounting measure under the IFRS ("Non-GAAP Measure") principles.
The "gross operating margin" (EBITDA) is calculated as the difference between operating revenues and costs before non-monetary costs relating to depreciation/amortisation, write-downs (net of any write-backs) of current and non-current assets and provisions, identified in any item.

TABLE N° 16 – Profitability ratios

		31/12/2024	31/12/2023
Net ROE	Net result / Shareholders' equity	8.8%	1.4%
Gross ROE	Gross result / Shareholders' equity	12.5%	1.9%
ROI	Operating result / Net invested capital	9.4%	1.8%
ROS	Operating result / Sales revenues	38.5%	8.5%

TABLE N° 17 – Fixed asset financing ratios

		31/12/2024	31/12/2023
Fixed assets to equity capital margin	Shareholders' equity - Fixed assets	(131,153,716)	(129,048,676)
Fixed assets to equity capital ratio	Shareholders' equity / Fixed assets	87.8%	87.0%
Fixed assets to equity capital and medium/long-term debt margin	(Shareholders' equity + Consolidated liabilities) - Fixed assets	240,325,757	254,289,507
Fixed assets to equity capital and medium/long-term debt ratio	(Shareholders' equity + Consolidated liabilities) / Fixed assets	122.3%	125.6%

(values in units of € and percentages)

The fixed asset funding ratios confirm that the raising of medium and long-term financial resources in total exceeds the investments in fixed assets, ensuring a satisfactory level of financial coverage of the investments.

The trend in the structure of the loans is shown below:

TABLE N° 18 – Ratios on the structure of loans

		31/12/2024	31/12/2023
Total debt ratio	(Consolidated liabilities + Current liabilities)/ Shareholders' equity	58.2%	62.1%
Financial debt ratio	Funding liabilities / Shareholders' equity	26.7%	32.5%

(values in units of € and percentages)

TABLE N° 19 – Solvency indicators

		31/12/2024	31/12/2023
Liquidity margin	Current assets - Current liabilities	240,325,757	254,289,507
Liquidity ratio	Current assets / Current liabilities	233%	266%
Cash margin	(Deferred liquidity + Immediate liquidity) - Current liabilities	232,297,819	245,943,921
Cash ratio	(Deferred liquidity + Immediate liquidity) / Current liabilities	229%	260%

The solvency indicators show a ratio greater than one of short-term assets and liabilities.

Group investments

Investments in tangible and intangible fixed assets recorded by the Group in 2024 amounted to € 137,865,916 (€ 112,747,174 in 2023, € 129,277,874 in 2022, € 127,242,516 in 2021, € 105,331,819 in 2020, € 107,441,854 in 2019, € 95,452,714 in 2018, € 84,623,580 in 2017, € 80,760,064 in 2016, € 78,301,805 in 2015 and € 63,539,506 in 2014)[15]. For the consolidated company Zeroc S.p.A., there are no investments in 2024.

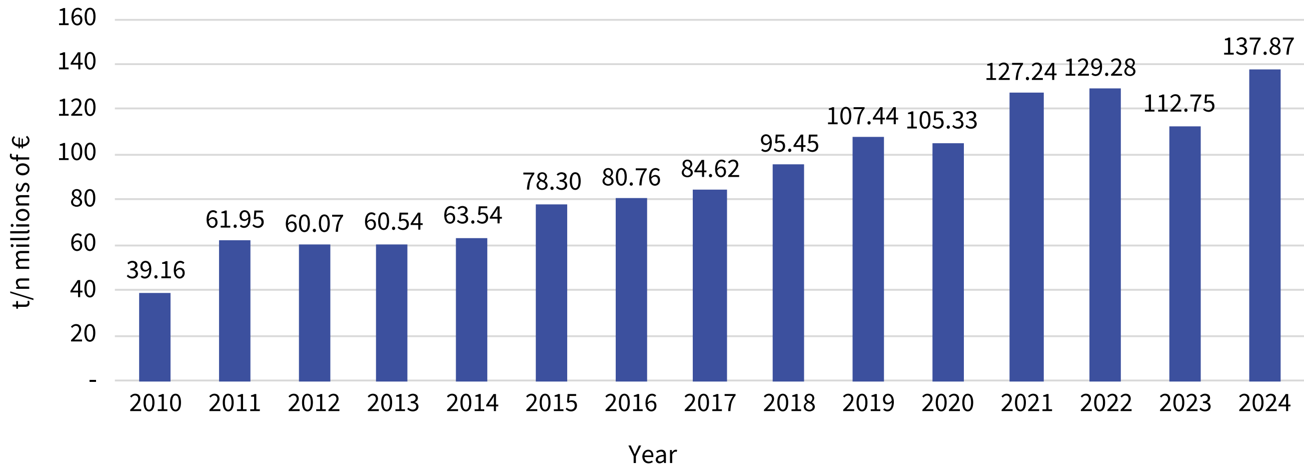
All the investments mentioned above were carried out by the CAP Group.

TABLE N° 20 – Investments

Year 2024	Investments from processing
Parent Company	136,975,206
CAP Evolution s.r.l.	890,711
Group Total	137,865,916

15 Amounts understood to be net of those acquired by means of transactions for the purchase of business segments and/or "universal nature of assets constructed and already used by former operators"

Fig. 7 – Investments



The amount invested per inhabitant indicator (estimated at around 1.9 million) reported a value of € 60.43, despite it being still distant from the European average of € 78 per inhabitant.
In order to highlight the historical series of the last few years, you are reminded that this ratio was 20.5 in 2010, 33.1 in 2014, 41 in 2015, 42.5 in 2016, 45.4 in 2017, 51.12 in 2018, 57.53 in 2019, 56.77 in 2020, 68.28 in 2021, 69.47 in 2022 and € 60.43 in 2023.
The investments almost all concern infrastructures dedicated to the integrated water service.
Investments, within the organisational logic of the Group, are mainly seen to by the Parent Company, which undertakes the most complex part (in general public works, site supervision and safety projects).
The important sums planned and realised by the parent company in the last two years are shown below.

TABLE N° 21 – Investments: planned and realised sums

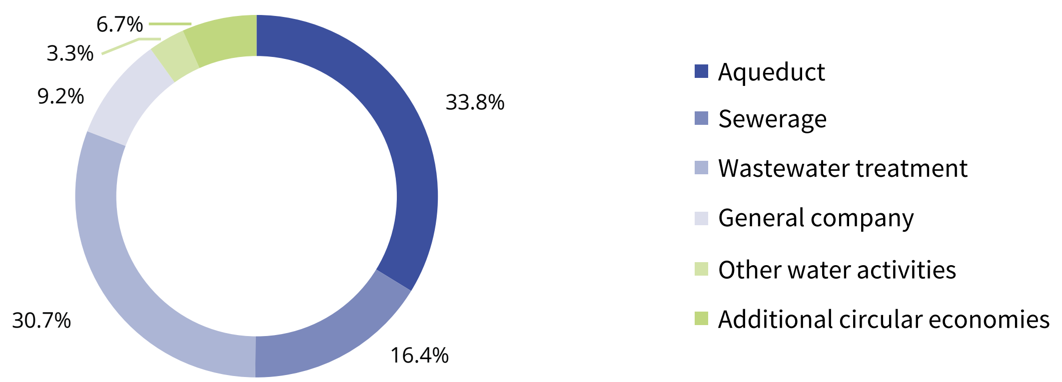
	2024	2023
Planned	28,334,052	27,972,810
Completed	73,348,446	56,629,748

The above 2024 total investments can be divided up also by segment, as follows (in €):

TABLE N° 22 – Investments: breakdown by water and non-water activity segment

Aqueduct	Sewerage	Wastewater treatment	General company	Other water assets	Additional circular economies	Total
46,534,694	22,553,391	42,358,118	12,734,706	4,493,472	9,191,536	137,865,916

Fig. 8 – 2024 investment analysis by service



The General Company investments mainly refer to the completion of projects aimed at energy saving, Information Technology and extraordinary maintenance of premises; the investments in Other Water Activities, by contrast, mainly refer to the construction of water houses and surface groundwater wells.

These types of interventions testify to the company's commitment to invest not only in water infrastructures, but also in works whose purpose is to achieve a saving for the municipalities in the use on non-drinking water and, consequently, a correct use of the water resource.
The type of service "Additional circular economies" refers to the Sesto – Core Forsu: industrial symbiosis platform for the valorisation of organic waste and development of biomethane chain with organic matrices (Kyoto) outside established price range projects, including projects related to photovoltaics; as from 2020, these interventions in the field of circular economy are becoming increasingly important in terms of both values recorded in the financial year and investments planned for the coming years.
In 2024, the CAP Group, as part of the "Search, recovery and control of water leaks" plan, also included in the investment plan of the contract for the assignment of the integrated water service of the municipalities of the Area of the Metropolitan City of Milan, developed the following activities:

- replacement of 27,096 meters, broken down as follows:
  - 24,858 small-diameter utility meters (of which 14,384 smart meters replaced as part of the RRP project);
  - 2,238 large-diameter flanged meters;
- 612 km of network subjected to leak detection (within the ATO of Milan) while identifying 94 hidden leaks. These numbers are lower than in previous years because the start of the RRP project has shifted the focus from a temporary and localised leak detection approach to an "active control" approach based on permanent and extensive monitoring. Therefore, the expected benefits are greater than those offered by traditional electroacoustic techniques.

The management strategy that the CAP Group intends to develop, pursues two main aims:

- Improve the overall performance of the distribution network by means of districtualisation and modelling policies;
- Ensure equity and correctness in the measurement.

In particular, the project to replace obsolete meters, continuing the campaign launched in 2015, involves a commitment of € 54,231,879 in the period from 2024 to 2033. This activity resulted in the replacement of mechanical and smart meters, with a total value of € 4,024,032.44, in 2024.

With Resolution 917/2017/R/IDR as amended, the sector Authority (ARERA) identified specific performance indicators and regulated the technical quality of the integrated water service in order to identify the main guidelines for achieving adequate levels of performance, for an efficient and effective service, promoting benefits for customers of the different services. The regulation model identified is inspired, in particular, by principles such as selectivity, correspondence, effectiveness, rewarding, gradualness and stability.
The Resolution envisaged the application of the system of indicators underlying the technical quality, as well as the start of the monitoring of the data underlying them, starting from 1 January 2018 (based on the value assumed by the macro-indicators for the year 2016, while from 1 January 2019 it will be on the basis of the value in the previous year, where available), and from 1 January 2019 the application of the rules concerning the obligation to enter and file data, provided by the same provision.
With regard to water leaks, the specific indicators identified by ARERA are represented by the M1a and M1b indicators.
The results achieved during the year 2024 further improved the performance of the previous year, confirming the class B of the aqueducts located within the perimeter of the Milan ATO and achieving the ARERA target of a 4.9% reduction of M1a.
On the other hand, the M1b indicator shows a reduction of 4.5%.

Overall, Class B was therefore achieved in 2024.

TABLE N° 23 – Water leaks: ARERA M1a and M1b indicators

Year	M1a (m^3/km/gg)	M1b	class
Year 2018	20.04	21.95%	B
Year 2019	19.6	21.47%	B
Year 2020	18.95	21.00%	B
Year 2021	18.28	20.59%	B
Year 2022	17.89	20.49%	B
Year 2023	17.02*	20.12%*	B
Year 2024	16.19	19.20%	B

*ARERA upd data Nov. 2024

More generally, the trend in the volumes of water withdrawn from the environment, supplied and exchanged with other operators is shown in the tables below.

TABLE N° 24 – Values of water volumes in m3 withdrawn, supplied and exchanged with the environment

DATA NOTATION	Data description	UOM	2024 Value
ΣWIN	Total volume entering the aqueduct system	**mc**	**244,620,843**
Wimp	of which volume of water imported from other parties	mc	982,264
WAM	of which volume of water taken from the environment	mc	243,638,578
ΣWOUT	Total volume leaving the aqueduct system	**mc**	**197,651,132**
WLT1	of which measured treatment leaks (if included in ΣWOUT)	mc	3,400,812
Wesp	of which volume of water exported in transportation and/or distribution	mc	6,412,316
WLTOT	Total volume lost during the year in the managed phases of the aqueduct service	**mc**	**46,969,710**
WLA1	of which non-drinking water leaks in transportation	mc	0
WLT2	of which treatment leaks (if not included in ΣWOUT)	mc	0
WLA2	of which drinking water leaks in transportation	mc	1,202,674
WLD	of which total water leaks in distribution	**mc**	**45,767,036**
WD5	Drinking water fed into the distribution system (excluding exported water)	**mc**	**237,005,853**
RW	of which invoiced consumption (distribution)	**mc**	**186,132,847**
NRW	of which non-invoiced consumption (distribution)	**mc**	**50,873,006**
Lp	Total length of transportation and distribution pipelines, excluding user connections	km	6,535
La	of which length of main transportation network (La)	km	103
Ld	of which length of main distribution network (Ld)	km	6,432
M1a	Linear water leaks	**mc/km/gg**	**16.19**
M1b	Percentage water leaks	**%**	**19.20**

The volumes of water entering the aqueduct system managed by CAP Holding S.p.A. (ATO Metropolitan City of Milan) were imported by SAL S.r.l (CAP Holding S.p.A. of the IWS of the ATO of the Province of Lodi) and by MM S.p.A (CAP Holding S.p.A. of the IWS of the ATO of the Metropolitan City of Milan, together with CAP Holding S.p.A.). The volumes of water leaving the aqueduct system managed by CAP Holding S.p.A. were exported to Brianzacque S.r.l. (CAP Holding S.p.A. of the IWS of the Province of Monza and Brianza), Pavia Acque S.c.a.r.l. (CAP Holding S.p.A. of the IWS of the Province of Pavia), SAL S.r.l (CAP Holding S.p.A. of the IWS of the ATO of the Province of Lodi) and MM S.p.A. (CAP Holding S.p.A. of the IWS of the ATO of the Metropolitan City of Milan, together with CAP Holding S.p.A.).

The table below shows the inflows and outflows for 2024 in terms of cubic metres.

TABLE N° 25 – Summary of exchanges between operators for 2024

Operators	Inflows	Outflows
MM - Corsico	900,698	101,983
SAL - SS. Colombano and Zenone	70,856	117,515
Pavia Acque	-	177,862
MM – Novate M.se	10,710	-
Alfa	-	-
Brianzacque – backbones	-	6,014,956
Total	**982,264**	**6,412,316**
Balance of outflows - inflows		**5,430,051**

The RRP for water leak reduction

In 2023, CAP Holding, together with the ATO of the Metropolitan City of Milan, was also the beneficiary of the loan from the resources of the National Recovery and Resilience Plan for the M2C4 – I4.2 investment line "Reducing leaks in water distribution networks, including network digitalisation and monitoring", for a total amount of € 42.5 million.
The main objectives of the loan, which contributes to the company's total investment of approximately € 80 million, are to complete 100% of the division onto districts by 31 December 2025, strengthen the digitalisation of the networks for the optimal management of resources, improve the quality of service to users and reduce water leaks, leading to a better understanding of the critical issues and opportunities for improvement in the aqueducts.
In 2024, CAP Holding achieved the two milestones set for the year:

- awarding of works by 30 September 2023 (M2C4-30);
- completion of at least 40% of the "district network kilometres" by 31 December 2024 (M2C4-31).

A. Availability and quality of the resource

Investments in the quality of the water resource remain a priority in the CAP Group's strategy as they are functional to the following objectives:

1. Reduction of the vulnerability of the drinking water distribution system by means of the creation of interconnections, water purification treatments and recovery of wells by means of extraordinary maintenance activities with insights aimed at the search for more protected groundwater tables;
2. Improving the quality of the water supplied by monitoring microbiological and chemical parameters within legal limits.

The measures aimed at the reduction of the risk related to the vulnerability of the resource also include those relating to the construction and activation of the plants and the related aqueduct Backbones.
The level of implementation of these interventions is outlined in detail below.

SAN COLOMBANO PLANT
The civil works as well as all 9 wells and all foundation works of the Plant, the anti-seismic floor, have been completed. The construction of the two 800 m³ stainless steel storage tanks is nearing completion. The prefabricated structure and its roofing have been completed, as has the installation of the filters and sand traps. Completion of pipework installation within the structure. Installation of external underground hydraulic collectors completed. The electrical installation and shallow excavations to facilitate the start of mechanical drilling are underway.
Extension granted, new completion date 17 May 2024; this will be followed by a three-month operational trial and the final commissioning of the plant in September/October 2024, after the summer in any case, to meet peak demand.

CORNAREDO PLANT
Following approval of the Executive Project, the tender was awarded on 19 October 2023 and the contract with REP. 3855 was signed on 16 July 2024.
Delivery of works: 15 March 2025;
Completion of works: 15 September 2027;
Plant start-up: 10 December 2027.

CORNAREDO BACKBONE
The Decisive Services Conference on the Final Project was approved. The drafting of the EP is in progress with implementation of the requirements made during the CDS and awaiting final approval by the authorities.
Delivery of works: 17 February 2025;
Completion of works 15 September 2027 (in line with the Cornaredo plant);
Plant start-up 10 December 2027 (in line with the Cornaredo plant).

With reference to the reduction in the load of pollutants introduced into the distribution network, in view of the implementation of the Drinking Water Directive 2020/2184 in Italian Legislative Decree 18/2023, campaigns are underway in the area managed by the CAP Group aimed at monitoring emerging pollutants.
The PFAS control campaign started in 2017 in compliance with the limit set by ISS opinion no. 24565/2015. Considering the more stringent limits expressed in the new Drinking Water Directive and in Italian Legislative Decree 18/2023 entered into force in Italy in March 2023, control campaigns are continuing in order to implement the initiatives deemed necessary and/or the adjustment interventions aimed at complying with the aforementioned limits. By the end of January 2025, 90% of plant sampling points and 95% of plants were monitored. By 2026, all remaining points will be analysed in order to cover the entire managed area, while continuing to monitor the points where values above the limit of quantification (LOQ) were found. From 2022, the monitoring of other parameters for which Italian Legislative Decree 18/2023 introduced legal limits, such as Bisphenol, Uranium and Chlorates, will be integrated. Moreover, the monitoring of the parameters 4n-nonylphenol and 17-beta-estradiol, which were added to the checklist in Implementing Decision 2022/679, started.
In relation to the Chromium parameter, Italian Legislative Decree 18/2023 imposes a limit of 25 µg/l for total chromium to be implemented no later than 12 January 2036. In Italy, this value must be absorbed by 12 January 2026, and until that date the limit of 50 µg/l for total chromium (without distinction with hexavalent chromium) applies. As a result, a study of the time series of laboratory data was carried out in 2022 with the aim of decommissioning chromium abatement plants where the raw water has values below 10 µg/l, and a study was carried out in 2023 to optimise the use of reagents in plants where chromium abatement by ferrous sulphate is required, which led to the optimisation of reagents and plants.
The above actions are consistent with the company's policy of implementing the Water Safety Plan (WSP), whose coverage as at 31 December 2022 is 100% of the area served, which urges the CAP Group not to limit itself to providing good quality water, but to have a preventive safety vision with regard to all nodes of the drinking water supply chain.

In 2023, the entry into force of Italian Legislative Decree 18/2023 and the publication of the new guidelines for the national implementation of WSPs, reinforced the importance of a risk-based approach, to be applied not only to the drinking water supply chain under the responsibility of the drinking water Operator, but also to inland water systems and to the recharge areas of water basins; the minimum contents for the approval of WSPs by the new national commission for the supervision of Water Safety Plans (CeNSia) were defined, and the dynamic territorial registry of drinking water "AnTeA" was introduced, which will be used for the data entry of internal controls and the contents of WSPs.
In the light of regulatory changes, the review and update phase of the WSPs began in 2023, starting with the Cassinetta di Lugagnano controlled aqueduct system. Pending publication of the Guidelines for the approval of Safety Plans by CeNSiA, CAP Holding S.p.A. decided to apply the updates introduced in 2023 to 7 Controlled Aqueduct Systems (SAC) out of a total of 54. Therefore, in 2024, the infrastructural, analytical and vulnerability risk analysis of the groundwater stratum of the SACs of Liscate, Vignate, Melzo, Lacchiarella, Pero, Martesana Nord, Gudo and Uniti, Dairago and Villa Cortese, Cisliano and Gaggiano was completed. These updates will then be extended to the remaining SACs in the area by 12 January 2029, at which point the operator will be responsible for implementing WSPs for the entire managed area.

The map below shows the SACs to which the WSP model will be applied:

FIG. 9 – Water Safety Plan – SAC (Controlled Aqueduct Systems)

B. Quality of the environment

To meet the requirements of European regulations on the protection of "sensitive areas", to which the entire Po basin belongs, the CAP Group has, over the last few years, already launched a plan of measures on the wastewater treatment plants aimed at reducing the "nutrients" such as nitrogen (N) and phosphorus (P) whose uncontrolled discharge leads to phenomena of water eutrophication (as occurred in the past in the Adriatic sea).
In particular, these interventions focused on plants with a potential greater than 10,000 EA (about three quarters of all the wastewater treatment plants managed) and in detail: Assago, Bresso, Canegrate, Pero, Robecco sul Naviglio, Rozzano, Bareggio, Locate Triulzi, San Giuliano Est, Trezzano sul Naviglio, Turbigo, Abbiategrasso, Basiglio, Binasco, Calvignasco, Dresano, Gaggiano (capital), Lacchiarella, Melegnano, Parabiago, San Giuliano Ovest and Settala.
The upgrading works on the wastewater treatment plants resulted as from 2013 in a decisive improvement in the quality of the wastewater, both in terms of compliance of the performances and in terms of average values on Ntot and Ptot.
On 27 December 2017, with Resolution No. 917/2017/R/idr, ARERA introduced a specific indicator (called M6) to monitor wastewater treatment performance under the Technical Quality Monitoring Regulation.
Firstly, CAP Holding met the prerequisite in 2024, effective as of the assessment year 2024, of the "**minimum number of samples to be carried out as identified in the table in Annex 5, Part Three of Italian Legislative Decree 152/2006**" (as required in point 19.10 of Annex A to Resolution 917/2017/R/idr). In the absence of this prerequisite, the Operators will be excluded from the bonuses provided for by the incentive mechanism for the M6 macro indicator.
The treatment plants managed by Cap Holding S.p.A. are located in the sensitive area of the drainage basin in the Po Delta. The minimum number of samples to be taken each year for the parameters listed in Tables 1 and 2 was therefore determined in accordance with the table in Annex 5 to Part Three of Italian Legislative Decree 152/2006 **concerning the minimum number of self-checks to be carried out according to the capacity of each plant**.

The result achieved in 2024 for the M6 macro indicator shows an improvement of -37.19% compared to 2023:

TABLE N° 26 – M6 indicator - Quality of treated water

Macro indicator	Parameter	2019	2020	2021	2022	2023	2024	Improvement 2024 vs. 2023
M6 - Quality of treated water	Class	C	B	B	B	B	B	-37.19%
	Value	5.65%	4.86%	4.26%	3.58%	2.85%	1.79%	

The precise assessment of discharge limit values being exceeded was carried out by considering the most restrictive values among those reported in table 1 and table 2 of Annex 5 to Part III of Italian Legislative Decree 152/2006 and any requirements included in the respective discharge authorisation documents[16] and adopted in Regional Regulation no. 6 of 29 March 2019.
Note also that the limits set out in Table 4, Annex 5 to Part III of Italian Legislative Decree 152/06 for Total Nitrogen and Total Phosphorus parameters only apply to the Motta Visconti plant, as the final receptor of the wastewater is subject to dry periods of more than 120 days per year.
The Metropolitan City of Milan issues four-year authorisations for discharge into surface water bodies for wastewater treatment plants that require:
- for the parameters set out in table 2 of Annex 5 to Part III of Italian Legislative Decree 152/06, compliance with limits expressed as a daily average or annual average in accordance with the same Italian Legislative Decree 152/06;
- further maximum precise limit values that must not be exceeded.

In this regard, it is specified that:
- the number of limit values being exceeded set out in table 1 of Annex 5 to Part Three of Italian Legislative Decree 152/2006 also includes those permitted by the same decree;
- the number of limit values being exceeded set out in table 2 of Annex 5 to Part Three of Italian Legislative Decree 152/2006 for the Ntot and Ptot parameters is determined by considering the precise limit values being exceeded (not the annual average).

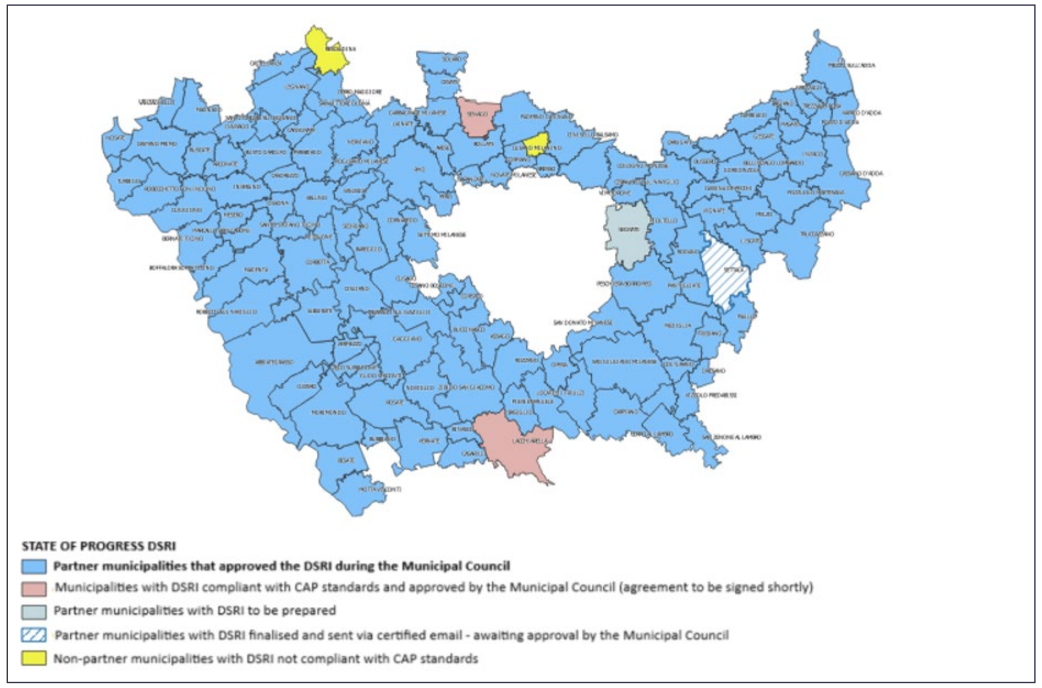
For 2024, for the calculation of non-compliant parameters contained in test reports, the concept of "Values exceeded beyond a reasonable doubt" (SNPA Guidelines 34/2021) was taken into account: if the measured value minus the extended uncertainty is greater than the limit, the limit value has been exceeded; conversely, if it is less than the limit, the parameter is considered compliant. This practice is described in the UNI EN ISO 17025:2018 standard as "Conformity assessment taking into account measurement uncertainty", which requires specifying the decision criterion for determining whether a result is compliant or not, taking into account measurement uncertainty.
In addition to the aforementioned upgrading or revamping interventions, i.e. the wastewater treatment plants of Peschiera Borromeo (works currently underway) and San Colombano al Lambro (ended and tested), over the next three years, planning and management of works will focus on the following lines of action, also for the Parabiago wastewater treatment plant. Following the confirmation of the disposal of the wastewater treatment plant of Rescaldina and the delivery of wastewater to the plant of Parabiago, a project to upgrade the plant to treat the new loads corresponding to 49,000 EA was necessary. This work will enable full compliance with Di-

16 The authorisations issued by the Metropolitan City of Milan include requirements concerning the limits to be applied during normal operation and during the period of reuse in agriculture.

rective 91/271/EEC to be achieved as from 2021 for the Rescaldina agglomeration, which has been the subject matter of criticality reports by the Lombardy Region.

For information on municipalities that have entered into agreements with the CAP group, please refer to the previous paragraph commenting on "regional regulations". The following image shows the status of Simplified Documents as at 31 December 2024.

FIG. 10 – Status of simplified hydraulic risk documents



In 2024, the support to external professionals appointed by municipalities for the drafting of Municipal Hydraulic Risk Management Studies continued, with a special attention to the compliance with the "Guidelines for the drafting of the Municipal Hydraulic Risk Study". These guidelines were drawn up in 2019 as further support for municipalities and were published on the "Hydraulic Invariance" page on the CAP Group website.
By using the data collected from the simplified documents, in particular from the interventions mapped on the territory, it was possible to participate in regional funding calls on the subject of urban regeneration and land waterproofing, laying the foundations for the construction of the CMM-Spugna Project:

- Design activities on behalf of third parties (i.e. on behalf of municipal administrations or other entities) for hydraulic invariance works and sustainable urban drainage works (disconnection works in Varedo, new road in Carpiano, ecological lay-by in Cormano, etc.);
- Integration of the SiRIC database (acronym for Information System of Hydrological Invariance and Municipal Hydraulic Risk Management) for the analysis of the collected data and the procedures that will be implemented for both data analysis and design activities. The data structure is currently based on the results of 123 Simplified Documents. Link to the SiRIC presentation video: https://smartgreen.unimi.it/2020/09/10/presentazione-siric/;
- loading of the Siric DB into the Acque di Lombardia webGIS platform, which will be finalised in May 2022;
- Development of in-house calculation software for the design of sustainable urban drainage works and hydraulic invariance: a demo was realised at https://smartgreen.unimi.it/2020/09/10/presentazione-smart-green/.

In 2022, CAP Holding S.p.A. developed the "Città Metropolitana Spugna" project together with Metropolitan City of Milan, i.e. a set of 90 sustainable urban drainage interventions, financed with € 50 million of the RRP funds.
These interventions, planned in 32 municipalities, are aimed at the redevelopment of squares, car parks and streets. Although different from each other, the works share the same objectives of environmental resilience, urban regeneration, adaptation to climate change, recovery/reconfiguration of spaces and sustainable urbanisation. In particular, design solutions include de-sealing works and the disconnection of sealed surfaces from the sewage system, which, in addition to their street furniture function, allow rainwater to infiltrate into the ground, reducing heat island effects and the risk of flooding.
This is why urban greenery is configured as the protagonist of the interventions and is used not only as simple street furniture, but also as a social and environmental enhancing element capable of adapting to different situations, improving the quality of life and environmental protection.
At the end of 2022, the final design of the CMM Spugna operations was completed. During 2023, it was necessary to draw up the Feasible Project for 42 interventions and to revise the Final Project for the remaining 48. As at 31 December 2024, work was started on 51 interventions and 31 interventions were completed for a total of 152,827 square metres of surface area disconnected from the public sewerage.

With regard to the culverting systems on the sewage system, details are provided in accordance with the latest updates as per Minute Prot. 13 of 2 January 2023.
As a result, 82 buildings indicated below are managed as at 31 December 2024:

TABLE N° 27 – Sewage system floodwater culverts managed as at 31/12/24

	Municipality	Via	Type
1	ABBIATEGRASSO	Via Fausto Coppi	Underground sealed tank
2	ABBIATEGRASSO	Via Stignani	Underground sealed tank
3	ARCONATE	Via degli Aceri	Surface sealed tank + dispersing
4	ARLUNO	Via Elisa Restelli (VITTUONE)	Underground sealed tank
5	BERNATE TICINO	Via Vittorio Emanuele	Dispersing tank
6	BOFFALORA SOPRA TICINO	Via 25 Aprile	Underground sealed tank
7	BOFFALORA SOPRA TICINO	Via Marzabotto	Underground sealed tank
8	BOFFALORA SOPRA TICINO	Via Alessandro Volta	Underground sealed tank
9	BRUGHERIO	Via Guzzina	Surface sealed tank
10	BUSCATE	Via per Cuggiono	Surface sealed tank + dispersing
11	BUSTO GAROLFO	Via per Furato	Surface sealed tank
12	BUSTO GAROLFO	Via Giuseppe Di Vittorio (Olcella)	Surface sealed tank + dispersing
13	CAMBIAGO	Via Matteotti	Surface sealed tank
14	CARPIANO	Via Caduti	Underground sealed tank
15	CARPIANO	Via Cascina Liberia	Underground sealed tank
16	CARUGATE	Via Fratelli Bandiera	Surface sealed tank
17	CASOREZZO	Via Fiume	Surface sealed tank + dispersing
18	CASSINA DE PECCHI	Via Leonardo da Vinci	Underground sealed tank
19	CASSINETTA DI LUGAGNANO	Viale Lombardia	Underground sealed tank + dispersing
20	CASSINETTA DI LUGAGNANO	Via Trento	Underground sealed tank + dispersing
21	CASTANO PRIMO	SP31	Surface sealed tank
22	CERIANO LAGHETTO	Via Vicinale del Nosetto	Dispersing tank
23	CERRO MAGGIORE	Via dei Cerri	Surface sealed tank
24	CERRO MAGGIORE	Via Pastrengo	Dispersing tank

TABLE N° 27 – Sewage system floodwater culverts managed as at 31/12/24

	Municipality	Via	Type
25	CERRO MAGGIORE	Via Carlo Calvi	Surface sealed tank
26	CESATE	Via Giuseppe Garibaldi	Underground sealed tank
27	CINISELLO BALSAMO	Via 20 Settembre (BRESSO)	Surface sealed tank
28	CORSICO	Via Giuseppe Verdi	Underground sealed tank
29	CORSICO	Via Elio Vittorini	Surface sealed tank
30	CUGGIONO	Via Foscolo	Dispersing tank
31	DAIRAGO	Viale della Circonvallazione	Surface sealed tank + dispersing
32	GORGONZOLA	Via Milano	Underground sealed tank
33	GORGONZOLA	Via Buozzi	Underground sealed tank
34	INVERUNO	Corso Italia	Dispersing tank
35	INVERUNO	Via Milano	Underground sealed tank
36	INZAGO	SP103dir	Dispersing tank
37	LISCATE	Via Alighieri	Underground sealed tank
38	MAGNAGO	Via Trento	Dispersing tank
39	MARCALLO CON CASONE	SP 224	Underground sealed tank
40	MELZO	Via Leonardo da Vinci	Underground sealed tank
41	MESERO	Via Matelda	Dispersing tank
42	MISINTO	Via San Siro	Dispersing tank
43	MOTTA VISCONTI	Via De Gasperi	Underground sealed tank + dispersing
44	NERVIANO	Via Isonzo	Surface sealed tank + dispersing
45	NERVIANO	Novella/Via Montello	Dispersing tank
46	NERVIANO	Novella/via Indipendenza	Dispersing tank
47	NERVIANO	Via Giovanni XXIII	Surface sealed tank
48	NERVIANO	via Giovanni XXIII Loc. Lazzaretto	Underground sealed tank
49	OSSONA	Via per Magenta	Surface sealed tank + dispersing
50	PADERNO DUGNANO	Piazza della Resistenza	Underground sealed tank
51	PARABIAGO	Via Volturno	Surface sealed tank + dispersing
52	PAULLO	Via Caduti del Lavoro	Underground sealed tank
53	PIEVE EMANUELE	Via Brodolini (Valle Volpi)	Surface sealed tank
54	PIOLTELLO	Via Rugacesio	Surface sealed tank
55	PIOLTELLO	Viale San Francesco	Surface sealed tank
56	PIOLTELLO	Via Dante Alighieri	Underground sealed tank
57	POZZO D'ADDA	via fratelli Cervi frazione Bettola	Surface sealed tank + dispersing
58	POZZO D'ADDA	Via Unità d'Italia	Underground sealed tank
59	POZZO D'ADDA	Via Leonardo da Vinci	Surface sealed tank
60	PREGNANA MILANESE	Via dei Rovedi	Dispersing tank
61	PREGNANA MILANESE	Via Repubblica	Underground sealed tank + dispersing
62	RESCALDINA	Via Provinciale Saronnese	Surface sealed tank
63	RHO	Via Alcide De Gasperi	Underground sealed tank + dispersing
64	RHO	Via Risorgimento	Underground sealed tank
65	SAN DONATO MILANESE	Via Non codificata	Underground sealed tank
66	SAN GIORGIO SU LEGNANO	Via Don Luigi Sturzo	Dispersing tank
67	SAN ZENONE AL LAMBRO	Via Don Gnocchi	Underground sealed tank
68	SANTO STEFANO TICINO	Viale della Stazione	Underground sealed tank
69	SEDRIANO	Via per Cascina Magna	Dispersing tank
70	SEGRATE	Via Rugacesio	Surface sealed tank
71	SESTO SAN GIOVANNI	Via Giovanni XXIII	Underground sealed tank
72	SESTO SAN GIOVANNI	Via Adamello	Underground sealed tank
73	SESTO SAN GIOVANNI	Viale Italia	Underground sealed tank
74	SESTO SAN GIOVANNI	Via L. Granelli	Underground sealed tank
75	SOLARO	Corso Italia	Dispersing tank
76	VANZAGHELLO	Via Gallarate	Dispersing tank
77	VANZAGO	Via I Maggio	Dispersing tank
78	VAREDO	Via Colombi	Underground sealed tank
79	VILLA CORTESE	Via dell'Industria	Surface sealed tank + dispersing
80	VIMODRONE	Via Pio La Torre	Underground sealed tank
81	VITTUONE	Via Cadorna	Dispersing tank
82	ZIBIDO SAN GIACOMO	Via Asilo Salterio	Underground sealed tank

Starting from 2020, with reference to the tanks serving the sewage system, planning has been carried out both to comply with the provisions of Regional Regulation 06/2019 and to improve the efficiency and functionality of the network. This implements what was already provided in the 2018-2022 PDI in terms of planning the interventions.

In 2022, the design of the tanks of Trezzano Sul Naviglio (first rain tank + floodwater culvert), Sedriano (first rain tank and dispersing tank), Marcallo con Casone (dispersing tank), Bareggio (plant head tank) and San Colombano (plant head tank) were completed). The design of the tanks of Novate Milanese (first rain tank), Paderno Dugnano (phyto-purification and dispersion), and Vanzago (first rain tank and adaptation of dispersion tank) continues. Moreover, the design of the Canegrate (first rain tank and dispersing tank), Magnago (first rain tank and adaptation of dispersing tank), Cambiago (first rain tank and adaptation of dispersing tank) and Legnano (first rain tank and floodwater culvert) was started.

With regard to interventions in 2023, works are still currently underway on the construction of the tanks at Parabiago Via Foscolo (floodwater culvert), Parabiago Via Matteotti (floodwater culvert) and Trezzano Sul Naviglio (first rain tank + floodwater culvert) while the Misinto first rain tank has been completed and is being tested.

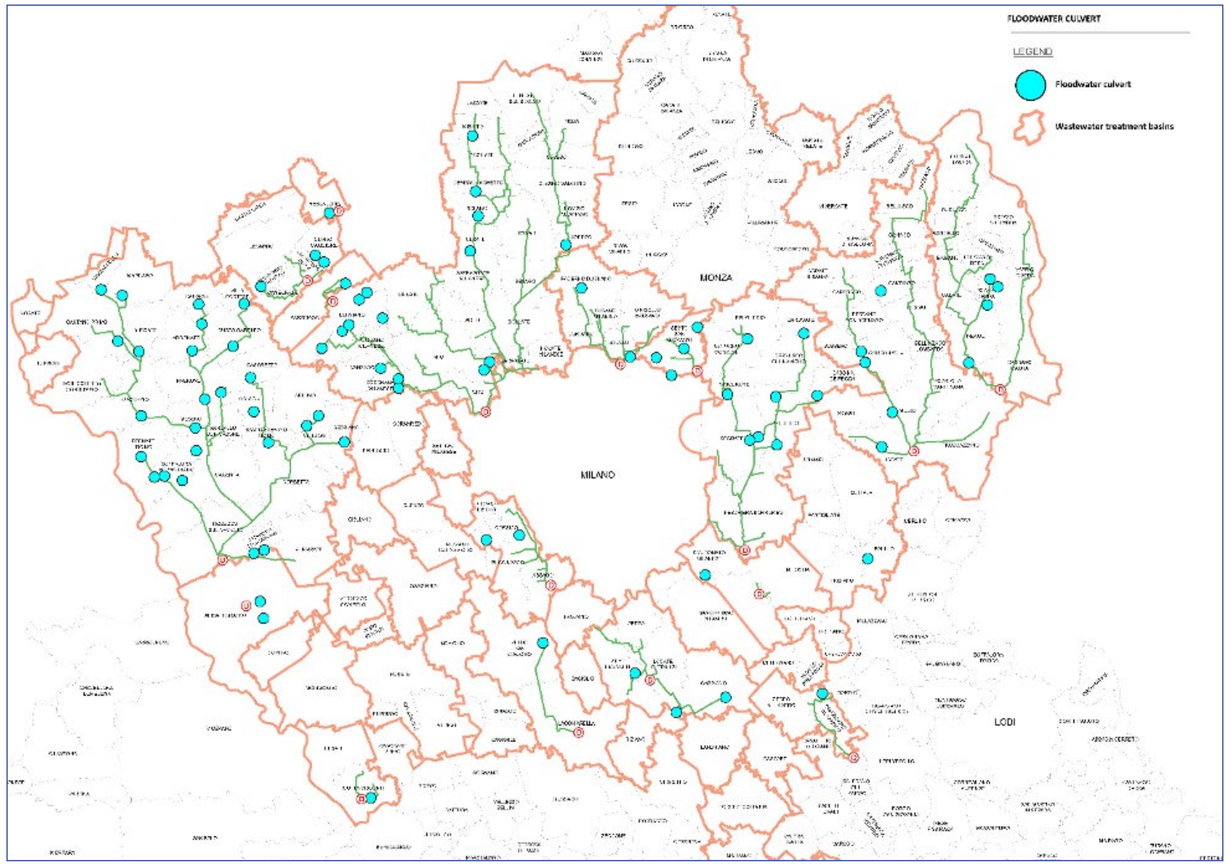
In relation to the infrastructure in the area, the main changes to the sewerage service are listed below.

As at 31 December 2024, the following infrastructure was mapped by CAP Holding S.p.A. on WEBGIS:

- 4,992 km of mixed sewage system;
- 453 km of black sewage system;
- 933 km of white water network surveyed in the area of the Metropolitan City of Milan, of which 835 km maintained by Cap Holding S.p.A;
- 82 culverting systems on the sewage system (floodwater culverts and dispersing tanks).

The survey has now been completed, and the census of networks and structures related to white water is ongoing. With regard to the culverting systems on the sewage system mentioned above, 82 buildings were under management as at 31 December 2024.

FIG. 11 – Floodwater culvert



Personnel and the environment

With regard to the information pertaining to the environment and the personnel required by section 1 bis of Article 40 of Italian Legislative Decree No. 127/91, it should be noted that in 2024:

- there were no deaths in the workplace, nor charges have been made with regard to occupational diseases affecting employees or former employees or lawsuits concerning mobbing, in relation to which responsibility of the company has been definitively ascertained;
- no damages were caused to the environment for which the company has been definitively declared guilty, nor any sanctions or fines have been inflicted on the company for environmental offences or damages;

With regard to organisational development measures, the main action adopted in 2024 is illustrated below.

As part of the consolidation process of the policy and co-ordination activities of CAP Holding S.p.A. – which holds the twenty-year concession for managing the Integrated Water Service in the area of reference – 2024 was also characterised by internal reorganisation measures aimed at making the management of said service more effective and efficient, with a view to ongoing improvement, focusing on a greater enhancement of the functions of the Parent Company.

With a view to industrial policies aimed at enhancing in-house providing management of the integrated water service with the aim of maximising coordinated management of the integrated water service in highly interconnected territories:

- management under co-employment (envisaged by Article 30, paragraph 4-ter of Italian Legislative Decree 276/2003) continued under the network contract with BrianzAcque S.r.l., Lario Reti Holding S.p.A. and ALFA S.r.l. for the Information Technology Department;
- during 2024, the shared process of cooperation with ALFA s.r.l. was consolidated: it had led on 12 June 2020 to the signing of the network agreement in which a common process that provides, among other things, for the establishment of single offices subject to unified and coordinated management, was identified.

The coordinated management of the integrated water service in interconnected territories led to the maintenance of 87 on secondment to Alfa S.r.l. for the following areas:

- Administration and Finance;
- Engineering;
- Legal and Procurement;
- Operation Intelligence;
- Planning and Control;
- Research and Development/laboratories.

On 1 April 2021, a Network contract was signed with the company ZeroC S.p.A. for the development of circular economy policies through the establishment and management of the Bio-platform of Sesto San Giovanni.

On 17 May 2021, the Ministry of Labour and Social Policies approved the company reorganisation programme for the period from 3 May 2021 to 2 January 2022, and the minutes of the agreement with the trade unions were signed for the placement of its personnel on furlough. The aforementioned agreement provided for a lay-off period of eight months, starting on 3 May 2021, for approximately 10 employees of CORE S.p.A.

As at 31 December 2024, all ZeroC S.p.A. personnel were seconded to CAP Holding S.p.A. (CAP GROUP), which is the majority shareholder company, with the ascertained and acquired 80% of the shares.

Analysis of the trend in the number of personnel

The personnel in service as at 31 December 2024 numbered 948 employees (922 in 2023).

The changes registered for the year concern:

- no. 57 incoming employees for activation of selections pursuant to the current Recruitment Regulation;
- no. 25 incoming employees for consolidation of Zeroc;
- no. 46 outgoing employees due to termination of work contract;
- no. 10 outgoing employees for retirement requirements.

For the number of CAP Group employees, broken down by category, please refer to the notes to the financial statements.

Analysis of the trend of personnel costs with reference to the value of Costs

With regard to the analysis of the incidence of personnel costs on production Costs, the following table is shown:

TABLE N° 28 – Trend in the incidence of personnel costs as a percentage of total costs and total revenues

	Limits	2024	2023	2022	2021	2020	2019 restated	2019	2018	2017	2016	2015
% incidence personnel costs/total costs	20.00%	14.30%	13.75%	12.08%	14.47%	14.56%	14.61%	14.44%	14.59%	14.64%	17.34%	19.50%
% incidence personnel costs/total revenues	20.00%	10.93%	13.00%	11.88%	12.73%	13.27%	12.75%	12.40%	12.45%	12.57%	14.41%	16.27%

It should be noted that the shareholders' meeting of CAP Holding S.p.A. on 17 May 2023, subsequently confirmed during the shareholders' meeting on 26 June 2024, resolved, among other things, to keep personnel costs within the limit of 20% of total costs. The trend is compliant with the forecasts of the Business Plan.

In 2024, total expenditure for personnel training activities amounted to € 336,881 for a total of 23,232 hours of training, involving 944 people, of which € 146,265 on safety in the workplace (€ 0 Safety and € 146,265 Compulsory Safety), for a total of 9,540 hours (999 Safety and 8,541 Compulsory Safety) involving a total of 940 people.

Incentive systems adopted

With regard to the incentive systems applied for the year 2024, it should be noted that:

- pursuant to Article 9 of the Consolidated Gas Water CCNL, with reference to the incentive systems applied for the year 2024, the "Result bonus project for the three-year period 2024-2026" signed on 26 February 2024 was applied
- as part of the company policy for developing the responsibilities that aims to enhance the professionalism and individual skills of management personnel, the individual incentive policy instrument launched in 2014 was strengthened, already aimed at recognising and rewarding the best achievement of the business targets and the carrying-out of better performances;
- in 2022, the following were introduced on an experimental basis:
  - GAIN SHARING and PROFIT SHARING incentive tools: forms of variable remuneration, in addition to the MBO and intended for management, middle management and executives. Both of these instruments will generate self-financing: GAIN SHARING through cost containment and PROFIT SHARING through the search for new value; since 2023, the GAIN SHARING tool has not been in force, while the PROFIT SHARING scheme applied solely to managers is still in force.
  - the 2024-2026 Sustainability Performance Plan, addressed to management staff. The purpose of the Plan is to incentivise the executives of the CAP Group companies, vested with functions of strategic importance, to achieve long-term corporate objectives with a view to creating value on environmental and social sustainability issues (in accordance with the Environmental, Social & Governance criteria) and, at the same time, to create a means of building their loyalty by granting them the right to receive a bonus under the terms and conditions set forth in this Regulation.

As at 31 December 2024, the CAP Group was in line with the provisions envisaged by Italian Law No. 68/69, Provisions for the right to work of people with disabilities. In particular, on 19 September 2022, an agreement was signed with the Province of Milan for the employment of individuals with disabilities pursuant to Article 11 of Italian Law No. 68/99 for both CAP Holding S.p.A. and CAP Evolution S.r.l.
With regard to ZeroC S.p.A., the agreement regulating the result bonus was signed on 20 December 2024 and this agreement covers the three-year period from 2024 to 2026.

Research and development activities

During 2024, the CAP GROUP continued and strengthened its commitment to research and development activities, divided into financed, self-financed and special projects, in line with the company's strategy of ecological transition, technological innovation and resource enhancement. The company invested in technologies applied to the integrated water cycle, with the aim of acquiring specific know-how, reducing environmental impact, promoting the circular economy and developing sustainable energy solutions. R&D activities were also carried out in collaboration with universities, research institutions and industrial partners, both nationally and internationally.

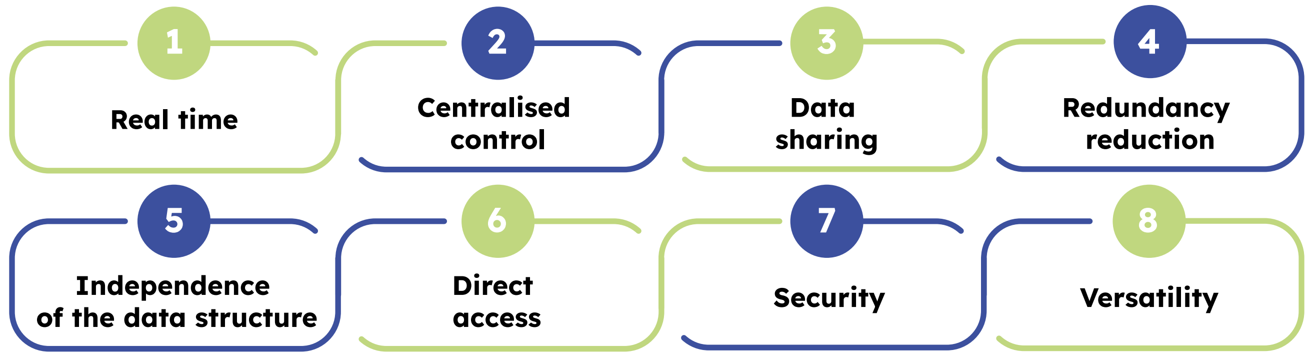
The activity was divided into three types of projects:

- Financed Projects, which are developed in the framework of regional, national and international funding calls;
- Self-Financed Projects, which are research and innovation activities, entirely financed by the CAP Group, and which have a short potential industrialisation frontier in the order of 1-3 years;
- Special Projects, which are developed with a view to exploring new speculative development opportunities, either within the CAP Group or in collaboration with external parties, such as innovative start-ups.

The following are among the main projects financed:
LIFE FREEDOM, for the adoption of hydrothermal sludge liquefaction and the recovery of strategic resources such as phosphorus. A pilot plant has been installed since 2022 at the wastewater treatment plant of Cassano d'Adda; in 2024, the industrialisation potential of the project was studied both at the Cassano d'Adda site and at other company wastewater treatment plants. Project activities will continue until mid-2025.
CIRCULAR BIOCARBON, with the construction of a biorefinery for the production of biodegradable polymers and fertilisers from FORSU and sludge. Two sites are involved, one in Zaragoza (Spain) and the other in Sesto San Giovanni (MI). With regard to the second site, preparatory work for the installation of the pilot plant was carried out in 2024, and the pilot plant for the production of struvite was designed and built in 2025. Research and development activities will be carried out until 2027.
BIOMETHAVERSE, which aims to boost biomethane production through technological innovations at the Bresso-Niguarda plant. The project began in 2022; the ozone production reactors and the contact reactor between ozone and sludge for the ozonolysis reaction were installed in 2024. Moreover, a membrane reactor for the biomethanation reaction between CO2 and methane was developed in collaboration with POLIMI.
BIORECER, aimed at defining environmental criteria for the certification of bio-based biological resources from a bio-based perspective; the project officially started in September 2022. The certification that enabled the biobased ecosystem was conducted and passed with excellent results in 2024. The project will end in 2025.
UPSTREAM and AWARD, focused on environmental monitoring of microplastics and the development of sustainable approaches to urban water supply.
The "Filiera Rinnova" project is worth mentioning among the self-financed projects. This project launched studies for the implementation of an efficient user system and for the agricultural reuse of treated water, with potential implementation in the next three years.
Regarding the activities carried out, it should be note briefly that many projects show considerable potential for industrialisation, with possible economic and environmental benefits.

The Gis – WebGis system

One of the company's strengths is undoubtedly its GIS system, which has now been extended to the following water operators: BrianzAcque S.r.l., Uniacque S.p.A., Lario Reti Holding S.p.A., PaviaAcque S.c.a r.l. Acque Bresciane S.r.l., ALFA S.r.l. of Varese, Acque Novara VCO S.p.A. It should be noted that ATS (Alto Trevigiano Servizi) is in the process of registration.
On the basis of these conditions, the integrated system has become for all purposes a system used 70% by the founders of Water Alliance with the consequent creation of a new concept of GIS/WEBGIS, the WebGIS regional water – https://sit.acquedilombardia.it/Gallery/.
This was further expanded by extension outside the region, including Piedmont and Veneto.
A system highly interconnected with the ERP Company Oracle E business suite, with the network maintenance software and with the mobile world for optimum area management.
The real process of change in 2020 and consolidated in the two following years, was the overall renewal of the entire application map dedicated to GIS/WEBGIS, with the start of operations on 23 November 2020 of the new set of applications dedicated to area management.
The new application, based on market technologies, world leaders on proprietary source code, allows and will allow all subscribing companies and in particular the CAP Group to start a development process, integrating artificial intelligence and predictive concepts within the system itself.

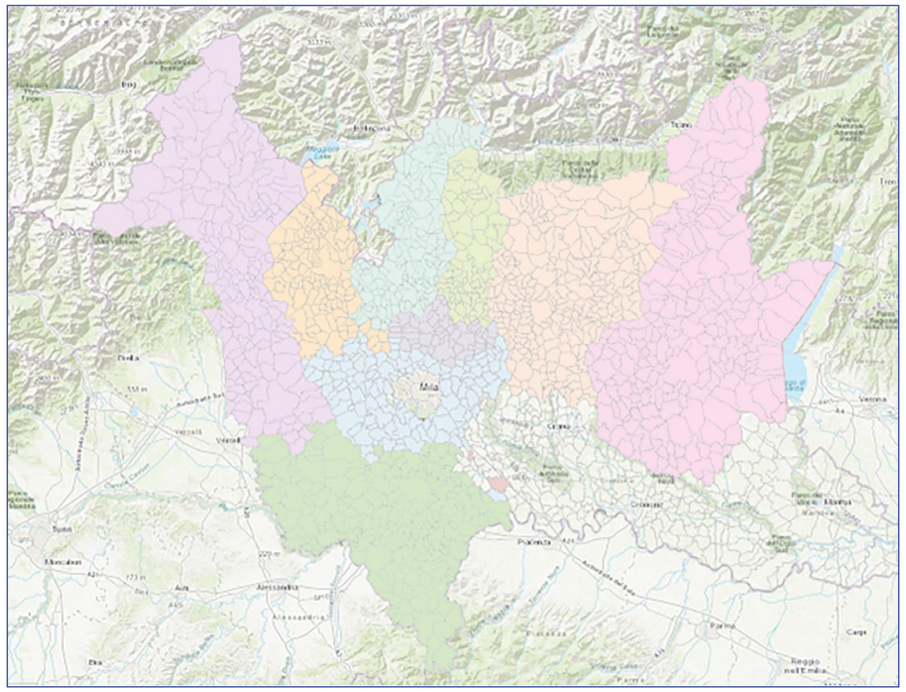


In order to be able to appreciate the development of the system of the new GIS and WebGis, the following quantitative data is illustrated:

TABLE N° 29 – Quantitative development values of the WebGIS system as at 31/12/24

WebGIS Acque di Lombardia	2024
km of sewer mains included in the system	33,976
km of aqueduct network included in the system;	37,488
Number of manholes of the sewerage system	719,833
Number of wells – aqueduct network	5,538

Fig. 12 – Mapping of the territory covered by the WebGis Acque di Lombardia system



Furthermore, the following data is also reported, referring to the area served by the CAP Group.

TABLE N° 30 – Focus: CAP Group WebGIS

	2024
Number of investments entered on WEB GIS	129
Number of sewerage drains entered on WEB GIS	964
Number of industrial drains entered on WEB GIS	1,852
Number of extraordinary maintenance interventions entered on WEB GIS	62
Number of corrective maintenance interventions entered on WEB GIS	8
Number of as built by third parties entered on WEB GIS	41
Number of km of aqueduct and sewage system entered on WEB GIS	13,064
Number of well monographs entered on WEB GIS	702
Trap maintenance service entered on WEB GIS	4,267
Number of discharge authorisations entered on WEB GIS	964
Number of monographs for sewage system manholes accessible on WEB GIS	165,645

Several agreements with the Lombardy Region and other Italian operators make the platform one of the most advanced both at Italian and international level.

In conclusion, it is disclosed how, in a tangible manner, the project is for all purposes a virtuous example of sharing economy and will allow the new partners to avoid long timescales and costs for the launch of software by now fundamental for the management of the service.

In 2015, the CAP Group, with a view to optimisation of the connectivity costs and, above all else, to improve the work performances increasingly oriented towards the new technologies and Mobile logics, undertook a process aimed at the possibility of use of its right to 20% of the fibre optics laid by the Metropolitan City of Milan within the sewer pipelines and other proprietary sub-services.

For this purpose, on 16 June 2015 a decree was issued by the metropolitan mayor (Gen. Vol. No. 191/2015) concerning "The collaboration between the Metropolitan City of Milan and CAP Holding S.p.A. for the development and valorisation of the telematic backbone", aimed at the drafting of a shared business plan so as to be able to conclude the cabling of the metropolitan city network.

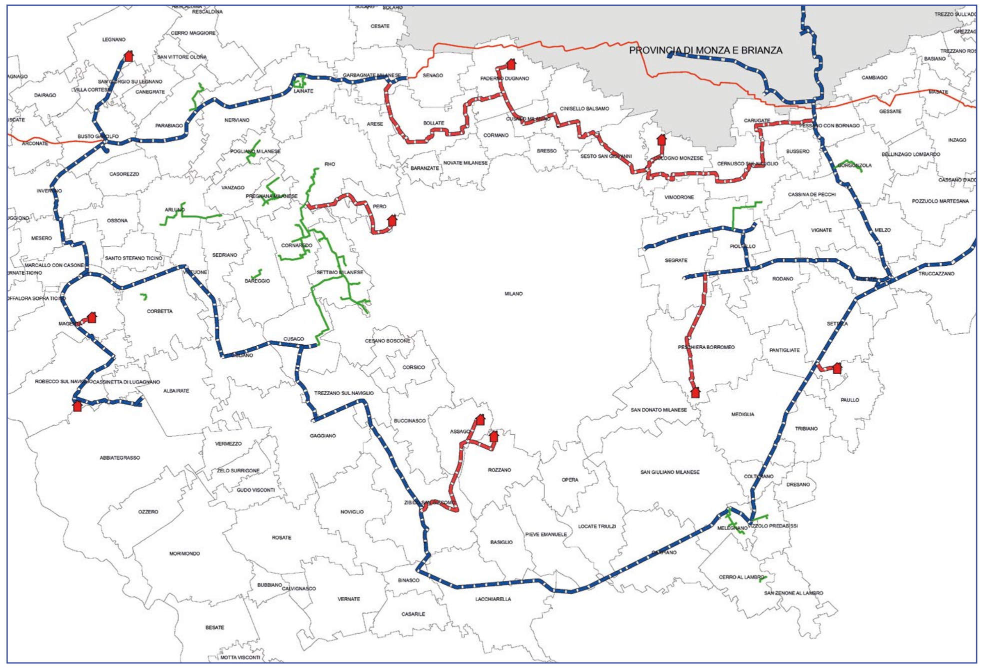
Subsequently, during the agreement as per the previous point, given the excellent results and the possibilities emerging during work, a second agreement was reached in reference to the decree issued on 29 October 2015 (Gen. Vol. 283/2015) by means of which the role of the CAP Group in the Closure of the telematic backbone was defined.

The CAP Group, in compliance with the agreements entered into, as from March 2016 started to lay around 65 km of fibre optic infrastructure using the sewer pipelines managed with the aim of closing the backbone ring and reach the 11 main offices of the Group (in the diagram alongside, see the line in red) permitting a saving on the Opexs referring to the connectivity costs incurred to-date. The necessary investment that is envisaged comes to € 2,254,104. Between March 2016 and December 2016, installation work commenced and continued, permitting the work group to lay around 23 km of infrastructure referring to the closure of the backbone ring, closure which then took place in February 2017.

In December 2017, further to the work brought forward during the entire space of the year, the project was preliminarily completed with the reaching of the main offices of the Group and the activation of the first 3 operational offices with an Opex saving already of € 43,700.

The site connections in the scope of the project were completed in 2018, bringing an overall saving of € 138,330 per year. As a continuation of the project, opex's savings were consolidated in 2019, decreasing on a proportional basis, i.e. without taking into account the new locations to be connected and the organisational changes that have occurred since the start of the project to date, by € 189,430. Finally, the completion of the process allowed the group to benefit from the investment during the pandemic period of the year 2020, having at its disposal enabling drivers of redundant connectivity and allowing immediately to guarantee smart working to more than 500 people of the group.

Fig. 13 – CMM/Gruppo CAP fibre optic map



Business Outlook

It should be specified that the CAP Group is involved, as more fully illustrated in this report, in highly regulated activities, especially for the part relating to the revenues and investments.
The CAP Group budget, examined by the Board of Directors of CAP Holding S.p.A. on 20 December 2024, shows the following trend in 2025:

TABLE N° 31 – Gruppo CAP: 2025 budget

(units in €)	2025 Budget
Total Revenues	483,662,908
(Total Costs)	(426,092,810)
Net operating result	57,570,098
Financial income (financial expense + write-down of equity investments)	(9,769,574)
Taxes	(14,340,157)
Net result for the year	33,460,367

The forecast for the cost of electricity in 2025 was estimated at about € 39.4 million.
The risk of a high volatility of raw material prices is confirmed for 2025 as well, which requires the utmost care in the continuous monitoring of this cost item.
On the transfer of this cost with respect to the guaranteed revenue, please refer to the previous paragraphs.
The above trend also presupposes the total reuse of the operating balance indicated in the company.
Therefore, in terms of profitability, which is more aimed at producing results to be reused in the Group for investments, the opinion is for expected positive results.
However, it must be pointed out that, at the moment, it cannot be completely ruled out that the uncertainties concerning the economic and international scenario, as well as the current variability and growth of raw materials and especially of electricity may in the future affect the Group beyond the extent already dealt with as a basis for drawing up the above forecasts, as a reflection of the effects induced by the crisis above all at a macroeconomic level, but also at a local and indirect level, and therefore also subsequently reflect on the Group's credit management and liquidity.

Relations with affiliated companies and other investees

With regard to transactions with Neutalia S.r.l. and Zeroc S.p.A., Rocca Brivio Sforza S.r.l. in liquidation, refer to what has already been discussed above and the other details summarised in the notes to the financial statements.

Indirect equity investments

There are none.

The Chairman of the Board of Directors
Dott. Yuri Santagostino

03.

CONSOLIDATED SUSTAINABILITY REPORTING

Hey Planet!

The Gruppo CAP magazine is all about a sustainable future

Hey Planet! is Gruppo CAP's new content hub. A harmoniously blended story that begins with the Group's environmental, economic and social commitment and expands to a broader vision of ecological transition and social sustainability.

Divided into four sections, the magazine offers stories, photo galleries and analyses that showcase projects and individuals who are imagining fairer cities, more circular economies and more inclusive communities. With a keen eye on innovation, it is open to change.

Discover the magazine by scanning the QR code

03. CONSOLIDATED SUSTAINABILITY REPORTING

GENERAL DISCLOSURES

Basis for preparation

General basis for preparation of the sustainability statement

ESRS 2 BP-1

The 2024 Consolidated Sustainability Reporting (hereinafter also referred to as the "Report") of the CAP Group (hereinafter also referred to as the "Group") has been prepared on a consolidated basis with the aim of providing a clear, complete and transparent description of the Group's activities, material sustainability matters and the results achieved in the management of its activities, which have always been characterised by the responsible use of resources and a strong focus on the environment and the community. The document outlines the commitments made to generate and distribute value, addressing some global challenges and taking into account the aspects that significantly impact business performance and can therefore substantially influence the assessments of relevant stakeholders.
In accordance with the European Sustainability Reporting Standards (ESRS), as required by Italian Legislative Decree 125 of 6 September 2024 (Decree 125) and the requirements of Article 8 of Regulation (EU) 2020/852 of the European Parliament and of the Council and its Delegated Regulations, the CAP Group prepared its first Sustainability Report for the 2024 financial year (1 January to 31 December 2024). ESRS specify the information that an undertaking shall disclose about its material impacts, risks and opportunities on sustainability matters. This information enables users of the Sustainability Report to understand the undertaking's material impacts on people and environment and the material effects of sustainability matters on the undertaking's current position, development and performance.
The scope of consolidation of the Sustainability Reporting, which coincides with that of the Consolidated Financial statements, consists of CAP Holding S.p.A. (hereinafter referred to as the Parent Company) and the fully consolidated companies (hereinafter referred to as the Group) as at 31 December 2024, i.e. CAP Evolution S.r.l. and ZeroC S.p.A. Note that, when disclosing information on GHG (Greenhouse Gas) emissions, the Group shall take into account ESRS E1 paragraph 21 and include GHG emissions in accordance with the extent of operational control over the subsidiary Neutalia S.r.l. (33%). In 2024, a significant transaction took place concerning the entry of ZeroC S.p.A. into the scope of financial consolidation.
The Sustainability Report is published annually. As a result of the double materiality process, the Group also used specific metrics (also known as entity-specific). The CAP Group uses the transitional provision in ESRS 1, Section 10.3, which is related to the presentation of comparative information.
Note that the impacts, risks and opportunities (also known as IROs) presented in this consolidated sustainability report have been identified through a double materiality analysis covering the upstream and downstream value chain. For more details on the adopted methodology, please refer to the section "ESRS 2 IRO-1 | Description of the processes to identify and assess material impacts, risks and opportunities."
Currently, the Report only covers some of the information relating to the CAP Group's upstream and downstream value chain. In accordance with the transitional provisions of ESRS 1, Section 10.2, the information provided by the Group on impacts, risks and opportunities in the value chain is based solely on in-house data that is already available or on public sources. For future reporting periods, the Group will endeavour to adopt increasingly detailed metrics on the value chain in order to provide ever more accurate and comprehensive information.
The scope of policies, actions and targets that go beyond the operations of the CAP Group to include other players in the value chain can vary depending on the topics covered. This information is disclosed in greater detail together with the topical ESRS.
Note that the Group did not choose to omit a specific information relating to intellectual property, know-how or the results of innovation, nor did it opt for the exemption provided for information on impending developments or ongoing negotiations.

Disclosures in relation to specific circumstances

ESRS 2 BP-2

Definitions of short-, medium- and long-term time horizons

The concept of short, medium and long term adopted by the CAP Group in its Consolidated Sustainability Reporting is aligned with the time horizons defined by ESRS 1, Section 6.4:

- **Short term: 1 year** from the end of the reporting period;
- **Medium term: up to 5 years** from the end of the reporting period;

Sources of estimation and outcome uncertainty

The CAP Group uses the internationally recognised standard proposed by the GHG Protocol and the model provided by ISO 14064-1 as the basis for calculating emissions. However, all greenhouse gas (GHG) emissions metrics have some level of uncertainty due to the nature of the calculation and the availability of data. We expect data accuracy to evolve over time and we have continued to improve our methodology for reporting greenhouse gas emissions in previous reporting years. In general, where the presented metrics were calculated using estimates or are subject to measurement uncertainties, the CAP Group specified the assumptions, approximations and sources of uncertainty in dedicated notes.
The CAP Group quantitatively measures the uncertainty of GHG emissions inventories following the methodology described in the "GHG Protocol guidance on uncertainty assessment in GHG inventories and calculating statistical parameter uncertainty". In fact, in order to ensure the transparency, reliability and comparability of the reported data, it is essential for the CAP Group to accompany the calculation of its carbon footprint with an assessment of the associated uncertainty.
The uncertainty measured in the calculation of our emissions inventory stems from multiple factors, including:

- Activity data (e.g. energy consumption or kilometres travelled);
- Emission factors (coefficients used to convert activity data into emissions);
- Calculation models and methodological assumptions;
- Measurement errors or rough estimates in primary and secondary data.

The aim of this analysis is to:

- Improve the understanding and reliability of the inventory;
- Identify the most significant sources of variability and improve data quality;
- Support the decision-making process in defining reduction strategies.

The uncertainty was estimated for each inventory category and the overall value for 2024 was low (2.9%, "Low Uncertainty" according to Table 2 of the "GHG Protocol guidance on uncertainty assessment in GHG inventories and calculating statistical parameter uncertainty") and is mainly related to the economic emission factors used to estimate the GHG emissions of certain categories of the Scope 3 inventory (financing of subsidiaries, complex construction sites, purchased goods).
Note also that, in addition to the metrics required by the ESRS Standards, this Consolidated Sustainability Reporting includes specific focuses. Further details can be found in the Content Index table in the section "ESRS 2 IRO-2 | Disclosure Requirements in ESRS covered by the undertaking's sustainability statement". With the exception of the information referred to in Article 8 of Regulation (EU) 2020/852 of the European Parliament, the CAP Group does not include additional information derived from other regulations requiring the disclosure of sustainability information or from other generally accepted standards and frameworks for sustainability reporting in its consolidated sustainability reporting.

The role of the administrative, management and supervisory bodies

ESRS 2 GOV-1

The table below shows the number of members of the administrative, management and supervisory bodies, indicating whether or not they hold executive positions. The data is broken down by gender and other diversity criteria, with a specific focus on the composition of the Board in terms of gender balance.

Members of the administrative, management and supervisory bodies

TABLE N° 32 – Members of the administrative, management and supervisory bodies

2024	UOM	Women	Men	Other	Not reported	Total
Total number of executive members	no.	0	2	0	0	2
Total number of non-executive members	no.	7	4	0	0	11
Total number of members of the administrative, management and supervisory bodies	no.	7	6	0	0	13
Gender distribution of members of the administrative, management and supervisory bodies	%	53.8	46.2	-	-	100.0

Board's gender diversity

TABLE N° 33 – Board's gender diversity

	UOM	2024
Average ratio of female to male board members	%	116.6

Note that there are no employee or other worker representatives on the companies' Boards of Directors.

Composition and skills of the Board of Directors

On the occasion of its appointment in 2023, the then Board of Directors of CAP Holding S.p.A. approved a document containing some remarks on the composition of the new Board of Directors and suggestions on the managerial and professional figures whose presence on the new Board of Directors of the Group companies was considered desirable, taking into account the complexity and size of the CAP Group, its business targets and the adopted strategic vision.

Each candidate completed a self-assessment grid based on this document to highlight their skills in the areas of the environment, sustainability, corporate governance, and risk management. When appointing the administrative body, the Shareholders' Meeting decided to base the appointment on experience and the criteria set out in the grid, i.e.: positions held over the years, the sector in which the company they previously worked for operates, the association in which they held a leading role and the skills acquired through that role. In particular, thanks to this document, it was possible to verify the respective skills related to the product and business areas in which the CAP Group operates, on the basis of the experiences reported.

This process ensures that Boards of Directors are composed of people who are experts in the areas pertaining to the Group's businesses. Moreover, Directors can always rely on the expertise of the corporate offices and participate in training initiatives on the topic. In fact, the board's annual training programme includes a variety of courses focusing on business, risk, impact and sustainability.

In accordance with the provisions of the TUSP (Consolidation Act on publicly owned companies, Italian Legislative Decree no. 175 of 19 August 2016) and the Articles of Association of CAP Holding, which clarify that "the Company does not establish corporate bodies other than those provided for by the general rules on companies" (Article 15, para. 3), in the part dedicated to the identification of corporate bodies, no internal board committees/committees have been established in any of the Group companies. At the same time, in order to manage sustainability topics, the Parent Company set up a **Risk Control and Sustainability Work Group** (composed of the Deputy Chairwoman, Imparato, the Chairman of the Board of Statutory Auditors, Zorloni, and an external expert, Prof. Pedrini). This Group is responsible for providing supervisory and investigative support to the BoD and, as far as it is concerned, the Chairman of the Company, in making assessments and decisions relating to the internal control and risk management system and sustainability.

The Group's strategy is defined through an active decision-making process, ensuring the oversight of environmental, social and governance issues by the administrative bodies. In particular, the ERM (Enterprise Risk Management) Function, together with the Sustainability Function, submits a report containing identified and assessed risks, opportunities and impacts to the administrative body for review. This report is reviewed in advance by the Management Committee and the Working Group. These activities are formally monitored every six months (in the ERM report) and on a recurring basis, in relation to the activities carried out by the Sustainability function, in line with the relevant policies.

In accordance with the ERM Policy and the CAP Group Sustainability Policy, the Management Committee and the RC&SWG supervise the management, control and monitoring of impacts, risks and opportunities, providing advisory and strategic guidance on control systems and ESG topics and their financial implications. At the hierarchical level, the Committee is the first body to verify and evaluate the activities carried out; these are then examined by the Working Group.

The targets are approved by the administrative bodies on an annual basis. At the same time, the final balance for the previous year's targets is approved and, finally, on a quarterly basis, the bodies are informed about the progress of the targets for the current year. Top management actively participates in defining the Group's targets and company functions, including those related to material impacts, risks and opportunities, and constantly monitors their progress.

The skills of the directors, including those relating to the management of impacts on the economy, the environment and people, are also assessed through self-assessment processes approved by the administrative body and carried out with the support of the Corporate Compliance function. If critical issues arise, the relevant areas for improvement are implemented immediately. A board training programme is also drawn up annually, based on the training needs identified by the boards themselves. The programme always covers topics related to strategies and evolutionary scenarios, risk mapping, sustainability and ESG topics in general. Top management of the company and external experts are involved in the training sessions.

The Companies' boards have sustainability and governance skills and include professionals from various sectors. In the area of sustainability, they utilise the Sustainability Function, the ERM Function, the RC&SWG with an expert in the field, and external consultants.

The topic of business conduct is broken down below.

The role of the administrative, management and supervisory bodies in the business conduct

Disclosure of the role of the administrative, management and supervisory bodies in relation to the business conduct

The Boards of Directors (BoD) of the CAP Group companies (CAP Holding S.p.A., CAP Evolution S.r.l. and ZeroC S.p.A.) define and update the Ethical Commitment document, which outlines the Group's commitment to maintaining high standards of responsible conduct by ensuring respect for human rights, preventing corruption, complying with antitrust regulations and fulfilling tax obligations. This document applies not only to employees, but also to business partners, suppliers and other parties collaborating with the Group, constituting a contractual requirement for establishing partnerships.

The skills of administrative, management and supervisory bodies in matters relating to business conduct

The integrated risk management system, supervised by the BoD, ensures that the business conduct is consistent with the defined ethical principles. In particular, when selecting the Board of Directors for 2023, priority was given to skills in ethics, integrity and anti-corruption, assessed using self-assessment grids completed by the candidates. These tools made it possible to identify previous experience in top positions at organisations similar to CAP Holding S.p.A.

To support this approach, the induction programme for new Board members includes a training module dedicated to ethics, legality and corporate culture, strengthening the Board members' awareness of, and commitment to, these topics.

17 The board's gender diversity is calculated as: (Total number of female members/Total number of male members) * 100.

Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies

ESRS 2 GOV-2

The proactive management of impacts, risks and opportunities is fundamental to the sustainable success of the CAP Group and strengthens the trust of its stakeholders. The Board of Directors, the RC&SWG (Risk Control and Sustainability Working Group) and the Management Committee (ERM & ESG) receive regular updates and address sustainability-related issues throughout the year. In general, the flow of information relating to material sustainability issues requires the Board of Directors to delegate responsibility for the due diligence process of identifying, preventing and mitigating impacts, risks and opportunities to the Management Committee, supported by the RC&SWG. The latter tasks the Sustainability Function with managing the execution of the various stages of the process, under the supervision of the Director of External Relations and Sustainability. In case of critical issues, the Sustainability Function is responsible for reporting them to the Management Committee through the Director of External Relations and Sustainability, who in turn reports them to the RC&SWG. If the RC&SWG considers that a further step is necessary, it can inform the BoD to ensure that proper stakeholder engagement.
Approval by the Board of Directors is required for the draft Consolidated Sustainability Report and the preliminary double materiality analysis. In order to ensure regulatory compliance and the accuracy of the information reported, as well as its approval by the BoD, the engagement of the Board of Statutory Auditors is envisaged, which ensures compliance with applicable law provisions, with particular reference to Italian Legislative Decree no. 125/2024.
According to the corporate governance structure, the Working Group (WG) is also responsible for supervising sustainability communication and reporting activities. The Shareholders' Meeting is responsible for the final approval of the analyses and related documentation.
For a description of the material impacts, risks and opportunities that were addressed by the administrative, management and supervisory bodies, or their relevant committees during the reporting period, please refer to the section "ESRS 2 IRO-1 | Description of the processes to identify and assess material climate-related impacts, risks and opportunities".

Integration of sustainability-related performance in incentive schemes

ESRS 2 GOV-3

The CAP Group adopted incentive schemes and remuneration policies related to sustainability issues for Group executives.
In particular, the purpose of the Long-Term Incentive (LTI) is to incentivise the executives of the CAP Group companies, entrusted with functions of strategic importance for the achievement of long-term company objectives, to create value on environmental and social sustainability topics (in accordance with Environmental, Social & Governance criteria). The LTI Plan requires each beneficiary to contribute to the achievement of the Group's sustainability goals. The sustainability performance metrics refer specifically to the **nine strategic goals** identified in the Sustainability Plan, also known as the "Father goals". These goals form the fundamental pillars on which the monitoring and incentive system is based and are related to the following sustainability metrics:

- Litres of water taken from the environment per inhabitant per day;
- Percentage of citizens who say they drink exclusively or almost exclusively tap water;
- Gender pay gap;
- Percentage reduction in CO_2 emissions;
- Percentage of revenues aligned with the European Taxonomy;
- Millions of cubic metres of water drained in the area served;
- Number of suppliers with an ESG score ≥ 70/94 in the Vendor Rating assessment;
- Processes managed with integrated artificial intelligence solutions;
- Total number of research projects developed in collaboration with Research Institutions, Universities, innovation players and sector companies.

The Human Resources Department is responsible for managing the incentive plan related to these goals, while the Sustainability Function is responsible for performance monitoring as part of the verification and reporting activities of the overall Sustainability Plan.
This plan is intended solely for executives and does not apply to the BoD or Directors.
The following is an in-depth analysis of climate change.

Integration of sustainability-related performance in climate change incentive schemes

The remuneration of the members of the Boards of Directors consists solely of a fixed amount; therefore, it is not linked to incentives based on climate performance and GHG emission reduction targets. However, the Board constantly promotes policies to combat and counter climate change by approving ad hoc procedures and the sharing of company strategies aimed at achieving carbon neutrality.
Furthermore, the process that contributes to the allocation of the incentive (up to a maximum of 25% of individual remuneration) within the Long-Term Incentive Plan (LTI) for all Group executives is based on the achievement of the nine "father" goals of the Sustainability Plan, which also include the achievement of the greenhouse gas emission reduction targets set by the Group.

Statement on due diligence

ESRS 2 GOV-4

The Group is governed by various procedures and policies to ensure due diligence on the sustainability of business operations. The table below indicates where information on the Group's due diligence process can be found within this document.

TABLE N° 34 – Fundamental elements of due diligence

	Paragraphs in the sustainability statement
Embedding due diligence in governance, strategy and business model	ESRS 2 GOV-1 The role of the administrative, management and supervisory bodies ESRS 2 GOV-2 | Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies ESRS 2 GOV-3 | Integration of sustainability-related performance in incentive schemes ESRS 2 SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model E1 SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model S1 SBM-3 Material impacts, risks s opportunities and their interaction with strategy and business model S2 SBM-3 Material impacts, risks s opportunities and their interaction with strategy and business model S3 SBM-3 Material impacts, risks s opportunities and their interaction with strategy and business model S4 SBM-3 Material impacts, risks s opportunities and their interaction with strategy and business model
Engaging with affected stakeholders in all key steps of the due diligence	ESRS 2 GOV-1 The role of the administrative, management and supervisory bodies ESRS 2 SBM-2 | Interests and views of stakeholders ESRS 2 IRO-1 | Description of the process to identify and assess material impacts, risks and opportunities Adopted policy and related disclosure requirements - Integrated Management System Policy Adopted policy and related disclosure requirements - Sustainability Policy Adopted policy and related disclosure requirements - Remuneration policy Adopted policy and related disclosure requirements - Diversity, Equity, Inclusion and Equal Opportunity Policy Adopted policy and related disclosure requirements - Policy against harassment, bullying and violence in the workplace Adopted policy and related disclosure requirements - Anti-Corruption Policy Adopted policy and related disclosure requirements - Code of Ethics Adopted policy and related disclosure requirements - Supplier Code of Conduct Adopted policy and related disclosure requirements - Privacy Policy Adopted policy and related disclosure requirements - Enterprise Risk Management policy S1-2 | Processes for engaging with own workforce and workers' representatives about impacts S1-3 | Processes to remediate negative impacts and channels for value chain workers to raise concerns S2-2 | Processes for engaging with value chain workers about impacts S2-3 | Processes to remediate negative impacts and channels for value chain workers to raise concerns S3-2 | Processes for engaging with value chain workers about impacts S3-3 | Processes to remediate negative impacts and channels for value chain workers to raise concerns S4-2 | Processes for engaging with value chain workers about impacts S4-3 | Processes to remediate negative impacts and channels for value chain workers to raise concerns
Identifying and assessing negative impacts	ESRS 2 SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model E1 | Table with descriptions of material IROs at the beginning of the chapter E2 | Table with descriptions of material IROs at the beginning of the chapter E3 | Table with descriptions of material IROs at the beginning of the chapter E5 | Table with descriptions of material IROs at the beginning of the chapter S1 | Table with descriptions of material IROs at the beginning of the chapter S2 | Table with descriptions of material IROs at the beginning of the chapter S3 | Table with descriptions of material IROs at the beginning of the chapter S4 | Table with descriptions of material IROs at the beginning of the chapter G1 | Table with descriptions of material IROs at the beginning of the chapter ESRS 2 IRO-1 | Description of the process to identify and assess material impacts, risks and opportunities Material climate-related impacts, risks and opportunities Material pollution-related impacts, risks and opportunities Material water-related impacts, risks and opportunities Material biodiversity and ecosystem-related impacts, risks and opportunities Material resource use and circular economy-related impacts, risks and opportunities Material impacts, risks and opportunities for business conduct E1 SBM-3 | Material impacts, risks and opportunities and their interaction with strategy and business model S1 SBM-3 | Material impacts, risks s opportunities and their interaction with strategy and business model S2 SBM-3 | Material impacts, risks s opportunities and their interaction with strategy and business model S3 SBM-3 | Material impacts, risks s opportunities and their interaction with strategy and business model S4 SBM-3 | Material impacts, risks s opportunities and their interaction with strategy and business model

TABLE N° 34 – Fundamental elements of due diligence

	Paragraphs in the sustainability statement
Taking action to address negative impacts	E1-3 | Actions and resources in relation to climate change policies E2-2 | Actions and resources related to pollution E3-2 | Actions and resources related to water and marine E5-2 | Actions and resources related to resource use and circular economy S1-4 | Taking action on material impacts on own workforce, and approaches to managing material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions S2-4 | Taking action on material impacts on value chain workers, and approaches to managing material risks and pursuing material opportunities related to value chain workers, and effectiveness of those actions S3-4 | Taking action on material impacts on affected communities, and approaches to managing material risks and pursuing material opportunities related to affected communities, and effectiveness of those actions S4-4 | Taking action on material impacts on consumers and end-users, and approaches to managing material risks and pursuing material opportunities related to consumers and end-users, and effectiveness of those actions
Tracking the effectiveness of these efforts and communicating	E1-4 | Targets related to climate change mitigation and adaptation E1-5 | Energy consumption and mix E1-6 | Total GHG emissions E1-6 | Total GHG emissions Neutalia srl E1-7 | GHG removals and GHG mitigation projects financed through carbon credits E2-3 | Targets related to pollution Entity Specific Metrics | Wastewater treatment Plant Entity Specific Metrics | Checks carried out at industrial users E3-3 | Targets related to water and marine resources Entity Specific Metrics | Aqueduct Entity Specific Metrics | Water purification plant Entity Specific Metrics | Water withdrawals by source Entity Specific Metrics | Water fed into the network Entity Specific Metrics | Water delivered and measured Entity Specific Metrics | Leak detection and repair E5-3 | Targets related to resource use and circular economy E5-4 | Resource inflows E5-5 | Resource outflows S1-5 | Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities S1-6 | Characteristics of the undertaking's employees S1-7 | Characteristics of non-employee workers in the undertaking's own workforce S1-8 | Collective bargaining coverage and social dialogue S1-9 | Diversity metrics S1-10 | Adequate wages S1-11 | Social Protection S1-13 | Training and skills development metrics S1-14 | Health and safety metrics S1-15 | Work-life balance metrics S1-16 | Remuneration metrics (pay gap and total remuneration) S1-17 | Incidents, complaints and severe human rights impacts S2-5 | Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities Entity Specific Metrics | Suppliers registered in the qualification system Entity Specific Metrics | Active suppliers and their qualifications Entity Specific Metrics | Qualified Suppliers by sustainability criteria Entity Specific Metrics | Procurement according to GPP (Green Public Procurement) standards S3-5 | Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities S4-5 | Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities Entity Specific Metrics | Consumers and end-users Entity Specific Metrics | User satisfaction Entity Specific Metrics | Bills divided into instalments for different users G1 | Entity Specific Metrics | Vendor Rating

Risk management and internal controls over sustainability reporting

ESRS 2 GOV-5

Thanks to digital tools for reporting quantitative and qualitative data, the CAP Group implemented procedures and controls aimed at mitigating the risks related to sustainability reporting. However, despite using a digital system that significantly reduces errors, there are still some residual risks, mainly related to the presence of manual processes. Integrating new data can also present challenges in terms of accuracy and completeness.
Among the significant risks mapped and monitored by the Group along the value chain is the limited ability to control data coming from the supply chain, which can result in high exposure to the risk of incomplete or inaccurate data. This critical issue is particularly relevant in the context of sustainability reporting, where traceability and reliability of information are enabling factors for regulatory compliance and transparency towards stakeholders.
To mitigate these risks, the Group adopted standardised tools to simplify and automate residual manual processes, strengthening data validation and checking mechanisms involved. To monitor the quality of information, an ESG internal control unit was set up within the Sustainability Function to ensure the consistency, accuracy and timeliness of information flows.
The Sustainability Function collaborates with internal skills and external experts to refine knowledge of operating procedures, define governance models for data collection and control, and ensure a reporting system that complies with the requirements of the CSRD regulation and the related European Sustainability Reporting Standards (ESRS). At the same time, the Group promotes a structured and ongoing dialogue with suppliers in order to share expectations, quality standards and operating procedures that ensure data integrity throughout the entire supply chain.
The strategic supervision of the control system is entrusted to the Management Committee and the "Risk, Control and Sustainability" Work Group, which, through regular meetings, examine technical documentation and topical reports to be submitted to the Board of Directors.
All departments and first-line structures actively contribute to the data collection and validation process, following the specific instructions defined by the Sustainability Function, in order to ensure the preparation of comprehensive, consistent and verifiable sustainability reporting.
In accordance with the Guidelines of the Internal Control and Risk Management System (SCIGR), the Head of Internal Audit carries out checks on the effectiveness and adequacy of the internal control system relating to ESG reporting. These checks focus on the system's ability to prevent material mistakes and misstatements, while evaluating the robustness of the processes for collecting, processing and aggregating non-financial information.
The Sustainability Function is responsible for planning the operational process and ensuring that activities are defined and organised.
In particular:

- It prepares the schedule of activities and sets precise deadlines for each operational phase, ensuring that these are met.
- It fills in and updates the long list of IROs, focusing on the adjustments required on an annual basis in accordance with regulatory and organisational requirements with the support and engagement of the Risk Management & Corporate Compliance Function (also known as the RM&CC Function).
- With the support and engagement of the RM&CC function, it performs a double materiality analysis to ensure a thorough assessment of IROs.
- It organises an initial training programme for those involved in the process, providing specific knowledge on the requirements of Italian Legislative Decree no. 125 of 6 September 2024, regarding ESRS standards and the use of data collection software.
- It prepares the Sustainability Reporting structure in line with the ESRS standards.
- It identifies the Contact Persons of the disclosures (described in more detail below) that are to be reported within the IT tool (hereinafter also referred to as Software), which computerises the sustainability reporting process and ensures the traceability of the qualitative and quantitative information managed within the system.
- If an IRO is material and the CAP Group does not have the information required to report it, the Group provides an estimate of the information.

Note that quantitative and qualitative data are uploaded to the Software in accordance with the deadlines set out in the schedule drawn up each year based on reporting and data retrieval requirements.
The approval process normally involves three levels, which are already configured on the platform:

1. The RUOs (Operating Unit Contact Persons), each for their own area of responsibility, are responsible for collecting and filling in the information required by each topical sheet available in the Software.
2. The RURs (Responsible Unit Contact Persons) check the quality and consistency of the information provided by the RUOs.
3. Finally, the Head of each Department or First-Line Structure (UP – Data Owner Unit) carries out a final check and validation.

The Group is committed to improving and optimising its reporting control system through the adoption of increasingly advanced technologies, ongoing personnel training and collaboration with field experts, thereby ensuring increasingly accurate and transparent reporting.

Strategy, business model and value chain

ESRS 2 SBM-1

The CAP Group is a wholly publicly owned company that manages the Integrated Water Service (Aqueduct, Sewerage and Wastewater treatment) for the Metropolitan City of Milan and plays a leading role in the development and innovation of water infrastructure in Lombardy. Thanks to a system of shareholdings, business networks and joint ventures, the CAP Group is also active in the sector of waste treatment, bioenergy, green energy and circular economy. An actual green utility that develops through markets that are complementary to the water market and fundamental to the sustainable resource management, helping them in their process towards a circular economy.
In terms of size and assets, the CAP Group ranks among the most important wholly publicly owned mono-utilities in Italy.
In addition to the parent company **CAP Holding**, which owns the network and plant assets, manages investments, research and development projects and the Water Service, the CAP Group also includes **CAP Evolution**, which transforms waste into resources by generating materials and energy from waste and implementing innovative solutions based on renewable energy, and **ZeroC**, which operates in the field of waste treatment and the circular economy through the Bio-platform project.
In 2024, the number of CAP Group employees was 948, all of whom were based in the Lombardy region of Northern Italy, where the Group operates.
The model implemented by the Group for managing its core business is supported by the Integrated Management System (hereinafter also referred to as "IMS") implemented to ensure the company's ability to provide the management and operation of the Integrated Water Service on a regular and continuous basis, in compliance with the applicable mandatory requirements and in accordance with the relevant certification standards. The distribution channels consist of the water and sewerage networks serving the municipalities of the Metropolitan City of Milan and the neighbouring provinces.
The CAP Group is a distribution company, and its customer segments include domestic, industrial and institutional users.
Note that the Group does not operate in any of the sectors listed in ESRS2 SBM-1 Strategy, business model and value chain, paragraph 40(d) (fossil fuels, chemical production, controversial weapons, tobacco cultivation and production) and consequently has no revenues related to these activities.
Moreover, the CAP Group pursues the Sustainable Development Goals (SDGs) approved by the UN General Assembly in carrying out its activities.
The culture of sustainability – a driver of innovation and a lever for value creation – is supported by three fundamental pillars within the CAP Group:

- Being Sensitive to people's needs to increase the well-being and trust of increasingly aware and demanding communities;
- Being Resilient in assets, governance and management in order to protect an essential asset for life;
- Being Innovators in the market, anticipating the rules and enhancing our ability to network in order to increase competitive value.

CAP's sustainability strategy is fundamental to achieving the Group's goal of providing the communities we serve with an efficient and quality Integrated Water Service. Guided by our values, we integrate sustainability into all our activities, constantly adapting our strategy to the changing external environment.
The engagement of our stakeholders and our people is a key element of our business strategy. Through structured and ongoing dialogue, we are able to identify emerging trends and better understand the context in which we operate. This allows us to develop change initiatives that meet the needs of the community and the entire ecosystem. To achieve these goals, it is essential to establish a relationship of deep trust with our stakeholders, based on transparency and collaboration.
Continuing the process it started in previous years, the CAP Group is committed to playing an active role in the transition to a more environmentally and socially sustainable economy. In 2024, the Group further consolidated the integration of ESG elements into its corporate governance, thereby reinforcing its commitment to sustainability.

The main stages of this process include making specific commitments and periodically updating interconnected monitoring tools: the Business Plan, the Integrated Management System Policy, and the Sustainability Plan and Policy.
Note that, since the Sustainability Plan is updated every four years and the last update dates back to FY 2023, its latest version does not incorporate the results of the double materiality analysis in accordance with the CSRD Directive.

Business Plan

The CAP Group outlined a five-year business plan (2024-2028) that aims to achieve the sustainability goals of the European Green Deal by improving water service infrastructure through innovation and digitalisation. The main targets include:

- **INNOVATION IN WATER SERVICES**: Connecting water, energy and waste;
- **PARTNERSHIPS FOR THE GREEN TRANSITION**: Managing circular economy plants and resilient water infrastructure at a regional and national level;
- **OPENING UP TO NEW MARKETS FOR SUSTAINABILITY**: Exploiting synergies between energy, water and the environment.

Sustainability Plan

This activity involves the collection and validation of final data, consolidated as at 31 December of the reference year, and culminates in the preparation of a performance report documenting the level of progress achieved in relation to the previously defined Key Performance Indicators (KPIs). The assessment takes into account both the results achieved and their consistency with the strategic and ESG governance guidelines already adopted by the Group.
As part of a dynamic and adaptive approach to sustainability, the process also includes a phase of critical analysis of the results, which may lead, where necessary, to the remodelling of existing targets and plans, the introduction of new ESG targets, arising from the emergence of new material topics or the need to respond to new risks and opportunities related to the evolving social, environmental and regulatory context.
The results of this phase, including the formulation of new targets and related initiatives (action plans, projects, milestones), are integrated into the content of the published sustainability report, ensuring full transparency and traceability.
These updates then form the basis for the annual review of the Sustainability Plan, which is submitted to the Board of Directors for approval, confirming the strategic oversight and commitment of the top management to the evolution of the ESG governance system.

Sustainability Policy

It guides the Group's work in a synergistic and sustainable manner, supported by a working group dedicated to overseeing the sustainability strategy. For further information, see the dedicated section "Policy adopted and related disclosure requirements".

Integrated Management System Policy

Founded on company values (passion, excellence, courage, respect and "leading by example"), it guides the company's strategic action in the provision of the Integrated Water Service and complementary services with the aim of meeting the needs and expectations of stakeholders while maintaining the highest quality standards. For further information, see the dedicated section "Policy adopted and related disclosure requirements".

Moreover, the following documents confirm our commitment to achieving our goals:

Service Charter

Approved by the Area office of the Metropolitan City of Milan, it sets the quality standards that we are committed to maintaining in our activities and in the management of aqueduct, sewerage and wastewater treatment services. This tool is essential for ensuring customer satisfaction.

Integrated Water Service Regulations

These regulations outline our tasks and duties and specify the technical standards for managing the service, thus ensuring clarity and transparency in our relations with users.

The value chain

The value chain of the CAP Group extends upstream and downstream, involving a vast network of suppliers, customers and partners. With regard to our suppliers, they operate mainly in the areas of works, services and supplies. Most contracts are awarded to qualified suppliers through a purchasing portal, and almost all procurement comes from Italian suppliers. Suppliers are selected through transparent and competitive tendering processes, ensuring compliance with quality and sustainability standards.
Downstream, our activities focus on customers and end-users. The quality of the service offered and customer satisfaction are top priorities, with a constant commitment to improving the user experience and ensuring transparency in communications. Efficient distribution channels and comprehensive customer service contribute to creating value for the Group and the community it serves.
The relationship with key business partners is based on principles of transparency, fairness and trust, promoting long-lasting collaboration and mutual benefits.

Interests and views of stakeholders

ESRS 2 SBM-2

Our sustainability strategy is based on a fundamental connection with our stakeholders. It is only through structured dialogue and a constant exchange of ideas that we are able to identify emerging trends and gain a full understanding of the context and area in which we operate. This enables us to plan and design change initiatives at every level in the best possible way, in synergy with the needs of the community and the entire ecosystem. In order to achieve this target, it is essential to establish a bond of trust with stakeholders by developing a transparent and collaborative relationship. To this end, we use a monitoring and reporting system involving all company personnel with regular or structured relationships with our stakeholders. By mapping initiatives, we are able to identify any gaps in the most relevant issues and impacts for stakeholders and areas requiring further action.

We **mapped our stakeholders**, identifying the following categories:

Methods of involvement and purpose

We listen to the local community and engage in dialogue with them to ensure our services are efficient and meet the needs of citizens.
We involve associations, professionals and citizens in our decisions to manage our projects in the best possible way.
We regularly engage with the scientific and academic community to improve our service.

Dialogue tools and channels

- dedicated reports;
- consultation initiatives;
- working groups;
- partnerships and collaborations;
- mediation activities;
- surveys and questionnaires.

In **2024**, **112 engagement activities** spanning all company departments, covering all material topics and most of the risks mapped by the Risk and Compliance Function were mapped using stakeholder management software.

COMMUNITY

The CAP Group's sustainability strategy is based on strong ties with stakeholders (organised into eight categories), aware that identifying emerging trends, understanding the local context and planning effective change initiatives that are consistent with the needs of the community can only be achieved through structured and ongoing dialogue.
In fact, it is the category most affected by engagement activities, which consist of different processes or initiatives, depending on the context and stakeholders. For example:

- ongoing national and local round tables within the main networks and trade associations, observatories and research networks;
- initiatives dedicated to the local community, such as the Sustainability Winter School, an opportunity for Lombardy directors to meet and discuss key sustainability issues;
- specific, local opportunities for sharing and exchange on individual projects, such as ZeroC's Residential Advisory Board and the structured engagement process on Neutalia's activities, or the sharing of the study on the ecosystem services of the Olona River in view of the shared design of environmental interventions in the river basin, or even more local initiatives, such as the measures to mitigate the impact of individual roadworks.

The engagement takes place through multiple channels and includes actively listening to the local community in order to provide an efficient, citizen-focused service, involving associations, professionals and citizens in the management of resources, and maintaining constant dialogue with the scientific and academic communities.
The CAP Group also monitors these activities using dedicated software that analyses the quantity and quality of engagement, involving all company departments. The software data is analysed every six months and contributes to updating the action plans. The results are also shared with senior management, including top management and the Board of Directors.

SHAREHOLDERS, AREA SERVED AND PARTNERSHIPS

The relationship with this category of stakeholders is of historical importance to the company that manages it, paying particular attention to the quality of the relationship and the continuity of dialogue, also due to the company's structure characterised by a shareholding composed exclusively of Local Authorities. There are numerous initiatives dedicated to this category. For example:

- relationships and agreements with consortia, river operators, participation in River contracts, technical round tables with the Lombardy Region, the ATO and other local authorities;
- Water Alliance, Network agreement between Lombardy's IWS operators and other network agreements with sector companies, Utilitalia national committees;
- topical local networks such as those on wastewater health surveillance or on Nature-Based Solutions;
- the design of Città metropolitana Spugna (Spugna Metropolitan City) with the engagement of the Metropolitan City, Local Authorities, 32 municipalities, environmental design firms and contractors.

USERS

As a provider of an essential and universal service, the CAP Group places great value on the opinions of its consumers and users, who are frequently consulted both directly, through customer satisfaction surveys, and through regular meetings with the most representative consumer associations.
The Customer Satisfaction survey measures the level of satisfaction of water service users throughout the entire area served. In 2024, 3,122 individuals belonging to four target groups (property managers, direct and indirect domestic users, non-domestic users) were interviewed via CATI (Computer Assisted Telephone Interview) telephone interviews, conducted using random sampling from postcode and telephone directories. The results, compiled in an annual report, are discussed at a plenary meeting with the Board of Directors, the General Manager, top management and the functions involved, helping to guide operational and communication decisions.
In addition to the annual Customer Satisfaction surveys, the **bi-monthly Observatory** examines specific topics of interest to direct and indirect domestic customers. Using CAWI (Computer Assisted Web Interviews), the questions are updated from time to time to explore critical issues, as was the case in 2024 with the evaluation of the new IT systems introduced.
Finally, a Mystery Client activity completes the picture, assessing the quality of the service offered by the company's call centre.
Product, service, relationship, image, communication and advertising topics are also addressed through ad hoc search phases. These searches, carried out with different methodological approaches, focus on specific topics, allowing us to listen to and analyse various company targets.

MARKET

This category covers all engagement activities involving sector or sector-related companies, such as:

- observers on new technologies and networks for shared research and development projects
- the discussion and dialogue activities carried out within the Aqua Publica Europea and EurEau networks
- the numerous industrial partnerships dedicated to experimental or innovative projects

SUPPLIERS

In recent years, there has been exponential growth in engagement activities in this category due to an increase in awareness of the Group's responsibilities, including those relating to its value chain. As a result, there has been an increase in initiatives aimed at discussion and dialogue with suppliers in order to review the company's strategy and share tools and methods for the sustainable development of the area. Including collaboration agreements in framework agreements is an effective way to promote sustainability.
The CAP Group recognises the importance of protecting workers' rights throughout the value chain, in particular by ensuring fair working conditions, health and safety, respect for privacy, and promoting diversity and inclusion. Although direct interaction with suppliers' workers is limited, the Group uses monitoring and dialogue tools with third parties (e.g., contracts and requests for compliance with industry standards) to promote responsible practices throughout the supply chain. These aspects, including potential negative impacts (such as cybersecurity risks) and opportunities (such as training, human rights protection and inclusion), are considered in supplier management processes and when defining contractual expectations.
This approach helps guide business decisions towards a supply chain that is more consistent with the Group's values, promoting a business model based on responsibility, transparency and continuous improvement. In order to take into account the interests, opinions and human rights of workers in the value chain, the Group is committed to adopting and complying with the principles set out in the following documents: Ethical Commitment, Supplier Code of Conduct, Integrated Management System Policy.

FINANCIAL COMMUNITY

This category of stakeholders has only been recognised as significant for business activities for the past two years, particularly in relation to sustainable finance. However, it has long been involved with professional financial operators and has participated in finance-related working groups within important organisations such as Assolombarda, as well as networks such as the Kyoto Club. The event organised by the CAP Group to discuss insurance in the light of climate change and the risk related to the vulnerability of assets to extreme weather events was very well attended and received.

COLLABORATORS

This category consists of CAP employees who are constantly engaged through numerous internal communica-

tion activities, surveys and questionnaires, webinars and courses. The active engagement of our people and listening to their needs are central to the CAP Group's strategy and company culture. This is achieved through daily interactions and dedicated communication channels that promote constant and open dialogue with our workers.
In confirmation of its commitment to respect and protect people, the CAP Group recognises **human rights** as fundamental principles that are essential to ensuring dignity, freedom and respect within its structures. Since defining its Sustainability Policy, the Group has made it a priority to identify its guiding principles, integration tools and the roles and responsibilities of its governing bodies. The aim is to raise awareness among all employees of the company's values and policies, as well as the results achieved. All initiatives aimed at our people are based on compliance with labour regulations and workers' rights.
In this context, the SA8000 (Social Accountability 8000) and UNI/PdR 125:2022 (on gender equality) certifications attest to the Group's concrete commitment to social responsibility, guaranteeing fair working conditions, contractual protections and the promotion of sustainable and ethical business practices.
Right from the onboarding process, the collaborators take part in days dedicated to sharing the Sustainability Policy, Code of Ethics and company values, with direct engagement of management and gamification activities to encourage interaction and a sense of belonging. The engagement activities in 2024 focused on DEI (Diversity, Equity & Inclusion) and safety.
Throughout the year, this commitment extends to company events such as the Summer Party and Christmas party, occasions that not only promote cohesion and socialisation, but also reaffirm the Group's fundamental principles and celebrate each person's contribution to its growth.

ENVIRONMENT

Due to the type of business focused on Integrated Water Services and expanding into the energy and waste markets, the stakeholder category consisting of environmental associations and organisations has been involved in numerous activities and discussions:

- of a general nature, such as ongoing technical round tables with organisations in the area and bodies involved in the water protection of the area and the management of river basins;
- of a specific nature and limited to projects of particular interest to stakeholders, such as the relaunch of Neutalia, the Bio-platform RAB, the sharing of methods for managing temporary interruptions in wastewater treatment processes, or the construction of environmental micro-projects involving the local community, such as the creation of the WWF biodiversity oasis at the wastewater treatment plant of San Giuliano Milanese.

In addition to the individual engagement activities dedicated to the different stakeholder categories, as part of the double materiality process, a **stakeholder workshop** was held on 4 December 2024, bringing together 11 representatives from different categories with the aim of discussing and modifying the IRO analysis of the CAP Group.
Specifically, throughout the year, the main company projects are accompanied by stakeholder engagement initiatives to make sure that the corporate guidelines are in line with local needs and expectations.
For example, with regard to roadworks, checklists have been drawn up for designers to use to assess the critical issues of each site and involve the External Relations and Sustainability Function in defining measures to mitigate or compensate for any critical issues. Mitigation measures can include detailed and precautionary communication and information on possible inconveniences, but also on the reasons for the works and initiatives dedicated to residents and businesses, organised in collaboration with local municipal administrations, which are shareholders of the CAP Group.
Particular attention is paid to listening to the opinions of the "users" category, which are collected through an annual Customer Satisfaction survey, data analysis and subsequent evaluation of possible developments and activities to be implemented. Customer satisfaction data and the company's main activities are analysed together with consumer associations twice a year during meetings and discussions in which consumer representatives discuss issues raised by the company relating to the service offered and propose additional topics that are important to them.
Local representatives, such as mayors, are also constantly consulted, both in bilateral meetings on the most important projects and in annual meetings and local meetings dedicated to the presentation and discussion of the CAP Group's Business Plan. On these occasions, mayors can raise general or specific issues concerning their territory, which are taken into consideration when defining the Investment Plan.
In instances where projects or infrastructure are deemed to have an impact, local listening channels are established for specific projects, such as the protocol signed with Municipality 9 of the City of Milan, which provides a tool for all citizens to report odour incidents. Every three months, the reports are analysed by CAP technicians, discussed with representatives of the Municipality, with whom solutions and initiatives to mitigate the impact are defined, and published online.
Without prejudice to the activities required for the timely and increasingly efficient management of the IWS, the detailed investment plan of the CAP Group originates directly from the territory through the collection of needs and requirements identified in each municipality by the official representatives of citizens, i.e. local administrators. In fact, the list of main interventions is drawn up locally, discussed by the meeting of the area authority, approved by the municipalities themselves and translated by the ATO into the planning of investments supported by the IWS tariff. Therefore, the identification of local requirements for local water services and resilience forms the basis of the CAP Group's core business.
In addition to the general strategy described above, ongoing relationships with certain categories of stakeholders lead to the definition of specific projects arising from needs identified during meetings. Some examples:

- dispute resolution mechanism with users and s guide to good practices for Legionella, launched by consumer associations, to be implemented in 2025;
- Parco dell'Acqua (Water Park) of Paderno Dugnano: the original project was significantly modified through the participation of citizens to adapt it to the needs expressed during the topical working groups;
- protocol with Municipality 9 for the Niguarda plant: some investments and changes to the wastewater treatment process were made in response to the needs expressed by citizens' representatives such as municipal administrators, with a view to limiting the odour impact of the plant.

Stakeholder engagement activities tend to consolidate relationships by providing continuity over time, including by planning regular meetings throughout the year. This approach is currently highly effective and well-received.
The administrative, management and supervisory bodies are updated every six months on the engagement activities tracked through internal software and annually on the resulting strategic plan. The same bodies are actively engaged in presenting and discussing the results of the workshop with stakeholders on the double materiality analysis. Customer Satisfaction survey data and related analyses and decisions are also shared with the administrative and management bodies.

Material impacts, risks and opportunities and their interaction with strategy and business model

ESRS 2 SBM-3

Our identified IROs are outlined in the DMA (Double Materiality Assessment) process and are described in more detail under each topical standard reported in this Sustainability Report.
We have identified our environmental and social impacts (impact materiality) as well as the sustainability-related risks and opportunities to which we are exposed (financial materiality) and their interaction with the strategy and business model.
The results were grouped according to ESRS topical standards, showing that material sustainability issues refer to the following areas: climate change (E1), pollution (E2), water sources (E3), resource use and circular economy (E5), own workforce (S1), workers in the value chain (S2), affected communities (S3) and, finally, consumers and end-users (S4), governance (G1).
Environmental IROs are closely related to our strategic objectives of ensuring access to safe, quality water, avoiding waste, improving service efficiency and, at the same time, our commitment to reducing our energy consumption and climate-changing emissions.
We are also aware that the Group's activities also affect the people and companies around us, which is reflected in the impacts and risks that the Group has within the Social Standards (S1, S2, S3 and S4). The Group focuses its efforts on guiding the energy transition and responsible water management in a fair and inclusive manner, including for people working along its supply chain, and in a way that benefits local communities.
The E4 standard, relating to biodiversity, was assessed and defined as non-material for the Group.
We believe that the result presented provides an accurate representation of our impacts, risks and opportunities. However, we are aware that this picture may change over time. Therefore, unless there are significant changes in our strategy or business model, we will review the DMA and gaps at the end of each reporting period. As sustainability is integrated into the Group's strategy and one of the main drivers of our business, it strengthens our resilience to impacts and material risks, opening up new opportunities in a constantly changing world.

For further information on the Group's strategy and business model, see section (XXX ESRS 2 SBM-1 | Strategy, business model and value chain).
Following our assessment of double materiality, various impacts, risks and opportunities were identified and assessed as material. As mentioned above, nine out of ten ESRS topical standards are material for the CAP Group, together with 25 subtopics and 27 sub-subtopics. Note that all the topics and sub-topics proposed by the ESRS standards have been examined as part of the DMA. Moreover, the inclusion of entity-specific metrics serves two purposes: on the one hand, to better represent some of the IROs identified as material by the double materiality analysis; on the other hand, to comply with the regulatory requirements imposed by the Regulation Authority for Energy Networks and Environment (hereinafter also referred to as ARERA) and by the Area office of the Metropolitan City of Milan.
The table below shows whether material IROs refer to our operations or to the upstream and downstream value chain, while detailed descriptions and information on how we respond to the effects of our impacts, risks and opportunities are included in the relevant topical sections of the document.

TABLE N° 35 – Summary table of material IROS

ESRS Topic	ESRS subtopic or sub-subtopic	Boundary	Negative impact (Potential)	Positive impact (Potential)	Risk	Opportunities
E1 Climate Change	Climate change adaptation	Upstream value chain			x	
		Own operations	(x)		x	
		Downstream value chain			x	
	Climate change mitigation	Upstream value chain	x			
		Own operations	x	x	x	
	Energy	Upstream value chain		x		x
		Own operations	x	x		x
		Downstream value chain				x
E2 Pollution	Air pollution	Upstream value chain	x			
	Water pollution	Downstream value chain			x	
E3 Water and marine resources	Water consumption and withdrawals	Upstream value chain				x
		Own operations	x	x	x	x
		Downstream value chain	x			x
	Water discharges	Own operations		x		
		Downstream value chain			x	
E5 Resource use and circular economy	Resources inflows, including resource use	Upstream value chain	x			
		Own operations	x			x
	Resource outflows	Own operations		x		
	Waste	Own operations		x		x

TABLE N° 35 – Summary table of material IROS

ESRS Topic	ESRS subtopic or sub-subtopic	Boundary	Negative impact (Potential)	Positive impact (Potential)	Risk	Opportunities
S1 Own workforce	Secure employment, Working time, Adequate wages, Social dialogue, Freedom of association, the existence of works councils and the information, consultation and participation rights of workers, Collective bargaining	Own operations	x	x	x	
	Work-life balance	Own operations		x		x
	Health and safety	Own operations	x			x
	Gender equality and equal pay for work of equal value	Own operations		x		
	Training and skills development	Own operations		x		
	Measures against violence and harassment in the workplace	Own operations		x		
	Diversity	Own operations		x		
	Privacy	Own operations	(x)	x	x	
S2 Workers in the value chain	Secure employment, Working time, Adequate wages, Social dialogue, Freedom of association, the existence of works councils and the information, Collective bargaining	Upstream value chain		x		x
	Health and safety	Upstream value chain		x		x
	Diversity	Upstream value chain		x		x
	Training and skills development	Upstream value chain		x		x
	Child labour, Forced labour	Upstream value chain		x		
	Privacy	Upstream value chain	(x)		x	
S3 Affected communities	Water and sanitation	Own operations			x	
	Land-related impacts	Upstream value chain			x	
		Own operations	x	x	x	x
		Downstream value chain			x	
	Security-related impacts	Own operations			x	
	Freedom of expression, Freedom of association	Upstream value chain			x	
		Own operations			x	
		Downstream value chain			x	
S4 Consumers and end-users	Privacy	Upstream value chain			x	
		Own operations	(x)		x	
		Downstream value chain			x	
	Access to quality information	Own operations		x		
	Health and Safety, Security of a person, Protection of children	Upstream value chain			x	
		Own operations			x	
		Downstream value chain			x	
	Access to products and services	Own operations	x	x	x	
	Responsible marketing practices	Own operations	x	x		

TABLE N° 35 – Summary table of material IROS

ESRS Topic	ESRS subtopic or sub-subtopic	Boundary	Negative impact (Potential)	Positive impact (Potential)	Risk	Opportunities
G1 Business conduct	Corporate culture	Upstream value chain		x	x	
		Own operations		x	x	
		Downstream value chain			x	
	Protection of whistleblowers	Upstream value chain				x
		Own operations		x		x
		Downstream value chain				x
	Political engagement and lobbying activities	Own operations		x		
	Management of relationships with suppliers including payment practices	Upstream value chain			x	
		Own operations		x		
	Prevention and detection including training	Upstream value chain		x		x
		Own operations		x		
	Incidents	Upstream value chain			x	
		Own operations	(x)		x	
		Downstream value chain			x	

The Group carried out an analysis aimed at identifying any current financial effects arising from risks and opportunities related to the material topics that emerged.
To this end, a preliminary meeting was organised with the company's CFO. During the discussion, among all the risks and opportunities that exceeded the materiality threshold, those considered potentially impactful and worthy of further investigation were selected.
The respective owners of the identified risks were subsequently contacted and confirmed that there were no current financial effects requiring reporting.
In particular, the risks subject to further investigation were as follows:

- Targeted cyber attack by external hackers on information systems;
- Targeted cyber attack by external hackers on remote control systems of drinking water purification and supply infrastructure;
- Damage to Company Assets (Data Centres);
- Non-compliant processing of personal data;
- Deterioration of water quality due to increased temperatures in the distribution network;
- Increase in extreme weather events (cloudbursts) affecting parts of the sewerage system;
- Increase in extreme weather events (cloudbursts) affecting the operation of wastewater treatment plants;
- Extreme weather events (heatwaves/cloudbursts) affecting aqueduct and sewerage;
- Deterioration of water quality for users due to the obsolescence of the distribution network;
- Overflow and/or flooding from sewage systems.

Impacts, Risks and Opportunities

Description of the processes to identify and assess material impacts, risks and opportunities

ESRS 2 IRO-1

The Group's double materiality analysis process was developed using an approach consistent with the provisions of the EFRAG Guidelines for the implementation of Standards on materiality analysis – "Implementation Guidance EFRAG IG 1 Materiality Assessment" of 31 May 2024 (EFRAG IG 1 Materiality Assessment, of 31 May 2024). The methodology for assessing material impacts, risks and opportunities (IRO) has evolved in order to comply with CSRD requirements and to integrate with our Enterprise Risk Management (ERM) system. Financial risks and opportunities were assessed and classified using the existing ERM framework.

The starting point for the DMA process was the **context analysis** carried out through benchmarking on a panel of companies considered comparable to CAP, with the aim of identifying the most recurring material topics in the sector. An analysis of the most frequently reported topics was carried out on the peers analysed, mapping the material topics reported according to the GRI Standards to the ESRS topics and subtopics. The most material ESRSs for the analysed group were identified at the end of this phase. An overview analysis was also carried out of the most material topics at sector level, covered in the questionnaires of the main ESG rating agencies (Standard & Poor's Global, Sustainability Accounting Standards Board, Morgan Stanley Capital International, ENCORE), in the standard-sector disclosure requirements and in scientific databases relating to environmental impacts by sector. Finally, the context analysis considered the sustainability topics that emerged as material in the previous Non-Financial Statement of the CAP Group and related them to the topics envisaged by the ESRS. At the end of the various analyses, by cross-referencing the results and considering the topics that emerged as material, the Group identified topics and subtopics of potential materiality for reporting impacts, risks and opportunities.

To **map the value chain**, the Group's business model was analysed, focusing:

- on the Group's suppliers upstream the value chain and in business relationships, i.e. companies supplying goods and services under contract with which a direct supply relationship is established;
- on direct (private and industrial) customers downstream the value chain.
- on the Group's equity investments downstream the value chain.

The Group carried out a precise mapping and analysis of the business relationships and players in its upstream and downstream value chain.

In order to define the downstream value chain, the main business activities carried out by the Group were mapped in terms of the services offered and the customers served. At the end of the analysis, users/customers, the community, the territory and public institutions were mapped as elements of the downstream value chain. Following the context analysis and the mapping of the value chain, the CAP Group identified a long list of Impacts, Risks and Opportunities (IRO) through an approach that involved screening the sustainability topics reported in ESRS 1 AR16 and, secondly, assessing any additions necessary for entity-specific issues. For each identified IRO, the Group specified whether the impact, risk or opportunity related to its own operations and/or to the upstream or downstream value chain, as well as the relevant time horizon.

Note that the identification of IROs took into account the allocation of impacts, risks and opportunities with respect to the value chain, considering the following cases:

Own Operations
all internal processes of the Group (including the activities of the Legal Entities consolidated on a line-by-line basis in the financial statements) that affect internal stakeholders such as employees

Equity investments
companies in which the Group holds a shareholding

Supply chain
suppliers of goods and services under contract of the Group

Customers
the Group's business processes that affect external stakeholders such as private and industrial customers

Furthermore, when identifying the IROs, the Group identified and reported the time horizon in which a sustainability topic is expected to produce the effects described in terms of Impact, Risk and Opportunity. In particular, the time horizons considered are in line with those established by the ESRS Standards.

In order to identify the **long list of impacts generated within Own Operations**, a mapping process was initiated based on the information reported in the 2023 NFS document, aligning the issues identified in the past as material according to the GRI (Global Reporting Initiative) Standards with those required by the new ESRS Standards.

In addition, any further impacts that emerged in 2024 were identified through discussions with the Group's main business functions (known as internal stakeholders), directly involved in the analysed topics, and through benchmarking activities on peer and competitor reporting.

In order to identify a **long list of impacts generated along the upstream and downstream value chain**, the analysis took into account the previous year's sustainability reporting and was based on data provided by the responsible functions and proxies provided by the MSCI (Morgan Stanley Capital International) Sector Standards to identify impacts. Continuing the identification of the long list of impacts generated along the downstream value chain, the macro sectors to which the Group's equity investments belong were subsequently identified, associated with potentially relevant ESRS topics according to the "ESG Industry Materiality Map" published by MSCI.

A multi-stage approach was adopted to identify a **long list of risks related to ESG topics**. Starting from the assessment of sustainability risks already identified and mapped in the Group's Risk Register during the previous year, additional risk topics were subsequently integrated. This process was carried out through an in-depth analysis of the value chain and a comparison of what was reported by peers, allowing the identification of elements not yet included in the Risk Register. Following this analysis, a long list of sustainability topics potentially applicable to the business context was drawn up, with a precise mapping to the ESRS Topics.

During the year, new risks (current and prospective) that emerged through the 2024 Risk Identification process were also considered, allowing for the mapping of additional areas for analysis.

At the conclusion of these insights, the Working Group drew up a consolidated long list of risks, aligned with the ESRS topics and sub-topics, to be subsequently submitted for materiality assessment in accordance with the requirements of the CSRD Standards.

A structured approach based on multiple sources of analysis was adopted to identify a **long list of opportunities related to ESG topics**. Firstly, the Group analysed value chains and discussed with peers, focusing on topics considered material to the CAP Group, in order to identify any opportunities related to the direct dependencies of the Group and/or the sectors in which it operates, as well as the players in the upstream (supply chain) and downstream (customers, investments) value chains. The Strategic Plan and ongoing projects were also taken into consideration. Additional ESG opportunities were identified through direct comparison and interviews with various company structures, in order to ensure a comprehensive and shared analysis.

The **IRO assessment** phase was carried out from the Impact Materiality perspective, involving the main com-

pany functions in charge, each for the various areas of interest, assisted by the Sustainability Function. The Financial Materiality perspective was supported by the Risk Management & Corporate Compliance Function and the main Company functions in charge.
The **assessment of impacts** was carried out by the Sustainability Function, in concert with the main Group Functions involved, for each ESG area subject to assessment. The impact assessment process was carried out through meetings with the functions in charge, during which the Sustainability Function presented the long list of impacts identified for the area of competence and requested, providing support where necessary, an opinion on the assessment dimensions required by the regulations.
For the purposes of assessing the short-, medium- and long-term impacts on people and the environment, each negative or positive impact, whether actual or potential, was assigned a score by assessing the following factors:

- Scale;
- Scope;
- irremediable character (for negative impacts only);
- Likelihood (for potential impacts only).

The **risk assessment** was carried out by the Risk Management & Corporate Compliance Function with the support of the main Group Functions responsible for managing and assessing business and ESG risks. The risk assessment process, aimed at expressing an opinion on the assessment dimensions required by the regulations, was carried out using the results of internal processes and tools available and governed by the Parent Company's Risk Management and used in Risk Assessment activities.
To assess the risks to which the Group is exposed in the short, medium and long term, each risk was assigned a rating derived by multiplying the Magnitude and Likelihood of occurrence scores.
The **assessment of opportunities** was carried out by the Risk Management & Corporate Compliance Function with the support of the main Group Functions responsible for the ESG area under assessment. The opportunity assessment process was carried out through meetings during which the Risk Management & Corporate Compliance Function presented the long list of opportunities identified for the area of competence and requested, providing support where necessary, the expression of an opinion on the assessment dimensions required by the regulations. To assess the Group's opportunities in the short, medium and long term, each opportunity was assigned a rating derived by multiplying the Magnitude and Likelihood of occurrence. The magnitude and likelihood scores were assigned based on an expert-based assessment of the interviewed functions.
Note that the materiality threshold definition process was carried out in great detail in order to identify material topics and subtopics for the FY 2024 Sustainability Reporting. The Sustainability Function developed impact, risk and opportunity scores and shared the materiality threshold value with the extended working Group. This threshold, set at 8 on a scale of 1 to 16, was chosen to ensure that reporting includes the most significant topics in terms of both impact and risk/opportunity. If a sustainability issue is above the threshold, either in terms of impact or financial risk or opportunity for our operations, supply chain or both (cross-cutting occurrence), it is included as a material topic in the DMA analysis.
In line with the requirements of the EFRAG IG 1 Materiality Assessment Guideline, the DMA analysis carried out engaged stakeholders outside the Group in order to ask them to validate and, if necessary, integrate the topics identified as material. In particular, once the scores were assigned to the assessment dimensions envisaged for impacts, risks and opportunities through discussion with internal structures, the extended Working Group engaged external stakeholders in order to collect a qualitative opinion on the results of the analysis. The selected panel of external stakeholders included 11 sustainability experts deemed by the Working Group to be representative of the interests of financial users, customers and the communities concerned.
The engagement took place through a workshop aimed at promoting discussion, exchange and a mutual, open and direct dialogue with external stakeholders, focusing on two main objectives:

- share the methodology used for double materiality analysis;
- collect any suggestions/comments regarding ESRS topics and related IROs that were identified as material, as well as regarding ESRS topics and related IROs not considered material by the preliminary internal analysis.

The topics discussed and the reasons provided by stakeholders during the workshop were duly documented, shared and submitted to the critical assessment of the Working Group, which analysed the expectations and considerations raised by stakeholders in order to carry out further investigations aimed at making any appropriate additions to the material IROs and the related reasons. The method of integrating requests and suggestions made by stakeholders was based on the opinion of the Working Group, which, in some cases, referred the requests to IROs that had already been mapped and assessed; in other cases, it integrated the mapping and assessment of new IROs brought to its attention by stakeholders.
In line with our sustainability governance, the Sustainability Function in the External Relations and Sustainability Department managed the DMA process in collaboration with the Risk Management & Corporate Compliance Function and, where applicable, with external consultants.
To ensure an understanding of the legal framework of the CSRD and the identified IROs, the Internal Audit Function received a detailed explanation of the DMA methodology, thresholds, process and results of the analysis, which was approved by the Board of Directors.
In order to comply with the CSRD, the ESG risk analysis was integrated into the ERM operating model already adopted by the company, which was deemed adequate to support the analyses required by double materiality. This meant that, during the Risk Identification phase, sustainability risks and/or opportunities were considered alongside ERM risks, based on the results of the context analysis.
Next, in the Risk Evaluation phase, the magnitude and likelihood of each risk and likelihood emerged were assessed according to dedicated scales on at least one of the three time horizons. In particular, note that the introduction of Financial Materiality analysis required the updating of the assessment scales and risk model in order to better identify and assess the positive or negative consequences that the company could suffer in case of risks or opportunities materialising.
Therefore, sustainability risks are included in the Risk Response and Risk Monitoring phases, which involve identifying risk mitigation measures and monitoring their progress.
The Risk Reporting phase, which envisages the sharing of the results of relevant information on all risk events with the management and senior management, also includes, in addition to ERM risks, the sustainability risks and opportunities that are financially material to the CAP Group.
A detailed description of the process used to identify impacts, risks and opportunities for each topical standard is shown below.

Material climate-related impacts, risks and opportunities

The CAP Group carried out an analysis of the climate change-related impacts, risks and opportunities (IRO), identifying the main effects of its activities on greenhouse gas (GHG) emissions. The impacts generated in relation to the Group's GHG emissions are identified and calculated following the mapping carried out in collaboration with the company functions responsible for monitoring emission-generating processes and based on the services offered. This analysis, based on the periodic mapping of emission sources, made it possible to assess physical risks, such as water scarcity, water quality deterioration and extreme weather events, as well as transition risks related to the failure to achieve emission reduction targets.
The 2024 Enterprise Risk Assessment – which considers the three different time horizons of the CAP Group – showed that the processes most exposed to physical climate risks are related to the operations of the Integrated Water Service: sewerage, aqueduct and wastewater treatment. The risks were assessed over three time horizons (short, medium and long term), using the ERM model and high-emission climate scenarios. To mitigate these risks, the CAP Group adopted measures such as monitoring emissions, periodically updating the mapping, checking the energy efficiency of plants and preparing a Climate Transition Plan.
Stakeholder engagement took place through dedicated workshops, during which opinions and suggestions were collected and subsequently integrated into the evaluation process.
Note that no elements potentially incompatible with the transition to a climate-neutral economy were investigated, nor was the level of effort required to ensure future alignment estimated. The Group is committed to carrying out further analysis in the coming financial years, together with the adoption of the Transition Plan.

Pollution-related impacts, risks and opportunities

As part of its double materiality analysis, the CAP Group identified and assessed the pollution-related impacts, risks and opportunities, with a special attention to air and water pollution generated by its activities. For its own operations, the analysis focused on emissions into the atmosphere of substances such as nitrogen oxides (NOx), sulphur oxides (SOx) and PM10 particulate matter, as well as the risk of contamination of groundwater and mains water.
To mitigate these risks, the CAP Group adopted measures such as regular water quality checks, the use of activated carbon treatment plants and advanced technologies for monitoring pollutants. The analysis considered emissions from suppliers' activities along the value chain, paying particular attention to sectors with a high

environmental impact and the risks of wastewater pollution by end users.
To strengthen the management of pollution, the Group actively involved local stakeholders by organising ongoing consultations and discussions. Tools such as the RAB (Residential Advisory Board) were established for the Bio-platform of Sesto San Giovanni, while structured dialogue processes were launched for the Neutalia waste-to-energy plant. This approach ensured continuous monitoring of emissions and transparent management of impacts.

Water-related impacts, risks and opportunities

The CAP Group identified and assessed the water-related impacts, risks and opportunities (IROs), considering both direct operations and the value chain. The focus was on sustainable management of water resources, including the risks of scarcity, the quality of water withdrawn and treated, and the possibility of accidental contamination. The analysis showed that excessive withdrawal from the water-bearing stratum can compromise the availability of the resource, while the risk of accidental spills poses a potential threat to water quality. To mitigate these risks, the CAP Group adopted continuous monitoring measures, improving plant efficiency and implementing technologies to control the quality of treated water.
Stakeholder involvement was ensured through dedicated workshops, where comments and suggestions on water-related topics were collected. These contributions enriched the assessment process, ensuring greater transparency and more responsible management of water resources.

Material biodiversity and ecosystem-related impacts, risks and opportunities

During the double materiality analysis, the CAP Group analysed the impacts, risks and opportunities (IRO) related to biodiversity and ecosystems, focusing on the effects of its activities on natural resources and ecosystem services. The analysis showed risks related to excessive withdrawal from the water-bearing stratum and potential soil degradation due to spills or construction activities.
When carrying out the double materiality analysis, the Group identified and assessed its dependence on biodiversity, ecosystems and related services to carry out its activities at its sites and along the value chain. However, the results of the analysis did not reveal any significant dependencies on biodiversity in the analysed activities.
The involved functions also analysed and assessed the physical and transition risks related to biodiversity and ecosystems, but no significant opportunities or physical or transition risks were identified.
To mitigate these risks, the Group adopted wastewater monitoring and land management measures, reducing the impact of its operations on natural habitats. The Group's dependence on ecosystem services was also assessed, without identifying any significant critical issues.
Although the Group did not hold direct consultations with the affected communities regarding the sustainability assessments of biological resources and shared ecosystems, it did engage with stakeholders representing the communities, such as the Municipality of Pessano con Bornago, the Metropolitan City of Milan, Altroconsumo and the World Wide Fund for Nature (WWF).
No specific raw material production or procurement sites attributable to the Group's activities that generate negative or potentially negative impacts on biodiversity and ecosystems of the affected communities were identified.

Material resource use and circular economy-related impacts, risks and opportunities

The CAP Group promotes a circular economy model to optimise the use of natural resources, reduce waste and recover waste materials. The analysis showed that, although some activities are still based on linear models, the Group developed initiatives to improve process efficiency and reduce environmental impacts.
The measures adopted include the recovery of waste generated by its own operations and those of its suppliers, the optimisation of wastewater treatment and the valorisation of sludge as fertiliser for agriculture. Solutions were also developed for the reuse of materials, such as regenerated reagents and recovered activated carbon.
The analysis identified risks related to the production of non-recoverable waste and exposure to stricter environmental regulations. However, there are material opportunities, such as improving competitiveness through green economy projects and reducing operating costs by reusing resources.
Stakeholder engagement was ensured through consultations and discussions, which helped to improve the circular management of resources.

Material impacts, risks and opportunities for business conduct

In identifying Material impacts, risks and opportunities for business conduct, the CAP Group took into account the location and type of its own activities and of its value chain of reference in terms of corporate culture, whistleblowing, protection of information, anti-corruption and management of relations with suppliers. In particular, in order to identify and assess impacts, the following were considered:

- as part of own operations, the Group's activities in terms of business and the regulatory context in which it operates;
- as part of the upstream value chain, the topics relating to the conduct of business partners that have relationships with the Group.

In order to identify and assess the risks related to the Group's conduct, the possible reputational and strategic risks to which it is exposed were taken into consideration. In order to identify and assess opportunities related to the topic of the Group's conduct, improvements in brand reputation resulting from the implementation of processes or controls on the topics outlined above were taken into consideration.
At the end of the assessment carried out by the stakeholders, the Group considered the following to be material:

- the positive impacts relating to the promotion of tax transparency within the Group and along the supply chain, requests for social and environmental measures from suppliers, protection of whistleblowers and the implementation of anti-corruption measures within the Group and along the supply chain.
- the negative impacts related to cases of corruption or unlawful conduct in its activities;
- the risks relating to the possible involvement of the Group or its suppliers in legal investigations;
- the opportunities relating to the promotion and transparency of information.

Disclosure Requirements in ESRS covered by the undertaking's sustainability statement

ESRS 2 IRO-2

The process of identifying the CAP Group's impacts, risks and opportunities highlighted the topical standards represented in the Content Index table below as material.

TABLE N° 36 – ESRS disclosure requirements

Section	ESRS	Disclosure Requirement and related datapoint	Paragraph
General disclosures	ESRS 2	BP-1 - General basis for preparation of sustainability statements	82
		BP-2 - Disclosures in relation to specific circumstances	83
		GOV-1 - The role of the administrative, management and supervisory bodies	83
		GOV-2 - Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies	86
		GOV-3 - Integration of sustainability-related performance in incentive schemes	86
		GOV-4 - Statement on due diligence	88
		GOV-5 - Risk management and internal controls over sustainability reporting	90
		SBM-1 - Strategy, business model and value chain	91
		SBM-2 - Interests and views of stakeholders	93

TABLE N° 36 – ESRS disclosure requirements

Section	ESRS	Disclosure Requirement and related datapoint	Paragraph
General disclosures	ESRS 2	SBM-3 - Material impacts, risks and opportunities and their interaction with strategy and business model	97
		IRO-1 - Description of the processes to identify and assess material impacts, risks and opportunities	102
		IRO-2 - Disclosure Requirements in ESRS covered by the undertaking's sustainability statement	107
Environmental information	E1 Climate Change	ESRS 2 GOV-3 - Integration of sustainability-related performance in incentive schemes	86
		ESRS 2 SBM-3 - Material impacts, risks and opportunities and their interaction with strategy and business model	158
		ESRS 2 IRO-1 - Description of the processes to identify and assess material climate-related impacts, risks and opportunities	105
		E1-1 - Transition plan for climate change mitigation	159
		E1-2 - Policies related to climate change mitigation and adaptation	159
		E1-3 - Actions and resources in relation to climate change policies	159
		E1-4 - Targets related to climate change mitigation and adaptation	161
		E1-5 - Energy consumption and mix	164
		E1-6 - Gross Scopes 1, 2, 3 and Total GHG emissions	166
		E1-7 - GHG removals and GHG mitigation projects financed through carbon credits	169
	E2 Pollution	ESRS 2 IRO-1 - Description of the processes to identify and assess material pollution-related impacts, risks and opportunities	105
		E2-1 - Policies related to pollution	170
		E2-2 - Actions and resources related to pollution	171
		E2-3 - Targets related to pollution	172
	E3 Water and marine resources	ESRS 2 IRO-1 - Description of the processes to identify and assess material water and marine resources-related impacts, risks and opportunities	106
		E3-1 - Policies related to water and marine resources	175
		E3-2 - Actions and resources related to water and marine resources policies	176
		E3-3 - Targets related to water and marine resources	178
	E4 Biodiversity and ecosystems	ESRS 2 IRO-1 - Description of processes to identify and assess material biodiversity and ecosystem-related impacts, risks and opportunities	106
	E5 Resource use and circular economy	ESRS 2 IRO-1 - Description of the processes to identify and assess material resource use and circular economy-related impacts, risks and opportunities	106
		E5-1 - Policies related to resource use and circular economy	183
		E5-2 - Actions and resources related to resource use and circular economy	184
		E5-3 - Targets related to resource use and circular economy	185
		E5-4 - Resource inflows	186
		E5-5 - Resource outflows	187
Social Information	S1 Own workforce	ESRS 2 SBM-2 - Interests and views of stakeholders	93
		ESRS 2 SBM-3 - Material impacts, risks and opportunities and their interaction with strategy and business model	195
		S1-1 - Policies related to own workforce	197
		S1-2 - Processes for engaging with own workers and workers' representatives about impacts	197
		S1-3 - Processes to remediate negative impacts and channels for own workers to raise concerns	198
		S1-4 - Taking action on material impacts on own workforce, and approaches to mitigating material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions	199
		S1-5 - Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	201
		S1-6 - Characteristics of the undertaking's employees	202
		S1-7 - Characteristics of non-employees in the undertaking's own workforce	203
		S1-8 - Collective bargaining coverage and social dialogue	204
		S1-9 - Diversity metrics	204
		S1-10 - Adequate wages	205
		S1-11 - Social protection	205
		S1-13 - Training and skills development metrics	206
		S1-14 - Health and safety metrics	207
		S1-15 - Work-life balance metrics	208
		S1-16 - Remuneration metrics (pay gap and total remuneration)	208
		S1-17 - Incidents, complaints and severe human rights impacts	209
	S2 Workers in the value chain	ESRS 2 SBM-2 - Interests and views of stakeholders	93
		ESRS 2 SBM-3 - Material impacts, risks and opportunities and their interaction with strategy and business model	213
		S2-1 - Policies related to value chain workers	214
		S2-2 - Processes for engaging with value chain workers about impacts	214
		S2-3 - Processes to remediate negative impacts and channels for value chain workers to raise concerns	215
		S2-4 - Taking action on material impacts on value chain workers, and approaches to managing material risks and pursuing material opportunities related to value chain workers, and effectiveness of those actions	216
		S2-5 - Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	217
	S3 Affected communities	ESRS 2 SBM-2 - Interests and views of stakeholders	93
		ESRS 2 SBM-3 - Material impacts, risks and opportunities and their interaction with strategy and business model	224
		S3-1 - Policies related to affected communities	225
		S3-2 - Processes for engaging with affected communities about impacts	225
		S3-3 - Processes to remediate negative impacts and channels for affected communities to raise concerns	228
		S3-4 - Taking action on material impacts on affected communities, and approaches to mitigating material risks and pursuing material opportunities related to affected communities, and effectiveness of those actions	229
		S3-5 - Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	230

TABLE N° 36 – ESRS disclosure requirements

Section	ESRS	Disclosure Requirement and related datapoint	Paragraph
Social Information	S4 Consumers and end-users	ESRS 2 SBM-2 - Interests and views of stakeholders	93
		ESRS 2 SBM-3 - Material impacts, risks and opportunities and their interaction with strategy and business model	235
		S4-1 - Policies related to consumers and end-users	236
		S4-2 - Processes for engaging with consumers and end-users about impacts	236
		S4-3 - Processes to remediate negative impacts and channels for consumers and end-users to raise concerns	238
		S4-4 - Taking action on material impacts on consumers and end-users, and approaches to managing material risks and pursuing material opportunities related to consumers and end-users, and effectiveness of those actions	239
		S4-5 - Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	241
Governance information	G1 Business conduct	ESRS 2 GOV-1 - The role of the administrative, management and supervisory bodies	83
		ESRS 2 IRO-1 - Description of the processes to identify and assess material impacts, risks and opportunities	107
		G1-1 - Business conduct policies and corporate culture	249
		G1-2 - Management of relationships with suppliers	250
		G1-3 - Prevention and detection of corruption and bribery	252
		G1-4 - Incidents of corruption or bribery	253
		G1-5 - Political influence and lobbying activities	254
		G1-6 - Payment practices	254

In particular, with regard to material sustainability issues on water (E3), the Sustainability Function, together with the Working Group, determined that the information required by the metrics in paragraph E3-4 "Water consumption" of the standard did not meet the needs of users of the sustainability report, as the metric is not relevant for describing the impacts on water resources that were identified as material for the CAP Group (ref. ESRS 1 Appendix E: Flowchart for determining disclosures under ESRS).

The double materiality analysis showed that all the identified impacts refer to the subtopic of water withdrawal, which is why the metrics relating to water consumption were not considered material. This assessment is based on evidence that the Group's own operations have no internal processes involving water consumption; most of the water withdrawn is discharged back into the aquatic environment and/or to third parties.

Therefore, the Group has decided to replace entity-specific metrics relating to the management of the Integrated Water System for regulatory purposes (ARERA) with metrics that are more representative of the material impacts for the Group's activities.

With regard to the topic of pollution (E2), a negative impact and a risk were identified as material. Specifically, the negative impact is located along the upstream value chain, which is why the CAP Group uses a phase-in period for reporting the E2-4 metric. On the other hand, the risk identified as material refers to the potential pollution of water by industrial customers for whom the CAP Group provides wastewater treatment services.

In this context, the policies, actions and targets relating to the quality of the treated water that the CAP Group adopted and an entity-specific metric relating to the quality of treated water were disclosed (reported in E2). The Working Group considered this entity-specific metric to be more relevant in representing the risk identified as material compared to the standard's E2-4 metric, which refers specifically to pollutants emitted by companies in own operations and not to pollutants emitted by third parties. Therefore, the Working Group considered that the E2-4 metric was not material for reporting purposes.

Finally, note that the Group complies with the requirements of the standard for the material metrics relating to workers along the value chain (S2), affected communities (S3) and consumers and end-users (S4) by additionally reporting entity-specific metrics to represent the identified IROs.

Datapoints that derive from other EU legislation as listed in Appendix B

TABLE N° 37 – Disclosure requirement and related datapoint

Disclosure requirement and related datapoint	Reference to other EU legislation	Materiality	Paragraph
ESRS 2 GOV-1 Board gender diversity, paragraph 21 (d)	SFDR reference: Indicator number 13 of Table #1 of Annex 1 Benchmark Regulation reference: Commission Delegated Regulation (EU) 2020/1816, annex II	Not subject to double materiality analysis	ESRS 2 GOV-1 | The role of the administrative, management and supervisory bodies
ESRS 2 GOV-1 Percentage of board members who are independent paragraph 21 (e)	Benchmark Regulation reference: Delegated Regulation (EU) 2020/1816, annex II	Not subject to double materiality analysis	ESRS 2 GOV-1 | The role of the administrative, management and supervisory bodies
ESRS 2 GOV-4 Statement on due diligence, paragraph 30	SFDR reference: Indicator number 10 Table #3 of Annex 1	Not subject to double materiality analysis	ESRS 2 GOV-4 | Statement on due diligence
ESRS 2 SBM-1 Involvement in activities related to fossil fuel activities paragraph 40 (d) i	SFDR reference: Indicator number 4 Table #1 of Annex 1 Pillar 3 reference: Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Table 1: Qualitative information on Environmental risk and Table 2: Qualitative information on Social risk Benchmark Regulation reference: Delegated Regulation (EU) 2020/1816, Annex II	Not subject to double materiality analysis	ESRS 2 SBM-1 | Strategy, business model and value chain
ESRS 2 SBM-1 Involvement in activities related to chemical production paragraph 40 (d) i	SFDR reference: Indicator number 9 Table #2 of Annex 1 Benchmark Regulation reference: Delegated Regulation (EU) 2020/1816, Annex II	Not subject to double materiality analysis	ESRS 2 SBM-1 | Strategy, business model and value chain
ESRS 2 SBM-1 Involvement in activities related to controversial weapons paragraph 40 (d) iii	SFDR reference: Indicator number 14 Table #1 of Annex 1 Benchmark Regulation reference: Delegated Regulation (EU) 2020/1818, Article 12(1) Delegated Regulation (EU) 2020/1816, Annex II	Not subject to double materiality analysis	ESRS 2 SBM-1 | Strategy, business model and value chain
ESRS 2 SBM-1 Involvement in activities related to cultivation and production of tobacco paragraph 40 (d) iv	Benchmark Regulation reference: Delegated Regulation (EU) 2020/1818, Article 12(1) Delegated Regulation (EU) 2020/1816, Annex II	Not subject to double materiality analysis	ESRS 2 SBM-1 | Strategy, business model and value chain
ESRS E1-1 Transition plan to reach climate neutrality by 2050 paragraph 14	EU climate regulation reference: Regulation (EU) 2021/1119, Article 2(1)	Material	E1-1 | Transition plan for climate change mitigation
ESRS E1-1 Undertakings excluded from Paris-aligned Benchmarks paragraph 16 (g)	Pillar 3 reference: Article 449a; Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 1: Banking book-Climate Change transition risk: Credit quality of exposures by sector, emissions and residual maturity Benchmark Regulation reference: Delegated Regulation (EU) 2020/1818, Article 12.1 (d) to (g), and Article 12.2	Material	*Disclosure not applicable as paragraph 16 is not reported due to the absence of the Transition Plan. In any case, note that the Group is not excluded from Paris-aligned Benchmarks.*

TABLE N° 37 – Disclosure requirement and related datapoint

Disclosure requirement and related datapoint	Reference to other EU legislation	Materiality	Paragraph
ESRS E1-4 GHG emission reduction targets paragraph 34	SFDR reference: Indicator number 4 Table #2 of Annex 1 Pillar 3 reference: Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 3: Banking book – Climate change transition risk: alignment metrics Benchmark Regulation reference: Delegated Regulation (EU) 2020/1818, Article 6	Material	E1-4 | Targets related to climate change mitigation and adaptation
ESRS E1-5 Energy consumption from fossil sources disaggregated by sources (only high climate impact sectors) paragraph 38	SFDR reference: Indicator number 5 Table #1 and Indicator number 5 Table #2 of Annex 1	Material	E1-5 | Energy consumption and mix
ESRS E1-5 Energy consumption and mix paragraph 37	SFDR reference: Indicator number 5 Table #1 of Annex 1	Material	E1-5 | Energy consumption and mix
ESRS E1-5 Energy intensity associated with activities in high climate impact sectors paragraphs 40 to 43	SFDR reference: Indicator number 6 Table #1 of Annex 1	Material	E1-5 | Energy consumption and mix
ESRS E1-6 Gross Scope 1, 2, 3 and Total GHG emissions paragraph 44	SFDR reference: Indicators number 1 and 2 Table #1 of Annex 1 Pillar 3 reference Article 449a; Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 1: Banking book-Climate Change transition risk: Credit quality of exposures by sector, emissions and residual maturity Benchmark Regulation reference: Delegated Regulation (EU) 2020/1818, Article 5(1), 6 and 8(1)	Material	E1-6 | Total GHG emissions E1-6 | Total GHG emissions Neutalia
ESRS E1-6 Gross GHG emissions intensity paragraphs 53 to 55	SFDR reference: Indicators number 3 Table #1 of Annex 1 Pillar 3 reference Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 3: Banking book – Climate change transition risk: alignment metrics Benchmark Regulation reference: Delegated Regulation (EU) 2020/1818, Article 8(1)	Material	E1-6 | Total GHG emissions E1-6 | Total GHG emissions Neutalia

TABLE N° 37 – Disclosure requirement and related datapoint

Disclosure requirement and related datapoint	Reference to other EU legislation	Materiality	Paragraph
ESRS E1-7 GHG removals and carbon credits paragraph 56	EU climate regulation reference: Regulation (EU) 2021/1119, Article 2(1)	Material	E1-7 | GHG removals and GHG mitigation projects financed through carbon credits
ESRS E1-9 Exposure of the benchmark portfolio to climate-related physical risks paragraph 66	Benchmark Regulation reference: Delegated Regulation (EU) 2020/1818, Annex II Delegated Regulation (EU) 2020/1816, Annex II	Material	*Disclosure subject to gradual entry into force*
ESRS E1-9 Disaggregation of monetary amounts by acute and chronic physical risk paragraph 66 (a) ESRS E1-9 Location of significant assets at material physical risk paragraph 66 (c)	Pillar 3 reference: Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 paragraphs 46 and 47; Template 5: Banking book - Climate change physical risk: Exposures subject to physical risk	Material	*Disclosure subject to gradual entry into force*
ESRS E1-9 Breakdown of the carrying value of its real estate assets by energy-efficiency classes paragraph 67 (c).	Pillar 3 reference: Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 paragraph 34;Template 2: Banking book - Climate change transition risk: Loans collateralised by immovable property - Energy efficiency of the collateral	Material	*Disclosure subject to gradual entry into force*
ESRS E1-9 Degree of exposure of the portfolio to climate-related opportunities paragraph 69	Benchmark Regulation reference: Delegated Regulation (EU) 2020/1818, Annex II	Material	*Disclosure subject to gradual entry into force*
ESRS E2-4 Amount of each pollutant listed in Annex II of the E-PRTR Regulation (European Pollutant Release and Transfer Register) emitted to air, water and soil, paragraph 28	SFDR reference: Indicator number 8 Table #1 of Annex 1 Indicator number 2 Table #2 of Annex 1 Indicator number 1 Table #2 of Annex 1 Indicator number 3 Table #2 of Annex 1	Not material	-
ESRS E3-1 Water and marine resources paragraph 9	SFDR reference: Indicator number 7 Table #2 of Annex 1	Material	ESRS 2 | Policies adopted and related disclosure requirements E3-1 | Policies related to water and marine resources
ESRS E3-1 Dedicated policy paragraph 13	SFDR reference: Indicator number 8 Table 2 of Annex 1	Material	ESRS 2 | Policies adopted and related disclosure requirements E3-1 | Policies related to water and marine resources
ESRS E3-1 Sustainable oceans and seas paragraph 14	SFDR reference: Indicator number 12 Table #2 of Annex 1	Not material	-
ESRS E3-4 Total water recycled and reused paragraph 28 (c)	SFDR reference: Indicator number 6.2 Table #2 of Annex 1	Not material	-
ESRS E3-4 Total water consumption in m3 per net revenue on own operations paragraph 29	SFDR reference: Indicator number 6.1 Table #2 of Annex 1	Not material	-
ESRS 2 IRO-1 – E4 paragraph 16 (a) i	SFDR reference: Indicator number 7 Table #1 of Annex 1	Not subject to double materiality analysis	ESRS 2 IRO-1 | Description of the process to identify and assess material impacts, risks and opportunities
ESRS 2 IRO-1 - E4 paragraph 16 (b)	SFDR reference: Indicator number 10 Table #2 of Annex 1	Not subject to double materiality analysis	ESRS 2 IRO-1 | Description of the process to identify and assess material impacts, risks and opportunities
ESRS 2 IRO-1 - E4 paragraph 16 (c)	SFDR reference: Indicator number 14 Table #2 of Annex 1	Not subject to double materiality analysis	ESRS 2 IRO-1 | Description of the process to identify and assess material impacts, risks and opportunities
ESRS E4-2 Sustainable land / agriculture practices or policies paragraph 24 (b)	SFDR reference: Indicator number 11 Table #2 of Annex 1	Not material	-
ESRS E4-2 Sustainable oceans / seas practices or policies paragraph 24 (c)	SFDR reference: Indicator number 12 Table #2 of Annex 1	Not material	-
ESRS E4-2 Policies to address deforestation paragraph 24 (d)	SFDR reference: Indicator number 15 Table #2 of Annex 1	Not material	-
ESRS E5-5 Non-recycled waste paragraph 37 (d)	SFDR reference: Indicator number 13 Table #2 of Annex 1	Material	E5-5 | Resource outflows
ESRS E5-5 Hazardous waste and radioactive waste paragraph 39	SFDR reference: Indicator number 9 Table #1 of Annex 1	Material	E5-5 | Resource outflows
ESRS 2 - SBM3 - S1 Risk of incidents of forced labour paragraph 14 (f)	SFDR reference: Indicator number 13 Table #3 of Annex I	Material	S1 SBM-3 | Material impacts, risks and opportunities and their interaction with strategy and business model
ESRS 2 - SBM3 - S1 Risk of incidents of child labour paragraph 14 (g)	SFDR reference: Indicator number 12 Table #3 of Annex I	Material	S1 SBM-3 | Material impacts, risks and opportunities and their interaction with strategy and business model

TABLE N° 37 – Disclosure requirement and related datapoint

Disclosure requirement and related datapoint	Reference to other EU legislation	Materiality	Paragraph
ESRS S1-1 Human rights policy commitments paragraph 20	SFDR reference: Indicator number 9 Table #3 and Indicator number 11 Table #1 of Annex 1	Material	ESRS 2 | Policies adopted and related disclosure requirements S1-1 | Policies related to own workforce S1-2 | Processes for engaging with own workforce and workers' representatives about impacts
ESRS S1-1 Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8, paragraph 21	Benchmark Regulation reference: Delegated Regulation (EU) 2020/1816, Annex II	Material	ESRS 2 | Policies adopted and related disclosure requirements S1-1 | Policies related to own workforce Policies adopted and related disclosure requirements
ESRS S1-1 Processes and measures for preventing trafficking in human beings paragraph 22	SFDR reference: Indicator number 11 Table #3 of Annex I	Material	ESRS 2 | Policies adopted and related disclosure requirements S1-1 | Policies related to own workforce
ESRS S1-1 Workplace accident prevention policy or management system paragraph 23	SFDR reference: Indicator number 1 Table #3 of Annex I	Material	ESRS 2 | Policies adopted and related disclosure requirements S1-1 | Policies related to own workforce
ESRS S1-3 Grievance/complaints handling mechanisms paragraph 32 (c)	SFDR reference: Indicator number 5 Table #3 of Annex I	Material	S1-3 | Processes to remediate negative impacts and channels for own workers to raise concerns
ESRS S1-14 Number of fatalities and number and rate of work-related accidents paragraph 88 (b) and (c)	SFDR reference: Indicator number 2 Table #3 of Annex I Benchmark Regulation reference: Delegated Regulation (EU) 2020/1816, Annex II	Material	S1-14 | Health and safety metrics
ESRS S1-14 Number of days lost to injuries, accidents, fatalities or illness paragraph 88 (e)	SFDR reference: Indicator number 3 Table #3 of Annex I	Material	S1-14 | Health and safety metrics
ESRS S1-16 Unadjusted gender pay gap paragraph 97 (a)	SFDR reference: Indicator number 12 Table #1 of Annex I Benchmark Regulation reference: Delegated Regulation (EU) 2020/1816, Annex II	Material	S1-16 | Remuneration metrics
ESRS S1-16 Excessive CEO pay ratio paragraph 97 (b)	SFDR reference: Indicator number 8 Table #3 of Annex I	Material	S1-16 | Remuneration metrics
ESRS S1-17 Incidents of discrimination paragraph 103 (a)	SFDR reference: Indicator number 7 Table #3 of Annex I	Material	S1-17 | Incidents, complaints and severe human rights impacts
ESR S1-17 Non-respect of UNGPs on Business and Human Rights and OECD paragraph 104 (a)	SFDR reference: Indicator number 10 Table #1 and Indicator number 14 Table #3 of Annex I Benchmark Regulation reference: Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818 Art 12 (1)	Material	S1-17 | Incidents, complaints and severe human rights impacts

TABLE N° 37 – Disclosure requirement and related datapoint

Disclosure requirement and related datapoint	Reference to other EU legislation	Materiality	Paragraph
ESRS 2 SBM-3 - S2 Significant risk of child labour or forced labour in the value chain paragraph 11 (b)	SFDR reference: Indicators number 12 and number 13 Table #3 of Annex I	Material	S2 SBM-3 | Material impacts, risks and opportunities and their interaction with strategy and business model
ESRS S2-1 Human rights policy commitments paragraph 17	SFDR reference: Indicator number 9 Table #3 and Indicator number 11 Table #1 of Annex 1	Material	ESRS 2 | Policies adopted and related disclosure requirements S2-1 | Policies related to value chain workers S2-2 | Processes for engaging with value chain workers about impacts
ESRS S2-1 Policies related to value chain workers paragraph 18	SFDR reference: Indicator number 11 and number 4 Table #3 of Annex 1	Material	ESRS 2 | Policies adopted and related disclosure requirements S2-1 | Policies related to value chain workers
ESRS S2-1 Non-respect of UNGPs on Business and Human Rights principles and OECD guidelines paragraph 19	SFDR reference: Indicator number 10 Table #1 Annex 1 Benchmark Regulation reference: Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818, Art 12 (1)	Material	ESRS 2 | Policies adopted and related disclosure requirements S2-1 | Policies related to value chain workers
ESRS S2-1 Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8, paragraph 19	Benchmark Regulation reference: Delegated Regulation (EU) 2020/1816, Annex II	Material	ESRS 2 | Policies adopted and related disclosure requirements S2-1 | Policies related to value chain workers
ESRS S2-4 Human rights issues and incidents connected to its upstream and downstream value chain paragraph 36	SFDR reference: Indicator number 14 Table #3 of Annex 1	Material	S2-4 | Taking action on material impacts on value chain workers, and approaches to managing material risks and pursuing material opportunities related to value chain workers, and effectiveness of those actions
ESRS S3-1 Human rights policy commitments paragraph 16	SFDR reference: Indicator number 9 Table #3 and Indicator number 11 Table #1 of Annex	Material	ESRS 2 | Policies adopted and related disclosure requirements S3-1 | Policies related to affected communities S3-2 | Processes for engaging with affected communities about impacts
ESRS S3-1 Non-respect of UNGPs on Business and Human Rights, ILO principles or and OECD guidelines paragraph 17	SFDR reference: Indicator number 10 Table #1 of Annex 1 Benchmark Regulation reference: Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818, Art 12 (1)	Material	ESRS 2 | Policies adopted and related disclosure requirements S3-1 | Policies related to affected communities

TABLE N° 37 – Disclosure requirement and related datapoint

Disclosure requirement and related datapoint	Reference to other EU legislation	Materiality	Paragraph
ESRS S3-4 Human rights issues and incidents paragraph 36	SFDR reference: Indicator number 14 Table #3 of Annex 1	Material	S3-4 | Taking action on material impacts on affected communities, and approaches to managing material risks and pursuing material opportunities related to affected communities, and effectiveness of those actions
ESRS S4-1 Policies related to consumers and end-users paragraph 16	SFDR reference: Indicator number 9 Table #3 and Indicator number 11 Table #1 of Annex I	Material	ESRS 2 | Policies adopted and related disclosure requirements S4-1 | Policies related to consumers and end-users
ESRS S4-1 Non-respect of UNGPs on Business and Human Rights and OECD guidelines paragraph 17	SFDR reference: Indicator number 10 Table #1 of Annex 1 Benchmark Regulation reference: Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818 Art 12 (1)	Material	ESRS 2 | Policies adopted and related disclosure requirements S4-1 | Policies related to consumers and end-users
ESRS S4-4 Human rights issues and incidents paragraph 35	SFDR reference: Indicator number 14 Table #3 of Annex 1	Material	S4-4 | Taking action on material impacts on consumers and end-users, and approaches to managing material risks and pursuing material opportunities related to consumers and end-users, and effectiveness of those actions
ESRS G1-1 United Nations Convention against Corruption paragraph 10 (b)	SFDR reference: Indicator number 15 Table #3 of Annex 1	Material	ESRS 2 | Policies adopted and related disclosure requirements G1-1 | Business conduct policies and corporate culture
ESRS G1-1 Protection of whistleblowers paragraph 10 (d)	SFDR reference: Indicator number 6 Table #3 of Annex 1	Material	ESRS 2 | Policies adopted and related disclosure requirements G1-1 | Business conduct policies and corporate culture
ESRS G1-4 Fines for violation of anti-corruption and anti-bribery laws paragraph 24 (a)	SFDR reference: Indicator number 17 Table #3 of Annex 1 Benchmark Regulation reference: Delegated Regulation (EU) 2020/1816, Annex II	Material	G1-4 | Incidents of corruption or bribery
ESRS G1-4 Standards of anti-corruption and anti-bribery paragraph 24 (b)	SFDR reference: Indicator number 16 Table #3 of Annex 1	Material	G1-4 | Incidents of corruption or bribery

Policies adopted and related disclosure requirements

The CAP Group developed and formalised a set of integrated company policies to ensure the responsible, transparent and sustainable management of its activities.
The policies are structured in line with the Group's vision, mission, value system and Ethical Commitment, and constitute an essential reference point for CAP Holding S.p.A. and CAP Evolution S.r.l., the latter being subject to the management and control of Cap Holding. Note that the policies presented below do not include ZeroC S.p.A. in the scope of application.
Training, awareness-raising and internal communication initiatives intended for personnel and, in some cases, also for external stakeholders, are planned for all policies. In particular, as indicated in the chapter dedicated to stakeholders in the Sustainability Policy, continuous dialogue and discussion with stakeholders is the real driving force behind the CAP Group's sustainability. As an operator of an essential public service, the relationship with the area served is fundamental in order to be attentive and responsive to the needs of stakeholders with a view to continuously improving business strategies. Stakeholder engagement activities enable CAP to learn about the interests expressed, which are taken into account when defining policies and subsequent updates.
The Policies are made available to stakeholders via the CAP Group's institutional website or, where applicable, made accessible exclusively to employees via the company intranet.

Integrated Management System (IMS) Policy

Description of the main contents of the policy including its general objectives, material impacts, risks or opportunities and the monitoring process

The Integrated Management System Policy adopted by the CAP Group represents the reference framework for a responsible company management based on standards of quality, environmental sustainability, social responsibility, energy efficiency and prevention of corruption, with the primary objective of meeting the needs and expectations of stakeholders. It is based on the principles of passion, excellence, courage, respect and "leading by example", which guide the strategic and operational decisions across the board.
The policy describes the general objectives pursued by the CAP Group in relation to the management of the material topics of its business and the principles that guide the company's action, contributing to the monitoring of impacts, risks and opportunities related to the covered areas of management.
The material impacts, risks and opportunities managed by this policy are described in the IRO Table at the beginning of the chapters dedicated to the topical standards of reference, in particular: E1 for climate change, E2 for pollution, E3 for use of water resources, E5 for circular economy, S2 for workers in the value chain, S4 for consumers and end-users.

Description of the scope of the policy, or of its exclusions

The Integrated Management System Policy applies to all the activities carried out by the CAP Group as part of the Integrated Water Service and complementary services, operating mainly in the Metropolitan City of Milan and in some neighbouring provinces. It covers the entire organisation and does not indicate any specific exclusions.

Accountability for the implementation of the policy

The Chairman and the General Manager of the CAP Group are accountable for the implementation of the

Policy, and they play an active role in promoting a culture focused on regulatory compliance, continuous improvement and long-term sustainability.

References to external standards or initiatives

The Policy refers to numerous nationally and internationally recognised standards, including ISO 9001 (quality), ISO 14001 (environment), ISO 45001 (occupational health and safety), ISO 50001 (energy), ISO 37001 (anti-corruption), ISO 20400 (sustainable procurement), SA 8000 (social responsibility), AFNOR XP X30-901 (circular economy), UNI/PdR 125:2022 (gender equality) and UNI/PdR 74:2019 (BIM). It is also consistent with the commitments made in relation to the Sustainable Development Goals (SDGs) defined by the United Nations. The Policy also refers to pollutants regulated by Italian Legislative Decree 152/06 (table 1, 2, 3, part III, annex V) and MD185/2003 on the reuse of treated water.

Sustainability Policy

Description of the key contents of the policy, including its general objectives, material impacts, risks or opportunities and the process for monitoring

The CAP Group's Sustainability Policy is structured around three areas that guide the Group's action in its operating context: sensitivity to the needs of people and communities, resilience of assets and governance, and innovation in processes and service models.

The policy defines the Group's commitment to promoting circular economy models, protecting natural resources, energy trasition and creating positive local impacts.

It is consistent with the company's values and mission to provide reliable and sustainable public services.

In this context, the CAP Group considers the relationship with local communities to be a key element, promoting listening, inclusiveness and transparency in its interactions with the territory, including through structured engagement and communication initiatives.

There are many internal players with different responsibilities involved in the monitoring process: the sustainability and ERM functions are responsible for coordinating ESG and ERM activities, respectively. The Management Committee implements and monitors the decision-making process, the Risk Control and Sustainability Working Group is responsible for overseeing sustainability topics, the Board of Directors sets the strategic guidelines, and the Shareholders' Meeting and the Strategic Policy Committee receive annual reports.

The material impacts, risks and opportunities managed by this policy are described in the IRO Tables at the beginning of the chapter dedicated to ESRS E1 (Climate Change), ESRS E2 (Pollution), ESRS E5 (Resource Use and Circular Economy) and ESRS S3 (Affected Communities).

Description of the scope of the policy, or of its exclusions

The Sustainability Policy applies to all Group activities, with a particular focus on the management of the water cycle, even in areas potentially exposed to water stress, although the Group currently has no operating sites in such areas.

Most senior level accountable for the implementation of the policy

The responsibility for implementation lies with company management, with the operational coordination entrusted to the Sustainability Office.

References to third-party standards or initiatives

The Sustainability Policy is in line with the Sustainable Development Goals (SDGs) defined by the United Nations and with the main standards and regulatory references listed below: 2030 Agenda for Sustainable Development, Paris Agreement on climate change (COP21), Consolidated set of European Sustainability Reporting Standards (ESRS), published by EFRAG, Task Force on Climate-Related Financial Disclosures (TCFD), Regulation (EU) no. 2089/2019, European Regulation 852/2020, Delegated Regulation (EU) 2021/2139, Delegated Regulation (EU) 2021/2178, Directive (EU) 2022/2464, Italian Legislative Decree no. 125 implementing Directive 2022/2464/EU (CSRD) of 6 September 2024, CONSOB Regulation implementing Italian Legislative Decree no. 254 of 30 December 2016, Italian Legislative Decree no. 231 of 8 June 2001 – “Regulations on the administrative liability of legal entities, companies and associations, including those without legal personality”, Regional Regulation no. 6 (Lombardy Region) of 29 March 2019.

Remuneration Policy

Description of the key contents of the policy, including its general objectives, material impacts, risks or opportunities and the process for monitoring

The CAP Group adopted a Remuneration Policy to establish principles and guidelines for the remuneration of the administrative and control bodies, executives of Group companies and employees, in line with the Group's ethical commitment, their respective articles of association and applicable regulations.

The aim of the policy is to support and ensure transparency in defining the remuneration structure, in line with performance and sustainability targets, thereby contributing to personnel motivation and retention. The policy establishes the timing and methods for monitoring objectives and incentive systems, carried out on a regular basis, in particular for MBO (Management by Objectives) and LTI (Long-Term Incentives) plans. Progress towards sustainability goals is monitored annually and approved by the Board of Directors. Moreover, incentive schemes are subject to annual review to ensure that they remain in line with company objectives.

Description of the scope of the policy, or of its exclusions

The policy applies to all members of the administrative and supervisory bodies, managers and employees of the CAP Group. As a special case, exceptions to this policy may be made, subject to approval by the Board of Directors.

Most senior level accountable for the implementation of the policy

The Board of Directors (BoD) is primarily responsible for implementing the policy. The Board also checks and monitors variable remuneration systems (MBO, LTI, Profit Sharing). The Shareholders' Meeting determines the fees of the Chairman and the members of the Board of Directors.

References to third-party standards or initiatives

The Remuneration Policy was brought into line with Article 11, paragraph 6, of Italian Legislative Decree 175/2016 for determining the comprehensive annual remuneration to be paid to directors, owners and members of the control bodies, executives and employees.

The CAP Group's remuneration system is updated annually and benchmarked against a panel of similar companies, particularly companies in the utilities sector and the Integrated Water System (IWS).

Diversity, Equity, Inclusion and Equal Opportunity (DEI) Policy

Description of the key contents of the policy, including its general objectives, material impacts, risks or opportunities and the process for monitoring

The CAP Group promotes a culture based on diversity, fairness, inclusion and respect for equal opportunities, integrating these principles into its sustainability strategy and the day-to-day management of its people.

The policy expresses the Group's commitment to creating an inclusive working environment, free from all forms of discrimination and violence, where everyone can express their potential.

The expected values and behaviour are also extended to suppliers, subcontractors and other partners, in compliance with ethical and contractual standards.

Monitoring is carried out using qualitative and quantitative indicators in line with UNI/PdR 125:2022, SA8000 and the ESRS reporting system, as well as through an anonymous reporting system for any non-compliance.

The material impacts, risks and opportunities managed by this policy are described in the IRO Table at the beginning of the chapter on ESRS S1 (Own workforce).

Description of the scope of the policy, or of its exclusions

The policy applies to the entire organisation and its value chain, including not only internal staff but also suppliers, subcontractors and other business partners.

Most senior level accountable for the implementation of the policy

The Steering Committee is responsible for implementation and is tasked with coordinating and monitoring initiatives relating to diversity, equity, inclusion and equal opportunities.

References to third-party standards or initiatives

The policy complies with the standards set out in UNI/PdR 125:2022 (gender equality) and SA8000 (social responsibility).

Policy against harassment, bullying and violence in the workplace

Description of the key contents of the policy, including its general objectives, material impacts, risks or opportunities and the process for monitoring

In 2024, the CAP Group formalised a Policy against harassment, bullying and violence in the workplace, which was subsequently integrated into the Diversity, Equity, Inclusion and Equal Opportunities (DEI) Policy, with which it shares its scope of application, monitoring system, responsibility for implementation and regulatory references.
The policy establishes a zero-tolerance approach to any form of harassment or violence, promoting a safe, respectful and inclusive working environment.
Case management is supported by a reporting system.
The effectiveness of the actions taken is also monitored through specific indicators, in line with the integrated management system.
The material impacts, risks and opportunities managed by this policy are described in the IRO Table at the beginning of the chapter on ESRS S1 (Own workforce).

Description of the scope of the policy, or of its exclusions

The policy applies to all persons working for or with the CAP Group, including subsidiaries, collaborators and suppliers.

References to third-party standards or initiatives

Case management and effectiveness monitoring comply with SA8000 (social responsibility) and UNI/PdR 125:2022 (gender equality) certifications.

Anti-Corruption Policy

Description of the key contents of the policy, including its general objectives, material impacts, risks or opportunities and the process for monitoring

The Anti-Corruption Policy is fully in line with the corporate culture promoted by the CAP Group, which recognises the Board of Directors as a key player in ethical and strategic guidance.
The policy defines the values, principles and responsibilities that the CAP Group undertakes in the fight against corruption, promoting ethical and responsible business conduct in line with applicable laws, regulations and guidelines.
The preventive approach adopted extends beyond offences against the Public Administration to include situations of malfunctioning for personal gain, regardless of the outcome.
The Risk Management & Corporate Compliance Office is responsible for monitoring the implementation of the policy.
The material impacts, risks and opportunities managed by this policy are described in the IRO Table at the beginning of the chapter on ESRS G1 (Business conduct).

Description of the scope of the policy, or of its exclusions

The policy applies to all the companies of the Group and its value chain, involving employees, consultants and third parties who work on behalf of the Group on a permanent or temporary basis.

Most senior level accountable for the implementation of the policy

The Board of Directors of the CAP Group is ultimately responsible for integrating the policy into business processes.

References to third-party standards or initiatives

The policy is consistent with the United Nations Convention against Corruption, complies with Italian Law 190/2012 (Provisions for the prevention and repression of corruption and illegality within general Government Bodies) and meets the requirements of ISO 37001 – Anti-bribery management system.

Code of Ethics

Description of the key contents of the policy, including its general objectives, material impacts, risks or opportunities and the process for monitoring

The Code of Ethics adopted by the CAP Group is a voluntary, self-regulatory tool through which the Group affirms its fundamental principles and promotes behaviour consistent with a corporate vision based on responsibility, integrity and transparency.
The Code provides a constant reference point to ensure that everything is done legally, respecting people's rights and the environment, based on fairness, diligence, loyalty, and good faith.
The document forms an integral part of the Ethical Commitment, helping to build a shared company culture in which everyone is encouraged to act responsibly and promote the Group's values by setting a good example.
The monitoring process is carried out annually, in line with regulatory developments and organisational changes.
The material impacts, risks and opportunities managed by the Code of Ethics are described in the IRO Table at the beginning of the chapter on ESRS G1 (Business conduct).

Description of the scope of the policy, or of its exclusions

The Code of Ethics applies to all persons within the CAP Group and to all third parties with whom the Group has relationships, including collaborators and consultants, even on a temporary basis.

Most senior level accountable for the implementation of the policy

The Board of Directors approves the document, ensuring its dissemination, implementation and periodic updating.

References to third-party standards or initiatives

The adoption of the Code of Ethics does not refer to any specific external standard, but reflects compliance with international best practices in business ethics and social responsibility.

Consideration given to the interests of key stakeholders in setting the policy

The interests of stakeholders are considered through the explicit statement of principles that govern relations with customers, suppliers, public bodies and other stakeholders, with the aim of consolidating relationships based on trust, transparency and mutual respect.

Supplier Code of Conduct

Description of the key contents of the policy, including its general objectives, material impacts, risks or opportunities and the process for monitoring

The Supplier Code of Conduct of the CAP Group establishes the principles and standards of ethical, social and environmental behaviour that suppliers are required to comply with in their business relationships with the Group.
The document forms an integral part of the Ethical Commitment, with the aim of promoting a responsible supply chain based on respect for human rights, working conditions that guarantee the well-being, safety and satisfaction of workers and the protection of the environment, combating unfair practices, discrimination, corruption and violations of fundamental rights.
The monitoring process is carried out through due diligence activities on suppliers and periodic compliance checks.
The material impacts, risks and opportunities managed by this policy are described in the IRO Table at the beginning of the chapter on ESRS S2 (Workers in the value chain).

Description of the scope of the policy, or of its exclusions

The Code applies to all suppliers and business partners who have contractual relationships with the CAP Group.

Most senior level accountable for the implementation of the policy

The Supplier Code of Conduct is an integral part of the Ethical Commitment, which is adopted and approved by the Board of Directors. Any violations can be reported via the dedicated IT platform. The reports are sent to the Head of Corruption Prevention and Transparency.

References to third-party standards or initiatives

The Code is based on international principles and standards, including the Ten Principles of the United Nations Global Compact, the Universal Declaration of Human Rights, the fundamental conventions of the International Labour Organisation (ILO) and the main national and European regulatory references on environmental, social and anti-corruption matters.

Consideration given to the interests of key stakeholders in setting the policy

The definition of Code takes into account the interests of stakeholders by establishing criteria for the selection and evaluation of suppliers based on ESG (environmental, social and governance) topics, as well as through awareness-raising initiatives and engagement activities aimed at the supply chain.

Privacy Policy

Description of the key contents of the policy, including its general objectives, material impacts, risks or opportunities and the process for monitoring

The CAP Group adopted a Privacy Policy to ensure compliance with the principles of personal data protection.
The policy defines the principles and methods for processing personal data that the Group obtains in the course of its activities, ensuring compliance with the rights of data subjects and promoting responsible use of the information collected.
The Privacy Policy is an integral part of the CAP Group's commitment to protecting human rights, including the right to privacy, as also referred to in the Integrated Management System Policy, the Ethical Commitment and the Sustainability Policy.
In accordance with Articles 37-39 of the former GDPR, the CAP Group appointed a Data Protection Officer (DPO) to perform support, control, advisory, training and information functions relating to the application of the GDPR and privacy regulations. The DPO is responsible for monitoring compliance with the Regulation, other EU or internal provisions relating to data protection, and the CAP Group's policies on personal data protection. The material impacts, risks and opportunities managed by this policy are described in the IRO Table at the beginning of the chapter on ESRS S1 (Own workforce).

Description of the scope of the policy, or of its exclusions

This policy applies to all business processes involving the processing of personal data, whether in digital or paper form.

Most senior level accountable for the implementation of the policy

The most senior level that is accountable for the implementation of the Privacy Policy is the DPO, who reports to the Board of Directors at least once a year.

References to third-party standards or initiatives

The Privacy Policy complies with Regulation (EU) 2016/679 – GDPR and applicable national regulations on the protection of personal data.

Enterprise Risk Management (ERM) policy

Description of the key contents of the policy, including its general objectives, material impacts, risks or opportunities and the process for monitoring

The CAP Group adopted an integrated approach to risk management, with the aim of supporting responsible and sustainable governance. The ERM Policy aims to identify, assess and monitor risks and opportunities that may affect the Group's ability to create value over time.
The system is supported by the Risk Management function and is based on structured processes and shared tools, which ensure consistency and transparency in risk analysis.
The monitoring process is reinforced by the provision of periodic reports to management and internal stakeholders.
The material impacts, risks and opportunities managed by this policy are described in the IRO Table at the beginning of the chapter on ESRS 2 SBM-3.

Description of the scope of the policy, or of its exclusions

The ERM Policy applies to the CAP Group and all its subsidiaries whose management and coordination activities can generate significant risks or opportunities.

Most senior level accountable for the implementation of the policy

The text does not explicitly state that the most senior level accountable for the ERM Policy is the governing body.

References to third-party standards or initiatives

The CAP Group adopted an Enterprise Risk Management Model aligned with nationally and internationally recognised best practices (e.g. "CoSO – Enterprise Risk Management – Integrated Framework", 2017; "Enterprise Risk Management – Aligning Risk with Strategy and Performance", 2018, also "CoSO ERM") with the ultimate aim of supporting decision-making processes, raising awareness in the organisation and improving the ability to create value for stakeholders.

When water is scarce

Water risk between global scenarios, local responses and new horizons

Gruppo CAP recognises the need for action to prevent water stress from becoming a crisis. To this end, it has developed a comprehensive strategy combining data, technology and participation.

Hey Planet!
Discover the magazine section

Inside and outside the impact
A LONGFORM TO TELL THE STORY BEHIND THE DATA

GRUPPO CAP

03. CONSOLIDATED SUSTAINABILITY REPORTING

ENVIRONMENTAL INFORMATION

The European Taxonomy: transparency and commitment to sustainability

The European Taxonomy sets ambitious criteria and performance thresholds to qualify economic activities as sustainable. At the CAP Group, we fully adopted this tool in order to be transparent with our stakeholders and to continuously improve the performance of our activities.

The European Taxonomy is a classification system designed to identify which economic activities are considered environmentally sustainable. It was established with the aim of promoting the development of activities and investments that contribute to achieving the objectives of the Green Deal, the European Union's sustainable growth strategy, which aims to make Europe climate neutral by 2050 through a profound economic, energy and environmental transformation. Its aim is to promote greater transparency regarding the actual environmental sustainability of economic activities.

As from 1 January 2025, we are required to assess the alignment of our activities with all six objectives set out in Regulation 2020/852, which established the European Taxonomy. This is the first year of the Regulation's full implementation, which began on 1 January 2022. In order to be well prepared, back in 2024, the CAP Group launched an in-depth analysis covering not only the two climate objectives – climate change mitigation and adaptation, which had already been assessed – but also additional environmental objectives: sustainable use and protection of water and marine resources, transition to a circular economy, prevention and control of pollution, and protection and restoration of biodiversity. Our aim is to verify that our economic activities comply with the criteria and requirements set out in the Delegated Regulations and guidelines published by the European Commission.

Thanks to this preliminary work, we can now to report the proportion of our turnover, capital expenditure (CapEx) and operating expenditure (OpEx) that is "eligible", i.e. derived from activities that fall within the definitions of activities that are eligible to make a substantial contribution to the environmental objectives set out in the Annexes to the Delegated Regulations, and effectively "aligned" with the European Taxonomy, i.e. derived from activities that comply with all relevant environmental sustainability criteria, taking into account all six environmental objectives.

In the section "**The European Taxonomy**", we present the details of this assessment and provide below a summary of the main results.

The European Taxonomy

The European Commission set out a framework to guide investment and business strategies towards sustainability with its "Action Plan on Sustainable Finance", in support of the objectives of the European Green Deal. The European Taxonomy (also known as the EU Taxonomy) is at the heart of this plan: it is a classification system that uses specific criteria to identify environmentally sustainable economic activities in relation to six environmental objectives.

European Climate and Environmental Objectives

- **Climate Change Mitigation**
- **Climate Change Adaptation**
- **Sustainable Use and Protection of Water and Marine Resources**
- **Transit to a Circular Economy**
- **Pollution Prevention and Control**
- **Protection and Restoration of Biodiversity and Ecosystem**

Starting from 1 January 2025, companies subject to the disclosure requirements of the Corporate Sustainability Reporting Directive (CSRD)18 must report, with reference to the 2024 financial year, the proportion of turnover, capital expenditure (CapEx) and operating expenditure (OpEx) relating to environmentally sustainable activities. These are defined as activities that substantially contribute to at least one environmental objective without causing significant harm to others (the "Do no significant harm" principle – DNSH) and that ensure compliance with minimum social safeguards, therefore aligned with the EU Taxonomy.

The requirements that economic activities must meet in order to be considered eco-sustainable

1. **Substantial contribute** to at least one of the six **environmental objectives.**

2. **Do no significant harm** to the other environmental objectives **(Do No Significant Harm)**

3. Comply with **minimum social safeguards** as defined by international standards (e.g., OECD Guidelines for Multinational Enterprises, UN Guiding Principles, ect.).

18 The Corporate Sustainability Reporting Directive (CSRD) replaced the previous Non-Financial Reporting Directive (NFRD) and was transposed into Italian law through Italian Legislative Decree no. 125 of 6 September 2024.

Introduced by Regulation (EU) 2020/852 in July 2020, the European Taxonomy initially covered climate objectives, with reporting requirements on eligibility (2021) and alignment (2022). The main regulatory acts adopted at this stage were the Climate Delegated Act (Reg. 2021/2139) and the Disclosure Delegated Act (Reg. 2021/2178). The scope of application was extended to include certain gas and nuclear energy activities in 2022. (Reg. 2022/1214.

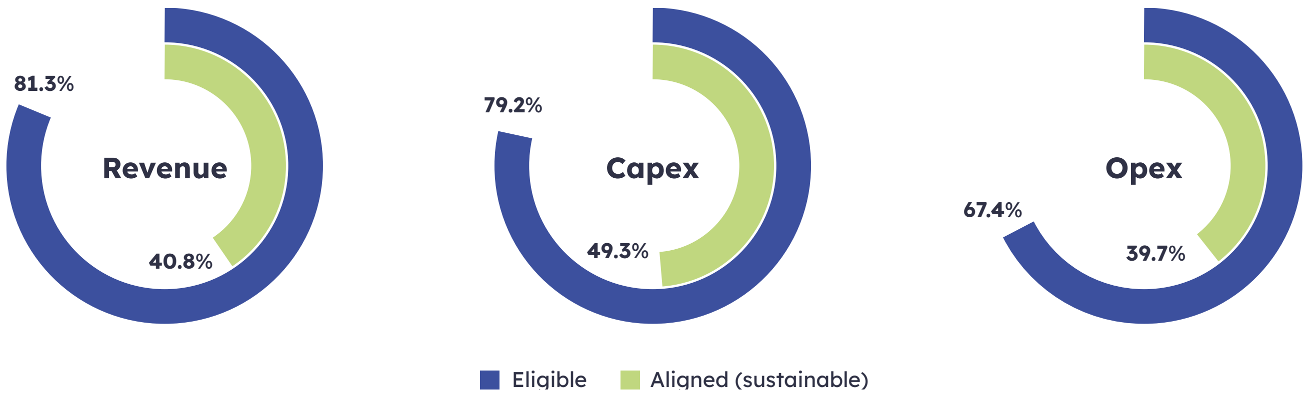
In 2023, the framework was expanded to include technical criteria for the remaining four environmental objectives (Reg. 2023/2486) and the update of the Climate Delegated Act (Reg. 2023/2485). From 1 January 2024, it became mandatory to report eligibility for these four objectives as well.

Starting in 2025 (based on 2024 data), reporting on alignment with all six environmental objectives set out in the EU Taxonomy became mandatory.

In order to analyse and report the information required by the Taxonomy, we have taken into account the regulations and documents that currently constitute the regulatory framework of reference and the interpretative notes published by the European Commission[19].

The analyses were carried out based on our opinion and on the understanding and interpretation of the information currently available, without excluding the possibility that regulatory developments, changes in interpretation and established industry practices could lead to changes in the assessment of assets and in the methods used to calculate economic indicators in future reports.

Our results



The analysis carried out for the 2024 reporting year showed that 81.3% of turnover, 79.2% of capital expenditure (CapEx) and 67.4% of operating expenditure (OpEx) were eligible under the European Taxonomy. Furthermore, the assessment showed that 40.8% of turnover, 49.3% of capital expenditure (CapEx) and 39.7% of operating expenditure (OpEx) were aligned with the European Taxonomy and therefore environmentally sustainable.

These values represent an improvement on 2023, with an increase of 15.3 percentage points in turnover, 12.6 percentage points in capital expenditure (CapEx) and 15.3 percentage points in operating expenditure (OpEx). These increases mainly derive from the alignment of the "Urban wastewater treatment" activity related to the objective of sustainable use and protection of water and marine resources.

It was also possible to achieve the alignment of minor activities related to certain photovoltaic and biomethane production plants, thereby remedying non-compliance with certain DNSH20 criteria by 2024 through the "Climate Risk Analysis for the CAP Group's area of competence", carried out with the European-Mediterranean Centre for Climate Change (CMCC), and the drafting of the Monitoring and Emergency Plan for methane leaks from the anaerobic digester in Bresso.

Several of the economic activities carried out by the CAP Group are aligned with the criteria of the European Taxonomy. In particular, aqueduct-related activities are mainly aligned with the objective of climate change mitigation and, in part, also with the objectives of climate change adaptation and sustainable use and protection of water and marine resources. On the other hand, the activities of the sewerage and wastewater treatment sector are mainly aligned with the objective of sustainable use and protection of water and marine resources.

In addition, a number of plants and investments in the field of energy production from renewable sources, such as photovoltaics, biogas and district heating, are aligned with the objective of climate change mitigation. Finally, a strategic project dedicated to the production of alternative water resources for uses other than human consumption through the reuse of treated wastewater is also aligned with the objective of transitioning to a circular economy.

19 The assessment was carried out on the basis of the provisions, requirements and criteria set out in Regulation 2020/852, as specified in the technical aspects of Delegated Regulation (EU) 2021/2139 "Climate Delegated Act" published on 4 June 2021, as amended, in Delegated Regulation (EU) 2022/1214 "Complementary Delegated Act" of 9 March 2022, and in Regulation (EU) 2023/2486 "Environmental Delegated Act" of November 2023. For reporting purposes, reference was made to Delegated Regulation (EU) 2021/2178 "Disclosure Delegated Act" published on 6 July 2021 as amended. The interpretative notes published in October 2022, October 2023 and March 2025 by the European Commission were also taken into consideration.

20 Literally, Do not significant harm, i.e., criteria aimed at defining that no significant harm has been done to the relevant objective.

Process for defining taxonomy-aligned activities

To check the eligibility and subsequent alignment of our business activities with the EU Taxonomy, we followed these steps, involving from time to time the various business functions concerned.

The assessment process

Identification of eligible activities

The identification of EU Taxonomy-eligible activities involved analysing the activities carried out in 2024 in order to identify those that fall within the definitions and descriptions in the Annexes to the Delegated Regulations. This analysis enabled us to identify material activities related to the core business sectors and additional areas of investment or operations that are less significant but identified by the EU Taxonomy as activities that can make a substantial contribution to European environmental objectives.

The activities identified were then explored in greater depth with the relevant company representatives. Our analysis showed that the economic activities eligible for the EU Taxonomy cover the following environmental objectives: climate change mitigation, climate change adaptation, sustainable use and protection of water and marine resources, and transition to a circular economy. However, no activities were identified relating to the objectives of preventing and reducing pollution and protecting and restoring biodiversity and ecosystems.

TABLE N° 38 – Activities eligible for the objective of climate change mitigation (CCM)

Tipologia	Le nostre attività	Attività tassonomica
Energy	Management and installation of photovoltaic systems on the rooftops of buildings and plants of the Integrated Water Service.	4.1. Electricity generation using solar photovoltaic technology
Energy	Management and investment relating to biomethane production plants in Bresso and Sesto San Giovanni.	4.13. Production of biogas and biofuels for transport and bioliquids
Energy	Investment for the construction of a district heating and cooling network powered by energy produced from the combustion of biogas obtained from the anaerobic digestion of sludge from the wastewater treatment plant of Peschiera Borromeo.	4.15. District heating/cooling distribution
Energy	Management and investment relating to cogeneration power plants at the wastewater treatment plants of Peschiera Borromeo, Robecco sul Naviglio and Bresso.	4.20. Cogeneration of heat/cold and electricity from bioenergy
Energy	Biogas heat production plant at the wastewater treatment plant of Pero and investment in Peschiera Borromeo.	4.24. Production of heat/cold from bioenergy
Integrated Water Service	Management of the water supply system in the Municipalities served by the Metropolitan City of Milan and investment in expansion and management.	5.1. Construction, extension and management of water collection, treatment and supply systems
Integrated Water Service	Investment in the renovation of the water supply system of the served Municipalities of the Metropolitan City of Milan.	5.2. Renovation of water collection, treatment and distribution systems
Integrated Water Service	Management of sewerage and wastewater treatment systems in the served Municipalities of the Metropolitan City of Milan, and investment in expansion and management.	5.3. Construction, extension and operation of wastewater collection and treatment systems
Integrated Water Service	Investment in the renovation of sewerage and wastewater treatment systems in the served Municipalities of the Metropolitan City of Milan.	5.4. Renovation of wastewater drainage and treatment systems
Integrated Water Service	Management and investment relating to nine anaerobic digesters for sewage sludge.	5.6. Anaerobic digestion of sewage sludge
Integrated Water Service	Management and investment relating to the anaerobic digester for organic waste at the Bio-platform of Sesto San Giovanni.	5.7. Anaerobic digestion of organic waste
Assets	Company vehicle fleet management.	6.5. Transport by motorbikes, passenger cars and light commercial vehicles

TABLE N° 39 – Activities eligible for the objective of climate change adaptation (CCA)

Tipologia	Le nostre attività	Attività tassonomica
Energy	Installation of photovoltaic systems on rooftops to increase self-production of energy from renewable sources and to mitigate the risk of blackouts.	4.1. Electricity generation using solar photovoltaic technology
Integrated Water Service	Preventive measures to make water purification systems even more effective and to improve the efficiency and construction of wells and plants to improve the quality of the water supplied.	5.1. Construction, extension and management of water collection, treatment and supply systems
Integrated Water Service	Investment in the renovation of the aqueduct system aimed at limiting water leaks in the aqueduct networks.	5.2. Renovation of water collection, treatment and distribution systems
Integrated Water Service	measures aimed at upgrading plants and building floodwater culverts to mitigate the impact that extreme weather events, such as downpours and cloudbursts, can have on sewerage systems and on the effectiveness of wastewater treatment.	5.3. Construction, extension and operation of wastewater collection and treatment systems
Integrated Water Service	Investment in renovation to lighten the sewage system to mitigate the impact that extreme weather events, such as downpours and cloudbursts, can have on sewerage systems.	5.4. Renovation of wastewater drainage and treatment systems

TABLE N° 40 – Activities eligible for the objective of sustainable use and protection of water and marine resources (WTR)

Tipologia	Le nostre attività	Attività tassonomica
Integrated Water Service	Management of the water supply system of the Municipalities served by the Metropolitan City of Milan and investment in its renovation, expansion and management.	2.1. Water supply
Integrated Water Service	Management of sewerage and wastewater treatment systems in the served Municipalities of the Metropolitan City of Milan, and investment in its renovation, expansion and management.	2.2. Urban wastewater treatment
Integrated Water Service	Management and investment related to urban drainage systems that reduce pollution and flood risks from urban runoff and improve the quality and quantity of urban water by exploiting natural processes.	2.3. Sustainable urban drainage systems

TABLE N° 41 – Activities eligible for the objective of transition to a circular economy (CE)

Tipologia	Le nostre attività	Attività tassonomica
Integrated Water Service	Investment in phosphorus recovery from urban wastewater treatment plants.	2.1. Recovery of phosphorus from wastewater
Integrated Water Service	Management of wastewater treatment plants with refinement treatments for the reuse of treated wastewater and related investment.	2.2. Production of alternative water resources for uses other than human consumption
Integrated Water Service	Management and investment relating to the anaerobic digester for organic waste at the Bio-platform of Sesto San Giovanni.	2.5. Recovery of organic waste through anaerobic digestion or composting

Analysis of compliance with the technical screening for substantial contribution and DNSH

After identifying eligible activities, we analysed the substantial contribution to the various objectives relevant to each activity, assessing compliance with specific technical screening criteria and checking that they do not cause significant harm to other European environmental objectives through compliance with the DNSH criteria.

As required by the EU Taxonomy, we analysed compliance of all relevant activities and objectives with the technical criteria, including in case of overlap. We carried out this assessment by collecting qualitative and quantitative information and analysing documents for each asset, area served or investment project analysed[21], depending on the requirements of the EU Taxonomy and the characteristics of the activity.

For the aqueduct service, the European Taxonomy distinguishes between different activities[22] and sub-activities[23], each with specific criteria and performance thresholds. In particular, two indicators are planned for activities related to climate change mitigation: an energy performance index[24] and the Infrastructure Leakage Index (ILI)[25]. On the other hand, for the objective of water resource protection, only compliance with different ILI thresholds depending on the analysed sub-activity is currently required[26] in quantitative terms. At the CAP Group, we carried out the analysis based on the provided indicators.

With regard to the management and construction of aqueduct systems, the energy threshold of 0.5 kWh/m^3 was met for all managed systems. For the renovation of aqueduct systems, the alignment was identified for 4.2% of investments thanks to the closure of at least 20% of the gap between the average of the previous three years and the target threshold of 1.5 set by the European Taxonomy. On the other hand, in relation to the second indicator, which requires a 20% reduction in the net energy intensity of the reference water aqueduct system compared to the average of the previous three years, none of the interventions meet the required criterion. In our opinion, this is a technically and economically challenging goal that is not necessarily appropriate, especially considering that our aqueduct systems are already energy efficient, fully complying with the threshold of 0.5 kWh/m^3 of water ready to be supplied, as required by the European Taxonomy.

The net energy intensity levels required for the sewerage and wastewater treatment sector are also particularly challenging for our company. These performance thresholds seem to have been calibrated based on best practices in Northern Europe, without taking into account the specific characteristics of Italian systems, which are characterised by mixed networks (wastewater and rainwater) and more restrictive environmental standards, which require more advanced treatment and, consequently, higher energy consumption. In fact, in 2024, with the exception of one plant, our wastewater treatment plants exceeded the energy thresholds set. A result derived from the necessary treatments aimed at ensuring the good quality of the treated water returned to the environment.

On the other hand, with regard to the objective of sustainable use and protection of water and marine resources, we have achieved positive results: 37 out of 40 plants and their related sewerage systems comply with the criteria for substantial contribution[27]. The non-compliant proportion concerns large plants where sludge is not stabilised through anaerobic digestion or alternative, less energy-intensive treatments, as required by the European Taxonomy.

Note also that in 2023, based on the climate change risk analysis carried out in 2022, an adaptation plan was drawn up identifying investments that contribute to reducing the impact of climate hazards identified as material to the assets we manage. The inclusion of several interventions relating to the sewerage, wastewater treatment, aqueduct and photovoltaic energy production sectors in this plan means that 38.4% of investments made in 2024 are now considered aligned with the objective of climate change adaptation.

In all cases of alignment, in addition to meeting the criteria for substantial contribution of the relevant objectives mentioned above, the remaining criteria aimed at ensuring that there is no significant harm to other environmental objectives (in accordance with the "Do no significant harm" principle – DNSH) have also been met.

21 In case of investment concerning aqueduct activities spread across the entire area served, the proportion that made a substantial contribution to climate change mitigation or to the sustainable use and protection of water and marine resources was assessed using specific drivers based on the results of compliance with the thresholds set by the EU Taxonomy by individual aqueduct districts or systems.

22 CCM/CCA 5.1. "Construction, extension and management of water collection, treatment and supply systems"; CCM/CCA 5.2. "Renovation of water collection, treatment and supply systems" and WTR 2.1. "Water supply".

23 The WTR 2.1. "Water supply" activity diversifies performance thresholds and criteria according to three separate sub-activities: a) management of an existing system; b) construction and management of a new water supply system or expansion of an existing system to supply water to new areas; c) renovation of existing water supply systems.

24 Energy consumption net of self-generated and self-consumed energy from renewable sources compared to water ready to be supplied [kWh/m3].

25 The Infrastructure Leakage Index (ILI) measures the efficiency with which water networks manage leakage. It is calculated as the ratio of actual network leaks to technically unavoidable leaks under optimal conditions.

26 As with the criteria for substantial contribution to climate change mitigation, it is possible to use another appropriate method whose threshold value is established in accordance with Article 4 of the Drinking Water Directive, which has not yet been codified by the regulations and, according to the timetable set out in the Directive, will be established by January 2028.

27 The number of aligned sewerage plants and systems falls to 29, due to the current absence of a methane leak monitoring plan in 8 out of 9 anaerobic digestion wastewater treatment plants, as required by the DNSH criterion related to the objective of climate change mitigation.

Compliance with Minimum Social Safeguards

The compliance with the Minimum Social Safeguards was checked taking also into account the non-binding guidelines contained in the document "Final Report on Minimum Safeguards" of the Platform on Sustainable Finance in October 2022.

Our business conduct is based on a number of internationally recognised standards, including the United Nations Guiding Principles on Business and Human Rights. We are a signatory to the United Nations Global Compact (UNGC), the world's leading initiative in support of a sustainable global economy, with the aim of promoting increasingly responsible corporate behaviour. We are committed to complying with, subscribing to and promoting the Ten Principles of the UN Global Compact on human rights, labour rights, environmental protection and anti-corruption, on which we report our progress each year by means of the Communication on Progress.

We have set out our commitments in the areas of human rights, fight against corruption, tax compliance and fair competition in a series of documents and corporate processes. These include: the CAP Group Ethical Commitment, updated in January 2024 with the introduction of a section on the Supplier Code of Conduct; the Organisation, management and control model pursuant to Italian Legislative Decree no. 231/2001; the Integrated Management Policy, which identifies the health and safety of people, social responsibility, environmental protection, energy efficiency, food safety, prevention of corruption, promotion of the circular economy and the fight against climate change, as well as the quality of services, as objectives of primary importance; the ERM Policy, which aims to ensure effective assessment and management of business risks.

With regard to the protection of human rights, in addition to complying with the requirements of the SA 8000 standard, in 2023 we obtained certification for the ISO 20400 standard: with the aim of strengthening dialogue and collaboration along the entire value chain and preventing any negative impacts.

Note also that at the beginning of 2024, we obtained UNI PDR 125:2022 certification on Equal Opportunities, which demonstrates our commitment to creating inclusive, equal and diversity-friendly working environments.

In order to prevent and combat corruption, we adopted an integrated system consisting of: Anti-corruption policy and three-year plan; ISO 37001 certification on anti-corruption management systems; Integrated compliance programme, including a due diligence and audit plan; appointment of a Corruption Prevention and Transparency Officer, an independent figure responsible for verifying the effective application of preventive measures. To complete the process, we provided stakeholders with various mechanisms to make complaints, including an IT channel for reporting malfeasance and irregularities (whistleblowing), which guarantees the anonymity of users.

To ensure tax compliance, the CAP Group adopted a Tax Strategy and specific internal procedures that define roles, responsibilities and operating methods, ensuring traceability and ethical behaviour in tax-related activities. Tax management is an integral part of the Internal Control and Risk Management System and is based on the principles contained in the Ethical Commitment and in Model 231, which also includes specific measures for the prevention of tax offences, such as the whistleblowing mechanism. The strategy is based on the principles of social responsibility, transparency in relationships with the financial administration, legality and the creation of

value for stakeholders.
In terms of fair competition, we adopt policies and procedures for assigning and selecting suppliers in compliance with national regulations, based on the criteria of equal treatment, openness to competition and proportionate and non-discriminatory access requirements. Companies involved in disputes for anti-competitive practices are excluded from the procedures.
Potential impacts on competition are also managed through the Vendor Rating system and the integration of SA8000 and ISO 37001 principles.
The actions and commitments undertaken in the four areas of minimum social safeguards are communicated through established channels, such as the annual sustainability reporting and the content published on the institutional website.

Methodology for calculating economic and financial indicators (KPIs)

The economic and financial indicators used to calculate the proportions of eligible and aligned activities are determined on the basis of the consolidated financial statements prepared in accordance with the International Financial Reporting Standard (IFRS). For each activity, we identified the related economic values generated in 2024 with reference to revenues, capital expenditure and operating expenditure recognised by the EU Taxonomy through an analysis of the income statement items and cost accounting.

1. KPI – Turnover

$$\text{KPI Turnover}(\%) = \frac{\text{Revenues from EU taxonomy-aligned activities}}{\text{Total revenues from the sale of services}}$$

In line with the provisions of Delegated Regulation 2021/2178, we calculated the Turnover KPI as the ratio between revenues from economic activities aligned with the European Taxonomy and total revenues from the sale of services.
For the purposes of this calculation, we have only considered the items “Revenues” and “Other revenues and income” in the Group’s consolidated income statement, net of capitalised revenues or revenues recognised as fixed assets in the balance sheet, even if deferred over time, such as grants for investments, in order to avoid double accounting with CapEX.
Eligible revenues also include revenues and income from the sale of self-generated electricity through photovoltaic panels and revenues and income from the entry of the produced biomethane in the national grid.
We identified the proportion of aligned revenues by connecting them with the economic activities measured according to the process described in the previous sections.
In order to identify the proportions of eligible and aligned revenues for the various activities, we considered the revenues directly attributable to the plants, areas served and work orders with the help of cost accounting. In the absence of a direct connection, we allocated revenues among closed aqueduct systems based on the water ready to be supplied fed to the network, while for sewerage and wastewater treatment systems, we allocated revenues based on the population equivalents treated by the wastewater treatment plants serving the individual systems.

2. KPI – Capital Expenditure (CapEx)

$$\text{KPI CapEx}(\%) = \frac{\text{CapEx related to EU taxonomy-aligned activities}}{\text{Total CapEx}}$$

In order to identify EU Taxonomy-eligible and EU Taxonomy-aligned investments, we assessed individual intervention work orders corresponding to increases in tangible and intangible fixed assets during the year, with reference to the following items: IFRIC 12 “Rights on assets under concession” (Service concession Arrangements), IFRS 16 “Right of Use”, IAS 16 “Properties, plant and machinery” and IAS 38 “Other intangible assets”. Each work order was precisely matched to the taxonomy activities based on the type and purpose of the intervention, and the alignment was assessed according to the process described in the previous sections.

3. KPI – Operating expenditure (OpEx)

$$\text{KPI OpEx}(\%) = \frac{\text{Recognised OpEx related to EU taxonomy-aligned activities}}{\text{OpEx recognised by the EU taxonomy}}$$

For the analysis of operating expenditure, we have considered only the operating expenditure recognised by the European Taxonomy, i.e. 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.
Eligible costs were identified and associated with taxonomy activities through a precise analysis of individual operating expenditure items, refined where necessary using information relating to the sector, cost centre, plant description or cost accounting section description. Maintenance costs relating to networks and plants of other integrated water service operators with whom agreements are in place have been excluded from the calculation.
In order to identify the proportions of eligible and aligned operating expenditure for the various activities, in the absence of a direct connection with the areas served, the allocation of costs among closed aqueduct systems was carried out based on the water ready to be supplied fed to the network for each system; for sewerage and wastewater treatment systems, it was carried out based on the population equivalents treated by the wastewater treatment plants serving each system and, in the case of maintenance costs for the company’s vehicle fleet, based on rental fees. For recognised costs associated with common services and shared operating functions, the ARERA accounting unbundling drivers were used to allocate them among the aqueduct (CCM 5.1./WTR 2.1.), sewerage and wastewater treatment (CCM 5.3./WTR 2.2.) and other activities (no taxonomy activity).

European Taxonomy Reporting Templates

Proportion of turnover from products or services associated with Taxonomy-aligned economic activities - disclosure covering year 2024

				Substantial contribution						DNSH criteria									
Economic activities	**Code**	**Turnover in absolute terms**	**Proportion of turnover**	**Climate change mitigation**	**Climate change adaptation**	**Sustainable use and protection of water and marine resources**	**Transition to a circular economy**	**Pollution prevention and reduction**	**Restoration of biodiversity and ecosystems**	**Climate change mitigation**	**Climate change adaptation**	**Sustainable use and protection of marine resources**	**Transition to a circular economy**	**Pollution prevention and reduction**	**Restoration of biodiversity and ecosystems**	**Minimum Safeguards**	**Proportion of Taxonomy-aligned (A.1.) or -eligible (A.2.) turnover, year 2023**	**Enabling activities**	**Transitional activities**
		[€]	[%]	Y;N; N/EL	Y;N; N/EL	Y;N; N/EL	Y;N; N/EL	Y;N; N/EL	Y;N; N/EL	[Y/N]	[Y/N]	[Y/N]	[Y/N]	[Y/N]	[Y/N]	[Y/N]	[%]	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1 Environmentally sustainable activities (Taxonomy-aligned)																			
Production of electricity using solar photovoltaic technology	CCM 4.1.	23,594 €	0.0%	Y	N/EL	N/EL	N/EL	N/EL	N/EL		Y		Y		Y	Y	-		
Production of biogas and biofuels for transport and bioliquids	CCM 4.13.	403,875 €	0.1%	Y	N/EL	N/EL	N/EL	N/EL	N/EL		Y	Y		Y	Y	Y	-		
Construction, extension and management of water collection, treatment and supply systems/Water supply	CCM 5.1./ **WTR 2.1.**	3,803,701 €	1.1%	Y	N/EL	Y	N/EL	N/EL	N/EL		Y	Y			Y	Y	25.5%		
Construction, extension and management of water collection, treatment and supply systems/Water supply	**CCM 5.1.**/ WTR 2.1.	84,558,992 €	23.5%	**Y**	N/EL	N	N/EL	N/EL	N/EL		Y	Y			Y	Y			
Construction, extension and operation of wastewater collection and treatment systems/Urban wastewater treatment	CCM 5.3./ **WTR 2.2.**	46,066 €	0.0%	Y	N/EL	**Y**	N/EL	N/EL	N/EL	Y	Y	Y		Y	Y	Y	0.0%		
Construction, extension and operation of wastewater collection and treatment systems/Urban wastewater treatment	CCM 5.3./ **WTR 2.2.**	57,542,233 €	16.0%	N	N/EL	**Y**	N/EL	N/EL	N/EL	Y	Y	Y		Y	Y	Y			
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**146,378,460 €**	**40.8%**	**24.7%**	**0.0%**	**17.1%**	**0.0%**	**0.0%**	**0.0%**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**25.5%**		
of which enabling		**0 €**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**0.0%**	**A**	
of which transitional		**0 €**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**0.0%**		**T**

				Substantial contribution						DNSH criteria									
Economic activities	Code	Turnover in absolute terms	Proportion of turnover	Climate change mitigation	Climate change adaptation	Sustainable use and protection of water and marine resources	Transition to a circular economy	Pollution prevention and reduction	Restoration of biodiversity and ecosystems	Climate change mitigation	Climate change adaptation	Sustainable use and protection of marine resources	Transition to a circular economy	Pollution prevention and reduction	Restoration of biodiversity and ecosystems	Minimum Safeguards	Proportion of Taxonomy-aligned (A.1.) or -eligible (A.2.) turnover, year 2023	Enabling activities	Transitional activities
		[€]	[%]	Y;N; N/EL	Y;N; N/EL	Y;N; N/EL	Y;N; N/EL	Y;N; N/EL	Y;N; N/EL	[Y/N]	[Y/N]	[Y/N]	[Y/N]	[Y/N]	[Y/N]	[Y/N]	[%]	E	T
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
Production of electricity using solar photovoltaic technology	CCM 4.1.	526 €	0.0%	Y	N/EL	N/EL	N/EL	N/EL	N/EL		Y		N		Y	Y	0.0%		
Construction, extension and operation of wastewater collection and treatment systems/Urban wastewater treatment	CCM 5.3./ WTR 2.2.	106,707,254 €	29.7%	N	N/EL	Y	N/EL	N/EL	N/EL	N	Y	Y		Y	Y	Y	-		
Turnover of eligible activities making a substantial contribution to at least one objective of the Taxonomy, but not aligned (A.2.1)		**106,707,781 €**	**29.7%**	**0.0%**	**0.0%**	**29.7%**	**0.0%**	**0.0%**	**0.0%**										
Production of biogas and biofuels for transport and bioliquids	CCM 4.13.	1,358,548 €	0.4%	N	N/EL	N/EL	N/EL	N/EL	N/EL								0.1%		
Cogeneration of heat/cold and electricity from bioenergy	CCM 4.20.	314,359 €	0.1%	N	N/EL	N/EL	N/EL	N/EL	N/EL								-		
Production of heat/cold from bioenergy	CCM 4.24.	29,438 €	0.0%	N	N/EL	N/EL	N/EL	N/EL	N/EL								-		
Construction, extension and operation of wastewater collection and treatment systems/Urban wastewater treatment	CCM 5.3./ WTR 2.2.	36,280,592 €	10.1%	N	N/EL	N	N/EL	N/EL	N/EL								57.0%		
Anaerobic digestion of organic waste	CCM 5.7./ CE 2.5.	994,467 €	0.3%	N	N/EL	N/EL	N	N/EL	N/EL								0.1%		
Turnover of eligible activities that do not make a substantial contribution to the objectives of the Taxonomy (A.2.2)		**38,977,404 €**	**10.9%**	**10.9%**	**0.0%**	**10.1%**	**0.3%**	**0.0%**	**0.0%**								**57.2%**		
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2=A.2.1. + A.2.2.)		**145,685,185 €**	**40.6%**	**56.6%**	**0.0%**	**63.4%**	**0.3%**	**0.0%**	**0.0%**								**57.2%**		
Total eligibility (A.1 + A.2)		**292,063,645 €**	**81.3%**	**81.3%**	**0.0%**	**80.5%**	**0.3%**	**0.0%**	**0.0%**								**82.7%**		

B. TAXONOMY-NON-ELIGIBLE ACTIVITIES

Turnover of Taxonomy-non-eligible activities (B)		**67,066,213 €**	**18.7%**
TOTAL (A+B)		**359,129,858 €**	**100.0%**

Proportion of operating expenditure associated with Taxonomy-aligned economic activities - disclosure covering year 2024

				Substantial contribution						DNSH criteria									
Economic activities	Code	Operating expenditure in absolute terms	Proportion of operating expenditure	Climate change mitigation	Climate change adaptation	Sustainable use and protection of water and marine resources	Transition to a circular economy	Pollution prevention and reduction	Restoration of biodiversity and ecosystems	Climate change mitigation	Climate change adaptation	Sustainable use and protection of marine resources	Transition to a circular economy	Pollution prevention and reduction	Restoration of biodiversity and ecosystems	Minimum Safeguards	Proportion of Taxonomy-aligned (A.1.) or -eligible (A.2.) OpEx, year 2023	Enabling activities	Transitional activities
		[euro]	[%]	SÌ;NO; N/AM	SÌ;NO; N/AM	SÌ;NO; N/AM	SÌ;NO; N/AM	SÌ;NO; N/AM	SÌ;NO; N/AM	[SÌ/NO]	[SÌ/NO]	[SÌ/NO]	[SÌ/NO]	[SÌ/NO]	[SÌ/NO]	[SÌ/NO]	[%]	A	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1 Environmentally sustainable activities (Taxonomy-aligned)																			
Production of electricity using solar photovoltaic technology	CCM 4.1.	17,165 €	0.0%	Y	N/EL	N/EL	N/EL	N/EL	N/EL		Y		Y		Y	Y	-		
Production of biogas and biofuels for transport and bioliquids	CCM 4.13.	34,181 €	0.1%	Y	N/EL	N/EL	N/EL	N/EL	N/EL		Y	Y		Y	Y	Y	-		
Construction, extension and management of water collection, treatment and supply systems/Water supply	CCM 5.1./ **WTR 2.1.**	487,278 €	1.3%	Y	N/EL	**Y**	N/EL	N/EL	N/EL		Y	Y			Y	Y	24.4%		
Construction, extension and management of water collection, treatment and supply systems/Water supply	**CCM 5.1.**/ WTR 2.1.	8,617,847 €	22.3%	**Y**	N/EL	N	N/EL	N/EL	N/EL		Y	Y			Y	Y			
Construction, extension and operation of wastewater collection and treatment systems/Urban wastewater treatment	CCM 5.3./ **WTR 2.2.**	37,825 €	0.1%	Y	N/EL	**Y**	N/EL	N/EL	N/EL	Y	Y	Y		Y	Y	Y	0.1%		
Construction, extension and operation of wastewater collection and treatment systems/Urban wastewater treatment	CCM 5.3./ **WTR 2.2.**	6,148,810 €	15.9%	N	N/EL	**Y**	N/EL	N/EL	N/EL	Y	Y	Y		Y	Y	Y			
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**15,343,106 €**	**39.7%**	**24.7%**	**0.0%**	**17.1%**	**0.0%**	**0.0%**	**0.0%**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**24.5%**		
of which enabling		**0 €**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**0.0%**	**A**	
of which transitional		**0 €**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**0.0%**		**T**
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
Production of electricity using solar photovoltaic technology	CCM 4.1.	12,450 €	0.0%	Y	N/EL	N/EL	N/EL	N/EL	N/EL		Y		N		N	Y			
Construction, extension and operation of wastewater collection and treatment systems/Urban wastewater treatment	CCM 5.3./ WTR 2.2.	7,905,859 €	20.5%	N	N/EL	Y	N/EL	N/EL	N/EL	N	Y	Y		Y	Y	Y	-		
Transport by motorbikes, passenger cars and light commercial vehicles	CCM 6.5.	26,890 €	0.1%	Y	N/EL	N/EL	N/EL	N/EL	N/EL		N		Y	N		Y	0.0%		

				Substantial contribution						DNSH criteria									
Economic activities	Code	Operating expenditure in absolute terms	Proportion of operating expenditure	Climate change mitigation	Climate change adaptation	Sustainable use and protection of water and marine resources	Transition to a circular economy	Pollution prevention and reduction	Restoration of biodiversity and ecosystems	Climate change mitigation	Climate change adaptation	Sustainable use and protection of marine resources	Transition to a circular economy	Pollution prevention and reduction	Restoration of biodiversity and ecosystems	Minimum Safeguards	Proportion of Taxonomy-aligned (A.1.) or -eligible (A.2.) OpEx, year 2023	Enabling activities	Transitional activities
		[euro]	[%]	SÌ;NO; N/AM	SÌ;NO; N/AM	SÌ;NO; N/AM	SÌ;NO; N/AM	SÌ;NO; N/AM	SÌ;NO; N/AM	[SÌ/NO]	[SÌ/NO]	[SÌ/NO]	[SÌ/NO]	[SÌ/NO]	[SÌ/NO]	[SÌ/NO]	[%]	A	T
Transport by motorbikes, passenger cars and light commercial vehicles	CCM 6.5.	17,838 €	0.0%	Y	N/EL	N/EL	N/EL	N/EL	N/EL		N		Y	N		Y	0.0%		
Transport by motorbikes, passenger cars and light commercial vehicles	CCM 6.5.	3,997 €	0.0%	Y	N/EL	N/EL	N/EL	N/EL	N/EL		N		N	N		Y	0.0%		
OpEx of eligible activities making a substantial contribution to at least one objective of the Taxonomy, but not aligned (A.2.1)		**7,967,035 €**	**20.6%**	**0.2%**	**0.0%**	**20.5%**	**0.0%**	**0.0%**	**0.0%**										
Cogeneration of heat/cold and electricity from bioenergy	CCM 4.20.	2,288 €	0.0%	N	N/EL	N/EL	N/EL	N/EL	N/EL								0.0%		
Construction, extension and operation of wastewater collection and treatment systems/Urban wastewater treatment	CCM 5.3./ WTR 2.2.	2,250,041 €	5.8%	N	N/EL	N	N/EL	N/EL	N/EL								43.4%		
Anaerobic digestion of organic waste	CCM 5.7./ CE 2.5.	42,121 €	0.1%	N	N/EL	N/EL	N	N/EL	N/EL								0.3%		
Transport by motorbikes, passenger cars and light commercial vehicles	CCM 6.5.	297,555 €	0.8%	N	N/EL	N/EL	N/EL	N/EL	N/EL								0.7%		
Sustainable urban drainage systems	WTR 2.3.	137,124 €	0.4%	N/EL	N/EL	N	N/EL	N/EL	N/EL								0.6%		
OpEx of eligible activities that do not make a substantial contribution to the objectives of the Taxonomy (A.2.2)		**2,729,129 €**	**7.1%**	**6.7%**	**0.0%**	**6.2%**	**0.1%**	**0.0%**	**0.0%**								**45.0%**		
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2=A.2.1. + A.2.2.)		**10,696,163 €**	**27.7%**	**43.3%**	**0.0%**	**49.0%**	**0.1%**	**0.0%**	**0.0%**								**45.1%**		
Total eligibility (A.1 + A.2)		**26,039,269 €**	**67.4%**	**67.1%**	**0.0%**	**66.2%**	**0.1%**	**0.0%**	**0.0%**								**69.6%**		

B. TAXONOMY-NON-ELIGIBLE ACTIVITIES

OpEx of Taxonomy-non-eligible activities (B)	**12,583,906 €**	**32.6%**
TOTAL (A+B)	**38,623,175 €**	**100.0%**

Proportion of capital expenditure associated with Taxonomy-aligned economic activities – disclosure covering year 2024

				Substantial contribution						DNSH criteria									
Economic activities	**Code**	**Capital expenditure in absolute terms**	**Proportion of capital expenditure**	**Climate change mitigation**	**Climate change adaptation**	**Sustainable use and protection of water and marine resources**	**Transition to a circular economy**	**Pollution prevention and reduction**	**Restoration of biodiversity and ecosystems**	**Climate change mitigation**	**Climate change adaptation**	**Sustainable use and protection of marine resources**	**Transition to a circular economy**	**Pollution prevention and reduction**	**Restoration of biodiversity and ecosystems**	**Minimum Safeguards**	**Proportion of Taxonomy-aligned (A.1.) or eligible (A.2.) CapEx, year 2023**	**Enabling activities**	**Transitional activities**
		[euro]	[%]	SÌ;NO; N/AM	SÌ;NO; N/AM	SÌ;NO; N/AM	SÌ;NO; N/AM	SÌ;NO; N/AM	SÌ;NO; N/AM	[SÌ/NO]	[SÌ/NO]	[SÌ/NO]	[SÌ/NO]	[SÌ/NO]	[SÌ/NO]	[SÌ/NO]	[%]	A	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1 Environmentally sustainable activities (Taxonomy-aligned)																			
Production of electricity using solar photovoltaic technology	**CCM 4.1.**/ CCA 4.1.	1,964,297 €	1,4%	**Y**	Y	N/EL	N/EL	N/EL	N/EL		Y		Y		Y	Y	1,4%		
Production of biogas and biofuels for transport and bioliquids	CCM 4.13.	86,336 €	0,1%	Y	N/EL	N/EL	N/EL	N/EL	N/EL		Y	Y		Y	Y	Y			
District heating/cooling distribution	CCM 4.15.	277,467 €	0,2%	Y	N/EL	N/EL	N/EL	N/EL	N/EL		Y	Y		Y	Y	Y			
Construction, extension and management of water collection, treatment and supply systems/Water supply	CCM 5.1./ CCA 5.1./ **WTR 2.1.**	17,317 €	0,0%	Y	Y	**Y**	N/EL	N/EL	N/EL		Y	Y			Y	Y	6,3%		
Construction, extension and management of water collection, treatment and supply systems/Water supply	**CCM 5.1.**/ CCA 5.1./ WTR 2.1.	15,654,263 €	11,1%	**Y**	Y	N	N/EL	N/EL	N/EL		Y	Y			Y	Y			
Construction, extension and management of water collection, treatment and supply systems/Water supply	CCM 5.1./ **WTR 2.1.**	33,790 €	0,0%	Y	N/EL	**Y**	N/EL	N/EL	N/EL		Y	Y			Y	Y	8,6%		
Construction, extension and management of water collection, treatment and supply systems/Water supply	**CCM 5.1.**/ WTR 2.1.	7,297,280 €	5,2%	**Y**	N/EL	N	N/EL	N/EL	N/EL		Y	Y			Y	Y			
Renovation of water collection, treatment and supply systems	CCM 5.2./ CCA 5.2./ **WTR 2.1.**	3,777,306 €	2,7%	Y	Y	**Y**	N/EL	N/EL	N/EL		Y	Y			Y	Y	0,6%		
Renovation of water collection, treatment and supply systems	CCM 5.2./ **CCA 5.2.**/ WTR 2.1.	11,353,240 €	8,0%	N	**Y**	N	N/EL	N/EL	N/EL		Y	Y			Y	Y			
Renovation of water collection, treatment and supply systems	CCM 5.2./ **WTR 2.1.**	2,183,618 €	1,5%	Y	N/EL	**Y**	N/EL	N/EL	N/EL		Y	Y			Y	Y	2,0%		

				Substantial contribution						DNSH criteria									
Economic activities	**Code**	**Capital expenditure in absolute terms**	**Proportion of capital expenditure**	**Climate change mitigation**	**Climate change adaptation**	**Sustainable use and protection of water and marine resources**	**Transition to a circular economy**	**Pollution prevention and reduction**	**Restoration of biodiversity and ecosystems**	**Climate change mitigation**	**Climate change adaptation**	**Sustainable use and protection of marine resources**	**Transition to a circular economy**	**Pollution prevention and reduction**	**Restoration of biodiversity and ecosystems**	**Minimum Safeguards**	**Proportion of Taxonomy-aligned (A.1.) or eligible (A.2.) CapEx, year 2023**	**Enabling activities**	**Transitional activities**
		[euro]	[%]	SÌ;NO; N/AM	SÌ;NO; N/AM	SÌ;NO; N/AM	SÌ;NO; N/AM	SÌ;NO; N/AM	SÌ;NO; N/AM	[SÌ/NO]	[SÌ/NO]	[SÌ/NO]	[SÌ/NO]	[SÌ/NO]	[SÌ/NO]	[SÌ/NO]	[%]	A	T
Construction, extension and operation of wastewater collection and treatment systems/Urban wastewater treatment	CCM 5.3./ CCA 5.3./ **WTR 2.2.**	20,428,391 €	14.5%	N	Y	**Y**	N/EL	N/EL	N/EL	Y	Y	Y		Y	Y	Y	11.7%		
Construction, extension and operation of wastewater collection and treatment systems/Urban wastewater treatment	CCM 5.3./ **CCA 5.3.**/ WTR 2.2.	33,525 €	0.0%	N	**Y**	N	N/EL	N/EL	N/EL	Y	Y	Y		Y	Y	Y			
Construction, extension and operation of wastewater collection and treatment systems/Urban wastewater treatment	CCM 5.3./ **WTR 2.2.**	1,713 €	0.0%	Y	N/EL	**Y**	N/EL	N/EL	N/EL	Y	Y	Y		Y	Y	Y	0.0%		
Construction, extension and operation of wastewater collection and treatment systems/Urban wastewater treatment	CCM 5.3./ **WTR 2.2.**	1,889,956 €	1.3%	N	N/EL	**Y**	N/EL	N/EL	N/EL	Y	Y	Y		Y	Y	Y			
Renovation of wastewater collection and treatment systems	CCM 5.4./ CCA 5.4./ **WTR 2.2.**	385,117 €	0.3%	N	Y	**Y**	N/EL	N/EL	N/EL	Y	Y	Y		Y	Y	Y	-		
Renovation of wastewater collection and treatment systems	CCM 5.4./ **CCA 5.4.**/ WTR 2.2.	614,762 €	0.4%	N	**Y**	N	N/EL	N/EL	N/EL	Y	Y	Y		Y	Y	Y			
Renovation of wastewater collection and treatment systems	CCM 5.4./ **WTR 2.2.**	3,404,389 €	2.4%	N	N/EL	**Y**	N/EL	N/EL	N/EL	Y	Y	Y		Y	Y	Y	0.0%		
Production of alternative water resources for uses other than human consumption	CE 2.2.	126,049 €	0.1%	N/EL	N/EL	N/EL	Y	N/EL	N/EL	Y	Y	Y		Y	Y	Y	-		
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**69,528,816 €**	**49.3%**	**22.2%**	**38.4%**	**22.8%**	**0.1%**	**0.0%**	**0.0%**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**36.7%**		
of which enabling		**0 €**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**0.0%**	**A**	
of which transitional		**0 €**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**0.0%**		**T**
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
Electricity generation using solar photovoltaic technology	CCM 4.1./ CCA 4.1.	6,100 €	0.0%	Y	Y	N/EL	N/EL	N/EL	N/EL		Y		N		Y	Y	0.4%		
Electricity generation using solar photovoltaic technology	CCM 4.1./ CCA 4.1.	2,265,333 €	1.6%	Y	Y	N/EL	N/EL	N/EL	N/EL		Y		N		N	Y	0.4%		

				Substantial contribution						DNSH criteria									
Economic activities	**Code**	**Capital expenditure in absolute terms**	**Proportion of capital expenditure**	**Climate change mitigation**	**Climate change adaptation**	**Sustainable use and protection of water and marine resources**	**Transition to a circular economy**	**Pollution prevention and reduction**	**Restoration of biodiversity and ecosystems**	**Climate change mitigation**	**Climate change adaptation**	**Sustainable use and protection of marine resources**	**Transition to a circular economy**	**Pollution prevention and reduction**	**Restoration of biodiversity and ecosystems**	**Minimum Safeguards**	**Proportion of Taxonomy-aligned (A.1.) or eligible (A.2.) CapEx, year 2023**	**Enabling activities**	**Transitional activities**
		[euro]	[%]	SÌ;NO; N/AM	SÌ;NO; N/AM	SÌ;NO; N/AM	SÌ;NO; N/AM	SÌ;NO; N/AM	SÌ;NO; N/AM	[SÌ/NO]	[SÌ/NO]	[SÌ/NO]	[SÌ/NO]	[SÌ/NO]	[SÌ/NO]	[SÌ/NO]	[%]	A	T
Construction, extension and operation of wastewater collection and treatment systems/Urban wastewater treatment	CCM 5.3./ WTR 2.2.	3,971,744 €	2.8%	N	N/EL	Y	N/EL	N/EL	N/EL	N	Y	Y		Y	Y	Y	-		
Renovation of wastewater collection and treatment systems	CCM 5.4./ WTR 2.2.	4,381,255 €	3.1%	N	N/EL	Y	N/EL	N/EL	N/EL	N	Y	Y		Y	Y	Y	-		
Transport by motorbikes, passenger cars and light commercial vehicles	CCM 6.5.	248,319 €	0.2%	Y	N/EL	N/EL	N/EL	N/EL	N/EL		N		Y	N		Y	0.2%		
Transport by motorbikes, passenger cars and light commercial vehicles	CCM 6.5.	64,645 €	0.0%	Y	N/EL	N/EL	N/EL	N/EL	N/EL		N		Y	N		Y			
CapEx of eligible activities making a substantial contribution to at least one objective of the Taxonomy, but not aligned (A.2.1)		**10,937,397 €**	**7.8%**	**1.8%**	**1.6%**	**5.9%**	**0.0%**	**0.0%**	**0.0%**										
Production of biogas and biofuels for transport and bioliquids	CCM 4.13.	3,954,929 €	2.8%	N	N/EL	N/EL	N/EL	N/EL	N/EL								0.7%		
Cogeneration of heat/cold and electricity from bioenergy	CCM 4.20.	111,249 €	0.1%	N	N/EL	N/EL	N/EL	N/EL	N/EL								0.1%		
Production of heat/cold from bioenergy	CCM 4.24.	261,695 €	0.2%	N	N/EL	N/EL	N/EL	N/EL	N/EL								0.0%		
Renovation of water collection, treatment and supply systems	CCM 5.2./ WTR 2.1.	6,044,113 €	4.3%	N	N/EL	N	N/EL	N/EL	N/EL								7.5%		
Construction, extension and operation of wastewater collection and treatment systems/Urban wastewater treatment	CCM 5.3./ WTR 2.2.	4,120,997 €	2.9%	N	N/EL	N	N/EL	N/EL	N/EL								8.1%		
Renovation of wastewater collection and treatment systems	CCM 5.4./ WTR 2.2.	9,754,867 €	6.9%	N	N/EL	N	N/EL	N/EL	N/EL								14.6%		
Anaerobic digestion of sewage sludge	CCM 5.6.	1,046,771 €	0.7%	N	N/EL	N/EL	N/EL	N/EL	N/EL								0.1%		
Anaerobic digestion of organic waste	CCM 5.7./ CE 2.5.	3,954,929 €	2.8%	N	N/EL	N	N/EL	N/EL	N/EL								3.5%		
Transport by motorbikes, passenger cars and light commercial vehicles	CCM 6.5.	1,300,364 €	0.9%	N	N/EL	N/EL	N/EL	N/EL	N/EL								1.9%		

				Substantial contribution						DNSH criteria									
Economic activities	**Code**	**Capital expenditure in absolute terms**	**Proportion of capital expenditure**	**Climate change mitigation**	**Climate change adaptation**	**Sustainable use and protection of water and marine resources**	**Transition to a circular economy**	**Pollution prevention and reduction**	**Restoration of biodiversity and ecosystems**	**Climate change mitigation**	**Climate change adaptation**	**Sustainable use and protection of marine resources**	**Transition to a circular economy**	**Pollution prevention and reduction**	**Restoration of biodiversity and ecosystems**	**Minimum Safeguards**	**Proportion of Taxonomy-aligned (A.1.) or eligible (A.2.) CapEx, year 2023**	**Enabling activities**	**Transitional activities**
		[euro]	[%]	SÌ;NO; N/AM	SÌ;NO; N/AM	SÌ;NO; N/AM	SÌ;NO; N/AM	SÌ;NO; N/AM	SÌ;NO; N/AM	[SÌ/NO]	[SÌ/NO]	[SÌ/NO]	[SÌ/NO]	[SÌ/NO]	[SÌ/NO]	[SÌ/NO]	[%]	A	T
Sustainable urban drainage systems	WTR 2.3.	397,981 €	0.3%	N/EL	N/EL	N	N/EL	N/EL	N/EL								0.4%		
Recovery of phosphorus from wastewater	CE 2.1.	295,912 €	0.2%	N/EL	N/EL	N/EL	N	N/EL	N/EL								0.3%		
CapEx of eligible activities that do not make a substantial contribution to the objectives of the Taxonomy (A.2.2)		**31,243,807 €**	**22.1%**	**21.7%**	**0.0%**	**17.2%**	**0.2%**	**0.0%**	**0.0%**								**38.6%**		
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2=A.2.1+A.2.2)		**42,181,204 €**	**29.9%**	**56.4%**	**1.6%**	**47.9%**	**0.2%**	**0.0%**	**0.0%**								**42.5%**		
Total eligibility (A.1 + A.2)		**111,710,021 €**	**79.2%**	**78.6%**	**40.1%**	**70.7%**	**0.3%**	**0.0%**	**0.0%**								**79.2%**		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
CapEx of Taxonomy-non-eligible activities (B)		**29,354,141 €**	**20.8%**																
TOTAL (A+B)		**141,064,162 €**	**100.0%**																

NOTES:
CCM: Climate Change Mitigation
CCA: Climate Change Adaptation
WTR: Sustainable use and protection of water and marine resources
CE: Transition to a circular economy
PPC: Pollution Prevention and Control
BIO: Restoration of biodiversity and ecosystems
YES: The activity is eligible for eco-sustainability and meets the criteria for substantial contribution or DNSH with reference to the relevant environmental objective
NO: The activity is eligible for eco-sustainability but does not meet the criteria for substantial contribution or DNSH with reference to the relevant environmental objective
N/EL: The activity is not eligible for eco-sustainability for the relevant objective
For an activity to be reported in Section A.1, the substantial contribution criterion for at least one environmental objective, all DNSH criteria and the relevant minimum safeguards shall be met.
Non-financial undertakings may indicate the substantial contribution and DNSH criteria that they meet or do not meet in Section A.2 by using Y/N of N/EL codes for substantial contribution and Y/N codes for DNSH.
Where an economic activity contributes substantially to multiple environmental objectives, the objective considered as a priority has been indicated in bold, applying the following relevance criteria:

A. Where only one of the objectives met the substantial contribution criteria, the objective for which the substantial contribution criteria set by the European Taxonomy were met was considered relevant (indicated in bold).
B. Where the substantial contribution was achieved for several objectives, relevance was attributed (indicated in bold) to the objective most consistent with the nature and purpose of the activity carried out.

The extent of eligibility and alignment per environmental objective is shown below, considering for each objective also the activities contributing substantially to several objectives.

TABLE N° 42 – Eligibility and alignment results

	Proportion of turnover/Total turnover		Proportion of OpEx/Total OpEx		Proportion of CapEx/Total CapEx	
	Taxonomy-aligned per objective	**Taxonomy-eligible per objective**	**Taxonomy-aligned per objective**	**Taxonomy-eligible per objective**	**Taxonomy-aligned per objective**	**Taxonomy-eligible per objective**
CCM	24.7%	81.3%	24.7%	67.1%	22.2%	78.6%
CCA	0.0%	0.0%	0.0%	0.0%	38.4%	40.1%
WTR	17.1%	80.5%	17.1%	66.2%	22.8%	70.7%
CE	0.0%	0.0%	0.0%	0.1%	0.1%	0.3%
PPC	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
BIO	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

With reference to the information pursuant to art. 8, paragraphs 6 and 7 of the Delegated Regulation (EU) 2021/2178, which provides for the use of the models provided in Annex XII for the communication of activities related to nuclear and fossil gases, it is specified that all the models have been omitted as they are not representative of the company's activities.

Climate Change

ESRS E1

The table below sets out the impacts, risks and opportunities that the Group has assessed as material in relation to climate change.

TABLE N° 43 – Impacts, risks and opportunities

ESRS	Material impacts, risks and opportunities	Topic/Subtopic	IRO title	IRO Description	Perimeter: upstream	Perimeter: own operations	Perimeter: downstream
ESRS E1 - Climate Change	**Physical risk**	**Climate change adaptation**	Damage to company assets	An accident occurring at a CAP Holding data centre caused by malicious acts, company sabotage or natural events such as lightning, surcharges and electrical discharges or flooding could result in the entire company being unable to operate for an extended period of time.	✓	✓	✓
ESRS E1 - Climate Change	**Physical risk**	**Climate change adaptation**	Overflow and/or flooding from sewage systems	Recently, there have been periods of intense and prolonged rainfall, which could cause the sewage system problems in disposing of the amount of rainwater collected. This may lead to overflows and flooding, as the current capacity of the floodwater culverts may be exceeded (e.g. Olona, San Giuliano Milanese). Increased community awareness of overflows and flooding, combined with stricter local/regional regulations, could lead to the need for new floodwater culverts outside the time horizon of the Plan.		✓	
ESRS E1 - Climate Change	**Transition risk**	**Climate change mitigation**	Failure to achieve GHG emission reduction targets	The Group is committed to reducing its carbon footprint. In 2024, it set its targets for reducing Scope 1 and Scope 2 emissions by 42% and Scope 3 emissions by 25% by 2030. However, in 2025, the Group's emissions will exceed those of previous years, mainly due to the expansion of indirect emissions (Scope 3) and the increase in the reporting boundary. The development of new, more emission-intensive businesses, combined with an increasing international awareness (the EU's Net Zero targets by 2050), carries the risk of failing to reduce GHG emissions and missing reduction targets.		✓	

TABLE N° 43 – Impacts, risks and opportunities

ESRS	Material impacts, risks and opportunities	Topic/Subtopic	IRO title	IRO Description	Perimeter: upstream	Perimeter: own operations	Perimeter: downstream
ESRS E1 - Climate Change	**Physical risk**	**Climate change adaptation**	Deterioration of water quality due to increased temperatures in the distribution network	There has been a gradual increase in temperatures in recent years, and this trend is expected to intensify in the years ahead. High temperatures (> 20°C) in the pipelines of the distribution network could lead to the formation of bacteria and increase the number of microbiological contaminations (e.g. cases of Legionella and iron bacteria), which would gradually deteriorate water quality.		✓	
ESRS E1 - Climate Change	**Physical risk**	**Climate change adaptation**	Water scarcity	The progressive scarcity of water resources (a chronic physical risk related to climate change) could lead to: • an impact on the Group's operations, considering the increasing difficulty in meeting the demand for water; • additional capex for investments to upgrade water treatment and purification plants; • the need to change the business model itself.		✓	
ESRS E1 - Climate Change	**Physical risk**	**Climate change adaptation**	Increase in extreme weather events (cloudbursts) affecting parts of the sewerage system	The intensification of extreme weather events (e.g. cloudbursts) could compromise the regular operation of the sewerage system, which would be unable to dispose of sudden quantities of rainwater quickly, leading to flooding and disruption to the community (e.g. damage to the road system) in limited areas. Currently, there is an increase in requests from municipalities for rainwater regulation measures, even for areas and aspects that do not fall within the Group's remit. This risk is particularly significant in areas where CAP will become the rainwater operator over the next few years.		✓	

TABLE N° 43 – Impacts, risks and opportunities

ESRS	Material impacts, risks and opportunities	Topic/Subtopic	IRO title	IRO Description	Perimeter: upstream	Perimeter: own operations	Perimeter: downstream
ESRS E1 - Climate Change	**Physical risk**	**Climate change adaptation**	Intensification of extreme weather events (cloudbursts) affecting the operation of wastewater treatment plants	The intensification of extreme weather events could lead to excess rainwater in the plants and/or river bank overflowing near the wastewater treatment plants, causing flooding and/or blackouts that could compromise the operation and efficiency of the wastewater treatment plants (e.g. Bresso, Rozzano). The operational block of the wastewater treatment plants would cause disruption to the community and have an impact on the environment, as untreated wastewater would be discharged into watercourses.		✓	
ESRS E1 - Climate Change	**Physical risk**	**Climate change adaptation**	Extreme weather events (heatwaves/cloudbursts) affecting aqueduct and sewerage systems	The increase in extreme weather events (e.g. heatwaves/cloudbursts) could lead to more frequent blackouts due to grid overload or maintenance work, causing the interruption to the operation of aqueduct plants and wastewater lift stations. This would cause temporary disruption to the community and, in the case of lift stations, result in the discharge of untreated wastewater into watercourses, which would have environmental repercussions, especially during dry periods.		✓	
ESRS E1 - Climate Change	**Negative impact**	**Climate change mitigation**	Generation of climate-changing emissions by suppliers	Negative impact on the environment caused by the contribution of the Group's suppliers to climate change through the generation of greenhouse gases in their activities (e.g. supplies, plant construction, motor vehicles, transport).	✓		
ESRS E1 - Climate Change	**Negative impact**	**Climate change mitigation**	Generation of climate-changing emissions by ZEROC	Negative impact on the environment related to climate-changing emissions caused by investee Companies (e.g. ZeroC).		✓	
ESRS E1 - Climate Change	**Negative impact**	**Energy**	Group energy consumption	Negative impact on the environment related to energy consumption in the Group's activities. Increased energy use may be necessary in the light of new and more effective (quaternary) treatments introduced to ensure water quality that meets the regulations in force and is better for consumers.		✓	
ESRS E1 - Climate Change	**Negative impact**	**Energy**	Downstream energy consumption in activities of Investee Companies	Negative impact on the environment related to the energy consumption of investee companies (Pavia Acque).		✓	

TABLE N° 43 – Impacts, risks and opportunities

ESRS	Material impacts, risks and opportunities	Topic/Subtopic	IRO title	IRO Description	Perimeter: upstream	Perimeter: own operations	Perimeter: downstream
ESRS E1 - Climate Change	**Positive impact**	**Climate change mitigation**	Promoting decarbonisation strategies	Positive impact on the environment through the implementation of the photovoltaic development plan aimed at producing renewable energy, as part of the Group's decarbonisation strategy.		✓	
ESRS E1 - Climate Change	**Positive impact**	**Energia**	Waste-to-energy conversion for energy production	Positive impact on the environment related to the waste-to-energy of sewage sludge resulting from wastewater treatment. Sludge is an important resource and contributes to promoting the circular economy and generating value through waste-to-energy activities for energy production.	✓		
ESRS E1 - Climate Change	**Positive impact**	**Energy**	Energy production (biogas)	Positive impact on the environment related to energy production by investee companies (e.g. Neutalia).		✓	
ESRS E1 - Climate Change	**Positive impact**	**Energy**	Energy production	Positive impact on the environment related to the production of electricity by investee companies through waste-to-energy (Neutalia).		✓	
ESRS E1 - Climate Change	**Opportunities**	**Climate change mitigation**	Increased profitability and competitiveness through green economy projects	The Group is committed to reducing its carbon footprint. In 2024, it set its targets for reducing Scope 1 and Scope 2 emissions by 42% and Scope 3 emissions by 25% by 2030.		✓	
ESRS E1 - Climate Change	**Opportunities**	**Energy**	Investment in energy efficiency and production from renewable sources	Investire in tecnologie per l'efficienza energetica e la produzione da fonte rinnovabile per migliorare l'efficienza economica e la sostenibilità ambientale.	✓	✓	✓
ESRS E1 - Climate Change	**Potential negative impact**	**Climate change adaptation**	Inadequacy of the Cap Group's climate change adaptation measures	Potential negative impact related to the lack of solid forecast data that would enable effective adaptation measures to be taken in response to climate change, particularly with regard to rainfall probability curves (rainfall intensity and duration)		✓	

Material impacts, risks and opportunities and their interaction with strategy and business model

E1 SBM-3

The CAP Group has mapped and is monitoring the main climate risks to which it is exposed through the application of an Enterprise Risk Assessment and ongoing dialogue and discussion with the main figures responsible for managing the areas of operation most exposed to risk. Although no specific resilience analysis was carried out for 2024, including the use of climate scenarios, the business is resilient. This is because economic losses are periodically mapped and monitored, and appropriate mitigation measures are adopted to limit the impact on the Group. As part of the 2024 Enterprise Risk Assessment, the **physical and transition climate risks** shown in the above table were identified in relation to the CAP Group's operations and were present in at least one of the three analysed time horizons.

In connection with these risks, the CAP Group is actively engaged in various **mitigation actions**, such as promoting the reduction of CO_2 emissions in own operations and in the activities of suppliers, and managing water risks through analysis, infrastructure maintenance and emergency plans, ensuring the continuity of services and the safety of communities. The Group is finally investing in the redevelopment of the sewerage system and in hydraulic invariance measures to increase the resilience of the area, demonstrating an integrated and proactive approach to climate risk management. These activities are essential for minimising both the probability and the impact of risks should they materialise.

In response to the risks related to climate change, the CAP Group started a structured process that strategically integrates concrete actions into its decision-making and management processes. The following is a list of the main actions that the CAP Group is implementing and will further develop in the coming years, divided into the main areas of action:

- **Climate risk assessment**
  Mapping of the main risks related to the managed areas and infrastructure, with a medium- to long-term perspective.
- **Technological and infrastructural innovation**
  Investments in advanced technologies for water efficiency and the design of resilient infrastructure capable of withstanding extreme weather events.
- **Demand and resource management**
  Promoting the conscious use of water through awareness-raising, incentives and the reuse of wastewater.
- **Integrated water resource management**
  Adoption of adaptive management plans and cooperation with public bodies, companies and institutions for shared and resilient solutions.
- **Communication and stakeholder engagement**
  Transparency in communications and activation of local communities to strengthen collective resilience.
- **Regulatory compliance and sustainability**
  Compliance with environmental regulations and promotion of sustainability through projects aimed at reducing emissions and improving energy efficiency.
- **Continuous monitoring and updating**
  Constant monitoring of business strategies based on climate data and forecasts for continuous improvement of adaptation actions.

These aspects will be integrated into the Climate Transition Plan that the Group is preparing with a view to strategic and operational planning based on a proactive approach to meet future challenges.

Transition plan for climate change mitigation

E1-1

Recognising the importance of adopting a strategic vision on climate change, the CAP Group plans to define a long-term climate strategy in 2025 that will outline the Group's approach to climate risk management and the pursuit of decarbonisation targets, with a priority focus on reducing greenhouse gas emissions.

The contents of the strategy will form the basis for developing a **Climate Transition Plan**, which will enable the Group to strengthen its environmental planning capabilities and respond in a more structured manner to the reporting requirements set out in the European regulations.

Policies related to climate change mitigation and adaptation

E1-2

The Group adopted specific policies for managing climate change. For further details, see the section "Policies adopted and related disclosure requirements".

Actions and resources in relation to climate change policies

E1-3

The CAP Group adopted the following actions with regard to climate change mitigation and adaptation:

Photovoltaic masterplan

- **Type of lever:** Use of energy from renewable sources
- **Reductions achieved in GHG emissions:** 6,693 tCO2eq
- **Expected reductions in GHG emissions:** 35,557 tCO2eq

The CAP Group has set itself the goal of increasing the share of self-produced and self-consumed energy from photovoltaic systems by 2030, contributing to the reduction of Scope 2 emissions (purchased electricity) and, partially, Scope 3 – Category 3, according to the GHG Protocol. This action is expected to reduce emissions by an estimated 29% in absolute terms for Scopes 1 and 2, and by 5.5% for Scope 3, compared to the 2021 baseline.

The photovoltaic master plan involves installing panels on approximately 25,000 m² of rooftops in industrial areas (wastewater treatment, groundwater treatment, aqueduct) and developing two agrivoltaic pilot projects, intended exclusively for self-consumption and carried out in collaboration with the agricultural sector.

The table shows the action plan for the implementation of the photovoltaic system, indicating the operating expenditure (OpEx) and capital expenditure (CapEx) planned for 2024, as well as the relation with the financial statements and future capital expenditure planned in the Investment Plan up to 2033.

TABLE N° 44 – Photovoltaic masterplan

Action Plan	UOM	2024 Operating expenditure (OpEx)	2024 Capital Expenditure (CapEx)	Relation with Financial Statements	Future operating expenditure (OpEx)	Future capital expenditure (CapEx)	Description of the future
Photovoltaic masterplan	€	15,885.82	4,235,730.28	7.1. Rights on assets under concession 8.6 Costs for services (Costs for industrial services)	-	14,210,138.30	Projection of the Business Plan to 2033.

Electrification of the car fleet

- **Type of lever:** Electrification
- **Reductions achieved in GHG emissions:** 228 tCO_2eq
- **Expected reductions in GHG emissions:** 557 tCO_2eq

The CAP Group aims to partially electrify its company fleet by 2030 with the aim of reducing associated fossil fuel consumption. In December 2024, 3% of the distance travelled is covered by electric, hybrid or plug-in petrol vehicles, representing approximately 5% of the total fleet.
There are also plans to expand the network of recharging stations at company plants.
The initiative will contribute to reducing Scope 1 and Scope 3 – Category 3 emissions (GHG Protocol), with an estimated impact of 0.5% in absolute terms on Scope 1 and 2 compared to the 2021 baseline.

Reduction and optimisation of the use of chemical reagents

- **Type of lever:** Product modification
- **Reductions achieved in GHG emissions:** 2,616 tCO_2eq
- **Expected reductions in GHG emissions:** 3,664 tCO_2eq

The Cap Group's objective for 2030 is to optimise the use of chemical reagents used in purification to reduce their emission impact. The reduction will affect Scope 3 with regard to Category 1 (goods and services purchased according to the breakdown of emission categories indicated by the GHG Protocol). According to forecasts, by 2030 this action will enable a **reduction of approximately 7% in the absolute value of Scope 3 emissions compared to the 2021 baseline.**

Energy efficiency

The actions introduced to improve energy efficiency are specific to the wastewater treatment sector and to the aqueduct sector. For the aqueduct sector, the energy efficiency objective includes actions such as pressure optimisation, well efficiency improvements and pump replacement.
For the wastewater treatment sector, energy savings are achieved through measures to improve the efficiency of wastewater treatment processes and the installation of photovoltaic panels directly on the plants.
The table shows the action plan for the implementation of the photovoltaic system, indicating the operating expenditure (OpEx) and capital expenditure (CapEx) planned for 2024, as well as the relation with the financial statements and future capital expenditure planned in the Investment Plan up to 2033.

TABLE N° 45 – Energy efficiency

Action Plan	UOM	2024 Operating expenditure (OpEx)	2024 Capital Expenditure (CapEx)	Relation with Financial Statements	Future operating expenditure (OpEx)	Future capital expenditure (CapEx)	Description of the future
Energy efficiency	€	117,198.64	943,767.66	7.1. Rights on assets under concession 8.6 Costs for services (Costs for industrial services)	-	4,460,862.80	Projection of the Business Plan to 2033

Moreover, in order to address climate risk, a process of analysis and discussion was launched with the CMCC (Euro-Mediterranean Centre on Climate Change) with the aim of assessing the risk to which the company's assets are exposed with regard to the effects of climate change. In addition to this collaboration, a number of actions have been undertaken, such as joining national and international initiatives, developing nature-based solutions – such as the "Città Spugna" (Sponge City) project – and collaborating with Epson on updated modelling of climate scenarios and their impact on hydrogeological models. These activities will enable the CAP Group to plan interventions aimed at addressing the main climate risks to which its assets are exposed.

Targets related to climate change mitigation and adaptation

E1-4

The CAP Group has set measurable, result-oriented targets, committing to reducing greenhouse gas emissions by 2030 in line with the **Science Based Targets (SBTi)** initiative, basing its strategy on the latest and most up-to-date scientific research. The targets were approved in December 2023.
The aim is to reduce the Group's absolute GHG emissions, in particular:

- **Scope 1 and 2** emissions by **42%** compared to 2021 Baseline values
- **Scope 3** emissions by **25%** compared to 2021 Baseline values

Note that the reduction target approved by SBTi for Scope 3 does not include all emissions reported for Scope 3, but only the following categories (according to the classification proposed by the GHG Protocol):

- Category 1: Purchased services and products;
- Category 3: Activities related to fuels and energy (including extraction, production, transport and distribution of fuels consumed);
- Category 5: waste disposal;
- Category 11: use of the products sold, which for the CAP Group includes the sale of biomethane for motor propulsion.

In fact, as described in the SBTi document of March 2024, "Getting Started Guide," the target defined for Scope 3 must contain at least 67% of the total emissions of the same Scope. Note that the emission reduction factors used to define the 2030 emission reduction targets are both sectoral and cross-sectoral, and the sources used are compatible with limiting global warming to 1.5 °C.

The following are the **measurable, result-oriented targets** linked to the Action Plan described above.

TABLE N° 46 – Achieving +11.4% self-produced and self-consumed energy by 2030

Year	Basic value	Basic value UOM	Base year	Current progress	Current progress UOM
2030	77,876	tCO_2eq	2021	71,183	tCO_2eq

This reduction target is absolute, compared to 2021 emissions (Baseline), and concerns both the own operations phase and the upstream phase in the value chain. The geographical boundaries are those of the Group and its electricity suppliers. Consistency with the GES inventory boundary and the guarantee that the target is based on scientific data are ensured by the fact that this target has been validated by SBTi standards. The reduction will affect Scope 2 and Scope 3 emissions for Category 3, with reference to the GHG Protocol.

TABLE N° 47 – Electrification of the company fleet in order to reduce fossil fuel consumption by 50% by 2030

Year	Basic value	Basic value UOM	Base year	Current progress	Current progress UOM
2030	1,343	tCO_2eq	2021	1,115	tCO_2eq

This reduction target is absolute, compared to 2021 emissions (Baseline), and concerns both the Group operations and the upstream phase in the value chain. The geographical boundaries are those of the Group and the fossil fuel supply chain. Consistency with the GES inventory boundary and the guarantee that the target is based on scientific data are ensured by the fact that this target has been validated by SBTis. The reduction will affect Scope 1 and Scope 3 for Category 3, with reference to the GHG Protocol.

TABLE N° 48 – Construction and commissioning of a Bio-platform for the disposal of sludge produced by the Group by 2030

Year	Basic value	Basic value UOM	Base year	Current progress	Current progress UOM
2030	7,101	tCO_2eq	2021	14,210	tCO_2eq

The target that Gruppo Cap has set itself for 2030 is the construction and commissioning of a Bio-Platform to dispose of at least 30% of the sludge produced by the Group. The Bio-platform is scheduled to come into operation in 2026, so no emission reductions related to this action have yet been achieved in 2024. The reduction will affect Scope 3 with regard to Category 5 (waste disposal) and Category 9 (waste transport) with reference to the GHG Protocol.

TABLE N° 49 – 20% reduction in the emission impact of the reagents used by 2030

Year	Basic value	Basic value UOM	Base year	Current progress	Current progress UOM
2030	18,318.3	tCO_2eq	2021	15,702	tCO_2eq

This reduction target is absolute, compared to 2021 emissions (Baseline), and concerns the upstream phase in the value chain. The geographical boundaries are those of the Group and the suppliers of chemical reagents. Consistency with the GES inventory boundary and the guarantee that the target is based on scientific data are ensured by the fact that this target has been validated by SBTis. The reduction will affect Scope 3 with regard to Category 1 (purchased goods and services) with reference to the GHG Protocol.

TABLE N° 50 – Energy efficiency of the aqueduct

Year	Target Level	UOM of level	Base value	UOM of base value	Base year	Progress	UOM of progress
2033	0.30	*EN PIA1*= Energy consumed Aqueduct Service Water taken from the environment and fed into the network [kWhm³]	0.35	*EN PIA1*= Energy consumed Aqueduct Service Water taken from the environment and fed into the network[kWhm³]	2020	0.33	*EN PIA1*= Energy consumed Aqueduct Service Water taken from the environment and fed into the network [kWhm³]

There has been a very positive trend in terms of energy efficiency, with a progressive reduction in the indicator *EN PIA*1. The value recorded in 2024 is significantly closer to the target set for 2033 (0.30 kWh/m³). This trend confirms the effectiveness of the actions implemented by the CAP Group with a view to energy sustainability, including the modernisation of plants and the optimisation of network pressures, contributing to the **reduction of the environmental footprint** of the aqueduct system.

TABLE N° 51 – Energy efficiency Wastewater treatment

Year	Basic value	Basic value UOM	Base year	Current progress	Current progress UOM
2024	35.86	kWh/AE	2023	34.67	kWh/AE

The target for the wastewater treatment sector is measured by considering the energy consumed per population equivalent. For the calculation made for 2024, the energy consumed to lift the additional volumes of water recorded in 2024 due to the abnormal rainfall compared to 2023 was subtracted from the total consumed. Energy savings are the result of the energy efficiency processes required for purification and the installation of photovoltaic panels directly in the plants.

The CAP Group updates the base year starting in 2030 and every five years thereafter. This means that, before 2030, the base year can be the base year currently used for existing targets or the first year in which the sustainability reporting requirements set out in Article 5(2) of Directive (EU) 2022/2464 apply (2024, 2025 or 2026). After 2030, it will be updated every five years (2030, 2035, etc.). The targets identified below have been set and validated in accordance with the methodology proposed by SBTi.

TABLE N° 52 – Near-term emissions reduction targets

Target	Decarbonisation levers	Science-based target	Compatibility with global warming limits	If so, an explanation of such compatibility
Reduce Scope 1 and 2 emissions by 42% in absolute terms by 2030 compared to 2021 baseline values.	Renewable energy Sustainable mobility	Yes	Yes	The target is a "Near Term" target as it is set for 2030, and is compatible with the 1.5°C global warming scenario, in line with the Paris Agreement.
Reduce Scope 3 emissions by 25% in absolute terms by 2030 compared to 2021 baseline values.	Renewable energy Sustainable mobility Waste valorisation Process optimisation	Yes	Yes	The target is a "Near Term" target as it is set for 2030, and is compatible with the 1.5°C global warming scenario, in line with the Paris Agreement.

Energy consumption and mix

E1-5

At the CAP Group, we are actively committed to the transition from carbon-intensive fossil fuels to low-emission energy solutions, as part of a broader process towards a more climate-friendly economy. This commitment is reflected into the adoption of renewable energies, the optimisation of energy efficiency and the progressive reduction of dependence on fossil fuels, with a focus on the entire Integrated Water Service cycle.
Electricity is an important enabling factor for the operation of the water sector. The CAP Group operates in a sector with a high climate impact and has significant energy requirements, which call for targeted management and technological solutions for the progressive decarbonisation of its activities.

Energy consumption and mix

TABLE N° 53 – Energy consumption and energy mix

	UOM	2024
Consumption of fuels from carbon and carbon products	MWh	0.0
Consumption of fuels from crude oil and petroleum products	MWh	2,904.9
Consumption of natural gas fuels	MWh	1,3624.7
Consumption of fuels from other fossil fuels	MWh	0.0
Consumption of electricity, heat, steam or cooling from fossil fuels, purchased or acquired	MWh	12,139.2
Total energy consumption from fossil fuels	MWh	28,668.7
Percentage of fossil fuels in total energy consumption	%	12.4
Total energy consumption from nuclear sources	MWh	0.0
Percentage of energy consumption from nuclear sources out of total energy consumption	%	0.0
Consumption of fuels from renewable sources	MWh	26,580.4
Consumption of electricity, heat, steam or cooling from renewable sources, purchased or acquired	MWh	174,602.8
Consumption of self-generated non-fuel renewable energy	MWh	2,156.48
Total energy consumption from renewable sources	MWh	203,339.7
Percentage of renewable sources in total energy consumption	%	87.7
Total energy consumption related to own operations	MWh	232,008.4

The following table breaks down the energy production of the Group.

TABLE N° 54 – Production of non-renewable and renewable energy

	UOM	2024
Production of non-renewable energy	MWh	0.0
Production of renewable energy	MWh	37,802.7

The energy produced by the CAP Group comes entirely from renewable sources and consists of electricity generated by photovoltaic panels and biogas and biomethane obtained from the treatment of FORSU waste.

Energy intensity based on net revenue

TABLE N° 55 – Energy intensity of activities in high climate impact sectors

	UOM	2024
Total energy consumption from activities in high climate impact sectors (41)	MWh	232,008.4
Net revenues from activities in high climate impact sectors used to calculate energy intensity (E1-5)	€	321,291,411
Energy intensity associated with activities in high climate impact sectors (40)	MWh/ €	0.0007

TABLE N° 56 – Reconciliation with financial statements

	UOM	2024
Net revenues from activities in high climate impact sectors for the calculation of energy intensity (E1-5)	€	321,291,411
Net revenues (other)	€	0.0
Total net revenues (Financial Statements) for E1-5	€	321,291,411

Total GHG emission

E1-6

TABLE N° 57 – GHG emissions

	UOM	2024
Gross scope 1 GHG emissions	tCO_2eq	89,780
Gross location-based Scope 2 GHG emissions	tCO_2eq	46,602
Gross market-based Scope 2 GHG emissions	tCO_2eq	7,599
Gross location-based Scope 3 GHG emissions	tCO_2eq	85,138
Gross market-based Scope 3 GHG emissions	tCO_2eq	66,625
Total location-based GHG emissions	tCO_2eq	221,520
Total market-based GHG emissions	tCO_2eq	164,004

TABLE N° 58 – GHG protocol inventory

GHG emissions	LOCATION-BASED		MARKET-BASED	
	ton CO_2 eq.	%	ton CO_2 eq.	%
Scope 1	89,780	41%	89,780	55%
Scope 2	46,602	21%	7,599	5%
Scope 3				
Cat. 1 Purchased goods and services	32,321	15%	32,321	20%
Cat. 2 Capital goods	5,598	3%	5,598	3%
Cat. 3 Fuel and energy-related activities	25,211	11%	6,697	4%
Cat. 4 Upstream transportation and distribution	22	0%	22	0%
Cat. 5 Waste generated in operations	13,349	6%	13,349	8%
Cat. 7 Employee commuting	768	0%	768	0%
Cat. 9 Downstream transportation	861	0%	861	1%
Cat. 11 Use of sold products	7	0%	7	0%
Cat. 15 Investments	7,002	3%	7,002	4%
Total emissions	221,520	100%	164,004	100%

With regard to Scope 3 emissions, the categories excluded, as they were not considered sufficiently material to be calculated, are as follows:

- Cat. 6 Business travelling;
- Cat. 8 Upstream leased assets;
- Cat. 10 Processing of sold products;
- Cat. 12 End-of-life treatment of sold products
- Cat. 13 Downstream leased assets;
- Cat. 14 Franchises.

The estimate of GHG emissions in the CAP Group's 2024 carbon footprint inventory was carried out in accordance with the principles and requirements of the **UNI EN ISO 14064-1** standard and verified annually by a third party in accordance with the same standard.
The calculation was mainly based on physical emission factors from **DEFRA, ISPRA, TERNA, AIB (2024)** and **Ecoinvent 3.10**, and, to a lesser extent, economic factors from **EUROSTAT (March 2022)**.
Some specific methodological choices are also highlighted:

- exclusion of **biogas destroyed in the flare** (Category 1) as it is not material;
- use of the **IPCC 2019 formulas** to estimate biogenic **N_2O** emissions in wastewater treatment plants (Category 1);
- estimate of emissions from **waste transport** (Category 3) based on average distances in 2023;
- estimate of emissions from **warehouse purchases** and related transport (Categories 3 and 4) proportionate to expenditure in 2024, based on 2023 data;
- calculation of emissions from **sewerage maintenance** (Category 4) based on studies provided by suppliers;
- application of a **1% cut-off** for wastewater treatment chemical reagents (Category 4);
- use of economic factors for emissions from **wastewater treatment sites**, the **Bio-platform** (sludge and FORSU lines) and the **Paviacque** company (Categories 4 and 6).

In 2024, we fully included ZeroC's emission impact in the CAP Group's carbon footprint calculation, which in 2023 had been considered as an investee company.

Total GHG emissions Neutalia srl

E1-6

Neutalia's emissions were calculated based on the following reporting documents:

- "GHG Report – ISO14064 – Neutalia 2024 – rev.1 by Climate Network" (not verified by a third party);
- emissions verified under the ETS Directive (operator Neutalia srl, authorisation no. 3016).

TABLE N° 59 – GHG emissions (Joint Control Neutalia S.r.l.)

	UOM	2024
Gross scope 1 GHG emissions	tCO_2eq	74,869.5
Gross location-based Scope 2 GHG emissions	tCO_2eq	4,500.9
Gross market-based Scope 2 GHG emissions	tCO_2eq	4,500.9
Gross location-based Scope 3 GHG emissions	tCO_2eq	24,236.2
Gross market-based Scope 3 GHG emissions	tCO_2eq	24,236.2
Total location-based GHG emissions	tCO_2eq	103,606.7
Total market-based GHG emissions	tCO_2eq	103,606.7

Note that the CAP Group holds a 33% stake in Neutalia, which is subject to joint operational control by the Group. Therefore, Neutalia's GHG emissions must also be considered on a pro rata basis within the Group's scope.
According to the approach compliant with the Carbon Footprint of Organisations (ISO 14064-1), Neutalia's GHG emissions must be considered in their entirety (scope 1, 2 and 3) by multiplying them by the CAP Group's shareholding in Neutalia (33%), within Category 6 of the Group's inventory (in the subcategory "Company investment" according to the breakdown proposed by ISO 14064-1).
However, according to the approach compliant with EFRAG IG 2: Value Chain Implementation Guidance, since joint operational control exists, Neutalia's GHG emissions must be considered partially (only scope 1 and 2), multiplying them by the CAP Group's shareholding in Neutalia (33%) within the scope 1 and 2 emissions of the CAP Group's inventory.

Therefore, according to the approach compliant with ISO 14064-1:2019, 229,518 tonnes of CO_2eq[28] are reported for the location-based method and 172,002 tonnes of CO_2eq[29] for the market-based method. On the other hand, with the approach compliant with the Corporate Sustainability Reporting, 221,520 tonnes of CO_2eq[30] are reported for the location-based method and 164,004 tonnes of CO_2eq[31] for the market-based method.

GHG intensity based on net revenues

TABLE N° 60 – GHG intensity in relation to net revenues

	u.m.	2024
Total location-based GHG emissions	tCO_2eq	221,520
Total market-based GHG emissions	tCO_2eq	164,004
Net revenues used to calculate GHG intensity	€	321,291,411
Location-based GHG emissions intensity (53)	tCO_2eq /€	0.0006
Market-based GHG emissions intensity (53)	tCO_2eq /€	0.0005

TABLE N° 61 – Reconciliation with Financial Statements

	UOM	2024
Net revenues used to calculate GHG intensity (E1-6)	€	321,291,411
Net revenues (other)	€	0.00
Total net revenues (in financial statements)	€	321,291,411

28 of which 65,073 tonCO2eq in Scope 1, 45,116 tonCO2eq in Scope 2, 119,328 tonCO2eq in Scope 3
29 of which 65,073 tonCO2eq in Scope 1, 6,114 tonCO2eq in Scope 2, 100,815 tonCO2eq in Scope 3
30 of which 89,780 tonCO2eq in Scope 1, 46,602 tonCO2eq in Scope 2, 85,138 tonCO2eq in Scope 3
31 of which 89,780 tonCO2eq in Scope 1, 7,599 tonCO2eq in Scope 2, 66,625 tonCO2eq in Scope 3

GHG removals and GHG mitigation projects financed through carbon credits

E1-7

No GHG removal initiatives are currently underway in the CAP Group.
In developing its sustainability strategy, the CAP Group pays particular attention to the reduction of direct and indirect emissions and only then offsets them. Since joining SBTi in 2024, in fact, the Group has been implementing targeted actions to reduce the emission impact of its activities, with the aim of achieving the targets set for 2030. Reducing emissions from operations and the value chain was therefore prioritised over offsetting through the purchase of carbon credits.
The CAP Group purchased certified carbon credits to offset its 2020, 2021 and 2022 certified emissions.
In addition to purchasing credits for offsetting, the Group also wanted to undertake targeted voluntary climate contribution actions in 2022, acting directly in the areas where it operates. Thanks to a collaboration with Fondazione Cariplo, CAP joined the Join Nature project, supporting two projects located in Milan's Parco Nord:

1. Construction of bee highways for pollinating insects;
2. Naturalistic valorisation of the Seveso stream.

These projects are currently underway.
Pending the completion of the Transition Plan and the definition of a long-term climate strategy, **the Group decided to suspend the purchase of credits in order to focus on financing and defining projects outside its own business** that have significant climate materiality in terms of mitigation, adaptation and resilience and, where possible, in terms of sustainability co-benefits.
This is why, as already done for 2022, the commitment to support initiatives that create value for the local area in terms of climate change mitigation has been renewed for the two-year period from 2023 to 2024. In particular, environmental redevelopment projects are continuing in the belief that ties with the community and respect for the local ecosystem are key elements of CAP's corporate responsibility.

Air, water and soil pollution

ESRS E2

The table below describes the impacts, risks and opportunities that the Group assessed as material in relation to own workforce as a result of its double materiality assessment.

TABLE N° 62 – Impacts, risks and opportunities

ESRS	Material impacts, risks and opportunities	Topic/Subtopic	IRO title	IRO Description	Perimeter: upstream	Perimeter: own operations	Perimeter: downstream
ESRS E2 - Pollution	**Negative impact**	**Air pollution**	Emission of pollutants into the atmosphere by suppliers	Negative impact related to the production and dispersion of pollutants into the atmosphere (e.g. nitrogen oxides (NOx), sulphur oxides (SOx) and particulate matter (PM10) in the carrying out of the suppliers' activities (i.e. supplies, plant construction, motor vehicles, transport).	✓		
ESRS E2 - Pollution	**Risk**	**Water pollution**	Pollution of groundwater and/or mains water due to human activity	The high number of industrial companies that use numerous solvents/chemicals in the area served by the Group and/or failures in the infrastructure of companies operating in the area, combined with individuals failing to respect environmental balances, could lead to the progressive pollution of the water-bearing stratum due to harmful substances percolating into the soil or process water being emitted directly into the network. Acid rain could also cause the soil to absorb pollutants, which would likewise lead to the progressive pollution of the subsoil.			✓

Policies related to pollution

E2-1

The CAP Group integrated specific pollution management policies into its Integrated Management System Policy. For further details, see the section “Policies adopted and related disclosure requirements”.

Actions and resources related to pollution

E2-2

As part of its efforts to reduce pollution, the CAP Group launched specific initiatives that also involve the value chain.
In particular, the CAP Group manages the **urban wastewater treatment service** with the aim of maintaining all plants in efficient and proper working order. This activity is part of the actions aimed at **reducing pollution** and also extends to the **upstream value chain** through specific interventions such as **ordinary and extraordinary maintenance** and **the monitoring of industrial discharges into the sewerage system**, in order to ensure compliance with regulatory limits and prevent potential environmental impacts.
To address the risks related to **water pollution**, the CAP Group launched a comprehensive programme of investments and structural interventions, particularly in relation to the M4 – adequacy of the sewerage system indicator. Efforts are focused on bringing drains into compliance with Regional Regulation no. 6/2019 and on the resilience of the sewerage system in the face of increasingly intense and frequent climate events. Activities include the upgrading of sewage systems, the construction of floodwater culverts and first rain tanks, the reconstruction of the existing infrastructure, the relining of collectors (a non-invasive pipe rehabilitation technique) and the reduction of parasitic water.
Another area of intervention concerns the M6 – Quality of treated water indicator. This includes numerous projects to revamp existing wastewater treatment plants aimed at resolving specific critical issues, meeting ARPA requirements and increasing the overall capacity of the plants. These interventions are essential to bring the operation of the plants into line with the requirements of Regional Regulation 6/2019, extend their useful life and ensure compliance with Directive 91/271/EEC on urban wastewater treatment.
In addition to mitigating negative impacts, these initiatives generate significant opportunities for the community. In particular, thanks to the high quality of the wastewater treated in the CAP Group's plants, it can be reused for irrigation, industrial and service purposes. Moreover, investments aimed at reducing water losses help to ensure greater availability of resources for the local area, thus contributing to water sustainability and the long-term resilience of the system.
In particular, the interventions associated with the M6 indicator present a significant opportunity for the local area. Thanks to their high quality, wastewater treated in wastewater treatment plants can be reused for irrigation, industrial purposes and services, thereby contributing to water resilience and environmental sustainability.
The table presents the action plan for the management of the wastewater treatment service, with an indication of the operating expenditure (OpEx) and capital expenditure (CapEx) planned for 2024 and future years, as well as the relation with the financial statements and a brief description of the relevant time horizons.

TABLE N° 63 – Management of the wastewater treatment service

Action Plan	UOM	2024 Operating expenditure (OpEx)	2024 Capital Expenditure (CapEx)	Relations with Financial Statements	Future operating expenditure (OpEx)	Future capital expenditure (CapEx)	Description of the future
Management of the wastewater treatment service	€	44,273,047.39	40.765.055,25	7.1. Rights on assets under concession 7.4. Properties, plant and machinery 8.5 - Costs for raw materials, consumables and goods 8.6 Costs for services 8.8 Personnel costs 8.10 Other operating costs	384,200,688.87	122,685,114.21	Projection of the Business Plan to 2033

Targets related to pollution

E2-3

As mentioned, the environmental objectives monitored by the CAP Group also include compliance with indicator **M6**, required by ARERA regulation (Resolution 917/2017/R/idr) and therefore mandatory. The indicator measures the quality of treated water by assessing the percentage of samples that exceed the emission limits established for the main pollutants, as indicated in Tables 1 and 2 of Annex 5 to Part III of Italian Legislative Decree 152/2006. This target responds to the need to prevent and control emissions into water and related pollutant loads, representing a mandatory regulatory requirement for the water service operator.

TABLE N° 64 – Quality of treated water – M6

Year	Target Level	Target Level UOM	Baseline Value	Baseline value UOM	Base Year	Current progress	Current progress UOM
2025	2.28	%	5.65	%	2019	1.79	%

Entity Specific Metrics

As part of the sustainability reporting, the CAP Group identified a number of entity-specific metrics that accurately reflect the nature of its activities, the organisation of its internal processes and the local context in which it operates. These metrics are an essential tool for in-depth monitoring of environmental performance relating to the management of the wastewater treatment plants and the monitoring of industrial discharges, enabling a transparent assessment consistent with the applied methodological standards.

KPI Wastewater treatment Plant

In 2024, the CAP Group treated a total of 387,193,256 m^3 of wastewater.
Flow measurements are carried out using appropriate technologies, selected according to the specific characteristics of the plants. Magnetic meters, those based on the area-speed principle, and meters that detect the level and flow rate are among the most commonly used instruments. All data collected is automatically recorded in cubic metres within the dedicated company information system.

KPI Checks carried out at industrial users

The following table shows the main data relating to the monitoring of industrial discharges carried out by the CAP Group in 2024, including the number of monitored companies, the flow rate discharged, the samples taken and the specific calculations carried out.

TABLE N° 65 – Indicator by breakdown

	UOM	2024
Monitored companies	no.	777.0
Samples taken	no.	884.0
Specific calculations	no.	22,936.0

Note that the figure relating to **subsidiaries** in 2024 refers to the number of companies monitored at least once. Each company is counted only once, even if several reports were drawn up during the same intervention (e.g. for different discharge lines) or if only one inspection was carried out without sampling. However, if a second inspection was carried out at the same company in the same year – for example, at the request of ARERA or due to environmental emergencies – this second intervention is also counted.
Of the total number of **samples collected** in 2024, 769 were taken from industrial discharges, while 115 came from checks carried out on sewage systems, mainly to identify abnormal or illegal discharges. Each sample is tracked using an identification report and sent to the CAP wastewater laboratory for analysis.
With regard to **specific calculations**, these are the parameters analysed on each sample. Of the total, 20,598 were taken from samples collected at companies and 2,338 from sewage systems as part of irregular discharge monitoring.

Water and marine resources

ESRS E3

The table below describes the impacts, risks and opportunities that the Group assessed as material in relation to water and marine resources as a result of its double materiality assessment.

TABLE N° 66 – Impacts, risks and opportunities

ESRS	Material impacts, risks and opportunities	Topic/Subtopic	IRO title	IRO Description	Perimeter: upstream	Perimeter: own operations	Perimeter: downstream
ESRS E3 - Water and marine resources	**Risk**	**Waters**	Pollution of groundwater and/or mains water due to human activity	The high number of industrial companies that use numerous solvents/chemicals in the area served by the Group and/or failures in the infrastructure of companies operating in the area, combined with individuals failing to respect environmental balances, could lead to the progressive pollution of the water-bearing stratum due to harmful substances percolating into the soil or process water being emitted directly into the network. Acid rain could also cause the soil to absorb pollutants, which would likewise lead to the progressive pollution of the subsoil.			✓
ESRS E3 - Water and marine resources	**Opportunities**	**Waters**	Strategic Alliance for Innovation and Public Management of Water Services	By joining the "Representation pact for the promotion and development of the public management of the Water Alliance - Acque di Lombardia integrated water service", the CAP Group consolidated its roots in the local area by adopting best practices in public water management, promoting innovation, efficiency and rationalisation of processes through a network of companies. This industrial collaboration enables the exchange of best practices, economies of scale and technological innovations, providing the CAP Group with a strategic platform to expand into new markets, improving competitiveness and operational sustainability.	✓	✓	✓
ESRS E3 - Water and marine resources	**Negative impact**	**Waters**	Inefficiencies in water withdrawal and distribution	Negative impact related to the depletion of water resources due to inefficiencies in withdrawals and leaks in the distribution network.		✓	
ESRS E3 - Water and marine resources	**Negative impact**	**Waters**	Water consumption by users, citizens and industrial customers	Negative impact of users and citizens who withdraw and use the water resource supplied by the Group and affect the overall availability of groundwater.			✓
ESRS E3 - Water and marine resources	**Positive impact**	**Waters**	Increased availability of water resources for the community	Positive contribution through investments aimed at improving infrastructure efficiency, leading to a reduction in leaks and greater availability of water resources for the benefit of the community.		✓	
ESRS E3 - Water and marine resources	**Positive impact**	**Waters**	Increased availability of water resources for the community (Pavia Acque)	Positive contribution through investments by investee companies aimed at improving infrastructure efficiency for the benefit of the community (Pavia Acque).		✓	
ESRS E3 - Water and marine resources	**Positive impact**	**Waters**	Wastewater treatment	Positive impact related to ensuring wastewater treatment and its reuse for irrigation purposes, providing farmers with higher quality water than surface water bodies.		✓	
ESRS E3 - Water and marine resources	**Risk**	**Waters**	Water scarcity	The progressive scarcity of water resources (a chronic physical risk related to climate change) could lead to: • an impact on the Group's operations, considering the increasing difficulty in meeting the demand for water; • additional capex for investments to upgrade water treatment and purification plants; • the need to change the business model itself.		✓	

Policies related to water and marine resources

E3-1

The CAP Group integrated specific policies for water management into its Integrated Management System Policy. For further details, see the section "Policies adopted and related disclosure requirements".

Actions and resources related to water and marine

E3-2

As part of the management of impacts, risks and opportunities related to water resources, the CAP Group adopted a comprehensive set of actions, both in the reporting year and looking ahead, aimed at protecting water resources, improving the efficiency of aqueduct systems and ensuring the continuity and quality of the service provided.
These initiatives are part of a broader plan comprising both actions planned under specific policies and interventions launched independently to address operational needs or critical situations. They are aligned with the Group's strategic objectives and projects financed through public funds (e.g. RRP).
To mitigate the risks related to the progressive water scarcity linked to climate change, the CAP Group actively participates in Utilitalia's Drinking Water Commission and launched the Award project, a three-year project that began in January 2024 and is funded by the European Commission's Horizon Europe programme with the aim of developing and integrating alternative, reliable and acceptable water resources into water supply planning. However, to limit leaks, the CAP Group maintains constant dialogue with all External bodies involved in implementing leak reduction projects to ensure their effective implementation.

The main actions implemented are described below.
With regard to **reducing aqueduct water leaks (M1)**, the activities implemented include the targeted management of plant pressures, aimed at limiting the volume of leaks, and an active monitoring of leaks through the use of field instruments and real-time modelling systems. These are complemented by rapid, high-quality repairs, efficient management of gate valves and the creation of uniform pressure districts. Both user meters and plant meters are also being replaced to ensure accurate metering of water drawn and distributed. The replacement of obsolete distribution networks and the restoration or extension of cathodic protection, as well as the regularisation of interconnections between different municipalities are also of great importance. The same indicator also includes the activities in the Leak Reduction Project financed by the RRP M2C4 – Investment 4.2 and are planned for the period from 2023 to 2025.
The table presents the action plan for the implementation of the photovoltaic system, with an indication of the operating expenditure (OpEx) and capital expenditure (CapEx) planned for 2024 and future years envisaged by the Investment Plan, as well as the relation with the financial statements.

TABLE N° 67 – Reducing water leaks in an aqueduct system (M1)

Action Plan	UOM	2024 Operating expenditure (OpEx)	2024 Capital Expenditure (CapEx)	Relations with Financial Statements	Future operating expenditure (OpEx)	Future capital expenditure (CapEx)	Description of the future
M1	€	6,961,794.45	28,059,066.44	7.1. Rights on assets under concession 7.3. Other Intangible Assets 7.4. Properties, plant and machinery 8.6 Costs for services 8.8 Personnel costs	69,023,094.12	161,080,968.99	Projection of the Business

With regard to **water vulnerability and the reduction of service interruptions (M2)**, the initiatives undertaken include the strengthening of interconnections between municipalities and aqueduct systems (SAC), the restoration of high level tanks, the upgrading of distribution networks and the resolution of interference with third-party infrastructures. Particular attention is also paid to the maintenance of the collection wells, with the aim of improving their operational efficiency.
The table presents the action plan for the implementation of the photovoltaic system, with an indication of the operating expenditure (OpEx) and capital expenditure (CapEx) planned for 2024 and future years envisaged by the Investment Plan, as well as the relation with the financial statements.

TABLE N° 68 – Water vulnerability and the reduction of service interruptions (M2)

Action Plan	UOM	2024 Operating expenditure (OpEx)	2024 Capital Expenditure (CapEx)	Relations with Financial Statements	Future operating expenditure (OpEx)	Future capital expenditure (CapEx)	Description of the future
M2	€	20,899,033.59	5,187,192.06	7.1. Rights on assets under concession 7.4. Properties, plant and machinery 8.6 Costs for services 8.8 Personnel costs	162,193,273.68	26,070,746.29	Projection of the Business Plan to 2033

To **improve the quality of distributed water (M3)**, activities include the development and updating of Water Safety Plans (WSPs), which include an analysis of infrastructure and the definition of mitigation plans. The construction of new wells, power stations, backbones and water purification plants is also planned, together with extraordinary maintenance work on existing plants. In addition, activated carbon treatment systems will be installed, new disinfection plants will be built, treatment plants will be revamped and interconnections between municipalities or SACs will be created to ensure closed and resilient aqueduct systems.
The table presents the action plan for the implementation of the photovoltaic system, with an indication of the operating expenditure (OpEx) and capital expenditure (CapEx) planned for 2024 and future years envisaged by the Investment Plan, as well as the relation with the financial statements.

TABLE N° 69 – Improving the quality of distributed water (M3)

Action Plan	UOM	2024 Operating expenditure (OpEx)	2024 Capital Expenditure (CapEx)	Relations with Financial Statements	Future operating expenditure (OpEx)	Future capital expenditure (CapEx)	Description of the future
M3	€	2,129,743.98	11,530,661.64	7.1. Rights on assets under concession 7.4. Properties, plant and machinery 8.5 Costs for raw materials, consumables and goods 8.6 Costs for services 8.8 Personnel costs	21,520,191.76	100,455,262.80	Projection of the Business Plan to 2033

Finally, with a view to **improving the energy efficiency of water infrastructure**, permanent magnet pumps are being installed to replace those currently in use and system pressure is being optimised in order to reduce overall energy consumption.
Note that, to date, the CAP Group does not have any sites located in areas subject to water stress, according to the following definition provided by the ESRS, whereby an area of high water stress is a region where the total percentage of water withdrawn is high (40-80%) or extremely high (above 80%) according to the Aqueduct Water Risk Atlas tool of the World Resources Institute (WRI).

Targets related to water and marine resources

E3-3

As part of its Integrated Management System policy, the CAP Group is committed to managing the processes of the Integrated Water Service (Aqueduct, Sewerage, Wastewater treatment) in compliance with the laws and regulations applicable to the relevant context and the commitments undertaken with the stakeholders, aware that the ability to react and adapt quickly to regulatory changes is a competitive advantage/opportunity.
In the sustainable water resource management strategy, the policy is implemented through the definition of a series of **operational targets aimed at improving environmental and service performance**. These targets, some of which are mandatory as required by the quality standards system developed by ARERA or other regulatory bodies, represent a concrete reference to guide improvement actions in the coming years.
The water-related targets are included in the Business Plan, which is presented and discussed by the Shareholders' Meeting of CAP, consisting of the mayors of the area served and, as the highest representatives of the community, expressing the needs and interests of citizens.
Water leaks in aqueduct networks are a particularly sensitive issue in our country, attracting increasing attention from the public, the media and citizens, partly as a result of increasingly frequent periods of drought. Although the networks managed by the CAP Group are among the most efficient in Italy, this issue remains of primary importance, as do the related investment objectives, which refer to the indicator ARERA M1 – water leaks. The reference value is the one recorded in the previous year and officially communicated to the ATO/ARERA in accordance with the procedures set out in the RQTI (Regulation of the Technical Quality of the Integrated Water Service)[32]. In the light of the excellent results already achieved by the CAP Group in previous years, the aim of further reducing leaks is particularly challenging and requires coordinated action between several company departments: in addition to the Aqueduct Sector, the Technical Area is responsible for replacing the networks and the Metering Office for updating the meters and upgrading the control systems for unmetered fire hydrants (PASC). Pending the new version of the RQTI, expected by the end of the year, the target is also confirmed for the next financial year.
The **quality of the water distributed** is another strategic area for the CAP Group, which for several years has been committed to achieving the highest possible level of water quality by launching a specific investment programme. Thanks to monitoring of the M3 indicator, defined by ARERA, it is possible to assess the qualitative performance of the service in a structured and transparent manner. For this indicator, the A class already achieved is expected to be maintained, as there is limited room for improvement and the indicator is stable within the current scope of operations. Again, the official data is that communicated through the RQTI.
Energy efficiency, in particular **improving the energy efficiency of the aqueduct**, is also a priority area of intervention for the CAP Group, in line with its sustainability goals and the objectives to reduce the environmental impact of infrastructure. With this in mind, a specific target was introduced to improve the energy efficiency of the aqueduct, monitored through the Energy Performance Indicator (EnPi). The analysis only covers aqueduct plants, excluding groundwater wells and points of delivery, for which consumption is stable and quite insignificant for the purposes of the indicator. Plants undergoing substantial changes or recent acquisitions are not included in the calculation. Although this target is not legally binding, it is an important benchmark for strategies aimed at reducing consumption and optimising energy use.
Another area of focus is the **continuity of water service**, which is essential for ensuring reliability and quality over time. To this end, the target related to the M2 regulatory indicator, which measures the frequency and duration of supply interruptions, is confirmed. In this case too, the aim is to maintain Class A, achieved through careful monitoring of the ratio between the population served and the weighted sum of the hours of interruption experienced by users (direct and indirect).

32 Resolution no. 917/2017/R/IDR of 27 December 2017 defines the technical quality standards for integrated water services (RQTI), introducing a regulatory model based on a system of indicators consisting of general and specific prerequisites and standards.

Each objective is broken down below.

TABLE N° 70 – Reducing water leaks - M1

Year	Target Level	UOM of level	Base value	UOM of base value	Base year	Progress	UOM of progress
2033	12.0	m3/km/gg	18.95	m3/km/gg	2020	16.19	m3/km/gg

The final target is calculated based on the final balance sheet figures, which will be communicated to the ATO. The **baseline value** is 17.02 m^3/km/day, as at 31 December 2023, as updated by the ATO in November 2024 (ref. Resolution 637/23).

TABLE N° 71 – Tap water quality – M3

Year	Target Level	UOM of level	Base value	UOM of base value	Base year	Progress	UOM of progress
2033	0.70	%	0.37	%	2020	0.87	%

The aim is to improve the quality of the water distributed. In this regard, the following elements should be highlighted:

1. **M3 Macro indicator:** In the fourth quarter of 2024, progress stood at 0.874%, corresponding to 78 non-compliances out of 8,923 samples (class A). The figure refers to 31 December 2024.
2. **Risk analysis:** By the end of 2024, the infrastructural, analytical and vulnerability risk analysis for the areas of Cisliano and Gaggiano, related to the SAC (Closed Aqueduct System) of reference was completed. This intervention concludes the cycle of analyses on all SACs.
3. **Status of WSPs (Water Safety Plan):** The preparation of the risk analysis for the distribution network is still in progress. Note that, to date, the operational guidelines for the approval of WSPs by CenSiA (Centro Nazionale per la Sicurezza delle Acque, National Centre for Water Safety), scheduled for the first quarter of 2025, are not yet available.

TABLE N° 72 – Continuity of the service – M2

Year	Target Level	UOM of level	Base value	UOM of base value	Base year	Progress	UOM of progress
2033	0.70	hours/no. of interruptions	0.09	hours/no. of interruptions	2020	0.07	hours/no. of interruptions

During 2024, there were **711 water service interruptions**. Of these, 587 lasted for one hour or more, broken down as follows:

- **Planned interruptions**: 373 cases, involving a total of **8,731 users**.
- **Unplanned interruptions**: 214 cases, involving a total of **15,985 users**.

The replacement service was activated on 26 January 2024, during planned maintenance work to repair a network leak in a municipality managed by the CAP Group.

Entity Specific Metrics

To ensure the accurate and timely monitoring of its operating performance, the CAP Group uses entity-specific metrics that reflect the complexity and evolution of the Integrated Water Service in the area served. These indicators, built on a technical and infrastructural basis, provide a detailed overview of business performance, offering a structured view of the effectiveness of management processes and the impact of actions taken.
The metrics described below support environmental, technical and qualitative performance assessments of the service, representing a fundamental measure for the responsible and sustainable management of water resources.

KPI Aqueduct

The following table provides descriptive data on the CAP Group's areas of operation, which help to monitor developments over the years in terms of managed aqueducts, tanks, pumping stations, aqueduct network length, wells, wells monitored online and SACs monitored online.

TABLE N° 73 – Aqueduct representative data

	UOM	2024
Managed aqueducts	no.	133
Tanks	no.	63
Pumping stations	no.	26
Aqueduct network length	km	6,535
Wells	no.	725
Wells monitored online	no.	89
SACs monitored online	no.	36

KPI Water purification plants

In 2024, there are 339 water purification plants.

KPI Water withdrawals by source

The data relating to the quantities of water withdrawn is shown below.

TABLE N° 74 – Water withdrawn without the need for treatment

	UOM	2024
Water withdrawn	Linear meters	243,638.6
Water withdrawn without the need for treatment	Linear meters	97,086.5
Percentage of untreated water	%	39.8
Percentage of treated water	%	60.2

KPI Water fed into the network

In 2024, the CAP Group fed 234,917,762.80m^3 of water into the network.

KPI Water delivered and measured

TABLE N° 75 – Daily per capita volume for the year

	UOM	2024
User volume	m^3	134,985,241.0
Inhabitants	no.	1,887,859
Per capita consumption	l/inhab/day	195.4

TABLE N° 76 – Water delivered and measured

	UOM	2024
Totale	m^3	187,838,004.0

KPI Leak detection and repair

"Leak detection tests" are divided into:

- classic systematic search, as detailed in "km of monitored network" and "Leaks identified through search";
- leaks reported to the emergency service;
- Repaired leaks, which, in addition to the two methods above, refer to leaks that are found using methods other than those mentioned above (e.g. noise loggers, satellites).

Two types of data are extracted to calculate "repaired leaks":

1. the total number of repairs carried out during the year by the NEMO system, which is divided into two subcategories: "leaks reported to the emergency services" and hidden leaks;
2. the total number of "leaks identified through search" during the year by the EAM system. This figure is also included in the previous category of hidden losses. To calculate the "km of monitored network", the list of Municipalities is extracted from the EAM system, whose lengths can be extracted from the GIS.

The details for 2024 are shown below.

TABLE N° 77 – Advanced leak detection tests

	UOM	2024
km of monitored network	km	612
Leaks identified through search	no.	94
Leaks reported to the emergency service	no.	3,946
Repaired leaks	no.	4,552
Percentage of repaired leaks out of total leaks identified/reported	%	112.8

Resource use and circular economy

ESRS E5

The table below describes the impacts, risks and opportunities that the Group assessed as material in relation to resource use and circular economy as a result of its double materiality assessment.

TABLE N° 78 – Impacts, risks and opportunities

ESRS	Material impacts, risks and opportunities	Topic/Subtopic	IRO title	IRO Description	Perimeter: upstream	Perimeter: own operations	Perimeter: downstream
ESRS E5 - Resource use and circular economy	**Negative impact**	**Resources inflows, including resource use**	Material consumption along the supply chain	Negative impact on the environment caused by the extraction and consumption of materials by suppliers according to a linear economy approach, to the detriment of recycled, regenerated and/or recovered raw materials. (e.g. bonus procurement contracts that require the use of recycled raw materials, recovery of surplus land).	✓		
ESRS E5 - Resource use and circular economy	**Negative impact**	**Resources inflows, including resource use**	Consumption of materials from own activities	Negative impact on the environment caused by the consumption of materials by the Group according to a linear economy approach to the detriment of recycled, regenerated and/or recovered raw materials (e.g. reagents, activated carbon).		✓	
ESRS E5 - Resource use and circular economy	**Positive impact**	**Resource outflows**	Recovery of wastewater for use in agriculture	Positive impact related to sewage sludge, a by-product of wastewater treatment, which represents an important resource and contributes to promoting the circular economy and generating value through recovery activities for the production of fertilisers for use in agriculture.		✓	
ESRS E5 - Resource use and circular economy	**Positive impact**	**Waste**	Waste treatment	Positive impact on the environment thanks to the Group's promotion of circular economy practices, which involve recovering energy from waste treatment (e.g. biogas, waste-to-energy).		✓	

TABLE N° 78 – Impacts, risks and opportunities

ESRS	Material impacts, risks and opportunities	Topic/Subtopic	IRO title	IRO Description	Perimeter: upstream	Perimeter: own operations	Perimeter: downstream
ESRS E5 - Resource use and circular economy	**Opportunities**	**Resources inflows, including resource use**	Increased profitability and competitiveness through green economy projects	The CAP's Group adoption of sustainable practices paved the way for development opportunities that combine competitiveness and sustainability. These are the practices and technologies that protect the landscape, biodiversity and habitats, reduce air, water and soil pollution, and limit the use of microplastics and substances of concern in its activities. These improvements to production processes, together with the implementation of circular economy and energy self-sufficiency strategies, not only increase competitiveness but also facilitate access to government loans and incentives, creating value for the entire region.		✓	
ESRS E5 - Resource use and circular economy	**Opportunities**	**Waste**	Minimising Waste and Maximising Reuse	Inefficient waste management can increase operating costs and compromise sustainability goals. The CAP Group adopted policies to reduce waste generation and promote the reuse and recycling of materials. An integrated waste management is applied, including the monitoring and continuous improvement of processes to minimise waste (e.g. Abbiategrasso plant).		✓	

Policies related to resource use and circular economy

E5-1

The CAP Group integrated specific policies for the management of resource use and circular economy in the Integrated Management System Policy. For further details, see the section “Policies adopted and related disclosure requirements”.

Actions and resources related to resource use and circular economy

E5-2

The CAP Group launched a series of plants and initiatives aimed at treating and valorising its own and third-party organic and liquid waste, which confirms its commitment to a circular model and efficient resource management. The following actions are concrete examples of the application of innovative technologies for material and energy recovery, with positive impacts on both the environment and the economy.
At the Bio-platform of Sesto San Giovanni, a line dedicated to the treatment of FORSU (organic fraction of municipal solid waste) from separate waste collection has been in operation since July 2023. This plant allows the recovery of organic waste in synergy with the wastewater treatment plant, producing biomethane and digestate, the latter transformed into fertiliser via an external composting plant. In 2024, 23,097 tonnes of FORSU were treated, generating 182,921 Sm3 of biomethane fed into the local distribution network.
On the other hand, the waste treatment plant of Canegrate has an authorised line, in operation since 2023, for the treatment and recovery of liquid and packaged waste from the agri-food industry. During 2024, the plant treated 14,465.71 tonnes of waste and successfully sent it to energy recovery through boiler valorisation.
The first plant in Italy able to produce biomethane from municipal sewage sludge has been operating in the town of Bresso since 2019. Through the purification of biogas generated from wastewater treatment, the plant fed a total of 533,073 Sm3 of biomethane into the SNAM network in 2024.
The wastewater treatment plant of Robecco has a specialised system for treating sand from desanding and trap cleaning. This process allows waste to be washed, sorted and disinfected, turning it into end-of-waste that can be reused as filler material on the sites of the water service, thereby reducing dependence on quarry sand. In 2024, 2,032.48 tonnes of sand were processed.
Inside the wastewater treatment plant of San Giuliano Ovest, a plant for the recovery and treatment of liquid agri-food waste has been operating since 2021. During 2024, the plant treated 5,586.90 tonnes of waste, contributing to the valorisation of the organic component through energy recovery.
Finally, a plant for the recovery of liquid agri-food waste has also been operating in Robecco since 2021, with its authorisation extended in 2024. Waste is treated here to produce biogas, which is then used in cogeneration to produce both electricity and heat. In 2024, the plant treated 8,669.66 tonnes of waste and sent it for energy recovery.
As part of its environmental policies and in line with its systemic approach to sustainability, the CAP Group promotes collective actions involving various local players, institutions and communities. These initiatives, many of which are multi-year, aim to strengthen circular resource management and raise awareness among stakeholders about the importance of shared behaviour and choices.
One of the most significant activities is the campaign to monitor the quality of FORSU delivered to the Bio-platform of Sesto San Giovanni, which began in 2020. The initiative, carried out with the technical support of Consorzio Italiano Compostatori (CIC) (Italian Composting Consortium), focuses on analysing non-compostable materials (NCM) present in organic waste in order to improve the quality of disposal. The results are then shared with the municipalities concerned and with the population, including through the channels of the Residential Advisory Board (RAB), with the aim of promoting a more conscious and effective separate collection.
Again with a view to responsible management, the Group adopted the strategy of the disposal of waste produced from wastewater treatment and FORSU to recovery plants, avoiding disposal in landfills. In particular, since 2022, the disposal of sludge in landfills has been completely eliminated, favouring exclusively recovery (R) solutions, in line with the principles of the circular economy and European directives on waste management.
Starting in 2024, a project has also been launched to maximise the reuse of treated water for irrigation, involving consortia and operators of irrigation channels downstream of the plants. The initiative aims to optimise the use of treated water resources, helping to reduce water stress in the most vulnerable areas and strengthen the resilience of the local agricultural system.
In support of this integrated vision, the Group also launched initiatives with its supply chain to increase the overall sustainability of its activities. One of the most significant initiatives is the study developed with ANCE (Associazione Nazionale Costruttori Edili, National Association of Building Contractors) Milan and Varese and with the University of Insubria, aimed at building an industrial supply chain for the adoption of the best technologies for the recovery of excavated earth and rocks and demolition waste.
Again with a view to involving suppliers in the Group's policies, on 20 November 2024, the Supplier Day – Sustainability in Procurement event was organised, a conference dedicated to the dissemination of good practices in sustainable purchases. The initiative, promoted in collaboration with Alfa S.r.l., operator of the Integrated Water Service in the province of Varese, represented an important opportunity for discussion between sector operators and sustainability experts.
As part of its commitment to a structured transition towards more circular models, the CAP Group is also working on the Freedom project together with three industrial partners and three research institutes. The initiative aims to test innovative technologies for treating sewage sludge, transforming it into value-added materials. This approach significantly reduces the economic and environmental impact of their management as solid waste, contributing to the development of new circular supply chains and the valorisation of by-products.

Targets related to resource use and circular economy

E5-3

As part of environmental performance monitoring, the CAP Group defined a number of specific objectives related to resource and waste management in accordance with the principles of circularity. The actions described contribute concretely to the transition from a linear to a circular model by promoting the recovery and valorisation of materials, even beyond regulatory requirements.
One of the main indicators concerns the **total amount of waste managed according to the principles of the circular economy**. This includes both liquid waste treated and used at authorised plants and FORSU managed by Zeroc at the Bio-platform of Sesto San Giovanni. The initiative falls under the category of other recovery, according to the European waste hierarchy, and is closely related to the waste management strategy. However, this is not an activity subject to regulatory requirements.

TABLE N° 79 – Total amount of waste managed according to the principles of the circular economy

Year	Target Level	UOM of level	Base value	UOM of base value	Base year	Progress	UOM of progress
2033	222,600.0	ton	39,272.0	ton	2023	49,859.0	ton

A second target concerns the **amount of fertilisers produced from sewage sludge**, which also falls within the recovery category. The activity is a virtuous example of the valorisation of by-products, directly related to waste management according to a circular approach, although not imposed by legislative constraints.

TABLE N° 80 – Amount of fertilisers produced from sewage sludge

Year	Target Level	UOM of level	Base value	UOM of base value	Base year	Progress	UOM of progress
2025	20.0	%	5.0	%	2024	/	/

Finally, a target was also identified for **reducing the use of reagents in treatment processes**. Although not strictly related to waste management or classified at a specific level of the waste hierarchy, this objective contributes to the overall reduction of environmental impact by promoting a more efficient use of chemical resources used in the operations.

TABLE N° 81 – Reducing the use of reagents in treatment processes

Year	Target Level	UOM of level	Base value	UOM of base value	Base year	Progress	UOM of progress
2025	3.0	%	0.0	%	2024	/	/

Resource inflows

E5-4

As part of the monitoring of the resources used in its processes, the CAP Group identified the main **inflows of technical, biological and secondary materials** for the year 2024.
The table shows the main resource inflows for 2024, with reference to the total weight of technical and biological materials used, the portion of biological materials used for non-energy purposes and the percentage of secondary components reused or recycled. The total amount of materials used is 28,650.8 tonnes, of which 2,047.4 tonnes (7%) are secondary components. No biological materials are used in the processes. The figure shows a significant level of integration of circularity principles, particularly through the use of secondary materials in water and waste-related treatments.

The measurement allows the degree of circularity of the materials used and the level of integration in resource management to be assessed, with particular reference to reagents and carbon used in water treatment, as well as recovered materials such as sands classified as end-of-waste. Another important aspect concerns the use of recycled materials in company PCs: the different models used by the Group contain varying percentages of recycled plastic (between 23% and 48%) and metal (between 50% and 80%) in their internal and external components. However, this figure is not shown in the table below because the information provided by the manufacturer was expressed as a percentage and it was not possible to convert it into the unit of measurement required by the standard.

TABLE N° 82 – Resources inflows

	UOM	TOTAL 2024
Total weight of technical and biological products and materials used during the reporting period	t	28,650.8
Total weight of reused or recycled secondary components and intermediate secondary products and materials	t	2,047.4
Percentage of reused or recycled secondary components and intermediate secondary products and materials	%	7%

With regard to carbon, note that virgin carbon is considered a newly produced technical (rather than biological) material. Although regenerated carbon is classified as a technical material, it is still considered recycled because it undergoes a thermal reactivation process in a blast furnace carried out by a third party. This process, which takes place outside the CAP Group's scope of operations, allows the material to be reused and subsequently re-enter the company's cycles.

Resource outflows

E5-5

As part of its efforts to make waste management more efficient and circular, the CAP Group systematically monitors the flows generated by its activities, distinguishing between those sent for recovery and those destined for disposal. The data in the table below allows for an assessment of environmental performance in terms of landfilling, reuse and recycling activities, and the portion of non-recycled waste.

TABLE N° 83 – Generated waste

	UOM	Hazardous waste	Non-hazardous waste	2024 total
Waste diverted from disposal thanks to preparation for reuse	t	64.5	55,306	55,370.5
Waste diverted from disposal thanks to recycling	t	1.7	3,121	3122.7
Waste diverted from disposal thanks to other recovery operations	t	0.0	474.2	474.2
Amount of waste not intended for disposal	t	66.2	58,901.1	58,967.3
Waste intended for disposal through incineration	t	0.0	17,714	17,714
Waste intended for disposal through landfilling	t	0.0	0.0	0.0
Waste intended for disposal through other disposal operations	t	57.1	19,254.5	19,311.6
Total waste for disposal	t	57.1	36,968.4	37,025.5
Total waste generated	t	123.3	95,869.6	95,992,
Non-recycled waste	t	121.6	92,748.6	92,870.2
Percentage of non-recycled waste	%	98.6	96.7	96.7

**Percentuale di rifiuti non riciclati rappresenta la quota totale dei rifiuti al netto di quelli inviati a riciclaggio*

Note that the typical waste produced by the Integrated Water Service mainly comes from the wastewater treatment, sewerage and aqueduct sectors. The main waste produced includes sludge and sand from wastewater treatment processes, as well as screening materials. With regard to the aqueduct, the use of spent carbon in filters for water purification is reported. All other waste is generated by ancillary activities, such as the operation and maintenance of plants, operating sites, warehouses and company laboratories.
During 2024, the CAP Group generated a total of 123.34 tonnes of hazardous waste; no radioactive waste was produced during the period under review.
All data relating to waste quantities is tracked using unique transport forms, which are recorded daily in accordance with current regulations. A dedicated platform is used to manage and archive movements, while annual data is extracted, verified and aggregated by the Waste Management Office. Each type of waste is destined for specific recovery or disposal operations depending on its chemical and physical characteristics. In line with the principles of the circular economy, the CAP Group prioritises recovery over disposal, applying the waste management hierarchy set out in Directive 2008/98/EC, as amended by Directive 2018/851.
Note that, although formally classified by the regulations as a recovery operation, operation R1 – which consists of using waste as fuel or for energy production – was recorded in this report under disposal operations by incineration in order to provide a more transparent and comprehensible representation of data.

Rethinking the suburbs: when neighbourhoods become communities

From marginal places to spaces for experimentation

In the historic neighbourhood of Barona on the south-western outskirts of Milan, Gruppo CAP launched the "Progetto Quartiere" (Neighbourhood Project) initiative, which began with the construction of the company's new headquarters. The aim is to have a positive impact on the local area by combining architecture, participation, infrastructure and culture.

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GRUPPO CAP

03. CONSOLIDATED SUSTAINABILITY REPORTING

SOCIAL INFORMATION

Own workforce

ESRS S1

The table below describes the impacts, risks and opportunities that the Group assessed as material in relation to own workforce as a result of its double materiality assessment.

TABLE N° 84 – Impacts, risks and opportunities

ESRS	Material impacts, risks and opportunities	Topic/Subtopic	IRO title	IRO Description	Perimeter: upstream	Perimeter: own operations	Perimeter: downstream
ESRS S1 - Own Workforce	**Positive impact**	**Equal treatment and opportunities for all**	Promoting a climate of respect, dialogue and support	Positive impact on the employees of the CAP Group thanks to the promotion of respect and collaboration through a corporate culture based on open communication, through which any act of discrimination/mobbing/ harassment can be reported (e.g. training in brief, campaign on "hostile" language, deconstruction of male stereotypes).		✓	
ESRS S1 - Own Workforce	**Negative impact**	**Working conditions**	Negative impact on wage adequacy	Negative impact on people due to inadequate wages compared to the cost of living in Milan and the resulting loss of attractiveness for resources from other Italian regions, who are discouraged from relocating.		✓	
ESRS S1 - Own Workforce	**Risk**	**Other work-related rights**	Non-compliant processing of personal data	Even though the company adopted privacy procedures in accordance with the GDPR, non-compliant processing of personal data and/or data breaches resulting in discrimination, identity theft or usurpation, financial loss, damage to reputation, loss of confidentiality of data protected by professional secrecy or any other significant economic or social damage may still occur.The non-compliance/breach may depend on both the CAP Group and third parties who manage data with security measures that are inadequate or do not comply with the provisions of the GDPR.		✓	

TABLE N° 84 – Impacts, risks and opportunities

ESRS	Material impacts, risks and opportunities	Topic/Subtopic	IRO title	IRO Description	Perimeter: upstream	Perimeter: own operations	Perimeter: downstream
ESRS S1 - Own Workforce	**Risk**	**Working conditions**	Impact of digitalisation on processes and organisation	The digital transformation strategy adopted by CAP with the introduction of generative artificial intelligence in certain processes aims to automate business activities and processes, replacing human effort with digital media. This implies that some activities may be replaced entirely or partially by AI, meaning that no human workforce will be required. Consequently, neglecting to undertake a preliminary organisational analysis to identify long-term efforts/activities and related headcount that can be replaced by the digitalisation process may result in a workforce that is not equipped to meet the demands of digital transformation in terms of excess resources and new skills.		✓	
ESRS S1 - Own Workforce	**Opportunities**	**Working conditions**	Promoting Well-being at work	The CAP Group is committed to investing in the well-being of its employees, creating a positive and innovative environment that encourages talent retention and strengthens its market appeal. CAP also promotes initiatives for employees such as smart working, family support (e.g. nursery) and healthcare support (e.g. Doc24), to improve the physical and mental well-being and engagement of workers. This commitment helps to retain skills and attract new professionals, thereby supporting the company's growth.		✓	
ESRS S1 - Own Workforce	**Positive impact**	**Equal treatment and opportunities for all**	Healthy and inclusive company culture	Positive impact on the employees and collaborators of the CAP Group related to the promotion of a healthy and inclusive company culture, which guarantees respect and prevents discrimination to protect the dignity of all (e.g. corporate values).		✓	
ESRS S1 - Own Workforce	**Negative impact**	**Working conditions**	Damage to the health and safety of employees, collaborators and persons	Negative impact on employees related to accidents, occupational diseases and/or damage to the mental and physical health of CAP employees and collaborators due to a lack of management and insufficient attention to safety monitoring. Moreover, if errors occur in controls and/or preventive maintenance activities, the obsolescence of some of the infrastructure managed by the CAP Group could lead to accidents causing damage to people's health.		✓	

TABLE N° 84 – Impacts, risks and opportunities

ESRS	Material impacts, risks and opportunities	Topic/Subtopic	IRO title	IRO Description	Perimeter: upstream	Perimeter: own operations	Perimeter: downstream
ESRS S1 - Own Workforce	**Positive impact**	**Equal treatment and opportunities for all**	Protecting diversity and equal opportunities in selection and remuneration processes based on gender or other personal conditions	Positive impact on employees related to diversity inclusion and equal opportunities in personnel selection and gender-based remuneration processes (PdR 125 certif., non-critical gender pay gap related to seniority issues, unisex pay benchmarking system).		✓	
ESRS S1 - Own Workforce	**Positive impact**	**Equal treatment and opportunities for all**	Protecting diversity and equal opportunities in selection and remuneration processes based on gender or other personal conditions	Positive impact on employees related to diversity inclusion and equal opportunities in personnel selection and gender-based remuneration processes (PdR 125 certif., non-critical gender pay gap related to seniority issues, unisex pay benchmarking system).		✓	
ESRS S1 - Own Workforce	**Potential negative impact**	**Other work-related rights**	Loss or disclosure of sensitive data belonging to employees, users or partners	Potential negative impact on employees related to the loss or disclosure of sensitive data due to a failure to comply with, and/or adopt, privacy procedures that are not GDPR-compliant, as well as a lack of cybersecurity measures.		✓	
ESRS S1 - Own Workforce	**Positive impact**	**Working conditions**	Protection of stable employment and social dialogue	Positive impact on people related to the protection of stable and secure employment, with permanent contracts, compliance with the working hours established by the relevant CCNL (National Collective Labour Agreement) and adequate remuneration that guarantees low staff turnover. Promotion and encouragement of the right of freedom of association of persons, with regular consultations between management and trade union representatives. Promoting dialogue at all levels of the company by defining specific procedures.		✓	

TABLE N° 84 – Impacts, risks and opportunities

ESRS	Material impacts, risks and opportunities	Topic/Subtopic	IRO title	IRO Description	Perimeter: upstream	Perimeter: own operations	Perimeter: downstream
ESRS S1 - Own Workforce	**Positive impact**	**Working conditions**	Promoting work-life balance	Positive impact on employees through work-life balance initiatives by the CAP Group (flexible working hours, smart working, leave for family reasons, flexible working hours, access to childcare) to ensure the mental and physical well-being and satisfaction of employees and their families.		✓	
ESRS S1 - Own Workforce	**Positive impact**	**Equal treatment and opportunities for all**	Promoting a meritocratic working environment	Positive impact on employees related to the CAP Group's promotion of a meritocratic working environment, capable of enhancing and developing skills and abilities, thereby increasing employee satisfaction.		✓	
ESRS S1 - Own Workforce	**Positive impact**	**Other work-related rights**	Definition of policies, internal systems and employee training for data protection awareness	Positive impact on employees related to the preparation and definition of internal policies/systems aimed at data protection and training in order to prevent intentional and unintentional data leaks related to cybersecurity incidents.		✓	

Material impacts, risks and opportunities and their interaction with strategy and business model

S1 SBM-3

The CAP Group considers all workers who could be significantly affected in its disclosure. The Group recognises that the circumstances involving its workers – in terms of actual or potential impacts, risks and opportunities – directly reflect and affect its strategic choices and operational structure. In particular, the positive impacts aimed at improving the well-being of the workforce guide the Group's strategy, which aims to promote a climate of collaboration, respect and equal treatment, resulting in opportunities related to the Group's ability to retain its talent and attract new professionals necessary for business growth; conversely, the potential negative impacts of the loss or publication of sensitive employee data are related to the risk of such data being violated following the adoption of inadequate security measures, which stem from a business model evolving towards the increasing digitalisation of processes and organisation. For this reason, when analysing the actual and potential impacts, the CAP Group considered all members of its workforce, including both employees and non-employees. Almost all employees are hired on permanent contracts. In addition to these, there are a few non-employees, specifically two interns and one agency worker.
Since the Group's activities are entirely based in Italy and confined to the Lombardy region, they are not considered to be exposed to significant risks of child labour, forced or compulsory labour. Consequently, the material **negative impacts** identified during the double materiality analysis are specific to individual incidents (such as work-related injuries and the loss/publication of sensitive employee data). In addition to individual incidents, there was a material negative impact related

to inadequate wages compared to the cost of living in Milan: in this case, however, the negative impact was related to systemic social and economic inequalities at the national level. Finally, the Group did not experience any negative impacts on its own workforce as a result of the activities implemented to date to reduce emissions and transition to climate neutrality.
The activities implemented by the Group also generate material **positive impacts**, which mainly affect permanent and temporary employees, and to a lesser extent collaborators, apprentices and trainees involved in training and induction programmes. The various initiatives implemented help to generate shared value, improve the internal corporate climate, and strengthen the bond between people and the organisation. The Group actively promotes an inclusive and respectful company culture, focused on enhancing diversity, preventing all forms of discrimination and promoting relational well-being in the workplace by implementing several concrete initiatives, including:

- internal campaigns on inclusive language and dedicated training courses;
- adoption of practices to ensure equal opportunities in selection processes, professional development and remuneration policies, in line with the principles of fairness and transparency;
- adoption of the UNI/PdR 125 practice and monitoring of the gender pay gap;
- promotion of employment stability through permanent contracts, compliance with national collective labour agreements and adequate wage systems, accompanied by ongoing dialogue with trade union representatives;
- work-life balance policies, such as flexible working hours, agile working, family leave and parenting services;
- investments in ongoing training, guidance programmes for young people and initiatives related to new green skills.

The analysed material **risks** included digital transformation and workforce adequacy in relation to the introduction of emerging technologies such as generative artificial intelligence, personal data protection and IT security. This transformation could involve the partial or total automation of specific business activities characterised by standardisation and low complexity. This risk will not materialise in the short term, but over a time horizon of more than five years, with a particular impact on specific categories of workers, such as those with limited digital skills, young people in training and older employees. To manage and mitigate these risks, the CAP Group launched a series of preventive actions, including the definition of a Masterplan for generative artificial intelligence, which will guide the introduction of the technology in an organic and sustainable way. Analyses will also be carried out on the processes that could be digitalised to assess their efficiency and effectiveness, and an external supplier will be identified to work with management in defining priorities and in the subsequent implementation phases. This approach aims to reduce negative effects on human capital, thereby ensuring a technological transition that enhances skills and strengthens the resilience of the organisation.
Finally, in terms of **opportunities**, the CAP Group identified two main areas: firstly, talent retention and the attractiveness of the organisation, fostered by a working environment that focuses on people's well-being, work-life balance and tools such as smart working, parenting support and healthcare services; secondly, skills development, pursued through training and retraining programmes that enable employees to effectively deal with technological and organisational changes, supporting professional growth and alignment with the corporate strategy.

Policies related to own workforce

S1-1

The CAP Group has a policy on the management of its own workforce. For further details, see the section "Policies adopted and related disclosure requirements".

Processes for engaging with own workforce and workers' representatives about impacts

S1-2

To confirm the participatory approach adopted, the CAP Group implemented a structured process for involving its own workforce, aimed at ensuring **listening, dialogue and discussion** on the material impacts that may arise from the company's activities.
To ensure the involvement of the Group's employees, responsibility for engagement activities is shared between two teams with different areas of responsibility: People Caring Office, within the HR Department, and Sustainability Office, within the External Relations and Sustainability Department. Moreover, the HR Administration, Trade Union Relations and Labour Regulations Office is responsible for maintaining an ongoing dialogue with the various trade unions.
The various organised activities envisage the engagement of their employees throughout the year, both through events open to all employees (in person, hybrid or online) and through the dissemination of **information content** ranging from topics related to the profession to more general cultural topics.
On a monthly basis, and particularly on major international days dedicated to topics of global interest, the Group organises events that provide opportunities for **reflection** and **awareness-raising** on social, environmental and cultural issues. All CAP employees are encouraged to participate actively and are informed through various company channels, including internal newsletters, email communications and articles published on the Intranet. These include initiatives dedicated to gender equality, promoted in March, and events in November dedicated to reflection and discussion on the issue of gender-based violence. June, on the other hand, is dedicated to LGBTQIA+ topics, with targeted communications and organised participation in the Milan Pride.
With regard to **human rights**, note that the CAP Group does not have specific framework agreements with workers' representatives, as it already operates in full compliance with applicable national and supranational regulations. Useful documents for employees, such as the framework agreement, are published on the various platforms used by the Group (intranet, email, notice boards, management system) and posted on the union notice board. In an effort to maximise the involvement of all Group personnel in the learning process related to the topics covered by the framework agreement, specific training courses were made available.
Finally, to reinforce our commitment to transparent and participatory communication, feedback from CAP people is constantly monitored through direct and open dialogue, which promotes an environment of active listening. Aware of the value of structured engagement, the Group is considering the introduction of more specific tools to collect and analyse feedback, with the aim of enhancing organisational well-being and promoting active participation with a view to continuous improvement. The listening measures implemented enable the Group to better understand the perspectives of its workers, including those who may be considered particularly vulnerable, and subsequently develop and design activities dedicated to inclusion and diversity.

Processes to remediate negative impacts and channels for own workers to raise concerns

S1-3

In line with its commitment to a responsible and transparent working environment, the CAP Group implemented a structured system for managing **whistleblowing**, which guarantees that claims are listened to, treated confidentially and dealt with promptly. The priority whistleblowing channel consists of a secure and intuitive digital platform, which also allows reports to be sent anonymously using a number code, useful for monitoring their status and communicating securely with the Head of Corruption Prevention and Transparency (RPCT), who is responsible for managing the process, or, in their absence, with the Head of Misconduct and Compliance Risk (RRM&CC).

Depending on the circumstances, reports may also be received by the RSU (Unitary Union Representative Body) or the Social Performance Team (SPT). When they arrive via the digital platform, the RPCT forwards them to the Social Performance Team, composed of both management representatives and workers, which analyses them impartially and confidentially. If they are found to be well-founded, they are recorded and appropriate corrective actions are taken; if they are found to be unfounded, they are filed away with an explanation.

The Social Performance Team organises regular meetings to review reports, monitor the effectiveness of actions taken and evaluate proposals for improvement, including in relation to the application of SA8000 and UNI/PdR 125 standards. Shared minutes are produced at the end of each meeting. In the event of a conflict of interest, the members involved are temporarily suspended until the process is closed.

The whistleblowing platform is accessible from any device and available on the company website. For further information on the platform and the information and training provided to the workforce on its correct use, please refer to section “G1-1 | Business conduct policies and corporate culture”. Alternatively, reports can be sent by paper in a sealed envelope or verbally to the RPCT. If the report is received by different parties, it must be forwarded to the RPCT within seven days. In cases where the RPCT is involved, the report can be addressed to ANAC, while if it concerns violations of Model 231, the Supervisory Body is informed.

Moreover, for reports relating to the SA8000 Social Responsibility standard, the Social Performance Team is expected to analyse reports received via the intranet and other digital platforms accessible and known to employees, verifying their validity in accordance with the principles of impartiality and confidentiality.

If the report is found to be valid at the end of the investigations, the Social Performance Team will accept it, record it in the appropriate Register of Reports and take the necessary action to resolve the situation reported, as well as assess any preventive measures to avoid the recurrence of similar cases. Otherwise, if the report is deemed unfounded, the reasons are documented and the report is filed in a specific meeting report.

At the end of each meeting, the Social Performance Team draws up a report shared among the participants, detailing the topics discussed and the whistleblowing management procedures, using a specific format. It also periodically reviews the whistleblowing management procedure, implementing any improvements if critical issues or areas for improvement are identified.

Actions on material impacts to the workforce, and approaches to managing material risks and pursuing material opportunities related to own workforce, and effectiveness of such actions

S1-4

In response to the material impacts identified in relation to the workforce, the CAP Group adopted and planned many specific actions with the aim of promoting a positive working environment based on trust, respect and the well-being of people, and of obtaining the Great Place to Work certification.

Bearing this in mind, a multi-year programme involving the distribution of the Trust Index questionnaire – an internationally validated tool for measuring employee experience – was launched. The Trust Index identifies strengths and areas for improvement, guiding the implementation of targeted actions to promote organisational well-being.

Actions in this area include the Employee Assistance Programme, operational since 2023, which offers free and confidential consultancy on psychological, legal, tax and social welfare issues, available 24 hours a day, all year round; and the strengthening of the well-being offer, which also includes a Telemedicine platform accessible from anywhere and at any time, allowing employees to consult a general practitioner free of charge and, through the company health insurance policy, also specialists, as well as constantly monitoring their health parameters. Concrete measures were also introduced to promote **work-life balance**, including co-working stations for parents, the option to work part-time, extended parental leave, leave for childcare and healthcare, additional unpaid leave, leave for medical treatment and “enhanced” smart working for those with health problems or young children.

Several initiatives dedicated to **enhancing diversity**, with a particular focus on gender equality, demonstrate the strong commitment to inclusion. In addition to providing training opportunities and collaborating with associations, the CAP Group took part in public events and promoted awareness-raising initiatives, thereby strengthening a culture of respect. The effectiveness of all these actions is monitored using structured tools such as audits, comparative analyses and stakeholder feedback, which feed into a continuous improvement process. Targeted initiatives include the webinar on International Women’s Day in collaboration with Valore D, the adoption of the Equal Panel Manifesto, courses on toxic masculinity in collaboration with Mica Macho, training courses for suppliers promoted with the Milan Women’s Council, and agreements for self-defence courses accessible to all. In terms of LGBTQIA+, the CAP Group joined Milano Pride 2024 as a partner, actively involving the entire company workforce.

In line with its ongoing commitment to reducing the gender pay gap and enhancing women’s leadership, the Group launched timely reviews of personnel positions and remuneration with the aim of ensuring fairness and consistency with the market, thereby strengthening talent retention and attractiveness. With the support of specialised external bodies, the CAP Group conducted a salary benchmarking with the aim of accurately analysing the **positioning of salaries** in relation to the market. This analysis makes it possible to strengthen retention policies, manage more effectively contractual rises – which do not envisage the absorption into salary increases, thus fully enhancing professional growth – and address the effects of inflation and the rising cost of living. New hires have also been structured to offer more competitive salaries that are consistent with the reference context, helping to strengthen the attractiveness and competitiveness of the organisation.

Moreover, as part of the actions to enhance the contribution of people and ensure constant alignment with corporate objectives, the CAP Group developed a performance management process that provides an opportunity for continuous dialogue and monitoring. The system provides opportunities for dialogue between employees and management, with feedback on the results achieved in relation to the set targets. Those who achieve the best results are recognised with tools such as performance-related bonuses or pay rises. Employee representatives do not directly participate in individual assessments, but they do attend regular monitoring meetings to help ensure transparency and consistency with strategic guidelines. The entire process is thus configured as a dynamic tool for promoting quality of work and motivation of people.

In terms of **training**, a structured programme was launched to ensure the informed use of company tools and the prevention of operational risks. In anticipation of the introduction of new technologies, such as artificial intelligence, the Group launched specific training courses to update digital skills and initiated an internal reorganisation process aimed at integrating new knowledge into the company's operational fabric, thus supporting an inclusive and sustainable technological transition.

To protect employee privacy, the CAP Group implemented measures in line with the GDPR, reinforced through training activities and updated IT systems for the protection of personal data. The effectiveness of these measures is subject to regular audits, the results of which are used to strengthen security and prevent risks such as discrimination, identity theft or reputational damage.

Finally, employee well-being is also promoted through interventions that contribute to the **attractiveness** and **stability** of the organisation. The adoption of permanent contracts, compliance with national collective labour agreements and appropriate remuneration policies reinforce a solid working environment that is consistent with CAP's commitments to decent and sustainable work. Dialogue with trade union representatives is continuous and regulated by dedicated procedures designed to promptly address any critical issues and strengthen active participation. Specific resources, both financial and organisational, were allocated to support well-being and to manage sensitive situations.

To supplement this system, the CAP Group uses structured tools to comprehensively assess the effectiveness of actions aimed at the workforce, including internal and external audits, comparative analyses and feedback from stakeholders. These tools enable constant monitoring of the organisational impact, further strengthening the continuous improvement process.

Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

S1-5

As part of its social sustainability and human capital enhancement initiatives, the CAP Group set measurable and time-bound targets to monitor progress on two priority fronts: organisational well-being and gender equality. With this in mind, the Group set itself the goal of creating an inclusive, stimulating and rewarding working environment for all its people.

The targets were defined based on scientific and methodological criteria, with reference to established tools such as the Sustainability Plan, the PDR125 certification and the SA8000 requirements. These tools made it possible to identify priority areas for action through a structured analysis based on objective data, thus ensuring a measurable and transparent approach that is consistent with the organisation's values.

To concretely support these targets, salary benchmarking activities were launched in collaboration with specialised external bodies, and structured training, performance assessment and professional development programmes were introduced. The targets have been defined following an in-depth analysis of the risks and opportunities, in the knowledge that these are complex challenges but fundamental to bringing about real change.

A key element of this process was the active involvement of the entire company workforce: each collaborator was assigned an individual, stimulating target aligned with the organisation's strategic macro objectives, thus promoting widespread and shared commitment.

A summary of the adopted targets and their progress is shown below.

Great Place to Work certification

- **Target**: to achieve certification by **2027**, reaching a minimum score of **60%** in the Trust Index questionnaire.
- **Basic value**: 0% (reporting year: 2023)
- **Current progress**: 10%

The Trust Index is a validated international tool designed to measure the quality of the work experience. Certification requires a score of 60% or higher to be achieved over a recommended two-year period.

Gender Pay Gap and women in leadership roles

- **Target**: to reduce the gender pay gap to less than **5%** at all company levels by **2033**.
- **Basic value**: 0% (reference year: 2023)
- **Current progress**: -2%

As outlined in the annual plan, the target for 2024 was achieved by reducing the gap by 1.8% at two specific company levels and by 22.5% at the level of executives. The final target is to consolidate the reduction at all organisational levels.

Characteristics of the undertaking's employees

S1-6

The figures below are updated to 2024 and show the gender composition of the workforce, expressed as the number of people employed at the end of the period. The same figures are also reported in the Financial Statements by preparing the half-yearly documents accompanying the Financial Statements. Note that all Group personnel operate in the Lombardy region of Italy.

TABLE N° 85 – Characteristics of the undertaking's employees - number of employees by gender

	UOM	Women	Men	Other	Not reported	Total
Number of employees (number of persons) at the end of the period	no.	280	668	0	0	948
Breakdown of employees by gender at the end of the period	%	29.5	70.5	0.0	0.0	100.0

The total number of employees broken down by type of contract and gender, is shown below, based on the number of persons at the end of the period.

TABLE N° 86 – Characteristics of the undertaking's employees - number of employees by type of contract and gender at the end of the period

	UOM	Women	Men	Other	Not reported	Total
Number of permanent employees	no.	276	658	0	0	934
Number of temporary employees	no.	4	10	0	0	14
Number of non-guaranteed hours employees	no.	0	0	0	0	0
Total	**no.**	**280**	**668**	**0**	**0**	**948**

The total number of employees is shown below broken down by full-time and part-time, by gender.

TABLE N° 87 – Characteristics of the undertaking's employees - number of full-time and part-time employees at the end of the period

	UOM	Women	Men	Other	Not reported	Total
Number of full-time employees	no.	265.0	664.0	0.0	0.0	929.0
Number of part-time employees	no.	15.0	4.0	0.0	0.0	19.0
Total	**no.**	**280.0**	**668.0**	**0.0**	**0.0**	**948.0**

The CAP Group constantly monitors the turnover rate of its own workforce, which is an important indicator for assessing employment stability and retention capacity. The figures below are updated to 2024 and broken down by gender.

TABLE N° 88 – Employee turnover

	UOM	Women	Men	Other	Not reported	Total
Number of employees who left the Group	no.	11	47	0	0	58
Total number of employees	no.	280	668	0	0	948
Employee turnover rate	%	3.93	7.04	-	-	6.12

Note that the figures were compiled through extractions from the HR systems in use. The extractions allow the company population to be broken down according to various identification data, including gender, type of employment contract (temporary and permanent, while non-guaranteed hours contracts are not included) and type of employment contract (part-time and full-time). This extraction can be archived, making the figures available as both specific and average figures at the end of each period.
The use of temporary contracts is limited, mainly for maternity leave replacements and/or, only recently, for project work (such as RRP projects) or temporary events, where there are critical issues related to the availability of resources due to the highly dynamic market.

Characteristics of non-employees in the undertaking's own workforce

S1-7

The total number of non-employees in the Group's own workforce at the end of 2024 is shown below. These figures are managed outside the management system due to their small number.

TABLE N° 89 – Characteristics of non-employees in the undertaking's own workforce by gender at the end of the period

	UOM	Women	Men	Other	Not reported	Total
Total number of non-employees	no.	0	3	0	0	3

Collective bargaining coverage and social dialogue

S1-8

The CAP Group guarantees full contractual coverage for its own workforce. Figures for 2024 show that 100% of employees are covered by collective bargaining agreements, confirming the organisation's commitment to ensuring fair and transparent conditions.
The CAP Group also ensures a broad involvement of its own workforce through active representation systems. Figures for 2024 show that almost all employees (99%) are covered by employee representatives, confirming the central importance attached to social dialogue and collective participation in company processes.
Note that none of the non-employees are covered by collective agreements.

Diversity Metrics

S1-9

To pursue equity and inclusion objectives, the CAP Group monitors the gender composition of the organisation's top levels. The updated figures for 2024 show the distribution of female and male employees in top management positions (defined as one and two levels below the administrative and supervisory bodies), which is an important factor when assessing progress towards achieving greater representation and equality in leadership positions.

TABLE N° 90 – Top management level employees by gender

	UOM	Women	Men	Other	Not reported	Total
Number of employees at top management level	no.	3	8	0	0	11
Gender distribution of employees at top management level	%	27.3	72.7	-	-	100.0

The number and distribution of employees by age group (under 30, between 30 and 50, over 50) and by gender in 2024 is shown below.

TABLE N° 91 – Distribution of employees by age

	UOM	Women	Men	Other	Not reported	Total
Number of employees aged under 30	no.	10	25	0	0	35
Number of employees aged between 30 and 50	no.	167	374	0	0	541
Number of employees aged over 50	no.	103	269	0	0	372
Total number of employees	no.	280	668	0	0	948

The table below shows the percentage distribution of employees by age group and gender in relation to the total number of employees (948), highlighting the prevalence of the 30-50 age group, which represents more than half of the CAP Group's workforce.

TABLE N° 92 – Age distribution of employees out of total number of employees

	UOM	Women	Men	Other	Not reported	Total
Percentage of employees aged under 30	%	1.05	2.64	0.00	0.00	3.69
Percentage of employees aged between 30 and 50	%	17.62	39.45	0.00	0.00	57.07
Percentage of employees aged over 50	%	10.86	28.38	0.00	0.00	39.24

Adequate wages

S1-10

Confirming its commitment to equity and to enhancing the value of people, the CAP Group ensures that all employees receive an adequate wage, in line with applicable market benchmarks and consistent with the level of skills and responsibilities required by each role.
In line with the provisions of Directive (EU) 2022/2041 on adequate minimum wages in the European Union, all employees of the CAP Group, depending on their level of classification consistent with the position held, receive at least the minimum wage set out in the relevant national collective labour agreement and, as required by regulations and national agreements, they receive regular contractual pay rises. The economic thresholds that apply concern only Italy, where the Group operates. The CAP Group implemented internal controls to ensure compliance with the living wage (known as "decent wage"), as certified by SA8000, recognising a minimum wage that is higher than the figures for the minimum monthly income used by ISTAT in its tables to establish the poverty threshold.
At the CAP Group, which only operates in Italy, none of the non-employees earn less than the applicable appropriate wage benchmark.

Social protection

S1-11

As part of the protections provided for its own workforce, the CAP Group guarantees full coverage for all employees through **social protection** systems activated through public programmes or company benefits, in accordance with national regulations. These measures are fundamental tools for ensuring income continuity in the event of complex life events, as provided for in **Directive (EU) 2022/2041** and referred to in the general standard of **social protection**, understood as access to healthcare and income support in situations such as loss of a job, being sick and in need of medical care, giving birth and raising a child, accident, disability, or retiring and in need of a pension.
With regard to social security protection, Gruppo CAP applies the provisions of **INPS** and **INAIL** regulations, in accordance with national legislation and the relevant collective bargaining agreement. Specifically:

- in the event of **sickness**, the contractual provisions for the management of absences are followed, as regulated by the **sector CCNL (Art. 32);**
- for **unemployment**, workers are protected from the beginning of the employment relationship;
- in cases of **employment injury and acquired disability**, forms of financial support and specific pro-

tection are provided;
- in the event of **parental leave**, the measures provided for by law are supplemented by additional company initiatives;
- in relation to **retirement**, social protection is ensured according to current regulations.

Through the application of these tools, the CAP Group guarantees the income continuity and social protection of its people, promoting a responsible and equitable work environment focused on well-being.

Training and skills development metrics

S1-13

The CAP Group invests continuously in a wide range of training courses accessible to all company employees. These courses cover various areas, including safety, technical skills, soft skills and digital skills, and are delivered through a variety of teaching methods to encourage participation and ongoing professional development.
All our employees participated in training activities in 2024. The Group also regularly monitors employee participation in performance assessment and professional development processes. The figures for 2024, broken down by gender, show a high level of participation in these periodic reviews, confirming the organisation's commitment to the continuous growth of its people.

TABLE N° 93 – Training and skills development indicators by gender

	UOM	Women	Men	Other	Not reported	Total
Employees who participated in regular performance and career development reviews	no.	255	601	0	0	856
Percentage of employees who participated in regular performance and career development reviews	%	91.0	90.0	-	-	90.3

The average number of training hours per employee and per gender delivered in 2024 is shown below.

TABLE N° 94 – Average number of training hours by gender

	UOM	Women	Men	Other	Not reported	Total
Total number of training hours offered to and completed by employees	h	5.931.9	17.300.0	0.0	0.0	23.231.9
Average number of training hours per employee	h	21.1	25.90	-	-	24.51

Health and safety metrics

S1-14

The CAP Group adopted a structured occupational health and safety management system audited by a third party, which covers 100% of its employees and non-employees, demonstrating its ongoing commitment to ensuring safe and secure working environments.
In 2024, there were no deaths due to work-related injuries and illnesses among workers in own workforce. The number and rate of recordable work-related accidents for own workforce in the reporting period are shown below, excluding incidents occurred while commuting.

TABLE N° 95 – Recordable work-related accidents

	UOM	Employees	Non-employees	Total
Number of recordable work-related accidents	no.	11	0	11
Rate of recordable work-related accidents	%	7.61	0.00	7.61

The CAP Group carefully records and reports events related to accidents and occupational diseases: the figures for 2024 show no cases of work-related illnesses and a low number of days lost, confirming the effectiveness of the preventive measures adopted.
With regard to non-employees, there were no cases of recordable occupational diseases or days lost due to work-related accidents, occupational diseases or fatalities due to illness.

TABLE N° 96 – Cases and days lost due to work-related accidents, incidents and fatalities (employees)

	UOM	2024
Number of cases of recordable work-related ill health	no.	0
Number of days lost to work-related injuries and fatalities from work-related accidents, work-related ill health and fatalities from ill health	no.	197.00

The health and safety management system adopted by the CAP Group was subject to internal audits and external certifications, confirming the organisation's commitment to ensuring high standards of protection for its people.

The ISO 45001 certification specifies through its main structural documents (Context of the organisation, Policy, RAD, Objectives, Review) the scope of application of the system with a description of the workers and workplaces involved and the related activities carried out.
The activities covered by the Group's management system concern:
- design, coordination and supervision of construction, renovation and maintenance activities for aqueducts, sewerage systems, water purification plants and wastewater treatment plants, analytical control of water quality;
- management of Integrated Water Service processes (aqueduct, sewerage, wastewater treatment): collection, water purification, distribution of drinking water through the operation and maintenance of networks and plants; drainage and wastewater treatment through the operation and maintenance of networks and plants; call-centre and user management service; coordination and supervision of works for connecting water and sewerage services and extending water and sewerage networks; physical, chemical and biological treatment of non-hazardous solid and liquid waste from urban wastewater treatment plants; production of biomethane through the biogas upgrading process.

Note that this certification primarily takes into account the company's Risk Assessment Document, which identifies workers, locations and activities for the purpose of correctly assessing the risk for each job/task and, more generally, compliance with the law.

Work-life balance metrics

S1-15

In compliance with current regulations and contractual provisions, the CAP Group guarantees all its employees the right to take leave for family reasons, in line with company social policies and the provisions of the collective agreements applied.

The table below shows the percentage of eligible employees who took family leave in 2024, broken down by gender.

TABLE N° 97 – Employees who took family-related leave

	UOM	Women	Men	Other	Not reported	Total
Employees who took family-related leave	no.	53	95	0	0	148
Total number of employees	no.	280	668	0	0	948
Percentage of employees who took family-related leave	%	18.9	14.2	-	-	15.6

Remuneration metrics (pay gap and total remuneration)

S1-16

The CAP Group regularly monitors gender pay equity with the aim of ensuring equal opportunities and merit recognition. The figures for 2024 show a slight shift in favour of women, confirming the effectiveness of the policies adopted to reduce the gender pay gap. The average gross hourly wages by gender and the corresponding gap indicator are shown below.

TABLE N° 98 – Gender pay gap

	UOM	2024
Average gross hourly pay of female employees	€	16.7
Average gross hourly pay of male employees	€	16.5
Gender pay gap	%	-1.2

In terms of transparency and accountability, the CAP Group also makes available the ratio of the remuneration of its highest paid individual to the median remuneration ratio of the rest of the personnel. The values updated to 2024 are shown below.

TABLE N° 99 – Total annual remuneration ratio

	UOM	2024
Total annual remuneration of the highest-paid individual	€	237,328,1
Median annual total remuneration (excluding the highest-paid individual)	€	38,280,63
Total annual remuneration of the highest-paid individual/ Median annual total remuneration (excluding the highest-paid individual)	-	6.2

Incidents, complaints and severe human rights impacts

S1-17

In accordance with the principles of transparency and accountability, the CAP Group monitors and records all material human rights incidents, including reports of discrimination and complaints submitted through internal channels. The figures for 2024 are shown in the table below, with the number of cases and the related economic sanctions.

The reports refer to behaviour considered inappropriate in the workplace and, in one case, to employment relationship management procedures.
In 2024, the CAP Group did not receive any fines due to complaints lodged with the OECD National Contact Points for Multinational Enterprises.

TABLE N° 100 – Incidents, complaints and severe human rights impacts

	UOM	Number	Fines (€)
Incidents of discrimination	no.	0	0
Complaints filed through channels for people in the undertaking's own workforce to raise concerns	no.	4	0
Total	no.	4	0

Workers in the value chain

ESRS S2

The table below describes the impacts, risks and opportunities that the Group, following its double materiality analysis, assessed as material in relation to the topic of workers in the value chain.

TABLE N° 101 – Impacts, risks and opportunities

ESRS	Material impacts, risks and opportunities	Topic/Subtopic	IRO title	IRO Description	Perimeter: upstream	Perimeter: own operations	Perimeter: downstream
ESRS S2-Workers in the value chain	**Positive impact**	**Working conditions**	Promoting health and safety in the supply chain	Positive impact related to suppliers of goods and services under contract on the health of their workers, related to the prevention of accidents, occupational diseases and/or damage to mental and physical health with suppliers who guarantee certain health and safety standards in the workplace.	✓		
ESRS S2-Workers in the value chain	**Positive impact**	**Equal treatment and opportunities for all**	Promoting training and skills development	Positive impact of suppliers of goods and services under contract on their workers for the provision of training aimed at updating and developing skills.	✓		
ESRS S2-Workers in the value chain	**Positive impact**	**Equal treatment and opportunities for all**	Protection of diversity in the supply chain	Positive impact of suppliers of goods and services under contract on their workers, related to measures aimed at protecting diversity and inclusion. (e.g. SA8000 measure).	✓		
ESRS S2-Workers in the value chain	**Positive impact**	**Other work-related rights**	Protection of human rights and fight against forced labour	Positive impact of suppliers of goods and services under contract on their workers, related to the protection of human rights, in particular in the fight against forced labour. (Tier I and II suppliers and sub-suppliers of services under contract).	✓		
ESRS S2-Workers in the value chain	**Risk**	**Other work-related rights**	Non-compliant processing of personal data	Even though the company adopted privacy procedures in accordance with the GDPR, non-compliant processing of personal data and/or data breaches resulting in discrimination, identity theft or usurpation, financial loss, damage to reputation, loss of confidentiality of data protected by professional secrecy or any other significant economic or social damage may still occur. The non-compliance/breach may depend on both the CAP Group and third parties who manage data with security measures that are inadequate or do not comply with the provisions of the GDPR.	✓		

TABLE N° 101 – Impacts, risks and opportunities

ESRS	Material impacts, risks and opportunities	Topic/Subtopic	IRO title	IRO Description	Perimeter: upstream	Perimeter: own operations	Perimeter: downstream
ESRS S2-Workers in the value chain	**Risk**	**Other work-related rights**	Targeted cyber attack by external hackers on information systems	A cyber attack on information systems, if carried out by experienced hackers in a deliberate and targeted manner against the CAP Group or against third parties, with a traceable link back to the CAP Group, could result in the interruption of administrative and management data systems, the blocking of Internet portals and/or the loss of data, including data for disaster recovery and/or the theft of sensitive data. In particular, this phenomenon could become increasingly significant over the next few years as a result of the growing digitalisation of business operations, the gradual increase in data access points (e.g. following the introduction of smart working) and the presence of a significant number of third parties with whom the CAP Group collaborates.	✓		
ESRS S2-Workers in the value chain	**Potential negative impact**	**Other work-related rights**	Disclosure of Confidential information	Potential negative impact caused by suppliers, related to the disclosure of confidential information, loss of sensitive information and compromise of the privacy and security of their employees' data following cybersecurity incidents. (Suppliers in the Digital_Hub IT sector)	✓		
ESRS S2-Workers in the value chain	**Positive impact**	**Working conditions**	Protection of labour rights along the supply chain	Positive impact related to suppliers of goods and services under contract who guarantee their workers adequate wages and collective bargaining, freedom of association and reasonable working hours. (Tier I and II suppliers and sub-suppliers of services under contract).	✓		
ESRS S2-Workers in the value chain	**Opportunities**	**Equal treatment and opportunities for all**	Promoting supplier training and skills development	Collaborating with suppliers to promote ongoing training and skills development programmes is a strategic lever for enhancing their skills and operational capabilities, ensuring high standards throughout the supply chain. Targeted initiatives, such as technical refresher courses and cross-skills development programmes, directly promote supplier competitiveness and efficiency. Investing in supplier training helps strengthen innovation, alignment with regulatory and corporate standards, and the overall quality of the supply chain, consolidating valuable relationships and building a resilient and sustainable supply chain over time.	✓		

TABLE N° 101 – Impacts, risks and opportunities

ESRS	Material impacts, risks and opportunities	Topic/Subtopic	IRO title	IRO Description	Perimeter: upstream	Perimeter: own operations	Perimeter: downstream
ESRS S2- Workers in the value chain	**Opportunities**	**Equal treatment and opportunities for all**	Protection of diversity in the supply chain	Implementing policies that encourage suppliers to adopt concrete measures to promote diversity and inclusion represents a strategic opportunity to enhance and strengthen the supply chain. Initiatives such as compliance with international standards (e.g. SA8000) promote fair working conditions and guarantee respect for human rights. Promoting diversity and inclusion not only improves the well-being of workers, but also the company culture, strengthening the CAP Group's reputation as an ethical and socially responsible company.	✓		
ESRS S2- Workers in the value chain	**Opportunities**	**Working conditions**	Protection of labour rights along the supply chain	The CAP Group actively promotes the protection of workers' rights throughout the entire supply chain, with a concrete commitment to legality, transparency and fairness in every area of operation. This opportunity aims to establish partnerships with companies that adopt a socially responsible approach, asking suppliers to develop ethical programmes in line with their principles. The CAP Group requires these values to be documented and verifiable, reserving the right to take action in the event of non-compliance with the standards. The initiative aims to generate long-term, sustainable value by ensuring that high levels of responsibility and integrity are maintained throughout the entire supply chain.	✓		

Material impacts, risks and opportunities and their interaction with strategy and business model

S2 SBM-3

The general process for identifying IROs is described in section IRO-1 – Description of the processes to identify and assess material impacts, risks and opportunities.
The main types of workers along the value chain who could be significantly affected by the company are those working for contractors and subcontractors. The CAP Group, downstream in its value chain, employs workers mainly in the management of the Integrated Water Service – which includes aqueduct, sewerage, wastewater treatment and transversal services – for **work** such as plant maintenance.
At the date of preparation of this consolidated sustainability report, no geographical areas or product categories within the CAP Group's value chain were identified as presenting a significant risk of child, forced or compulsory labour. The business operates nationwide and uses qualified suppliers selected through procedures that comply with the Italian Contract Code, which sets strict requirements in terms of legality, transparency and social responsibility.
In any case, the CAP Group remains highly focused on these topics, constantly monitoring its procurement processes and relationships with the supply chain, also in the light of possible developments in the regulatory, operational or geopolitical context that could lead to the emergence of new risks.
With specific reference to these workers along the value chain, a number of **positive impacts** were identified, stemming from the Group's strategy based on collaboration with suppliers who adopt responsible practices such as:

- protection of occupational health and safety through effective preventive measures;
- promoting training and skills development;
- measures in favour of diversity, inclusion and respect for human rights, including through compliance with international standards (such as SA8000 certification);
- guarantee of fair working conditions, including adequate wages, sustainable working hours and freedom of association.

Potential **negative impacts** identified include the disclosure of sensitive data and the compromise of employee privacy due to cybersecurity incidents attributable to suppliers, particularly in the information technology sector. These incidents may have repercussions on the privacy, security and reputation of the Group and are related to the occurrence of individual incidents.
Despite the adoption of measures compliant with the GDPR, there is a risk that third parties responsible for data management may adopt inadequate security measures, resulting in breaches and potential economic or reputational damage. Additional cyber risks concern possible cyber attacks by hackers, with impacts on business continuity, loss of data and service disruption. The increasing digitalisation and use of smart working increase the exposure of workers who use these technologies to such vulnerabilities.
The CAP Group considers the enhancement of the supply chain to be a strategic lever for sustainable development. The main opportunities include:

- working with suppliers to promote ongoing training by improving skills, quality and innovation;
- supporting the adoption of inclusive policies and respect for human rights by strengthening the company's reputation and consistency with its values;
- requiring high ethical standards that are documented and verifiable, promoting a transparent supply chain focused on shared value.

The CAP Group's business model is generally considered to be resilient due to its ability to prevent, absorb and transform impacts and risks into value through integrated governance involving the entire value chain. The adoption of advanced technological tools, a solid internal regulatory framework and a supply chain built on high standards of sustainability and social responsibility are central pillars of the strategy, which is geared towards creating lasting positive impacts for the local area, the environment and people.

Policies related to value chain workers

S2-1

The Group has specific policies for managing workers in the value chain. For further details, see the section "Policies adopted and related disclosure requirements".

Processes for engaging with value chain workers about impacts

S2-2

The CAP Group adopted a structured process to ensure that the rights of workers in the value chain are respected and protected. To this end, the **engagement** and **awareness-raising** of suppliers is envisaged, in addition to constant checks and access to a bonus system applied at different stages, including the evaluation of the Most Economically Advantageous Tender, the Vendor Rating system and the definition of Collaboration Agreements. More specifically, the criteria taken into consideration are and include:

- holding certifications such as **ISO 45001**, **SA8000**, **UNI/PdR 125:2022** and compliance with Gender Procurement practices;
- the presence of **safety and** organisational **elements** in construction sites, services or supplies;
- the adoption of **company welfare** measures, including enhanced measures;
- the **presence of trade union representatives**;
- the implementation of **internal training programmes**;
- evidence of **support for inclusion**;
- **lower accident frequency and severity** indices than the corresponding INAIL reference indices.

Processes to remediate negative impacts and channels for value chain workers to raise concerns

S2-3

The CAP Group adopted a **dedicated channel** that allows value chain workers to raise concerns, in line with the processes defined to remediate negative impacts. Workers in the value chain who suspect or become aware of violations of the Code of Ethics must report them via the dedicated IT platform (https://whistleblowing.gruppocap.it/), which guarantees the confidentiality of the whistleblower. The CAP Group is committed to protecting the confidentiality of the identity of the whistleblower and does not tolerate, under any circumstances, any form of retaliation against anyone who has raised concerns in good faith, and under no circumstances does it take or threaten any adverse action or discrimination of any kind against whistleblowers or those who raise concerns relating to ethical issues.
The Group also adopted a responsible approach to managing remedies for any negative impacts caused or influenced by its activities, including for workers in the value chain. In this regard, the CAP Group set up a body called the Social Performance Team, which analyses the reports received and verifies their validity through appropriate activities, in accordance with the principles of impartiality and confidentiality.
If the report is found to be valid at the end of the investigations, the Social Performance Team will accept it, record it in the appropriate Register of Reports and take the necessary action to resolve the situation reported, as well as assess any preventive measures to avoid the recurrence of similar cases. Otherwise, if the report is deemed unfounded, the reasons are documented and the report is filed in a specific meeting report.

Taking action on material impacts on value chain workers, and approaches to managing material risks and pursuing material opportunities related to value chain workers, and effectiveness of those actions

S2-4

In 2024, the CAP Group launched a series of initiatives to manage and mitigate the material impacts affecting workers in the value chain. These actions are aimed at strengthening social sustainability in the supply chain and are designed to generate positive impacts and opportunities for workers along the value chain. In detail:
Firstly, **suppliers are divided into clusters** based on their sustainability ambitions (environmental and social) and the degree of influence exercised by the CAP Group. This approach allows specific, targeted actions to be planned for each cluster, such as training programmes, audits and Collaboration Agreements. The classification of suppliers began in 2024 and will continue to be monitored in 2025.
The Supplier Day was held in 2024, an event dedicated to qualified suppliers during which the Group's sustainable purchasing strategy was presented. The strategy covers all stages of the relationship with suppliers – selection, awarding, execution – and includes ESG criteria such as certifications (ISO 45001, SA 8000, UNI/PdR 125:2022), welfare initiatives, internal training, safety, inclusion, and the presence of trade union representatives. The initiative aims to raise awareness among suppliers and encourage them to align themselves with the company's values.
The **Top Supplier Award** was also established in 2024, through which the CAP Group recognised the three suppliers with the highest scores in the Vendor Rating system for their commitment to sustainability and excellence in contract performance. The award consists of a training package for the employees of the award-winning suppliers, thus contributing to their professional development.
Another verification measure concerns the **monitoring of Collaboration Agreements** included in Framework Contracts tendered in 2022. These agreements set voluntary sustainability targets, the achievement of which entitles companies to additional payments. The objectives include the inclusion of vulnerable people (victims of the mafia, people with disabilities, refugees), gender equality and improved safety at work. In 2024, the CAP Group monitored the progress of these targets and incentivised suppliers through new projects such as "Donne che ripartono dal lavoro" and "Alla Pari", which will continue in 2025. The project "**Donne che ripartono dal lavoro**", carried out in collaboration with the Milan Women's Council, aims to help women who are victims of violence or have been released from prison to find employment. Member companies offer job positions and training programmes to women selected by specialised institutions, contributing to their social reintegration. Finally, with the "**Alla Pari**" project, again in collaboration with the Women's Council, the CAP Group promotes training modules aimed at suppliers' employees and their families. The topics covered include gender equality, emotional education, combating stereotypes and relational dynamics. The initiative has been active since 2024 and will continue in 2025 as part of the Group's commitment to an inclusive and respectful culture.
Finally, during the assessment of impacts, risks and opportunities, a potential negative impact caused by suppliers and related to the disclosure of confidential data, loss of sensitive information and compromise of the privacy and security of their employees' data following incidents that could compromise IT security was considered significant. In particular, this potential negative impact is related to suppliers in the CAP Group's Digital_Hub IT sector.
Similarly, in the context of increasing digitalisation and the management of sensitive data along the value chain, the CAP Group identified two material risks in relation to privacy and IT security. The first risk is related to the possible non-compliant processing of personal data or breaches of privacy, which could result in consequences such as discrimination, identity theft, reputational and economic damage, also due to the non-compliant behaviour of third parties. The second risk is related to potential cyber attacks targeted at the company's systems or those of third-party suppliers, with possible impacts on operations, data availability and continuity of services.
To address these risks, the CAP Group adopted various mitigation measures, including internal training courses on privacy and cybersecurity topics, the presence of an IT Security Manager and a Privacy team (characterised by a multidisciplinary composition) and the adoption of dedicated policies. At the infrastructure level, the network is organised and segmented in order to minimise exposure to potential attacks. A specific control plan is also in place for suppliers who perform critical activities, such as the CAP Group's IT management. The actions taken also include the periodic administration of questionnaires to third parties, with the aim of assessing the adequacy of the technical and organisational measures taken with regard to IT security.
No significant human rights problems or incidents related to the value chain, either upstream or downstream, were reported in 2024.

Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

S2-5

As part of its Sustainability Plan, the CAP Group has defined a series of quantitative targets for 2033, with the aim of promoting environmental and social sustainability along the value chain. These aspects include occupational safety, the ESG performance of suppliers, training, incentives linked to Collaboration Agreements, and the adoption of recognised environmental standards.

Qualified suppliers with accident severity and frequency indices lower than the INAIL reference index

This target is based on one of the Vendor Rating parameters relating to the accident frequency and severity index recorded by suppliers in the year preceding the measurement, with a view to gradually increasing the portion of suppliers with values lower than the INAIL reference indices.

TABLE N° 102 – Qualified suppliers with injury severity and frequency rates lower than the reference INAIL index

Target year	Target level	Target Level UOM	Basic value	Basic value UOM	Base year	Current progress	Current progress UOM
2033	90.00	%	0.00	%	2023	37.00	%

Number of suppliers with ESG scores greater than or equal to 70 in the Vendor Rating for suppliers registered in the Suppliers Register

The target concerns the ESG rating assigned to qualified suppliers in the Vendor Rating system, which includes environmental and social sustainability parameters. The aim is to gradually increase the portion of suppliers achieving an ESG score of 70 or above out of the total number of qualified suppliers.

TABLE N° 103 – Number of suppliers with ESG scores greater than or equal to 70 in the Vendor Rating for suppliers registered in the Suppliers Register

Target year	Target Level	Target Level UOM	Basic value	Basic value UOM	Base year	Current progress	Current progress UOM
2033	28.00	%	0.00	%	2023	22.00	%

Number of suppliers trained during the year compared to the total number of suppliers qualified in the Supplier Register on environmental and social sustainability issues

This target concerns the annual provision of free training courses for qualified suppliers, focusing on environmental and social sustainability topics. The aim is to gradually increase, year after year, the percentage of trained suppliers compared to the total.

TABLE N° 104 – Number of suppliers trained during the year compared to the total number of suppliers qualified in the Supplier Register on environmental and social sustainability issues

Target year	Target Level	Target Level UOM	Basic value	Basic value UOM	Base year	Current progress	Current progress UOM
2033	28.00	%	11.22	%	2023	18.50	%

Total incentives made available as a result of promoting sustainability policies by suppliers (e.g. option in collaboration agreements)

The target concerns the total value of economic incentives made available under Collaboration Agreements related to sustainability goals. Following the publication of four framework agreements in 2022 (worth € 7 million in options) and one in 2023 (for an additional € 1.5 million), the target for 2033 is to increase these instruments through the publication of new agreements with dedicated options.

TABLE N° 105 – Total incentives made available as a result of promoting sustainability policies by suppliers (e.g. option in collaboration agreements)

Target year	Target Level	Target Level UOM	Basic value	Basic value UOM	Base year	Current progress	Current progress UOM
2033	10.00	€ million	7.00	€ million	2022	8.50	€ million

Number of suppliers with a carbon footprint inventory following international standards

A target was set for the reporting of qualified suppliers present in the Register who adopt international standards for carbon footprint measurement, in particular the ISO 14064-1 standard.

TABLE N° 106 – Number of suppliers with a carbon footprint inventory following international standards

Target year	Target Level	Target Level UOM	Basic value	Basic value UOM	Base year	Current progress	Current progress UOM
2033	176.00	Number of suppliers	8.00	Number of suppliers	2023	28.00	Number of suppliers

Workers in the value chain and their legitimate representatives were not directly involved in setting the targets. On the other hand, we are committed to engaging with their legitimate representatives on a daily basis to communicate the Group's values and progress on sustainability topics and to improve the engagement of the value chain in strategic business decisions. We recognise the importance of their contribution and strive to involve them increasingly in decision-making processes in order to promote effective collaboration and the creation of shared value.
Suppliers, even if not directly involved in identifying improvements resulting from company performance, were made aware of the CAP Group's responsible purchasing strategy during Supplier Day 2024.
Please find below some specific metrics for the CAP Group representing the characteristics and performance of its supply chain.

Entity Specific Metrics

KPI Suppliers registered in the qualification system

In 2024, 1,252 suppliers are registered in the qualification system.

KPI Active Suppliers

TABLE N° 107 – Active suppliers by geographical area

	UOM	Value	%
Milan	no.	202	78.0
Monza and Brianza	no.	22	8.5
Pavia	no.	13	5.0
Varese	no.	22	8.5
Total active suppliers in the provinces served	**no.**	**259**	**75.7**
Active suppliers in other provinces of Lombardy	no.	83	24.2
Total local active suppliers	**no.**	**342**	**55.4**
Other regions (outside Lombardy)	**no.**	**263**	**42.6**
Outside of Italy	**no.**	**12**	**1.2**
Total	**no.**	**617**	**100.0**

KPIs Qualified Suppliers by Sustainability Criteria

As shown in the table below, a significant portion of the CAP Group suppliers were qualified based on environmental and social sustainability criteria in 2024.

TABLE N° 108 – Qualified suppliers with sustainability criteria

	UOM	2024
Qualified suppliers with sustainability criteria	no.	781
Total suppliers	no.	1252
Qualified suppliers with sustainability criteria	%	62.38

Note that the metric used takes into account Qualified Suppliers in the Supplier Register with at least one of the following sustainability parameters: ISO 14001, ISO 45001, SA 8000, ISO 50001, ISO 20400, ISO 37001, ISO 14064, UNI PDR 125/2022, Legality, B Corp, Gender Equality, Internal training on sustainability, External training on sustainability, Trade union representatives in the company, Inclusion, Welfare, Eliminating plastic in the office for water consumption, Mitigation and Adaptation, CSR Unit, Sustainable purchases, NFS/PDS, Innovation, Promotion of micro and small enterprises, INAIL accident indices below benchmark.

KPI Procurement according to GPP (Green Public Procurement) standards

In 2024, most procurement contracts awarded using the Most Economically Advantageous Tender criterion were managed in accordance with Green Public Procurement (GPP) standards, as shown below.

TABLE N° 109 – Procurement managed according to Green Public Procurement standards

	u.m.	2024
Procurement managed according to GPP standards	no.	41
Total procurement with OEPV	no.	55
Procurement managed according to GPP standards	%	74.55

Note that the OEPV metric identifies tender procedures launched with the application of the criterion of the most economically advantageous tender, which identifies the best bidder on the basis of price and quality parameters. The GPP metric identifies procedures awarded using the most economically advantageous tender criterion, in which GPP (Green Public Procurement – Sustainability Criteria) criteria were applied for technical evaluation.

Affected Communities

ESRS S3

The table below describes the impacts, risks and opportunities that the Group assessed as material in relation to affected communities as a result of its double materiality assessment.

TABLE N° 110 – Impacts, risks and opportunities

ESRS	Material impacts, risks and opportunities	Topic/ Subtopic	IRO title	IRO Description	Perimeter: upstream	Perimeter: own operations	Perimeter: downstream
ESRS S3– Affected communities	Risk	Communities' economic, social and cultural rights	Deterioration in water quality for users due to the obsolescence of the distribution network	The progressive obsolescence of the water distribution network, also considering an annual replacement rate of approximately 0.2-0.3%, could favour the formation of bacteria and an increase in the number of microbiological contaminations (e.g. cases of Legionella and iron bacteria), thereby causing a progressive deterioration in water quality for users. The risk increases when maintenance work on the network could expose some pipes to sunlight/external factors, resulting in an increase in water temperature and bacterial proliferation in the network.		✓	
ESRS S3- Affected communities	Negative impact	Communities' economic, social and cultural rights	Unpleasant odours and conflicts with the community	Negative impact on the community and the local area due to odorous emissions from wastewater treatment plants or the production of biogas from organic waste.		✓	
ESRS S3- Affected communities	Positive impact	Communities' economic, social and cultural rights	Projects and initiatives that promote the creation of value for the territory	Positive impact on the community through the promotion of projects and initiatives by the CAP Group that benefit the local economy in which the Group operates and contribute to improving the well-being and quality of life of the surrounding community.		✓	
ESRS S3 - Affected communities	Opportunities	Communities' economic, social and cultural rights	Local investment for economic, social and cultural development	The absence of local investment can undermine the economic and social growth of the community, reducing acceptance and support for the company's activities. By promoting this type of project, a constant dialogue is established with local representatives to ensure that investments meet real needs. This improves the quality of life of communities and builds strong relationships with the territory.		✓	✓
ESRS S3- Affected communities	Risk	Communities' economic, social and cultural rights	Review of the Investment Plan and strategic opportunity losses for the CAP Group and stakeholders	Recent macroeconomic and geopolitical in prices, making it necessary to revise the Investment Plan for the period from 2023 to 2027. This revision could not take into account long-term assessment factors, such as climate change and changes in social and territorial dynamics, thus resulting in the loss of a strategic opportunity to promote the growth and development of the Group and its stakeholders in the long term, both in terms of sustainability and business expansion.	✓	✓	✓
ESRS S3- Affected communities	Risk	Communities' economic, social and cultural rights/ Communities' civil and political rights	Opposition and resistance from stakeholders to projects and management activities	The planned projects may encounter opposition and resistance from stakeholders, with possible protests from local committees and environmental associations as well as obstructionism from municipal administrations. Such reactions could lead to significant delays or, in extreme cases, the suspension of projects, compromising the achievement of the objectives set out in the Plan and worsening various technical quality indicators, which are closely related to compliance with the investment implementation timelines. Moreover, the low social acceptability of construction sites and plants that are particularly critical from an environmental, healthcare and social point of view (e.g., interventions involving asbestos or with a material impact on traffic) risks generating tensions with the local community, including citizens' associations and traders, leading the authorities to request the postponement of the works.	✓	✓	✓
ESRS S3- Affected communities	Risk	Communities' economic, social and cultural rights/ Communities' civil and political rights	Tensions with industrial users and/or citizens due to tariff increases during the Plan	Industry trends and the regulator are moving towards higher tariffs for users who consume and/or pollute more. However, to date, a price control mechanism has been used, with a gradual increase (+9% per year) compared to the previous year's tariff (for the same volume and quality of water discharged), which is reviewed every four years. As the cap could be removed in the coming years, resulting in the full tariff being applied, this could generate significant discontent among users, potentially leading to disputes and appeals. Moreover, the extension of the investment boundary included in the tariff (e.g. investment in the prevention/mitigation of hydraulic and hydrogeological risk), already partially envisaged by the Plan, would also contribute to the increase in tariffs, which could also lead to tensions in relations with users.			✓

Material impacts, risks and opportunities and their interaction with strategy and business model

S3 SBM-3

During the identification of material IROs, all communities that may be significantly impacted by the Group were included in the scope of the disclosure.

The Group pays special attention to the communities that live or work around its operating sites, including wastewater treatment and waste-to-energy plants, which are managed either directly or through investee companies such as Neutalia and ZeroC. These communities may be subject to impacts related, for example, to odorous emissions. Communities located along the value chain, affected by the activities of suppliers or logistics operators, are also considered in these assessments.

During the analysis, a significant **negative impact** affecting the communities concerned was identified. The impact can be due to the company's own operations, in particular the odorous emissions produced by the Group's wastewater treatment activities.

Through its activities, the CAP Group also generates significant **positive impacts** on communities by promoting projects and initiatives that foster the development of the local economy and contribute to improving people's well-being and quality of life. The Group actively supports cultural, social and economic activities, with a special focus on the values of inclusion and sustainability. The initiatives promoted include, for example, sponsoring sports clubs involved in social integration and environmental sustainability projects, as well as supporting local events organised by municipal administrations, such as town fairs, and projects carried out by small local associations.

With regard to the assessment of financial materiality, significant **risks** related to the affected communities have been identified, which may arise in various areas of the Group's operations. In particular, the focus was on the quality of the services provided, investment sustainability and consensus management by stakeholders. Some of these risks may arise from operational and management factors, including inadequate infrastructure, which may cause a possible deterioration in water quality, or the failure to include long-term strategic considerations in investment planning (2023-2027) due to recent macroeconomic and geopolitical developments. Other risks are related to the perception and involvement of communities, which can influence the implementation of strategic projects with potential negative effects on results and service quality. Alongside the risks, a significant strategic opportunity was identified: strengthening dialogue and cooperation with local communities through shared investments in the economic, social and cultural development of the area. This approach enables us to respond more effectively to the specific needs of the local community, thereby enhancing the quality of life and improving the perception of the company among local stakeholders.

There is also an important opportunity **for local investment in economic, social and cultural development**. The absence of interventions on the territory could in fact hinder the growth of communities and reduce the level of acceptance and support for the company's activities. Conversely, promoting shared planning enables an ongoing dialogue with local representatives, ensuring that investments address specific needs. This approach improves the quality of life for communities and strengthens the Group's bond with the areas in which it operates.

While the community as a whole may be exposed to the identified risks, depending on their nature – such as those related to water quality or tariff increases – the most vulnerable groups in terms of health or economic status are the most affected. For this reason, the CAP Group maintains strong relationships with local authorities and property managers, as both can support the company in paying attention to the various vulnerable situations present in the territory. On the contrary, the opportunities arising from shared investments and projects affect the entire community, offering cross-cutting benefits in terms of social, environmental and cultural development.

Policies related to affected communities

S3-1

The Group has not yet identified the need to adopt specific policies relating to affected communities, as these coincide with the Group's users. On this topic, CAP identified several positive impacts and is committed to monitoring the possible need for policies in this area when updating its reporting in the coming years.

Processes for engaging with affected communities about impacts

S3-2

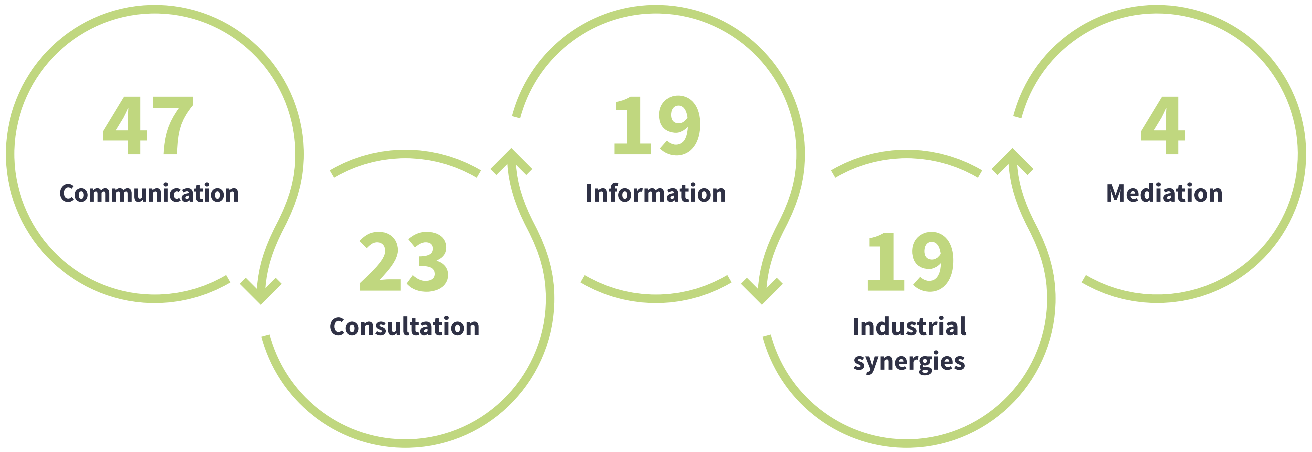
To maintain an active dialogue with users and citizens, the CAP Group organises both **regular meetings** on material topics and more specific initiatives for individual impacts, such as public meetings at construction sites and wastewater treatment plants, or guided tours. It is also active on social media platforms in order to raise brand awareness and strengthen its dialogue with citizens. During the IRO analysis, the Group mapped and discussed with stakeholders the different positive and negative impacts relating to material topics. The mapping of stakeholder engagement activities carried out by the Company departments during the reporting year shows that all material topics are covered by stakeholder engagement and involvement activities.

The active engagement and ongoing dialogue with stakeholders are key elements in advancing sustainability activities and commitments. This approach represents a concrete commitment to responsible and conscious management. The strategy is based on continuous interaction with the local community: we listen to the needs of citizens in order to offer an increasingly efficient service, we collaborate on an ongoing basis with the scientific and academic world to improve quality, and we involve associations, professionals and citizens in defining projects, so as to encourage shared decision-making and avoid any opposition or resistance.

We recommend the following tools and channels for dialogue:

In these initiatives, stakeholders are involved with varying levels of **participation**, determined based on an assessment of the effectiveness of the methods of engagement in relation to the type of topic addressed and the targets to be achieved. The analysis of the level of participation, carried out using reporting software and essential for identifying any gaps, showed that, although most of the activities aimed at communities in 2024 focused on information and communication levels, many initiatives activated deeper forms of engagement, ranging from consultation to mediation and even real industrial synergies.

Fig. 14 – Level of engagement/Number of activities reported in 2024



This structured approach to stakeholder engagement forms part of the Group's broader sustainability governance system and allows us to pay close attention to the demands of the communities in which we operate, understanding their growing needs and the new requirements related to ongoing demographic and social changes taking place. In line with the provisions of the Sustainability Policy, the Board of Directors, supported by the Control, Risk and Sustainability Working Group, in pursuing sustainable success, delegates to the Management Committee (ERM & ESG) the responsibility for the due diligence process to identify, prevent and mitigate current and/or potential negative impacts on the economy, the environment and people. The latter tasks the Sustainability Function, headed by the Director of External Relations and Sustainability, with ensuring the proper execution of the various stages of the process.

The management of interaction with stakeholders is developed through a structured monitoring and reporting system, integrated into the governance model, involving all company personnel engaged in regular or formalised relations with stakeholders. The systematic mapping of initiatives allows for the identification of any gaps in relation to the most material topics and impacts, highlighting areas that require further investigation or intervention. Based on this analysis, an action plan for stakeholder engagement is then developed, aimed at strengthening dialogue and the sharing of corporate strategies.

Processes to remediate negative impacts and channels for affected communities to raise concerns

S3-3

The CAP Group adopted a responsible and transparent approach to risk management and reporting, in line with the principles of its Code of Ethics. Through the Integrated Management System and specific reporting mechanisms accessible to all, the company guarantees effective tools to identify and manage any non-compliance or negative impacts. In addition to official channels, dedicated tools have been developed, particularly in cases of activities considered to have a significant impact, while regular consultation with stakeholders allows for open dialogue on potential critical issues or emerging concerns.

The CAP Group provides a variety of channels through which all stakeholders can report non-compliant or potentially impactful behaviour. These channels are clearly indicated on the website, social media channels and in all other forms of direct communication with users, such as bills. In addition to the IT platform, email and paper, various tools are available for collecting reports, including the Supervisory Body's mailbox, the channels provided for under SA8000 certification, dedicated addresses for complaints and any issues relating to personal data protection, as well as specific reports on the odour impact of plants. In some cases, the Group also set up control bodies open to dialogue with local associations, with the aim of transparently monitoring the activity and environmental impact of plants.

To ensure effective interaction even in specific situations, the Group provides dedicated channels: citizens, traders and stakeholders affected by construction site activities can write to comunicazione.cantieri@gruppocap.it, while residents near the headquarters can use the email address comunicazione.nuovasede@gruppocap.it to report any inconveniences. In case of events with a high potential impact, the entire community can call the Emergency Freephone, which is available 24 hours a day, 7 days a week. The Freephone promptly activates the on-call personnel according to the procedures defined in the Service Charter, the effectiveness of which is continuously monitored. All reporting channels activated by the CAP Group are regulated by specific procedures that guarantee their handling and structured management, thereby protecting all parties involved. The user communications and calls to the Emergency Service are regulated by the Water Service Charter and Regulations.

Ongoing dialogue with all stakeholders provides regular feedback on the adequacy of the channels made available. Every year, the CAP Group develops a targeted research plan that, through continuous monitoring, allows strategic indicators to be identified that are useful for guiding company actions. The results indicate that specific aspects of the service could be improved, such as the expansion of contact channels, the online offer and communication on tariffs, consumption and responsible behaviour.

Taking action on material impacts on affected communities, and approaches to managing material risks and pursuing material opportunities related to affected communities, and effectiveness of those actions

S3-4

As part of its commitment to sustainability and in line with European regulations, the CAP Group adopted a series of concrete actions to address material impacts on the affected communities. Although these actions are sometimes implemented without a formalised policy, given the variability and relative unpredictability of the phenomena under consideration, they contribute significantly to the achievement of the company's environmental and social responsibility objectives. Each initiative is designed to generate measurable results, covering different geographical areas, business activities and stakeholder categories, according to defined time horizons and with the aim of mitigating current or potential risks, improving service quality and building lasting relationships with the territory.

The most significant actions include **interventions related to the M2 indicator**, aimed at ensuring the continuity of water services and reducing unscheduled interruptions. The activities related to this area include, for example, the restoration of high-level tanks, the construction of backbones and interconnections, as well as extraordinary maintenance work on the networks, all measures that respond to the need to limit inconvenience to the community.

With regard to odorous emissions, a monitoring system was developed at the main wastewater treatment plants, accompanied by active citizen engagement and formal protocols signed with local authorities. At the same time, a specific procedure was defined for managing critical construction sites – i.e. those with a material impact on the environment and communities – based on a shared checklist defined across sectors. In such cases, the Sustainability Function is involved in defining mitigation solutions shared with the affected communities. Examples include the management of construction sites in the municipalities of Busto Garolfo, Canegrate, Paderno Dugnano and the "Città Spugna" project, which involves 32 local administrations. This also includes structured initiatives for discussion, such as the process of participation around the Neutalia waste-to-energy plant in Busto Arsizio and the Residential Advisory Board (RAB) of the ZeroC Bio-platform in Sesto San Giovanni.

Another priority area is represented by interventions related to the M3 indicator, which focuses on the **quality of the water supplied**. Significant initiatives include the construction of the new Cornaredo plant with its backbone, accompanied by a process of participation involving the affected municipalities, the upgrading of water purification plants, the creation of new wells and the PIA (Aqueducts Infrastructure Plan) project by the Geology Office.

The Group's commitment also extends to **promoting the social and cultural development of the area**. The External Relations and Sustainability Department organises events and initiatives that promote inclusion, the dissemination of a culture of sustainability and the growth of **active citizenship**. Examples include the Sustainability Winter School for local administrators in Lombardy, the "Valori in campo" project in support of inclusive sport, initiatives in schools, the Smart City Observatory and numerous public events related to ecological and social transition.

The Integrated Water Service has significant connections with environmental issues that can directly affect the communities that benefit from this essential service. For this reason, the analysis of the material impacts on the community also considered environmental aspects. In particular, impacts, risks and opportunities related to climate change, pollution, water management and resource use were identified (see the respective chapters on the various environmental ESRS).

Finally, local investments are focused on continuous improvement across all three branches of the Integrated Water Service, through constant dialogue with local representatives, so as to ensure consistency between planned interventions and the real needs of communities.

To protect the communities themselves, the prevention, emergency response and crisis management system guarantees a high level of service and protection from any negative impacts arising from the company's activities. Finally, note that no human rights incidents were reported in 2024.

Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

S3-5

As outlined in point 5.2 of the Sustainability Policy, the CAP Group developed a Sustainability Plan that sets out the lines of action to respond to the challenges and risks of the sector in which it operates and defines the targets to be achieved by 2033. The strategy is built around 3 pillars: Sensitive, Resilient, and Innovative, for each of which specific targets have been identified.

The CAP Group's commitment to supporting social and local development initiatives is part of the pillar "Sensitive to the needs of people and communities" and is translated into a measurable financial contribution, with a specific target set for 2033. The figures relating to the progress of this commitment are shown below.

Financial contribution to social and/or local development initiatives (% of total revenue spent on sponsorship and local development initiatives)

TABLE N° 111 – Financial contribution to social and/or local development initiatives (% of total revenue spent on sponsorship and local development initiatives)

Target year	Target Level	Target Level UOM	Basic value	Basic value UOM	Reporting year	Current progress	Current progress UOM
2033	0.1	%	0.07	%	2023	0.06	%

These financial contributions support projects and social and local development initiatives that promote the values of sport, sustainability and inclusion, generating a positive impact on the community.
The definition of the target values is the result of an internal reflection that took into account two requirements: on the one hand, the ambition to increase the contributions made to support the social, economic and environmental development of the community and the area in which the Group operates; on the other hand, the need to maintain the financial balance and therefore the economic sustainability of the initiatives.

For this reason, the target was defined as gradual growth over time as a percentage of revenue.
The definition and updating of the Sustainability Plan – which sets out the Group's targets and related KPIs – are the result of a shared process in which Top Management played a crucial role. When defining the new sustainability goals, it was also essential to listen to the opinions of CAP people, bearing in mind that shared and collectively defined targets can lead to a greater sense of belonging and commitment to achieving them. A survey was shared in which people chose the most important target from the alternatives for each pillar: Sensitive, Resilient, Innovators.

The CAP Group has also actively involved key figures from the **academic world, the water sector and social and environmental activism**, thus enabling the different expectations of the stakeholders to be understood and integrated into the Sustainability Plan, and ensuring an inclusive approach. Through the engagement of various stakeholders, the identified topics were considered and integrated into the Sustainability Plan. To complete this process of transparency and ongoing dialogue, the CAP Group also uses its corporate website to publish the targets of its Sustainability Plan, communicate the results achieved and consolidate its relationship with stakeholders.
The Sustainability Plan is presented and discussed by the Shareholders' Meeting of CAP, consisting of the mayors of the area served and, as the highest representatives of the community, expressing the needs and interests of citizens.

Consumers and end-users

ESRS S4

The table below describes the impacts, risks and opportunities that the Group assessed as material in relation to consumers and end-users as a result of its double materiality assessment.

TABLE N° 112 – Impacts, risks and opportunities

ESRS	Material impacts, risks and opportunities	Topic/ Subtopic	IRO title	IRO Description	Perimeter: upstream	Perimeter: own operations	Perimeter: downstream
ESRS S4 - Consumers and end-users	**Positive impact**	**Information for consumers and/or end-users**	Improving the user experience thanks to the development of digital and innovative solutions	The development of innovative and digital services, including through the use of artificial intelligence, helps users improve their experience when accessing products and services.		✓	
ESRS S4 - Consumers and end-users	**Positive impact**	**Information for consumers and/or end-users**	Transparency and completeness of information	Positive impact related to the guarantee of transparency and completeness of information provided to users and customers, ensuring open sharing that facilitates accountability and reporting, contributing to better management of expectations. Clear and transparent communication promotes informed and conscious decisions, increasing trust and collaboration.		✓	
ESRS S4 - Consumers and end-users	**Risk**	**Other work-related rights**	Non-compliant processing of personal data	Even though the company adopted privacy procedures in accordance with the GDPR, non-compliant processing of personal data and/or data breaches resulting in discrimination, identity theft or usurpation, financial loss, damage to reputation, loss of confidentiality of data protected by professional secrecy or any other significant economic or social damage may still occur. The non-compliance/breach may depend on both the CAP Group and third parties who manage data with security measures that are inadequate or do not comply with the provisions of the GDPR.	✓	✓	✓
ESRS S4 - Consumers and end-users	**Risk**	**Personal safety of consumers and/or end users**	Deterioration of water quality due to increased temperatures in the distribution network	There has been a gradual increase in temperatures in recent years, and this trend is expected to intensify in the years ahead. High temperatures (> 20°C) in the pipelines of the distribution network could lead to the formation of bacteria and increase the number of microbiological contaminations (e.g. cases of Legionella and iron bacteria), which would gradually deteriorate water quality.		✓	

TABLE N° 112 – Impacts, risks and opportunities

ESRS	Material impacts, risks and opportunities	Topic/ Subtopic	IRO title	IRO Description	Perimeter: upstream	Perimeter: own operations	Perimeter: downstream
ESRS S4 - Consumers and end-users	**Risk**	**Social inclusion of consumers and/or end users**	Increase in extreme weather events (cloudbursts) affecting parts of the sewerage system	The intensification of extreme weather events (e.g. cloudbursts) could compromise the regular operation of the sewerage system, which would be unable to dispose of sudden quantities of rainwater quickly, leading to flooding and disruption to the community (e.g. damage to the road system) in limited areas. Currently, there is an increase in requests from municipalities for rainwater regulation measures, even for areas and aspects that do not fall within the Group's remit. This risk is particularly significant in areas where CAP will become the rainwater operator over the next few years.		✓	
ESRS S4 - Consumers and end-users	**Positive impact**	**Information for consumers and/or end-users**	Universal access to water	Solutions for vulnerable users – such as payment by instalments of bills, water bonuses, etc. – improve the quality of life for people belonging to the most vulnerable user groups and, in general, for the community as a whole.		✓	
ESRS S4 - Consumers and end-users	**Positive impact**	**Information for consumers and/or end-users**	Raising awareness among users and citizens about the importance and responsible use of water resources	Positive impact through initiatives to inform users and citizens in order to promote responsible use of water resources and raise awareness of the importance of this resource in the current context.		✓	
ESRS S4 - Consumers and end-users	**Risk**	**Social inclusion of consumers and/or end users**	Intensification of extreme weather events (cloudbursts) affecting the operation of wastewater treatment plants	The intensification of extreme weather events could lead to excess rainwater in the plants and/or river bank overflowing near the wastewater treatment plants, causing flooding and/or blackouts that could compromise the operation and efficiency of the wastewater treatment plants (e.g. Bresso, Rozzano). The operational block of the wastewater treatment plants would cause disruption to the community and have an impact on the environment, as untreated wastewater would be discharged into watercourses.		✓	
ESRS S4 - Consumers and end-users	**Risk**	**Social inclusion of consumers and/or end users**	Extreme weather events (heatwaves/ cloudbursts) affecting aqueduct and sewerage systems	The increase in extreme weather events (e.g. heatwaves/cloudbursts) could increase blackouts, either due to grid overload or maintenance work, causing the interruption in the operation of aqueduct plants and wastewater lift stations. This would cause temporary disruption to the community and, in the case of lift stations, result in the discharge of untreated wastewater into watercourses, which would have environmental repercussions, especially during dry periods.		✓	

TABLE N° 112 – Impacts, risks and opportunities

ESRS	Material impacts, risks and opportunities	Topic/ Subtopic	IRO title	IRO Description	Perimeter: upstream	Perimeter: own operations	Perimeter: downstream
ESRS S4 - Consumers and end-users	**Risk**	**Personal safety of consumers and/or end users**	Targeted cyber attack by external hackers on remote control systems of drinking water purification and supply infrastructure	A cyber attack on remote control systems of infrastructures, should it be carried out by experienced hackers in a deliberate and targeted manner against the CAP Group or against third parties, with a traceable link back to the CAP Group, could cause the temporary plant operations downtime, as these are managed using remote control technology, and safety issues with regard to the purification and supply of drinking water.	✓	✓	✓
ESRS S4 - Consumers and end-users	**Potential negative impact**	**Information for consumers and/or end-users**	Loss or publication of sensitive user data	Potential negative impact on users/ customers caused by the CAP Group due to the loss or publication of sensitive data as a result of the failure to comply with and/or adopt privacy procedures that do not comply with the GDPR and the loss of data following cybersecurity incidents.		✓	
ESRS S4 - Consumers and end-users	**Negative impact**	**Social inclusion of consumers and/or end users**	Disruption and inconvenience to users and customers	Potential negative impact on users and customers related to the difficulty of the CAP Group in responding promptly and immediately to critical events, such as extreme weather events. This could result in operations downtime and consequent inconvenience and disruption to users and customers (e.g. complaints due to flooding of roads in case of cloudbursts).		✓	
ESRS S4 - Consumers and end-users	**Negative impact**	**Social inclusion of consumers and/or end users**	Economic damage to users	The increase in tariffs, caused by industry trends, could result in financial hardship for the latter.		✓	

Material impacts, risks s opportunities and their interaction with strategy and business model

S4 SBM-3

Consumers and users of the water service were identified as potentially exposed to negative impacts, mainly related to the protection of personal data and the affordability of the service. GDPR violations or IT incidents can compromise data confidentiality, with potentially serious consequences. At the same time, the adjustment of tariffs could be an obstacle for the most economically vulnerable users, especially where social vulnerability and lower digital literacy are combined. Another critical issue can arise from the difficulty of responding promptly in emergency situations, particularly during extreme weather events, which can affect service continuity or the quality of the water supplied, exacerbated by phenomena such as rising temperatures.

Alongside the possible negative impacts, the CAP Group also generates material positive impacts on consumers and end-users. The development of digital services and innovative solutions, including through the use of artificial intelligence-based technologies, enables the user experience to be improved. The ongoing commitment to transparency and clarity in the information we provide to our customers strengthens trust and enables users to make informed choices. Furthermore, attention to the social dimension of the service is expressed through measures that guarantee universal access to water, such as the possibility of paying bills in instalments or accessing water bonuses, for the benefit of the most vulnerable sections of the population. Finally, numerous information and awareness-raising campaigns on the importance of responsible water use strengthen environmental awareness and promote sustainable behaviour among citizens.

The IRO analysis on consumers also reveals material commercial risks and opportunities. Risks include in particular the non-compliant processing of personal data, which could result in economic, reputational or social damage, especially if managed by third parties that do not fully comply with the regulatory framework. Climate change represents an additional vulnerability factor, as extreme weather events, droughts or floods can affect the availability and quality of water services, with potential impacts on accessibility and continuity of service for the most vulnerable consumers. The risk of cyber attacks on remote control systems is also considered material, as it could compromise operational continuity and infrastructure security. However, the actions undertaken by the CAP Group in the areas of digitalisation, improved communication and protection of affordable access to services offer important opportunities to strengthen relationships with users, increase operational efficiency and consolidate the company's reputation.

The categories of consumers and users who are most exposed to specific risks are generally considered to be the most vulnerable in terms of health, such as people who are in poor health and cannot tolerate interruptions to their water supply, or in terms of economic vulnerability, such as people who are experiencing serious economic hardship. A significant risk is represented by **potential tensions with industrial users or citizens resulting from the tariff increases** envisaged in the Plan. Current industry trends and regulatory guidelines point towards a tariff differentiation based on consumption and the environmental impact of users. Until now, a price control mechanism has been applied, with a gradual increase of 9% per year compared to the previous year's tariff (for the same volume and quality of water discharged), but this mechanism is subject to review every four years. The possible removal of the cap and the introduction of the full tariff could generate discontent among users, giving rise to complaints or appeals. The inclusion in tariffs of a broader investment boundary, such as those related to the prevention and mitigation of hydraulic and hydrogeological risk, could also exacerbate these tensions. Also thanks to the ongoing dialogue with consumer associations, the CAP Group addresses the mitigation of these risks with specific tools dedicated to the most affected segments of the population.

Policies related to consumers and end-users

S4-1

The CAP Group integrated specific policies for consumer and end-user management into the Integrated Management System Policy. For further details, see the section "Policies adopted and related disclosure requirements".

Processes for engaging with consumers and end-users about impacts

S4-2

In the context of the Integrated Water Service, the relationship with consumers and users is a strategic lever for effectively and responsibly guiding company policies. As a manager of an essential resource such as water, the CAP Group recognises the central role of end users, not only as recipients of the service, but also as active parties in defining a sustainable, inclusive and resilient development model.
All initiatives, from process digitalisation to customisation of the offer, are geared towards building a relationship based on trust and participation. The values of inclusion, responsibility and satisfaction of users are an integral part of the company's mission and are expressed in the daily care of the service, based on the principles of equity, innovation and quality.
Perceived quality is monitored using advanced and internationally recognised tools such as Customer Satisfaction surveys and the Mystery Client method mentioned above, which enable areas for improvement to be identified. The focus on user experience is also reflected in the constant enhancement of **communication channels**, which are becoming increasingly accessible, intuitive and consistent with the expectations generated by the digital development. To complement this listening system, a telephone survey based on the CATI (Computer Aided Telephone Interviews) methodology was conducted in 2024, set up on representative quotas of CAP users, with the aim of ensuring a statistically robust sample. The results confirm a high level of overall satisfaction, with a result of 95.7%. In addition to wide-ranging surveys, the CAP Group uses specific evaluation questionnaires to collect feedback on specific company activities, enabling it to take targeted action to improve its service.
Moreover, all technical and contractual quality indicators are constantly monitored, with quarterly reports shared with the supervisory bodies and internally. Two meetings per year are also organised with **consumer associations**, attended by the Sustainability and Customer Functions. The Sustainability Function, through the Stakeholder engagement and local relations office, is responsible for overseeing these activities.
In line with its commitment to ensuring a fair and inclusive service, the CAP Group strengthened its support measures for the **most economically vulnerable users**, recognising the difficulties that can arise from the current context of social and economic instability. In addition to the social bonus envisaged by ARERA, a supplementary water bonus was introduced for the municipalities in the Metropolitan City of Milan, accompanied by the option of paying the bills in instalments starting from affordable amounts. At the same time, the Group made significant progress in the digitalisation of its services, expanding accessibility through tools such as chatbots, virtual assistants, SPID, digital signatures, PagoPA, and offering its website in multiple languages. Particular attention was paid to including people with disabilities, thanks to the introduction of dedicated solutions such as contracts in Braille and telephone transcription systems, to ensure full and informed access to water services for all.

Processes to remediate negative impacts and channels for consumers and end-users to raise concerns

S4-3

The ability to listen to and manage reports from consumers and end-users in a structured manner is a key element for the CAP Group. For this reason, we developed a comprehensive system for collecting and managing complaints, consistent with the principles of the Ethical Commitment and integrated into the broader framework of the Management System.
Thanks to this approach, the CAP Group is committed to responding to reports of malfeasance and irregularities through a set of tools regulated by specific procedures. The **Integrated Management System** plays a central role in identifying, assessing, managing and monitoring risks, enabling corrective action to be taken in the event of non-compliance. With regard to reports from consumers and end-users in particular, a dedicated office was set up to manage relations with customers and consumer associations with the aim of ensuring compliance with quality standards, including in accordance with the current regulations on Contractual Quality (ARERA Resolution 655/2015/R/idr), referred to in full in the Integrated Water Service Charter and the related Regulations.
To support this measure, the “Complaints handling and dispute resolution” procedure was drawn up, which defines the **complaints handling** process and how to access dispute resolution. This procedure envisages a quarterly analysis of complaints received, and any systematic or significant critical issues are recorded in the “Register of Critical Issues” and submitted to company management for assessment. The aim is to identify recurring causes and implement corrective actions promptly in order to eliminate or mitigate the impact on activities and the quality of service provided to the customer.
To facilitate a transparent and accessible interaction with the service, we provide users with several channels through which they can express comments, reports or complaints. The Integrated Water Service Charter clearly indicates the tools available to consumers and end-users. For general enquiries, please call the freephone number 800.428.428. For urgent reports, please call the emergency number 800.175.571. Users can also visit the counter at the Milan head office in Via Rimini 38, or arrange an appointment at one of the Punti Acqua, which are dedicated company or municipal spaces. Alternatively, complaints can be submitted by email to the certified email address **reclami.gruppocap@legalmail.it** or the ordinary email address reclami@gruppocap.it, or by completing the online form at **www.gruppocap.it**. The postal channel is still operational, with delivery to the following address: CAP Holding – Settore Gestione Clienti, via Rimini 38, 20142 Milan.
Moreover, to ensure accessibility and transparency for all our customers, we consider it essential to disclose all available channels for making a complaint. This information, as well as the possibility of initiating free settlement with the sector Authority, is provided on all contract forms (connection, transfer, takeover), on the company website, in online forms and on bills.
Our official documents – the Integrated Water Service Charter and the Water Service Regulations – also include a dedicated section on handling complaints, which details how to contact the operator and express your complaints.
In accordance with the principles of transparency and user protection, the Integrated Water Service Charter of the Metropolitan City of Milan establishes specific guarantees for customers who file a complaint, ensuring protection from discrimination or retaliation. As an additional measure, the Customer Satisfaction survey also checks users’ awareness of the existence of the complaints office and the comprehensibility of the relevant information, in order to ensure that the procedures for accessing it are clear and accessible to all.

The following complaints were received and handled confidentially, in accordance with privacy and data protection rights, relating to 2024 and broken down by origin.

TABLE N° 113 – Number of complaints

	UOM	2024
Received from consumers (i.e. individuals who use the services provided by the CAP Group for personal or domestic use, and not for commercial or resale purposes)	no.	1,138
Received from end users (individuals who ultimately use or benefit from the services provided by the CAP Group, even if they are not the direct contract holders; for example, members of the household or users of collective facilities served)	no.	208
Total (consumers and end-users)	**no.**	**1,346**

A more detailed analysis indicates that the majority of the complaints come from **residential** customers, comprising both individuals and condominiums, who represent the largest and most direct customer base and with whom interaction is most frequent and daily.

Taking action on material impacts on consumers and end-users, and approaches to managing material risks and pursuing material opportunities related to consumers and end-users, and effectiveness of those actions

S4-4

With a view to preventing and mitigating potential negative impacts on consumers and end users, the CAP Group implemented a comprehensive set of actions aimed at continuously improving customer relations, protecting customer rights and enhancing the quality of the service provided.
To ensure the **protection of users’ personal data** and to prevent any risks related to the loss or publication of sensitive information, a privacy procedure that fully complies with the GDPR was implemented. This measure is part of a broader protection system that includes advanced security protocols, regular updates to IT infrastructure, and strict access controls. The aim of this action is to mitigate the effects of any cyber incidents and ensure a high level of protection compared to European standards.
In terms of affordability, the Group adopted **support tools** targeted at the most vulnerable users, supplementing the social bonus provided by ARERA with an additional water bonus and the option of interest-free instalment payments for bills, starting from a minimum amount. This tool makes it possible to avoid falling behind on payments and guarantees continuity of service.
To cope with the **risk of tensions related to tariff increases**, the CAP Group pursues a balanced management policy that allows it to support strategic investments while keeping tariffs affordable. In 2024, two meetings were held to strengthen the dialogue with consumer

associations. These meetings resulted in concrete proposals, including the drafting of a handbook on correct and safe behaviour in the use of water, and the shared development of a conciliation procedure for commercial disputes. Both proposals were discussed internally and will be revisited at a meeting scheduled for spring 2025.
The CAP Group is also committed to developing **innovative technologies** aimed at improving the customer experience. In 2024, an AI-based chatbot was implemented, operating 24 hours a day, 7 days a week, accessible from the company website's home page, designed to provide assistance with browsing and answers to commercial enquiries. The system, which has been active since 19 December 2024, will be further improved in 2025 based on feedback received, with the aim of offering increasingly personalised and timely support.
In the technical area, the Group continued to invest significantly to improve **service continuity and efficiency**. With regard to the M2 – Service interruptions indicator, interventions were planned to prevent unexpected interruptions and minimise the duration of planned interruptions. The activities carried out include the restoration of high level tanks, the construction of backbones and interconnections and the extraordinary maintenance work on the networks. In the update of the 2024-2028 Business Plan, more than € 26.4 million were allocated to these activities.
On the other hand, with regard to the M3 – Quality of water supplied indicator, the CAP Group consolidated its commitment through an investment programme aimed at ensuring the highest quality standards. The initiatives include the construction of the Cornaredo plant with its backbone, the upgrading of water purification plants, the construction of new wells and the development of the PIA project by the Geology Office. In total, the Business Plan envisages an investment related to this indicator of more than € 71.5 million.
These activities are accompanied by intensive educational and awareness-raising efforts aimed at citizens. Designed to promote conscious and informed use of water resources, the guide "Dalla sorgente al rubinetto. L'acqua potabile nella vita quotidiana" (From the source to the tap. Drinking water in everyday life.) was published in 2024 in collaboration with Altroconsumo. The guide was supported by a dedicated communication campaign. Meanwhile, the publication of the "Acqua del Rubinetto" (Tap Water) blog, which was created to address consumer concerns and combat misinformation, continues. The blog hosted 19 new articles in 2024 alone, helping to spread accurate knowledge about mains water quality, benefits and uses.
To ensure constant control over the quality and effectiveness of initiatives aimed at consumers and end users, the CAP Group developed a **monitoring** system based on automatic reporting, capable of collecting and analysing data in a structured manner. This tool enables continuous monitoring of performance and the impact generated, ensuring the reliability and traceability of information. The reports are sent periodically to ARERA and the ATO Authority, in compliance with the regulations in force. Moreover, the Group carries out Customer Satisfaction surveys with the aim of surveying user perceptions, assessing their level of satisfaction and guiding continuous service improvement actions.
Note that there were no serious human rights issues or incidents involving consumers and/or end users in 2024.

Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

S4-5

In the pursuit of an increasingly transparent, participatory and continuous improvement-oriented relationship, the CAP Group has defined a number of key targets that reflect its commitment to service quality, public awareness and the involvement of younger generations. These milestones, measured through specific indicators, allow constant monitoring of the effectiveness of the initiatives undertaken and the positive impact generated on consumers, end users and the area served.

Overall quality of service (overall service perception index)

As outlined in point 5.2 of the Sustainability Policy, the CAP Group developed a Sustainability Plan that sets out the lines of action to respond to the challenges and risks of the sector in which it operates and defines the targets to be achieved by 2033. The strategy is built around 3 pillars: Sensitive, Resilient, and Innovative, for each of which specific targets have been identified. The CAP Group's commitment to listening to the needs of consumers and end-users and defining strategies dedicated to their satisfaction is part of the pillar "Sensitive to the needs of people and communities" and is translated into a measurable figure. The CAP Group constantly monitors user perception of the service offered through the overall service perception index[33], ensuring it meets users' needs and guarantees a cutting-edge service at all times. The CAP Group has set itself the target of maintaining the overall service perception index, committing to keeping it above 85% until 2033.

TABLE N° 114 – Overall quality of service (overall service perception index)

Target year	Target Level	Target Level UOM	Reference value	Reference value UOM	Base year	Current progress	Current progress UOM
2033	85.0	%	89.5	%	2023	90.6	%

33 the result of the Overall Service Perception Index by Customers for 2024 was calculated in compliance with the provisions of Technical Specifications Article 26, paragraphs 7 and 8, and Resolution no. 10395 of 29 September 2014: based on identified quantitative assessments, such as "compliance with standards for issuing estimates, execution of connection works, discontinuance of supply, emergency response, response to written complaints", and qualitative assessments emerging from the Customer Satisfaction Survey for 2024, such as the quality of the product supplied, service continuity, service accessibility, commercial services, complaint management, technical services" and their respective weights.

Students involved in education and awareness-raising activities (% increase on baseline)

The CAP Group promotes educational and awareness-raising activities on the conscious use of water and the positive impact that careful and responsible consumption can have on the environment. These initiatives are aimed at students and teachers in middle and high schools and have a positive impact on end users, bringing benefits to the local economy in which the Group operates and helping to improve the well-being and quality of life of the surrounding community. Consistent with the Sustainability Policy and defined within the Sensitive Pillars of the Sustainability Plan, the CAP Group's aim is to gradually increase the number of students involved in environmental education activities between 2023 and 2033. The defined target corresponds to an annual growth rate of 1% compared to the base value measured in 2023.

TABLE N° 115 – Students involved in education and awareness-raising activities (% increase on baseline)

Target year	Target Level	Target Level UOM	Reference value	Reference value UOM	Base year	Current progress	Current progress UOM
2030	7.0	%	6,773.5	no.	2023	4,243.0	no.

NOTE: The number of students involved in environmental education activities in 2024 is lower than in 2023 because the figure is not comparable from year to year. The environmental education activities are organised on a two-year basis and follow the school calendar (September-June). This means that every two years, the figure only considers the period from January to June, as was the case in 2024.

Raising awareness and communicating with citizens and institutions (% increase of R indicator on baseline)

This target refers to awareness-raising initiatives aimed at citizens and end users in areas where the CAP Group operates, with the aim of generating a positive impact by providing comprehensive and transparent information. The target is defined through the reputational R-index, a value defined and monitored in its development over time using a scientific measurement method based on over 100 parameters, divided into divided into global source-related and content-specific indicators.

Although consumers and/or end users were not directly involved, in formulating these objectives, the CAP Group took into account the requests and needs that emerged from open and ongoing dialogue with consumer associations and other sources, such as the Customer Satisfaction Survey.

TABLE N° 116 – Raising awareness and communicating with citizens and institutions (% increase of R indicator on baseline)

Target year	Target Level	Target Level UOM	Reference value	Reference value UOM	Base year	Current progress	Current progress UOM
2033	519.0	%	140,219.0	no.	2023	20.7	%

Entity Specific Metrics

For a public operator such as Gruppo CAP, the availability of clear, traceable metrics that are consistent with its scope of operations is a fundamental strategic tool for ensuring transparency, measurability and continuous improvement. The definition and monitoring of these indicators – which reflect the impact on user experience, operational efficiency and service quality – make it possible not only to meet reporting obligations to the competent authorities, but also to more effectively guide management decisions and innovation processes, ensuring that company policies remain aligned with the real needs of the area and the community served.

KPI Consumers and end-users

The total number of users in 2024 is shown below, broken down by type.

TABLE N° 117 – Number of users

	UOM	2024
Domestic	no.	233,476.0
Public	no.	10,306.0
Agro-zootechnics	no.	875.0
Other non-domestic uses	no.	37,100.0
Fire-fighting and construction site uses	no.	12,273.0
Total	**no.**	**294,030.0**

The adopted metrics are defined in accordance with the ARERA Resolution, which classifies users based on their use of the service and the characteristics of the Supply Point. ARERA's classification of users is based on objective and standardised criteria that clearly differentiate between types of consumers, and is carried out according to well-defined parameters.

KPI User satisfaction

In 2024, the Customer Satisfaction survey recorded an overall service satisfaction index of 95.7%, while the level of satisfaction expressed by users regarding water quality stood at 94.**1%**. At the same time, the Overall Service Perception Index reached a value of 90.59%, highlighting a positive assessment of the overall experience offered by the CAP Group.

KPI Bills divided into instalments for different users

As part of measures to support the affordability of the service, the CAP Group offers the option of paying bills in instalments. The number and economic value of bills paid in instalments in 2024 are shown below, broken down by type of user.

TABLE N° 118 – Number of bills paid in instalments by type of user

	UOM	2024
Domestic	no.	18,222
Public	no.	75
Agro-zootechnics	no.	56
Other non-domestic uses	no.	2,229
Fire-fighting and construction site uses	no.	1,086
Total	**no.**	**21,668**

TABLE N° 119 – Economic value of bills paid in instalments by type of user

	UOM	2024
Domestic	€	12,506,567
Public	€	163,255
Agro-zootechnics	€	31,068
Other non-domestic uses	€	2,386,103
Fire-fighting and construction site uses	€	322,128
Total	**€**	**15,409,121**

Note that the number of bills paid in instalments to different users is taken from the company's CRM system, which tracks requests submitted by customers via web forms, email and telephone.

The Bio-platform of Sesto San Giovanni

This innovative circular economy "governance" model is the result of industrial symbiosis between a wastewater treatment plant and a waste-to-energy plant

Today, the site is an innovation centre combining the treatment of the organic fraction of municipal solid waste (FORSU) with the recovery of energy from sewage sludge, with the aim of achieving a circular economy and complete integration

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TECHNOLOGIES AND SOLUTIONS THAT TRANSFORM

GRUPPO CAP

03. CONSOLIDATED SUSTAINABILITY REPORTING

GOVERNANCE INFORMATION

Business Conduct

ESRS G1

The table below describes the impacts, risks and opportunities that the Group assessed as material in relation to Business Conduct as a result of its double materiality assessment.

TABLE N° 120 – Impacts, risks and opportunities

ESRS	Material impacts, risks and opportunities	Topic/Subtopic	IRO title	IRO Description	Perimeter: upstream	Perimeter: own operations	Perimeter: downstream
ESRS G1 - Business conduct	**Risk**	**Corporate culture**	Customers and/or intermediaries in the waste disposal business involved in lawsuits	The Group recently entered the waste business, providing the market with liquid waste treatment and recovery services through its own wastewater treatment plants. If parties delivering waste to the Group are involved in legal proceedings relating to malfeasance (e.g. anti-corruption), this could also affect the CAP Group's image.	✓	✓	✓
ESRS G1 - Business conduct	**Risk**	**Management of relationships with suppliers including payment practices**	Difficulties in finding suppliers/supplies when implementing an investment	Now and over the next five years, especially with the implementation of the National Recovery and Resilience Plan (RRP), numerous engineering projects are being launched at local and national level and construction sites are opening (which are expected to be completed by 2026). This has led to a significant increase in demand for goods and services, making procurement more difficult and potentially hindering the Group's ability to achieve its investment targets.	✓		
ESRS G1 - Business conduct	**Potential negative impact**	**Corruption and bribery**	Corruption or unlawful conduct	Potential negative impact caused by the CAP Group and related to incidents of corruption and unlawful conduct, with possible damage to the relationship of trust with stakeholders.		✓	
ESRS G1 - Business conduct	**Positive impact**	**Corporate culture**	Promoting tax transparency along the supply chain	Positive impact related to the tax transparency required of CAP Group suppliers of goods and services (contractors and sub-contractors)	✓		
ESRS G1 - Business conduct	**Positive impact**	**Corporate culture**	Promoting tax transparency and transparent conduct in the management of the CAP Group disputes	Positive impact related to the promotion of tax transparency within the Cap Group		✓	
ESRS G1 - Business conduct	**Positive impact**	**Protection of information**	Protection of whistleblowers (whistleblowing)	Positive impact on people following the promotion and proper management of processes for reporting illegal, unlawful or unethical behaviour, including through training, and for protecting whistleblowers.		✓	
ESRS G1 - Business conduct	**Positive impact**	**Political engagement and lobbying activities**	Promotion of the sector's interests	Positive impact related to lobbying activities that influence political decisions and bills by representing the stakeholders operating in the sector through membership of trade associations (i.e. Utilitalia, Water Alliance, Confservizi, Acqua Pubblica Europea, SGI Europe)		✓	
ESRS G1 - Business conduct	**Positive impact**	**Management of relationships with suppliers including payment practices**	Promotion of social and environmental criteria for suppliers	Positive impact of the Cap Group on suppliers through the promotion of good practices, periodic checks and assessments, engagement activities, and social and environmental sustainability criteria in the qualification process. These positive impacts and virtuous behaviour are encouraged by the Cap Group through its supplier selection and monitoring measures and are facilitated by ensuring prompt payment to suppliers.		✓	
ESRS G1 - Business conduct	**Opportunities**	**Protection of information**	Promoting Business Transparency and Integrity through the Protection of Whistleblowers	Maintaining business transparency and integrity. Continuing to ensure a safe environment in which whistleblowers can report unlawful or unethical conduct improves company culture and prevents fraud and regulatory violations. This not only protects the Group's reputation, but also promotes legal compliance and reduces the risk of sanctions. It also encourages employees to contribute proactively to improving business practices.	✓	✓	✓
ESRS G1 - Business conduct	**Opportunities**	**Management of relationships with suppliers including payment practices**	Promoting supplier training and skills development	Collaborating with suppliers to promote ongoing training and skills development programmes is a strategic lever for enhancing their skills and operational capabilities, ensuring high standards throughout the supply chain. Targeted initiatives, such as technical refresher courses and cross-skills development programmes, directly promote supplier competitiveness and efficiency. Investing in supplier training helps strengthen innovation, alignment with regulatory and corporate standards, and the overall quality of the supply chain, consolidating valuable relationships and building a resilient and sustainable supply chain over time.	✓		

TABLE N° 120 – Impacts, risks and opportunities

ESRS	Material impacts, risks and opportunities	Topic/Subtopic	IRO title	IRO Description	Perimeter: upstream	Perimeter: own operations	Perimeter: downstream
ESRS G1 - Business conduct	**Positive impact**	**Corruption and bribery**	Implementation of anti-corruption measures	Positive impact generated by the CAP Group on people related to the adoption and promotion of anti-corruption measures, including the provision of prevention training. (e.g. training provided to employees, training courses provided to suppliers who voluntarily participate in the Vendor Rating programme, segregation processes such as the signing of contracts)		✓	
ESRS G1 - Business conduct	**Risk**	**Corruption and bribery**	Involvement of a CAP Holding top manager in legal investigations	Any involvement of top managers, even if not liable, in legal investigations could damage CAP Holding's reputation. The risk could also occur if a top manager holds proxies and powers of signature in other subsidiaries or companies with which CAP Holding has partnerships that are unstructured in terms of Internal Control Systems. Moreover, if personal and/or asset prevention measures and personal and/or asset precautionary measures are taken against top managers for predicate offences pursuant to Italian Legislative Decree 231 or corruption, this would result in the duty of disclosure to the AGCM, which would affect the fulfillment of the requirements for CAP Holding's Legality Rating.	✓	✓	✓
ESRS G1 - Business conduct	**Positive impact**	**Corruption and bribery**	Implementation of anti-corruption measures along the supply chain	Positive impact generated by the suppliers of the CAP Group thanks to the adoption of anti-corruption measures by suppliers, intermediaries and any other party that has dealings with CAP, including prevention training. (e.g. ISO 37001 checklist, Vendor Rating bonus system, signing of the CAP Group contract clauses).	✓		

Business conduct and corporate culture policies

G1-1

The CAP Group has a policy on business conduct. For further details, see the section "Policies adopted and related disclosure requirements".

How the company establishes, develops, promotes and evaluates its corporate culture

The BoDs play a central role in defining business conduct. In particular:

- identify strategic objectives for the prevention of corruption and approve, on an annual basis, the Three-Year Plan for the Prevention of Corruption and Transparency (hereinafter referred to as Plan 190) that Group companies prepare in compliance with the regulations;
- ratify and constantly update the Ethical Commitment document; promote the dissemination of culture, ethics and corruption prevention within the Group, encouraging the active participation of people in both the risk management process and information and training activities;
- every six months, they are informed about the progress of general and specific measures to prevent corruption and promote transparency, and about the reviews prepared in accordance with the ISO 37001 standard.

The values that inspire the Group and guide the work of its companies, communicated to all employees through the Ethical Commitment, are: **: passion**, **excellence**, **leading by example**, **respect** and **courage.**

In addition to developing a corruption prevention system in line with Italian Law 190/2012 and the United Nations Convention, the CAP Group companies adopted a specific procedure for the "Whistleblowing", aimed at removing any factors that might hinder or discourage the use of whistleblowing. This measure is designed to encourage the reporting of malfeasance within the CAP Group, supporting whistleblowers in addressing any doubts or uncertainties about how to whistleblow and helping to dispel fears of possible retaliation or discrimination as a result of whistleblowing. The procedure is fully compliant with the provisions of Italian Legislative Decree 24/2023. The following individuals can submit reports:

- people of the CAP Group;
- self-employed workers, collaborators and consultants working for the CAP Group;
- workers or collaborators of suppliers of the Group;
- volunteers and trainees working for the CAP Group;
- shareholder bodies (meaning the natural person acting as whistleblower).

Reports can be made through **internal channels** (including the E-whistle IT platform) or through the **external channel** (ANAC, Autorità Nazionale Anticorruzione (National Anti-Corruption Authority), in certain cases).

In accordance with the provisions of Italian Legislative Decree no. 24/2023, reports are handled by the Head of Corruption Prevention and Transparency who manages them in accordance with the principle of confidentiality and without disclosing the identity of the whistleblower without their consent.

In compliance with the provisions of Italian Legislative Decree 24/2023, the company established a number of internal channels for managing reports via the internal E-whistle platform or, if the whistleblower does not wish to report via the platform, they can use the specific Form for whistleblowing, attached to the procedure and available on the company website.

In this case, the report is sent to the Head of Corruption Prevention and Transparency (RPCT) through other whistleblowing channels:

1. by the postal service or by internal mail;
2. verbally, at the whistleblower's request, by means of a statement made to the RPCT and recorded by the latter in the minutes.

The whistleblowing manager, identified in the RPCT, followed training courses aimed at obtaining all the necessary knowledge and skills. The "Whistleblowing" procedure outlines the protections granted to whistleblowers, all of which are fully compliant with the provisions of Italian Legislative Decree 24/2023. To confirm

this commitment, the Group adopted specific policies on the protection of whistleblowers, in line with the legal requirements set out in the national regulations implementing Directive (EU) 2019/1937, or equivalent provisions on the subject.
Note also that whistleblowing and its management by the CAP Group companies is brought to the attention of the personnel through training activities and via the intranet. In fact, a link to the E-whistle tool is made available within the "integrated management system" section. The institutional website also has a dedicated section called "Other – corruption prevention content", which contained all the information you need to make a report.
In accordance with Italian Law 190/2012, the CAP Group companies implemented a corruption prevention system that fully complies with the United Nations Convention against Corruption. Moreover, CAP Holding implemented the ISO 37001 standard, which was last renewed in October 2024.
The CAP Group people are informed about business integrity policies and procedures and receive specific training on these topics through an annual plan, which in 2024 consists of the following internal training activities:

- compliance training and related requirements for new hires;
- WET programme for new hires covering the CAP Group compliance requirements, the Ethical Commitment, the Anti-Corruption Policy and the Internal Control System;
- ISO 37001 course for new hires;
- course on conflicts of interest and the prohibition of pantouflage;
- Quick facts for RUPs on the application of penalties and the management of non-compliance;
- Quick facts: "Anticorruzione Perché devo conoscerla" (Anti-corruption: Why should I know about it).

Courses for new hires are offered every year. An annual training programme is also drawn up, taking into account the training needs of CAP Group personnel in areas such as ethics, legality, anti-corruption and business conduct. In accordance with ISO 37001, the functions considered to pose a higher risk of corruption are set out in a specific annex to the "Due Diligence Process".

Management of relationships with suppliers

G1-2

When selecting its suppliers, the CAP Group applies the Public Contract Code, as it operates in one of the sectors defined as "special". In fact, the water sector is regulated separately from ordinary sectors, in accordance with European and Italian regulations.
In the CAP Group, we share the **values** of our Integrated management system with our suppliers, who sign the Integrated Policy and the Information on procurement contracts both when participating in tenders and when registering with the Supplier Register. This ensures that they are fully aware of, and accept, our policies. Moreover, suppliers undertake to comply with our "Diversity, Equity, Inclusion and Equal Opportunities Policy" and to be informed of the provisions of Italian Legislative Decree no. 231/2001 and, in particular, of the document "the CAP Group Ethical Commitment".
We have also adopted the ISO 20400 standard for sustainable procurement, strengthening the integration of sustainability into our purchasing policies. We assess the environmental and social performance of our suppliers through the Vendor Rating system, which includes KPIs aligned with the Sustainability Plan and the UN SDGs. The obtained score is used to feed the selection algorithm for public procedures. This system enables progress in terms of sustainability to be monitored, including with regard to any recorded non-compliance.
We also adopted Collaboration Agreements as a strategic tool within our main ongoing Framework Agreements, thereby encouraging sustainable and responsible conduct throughout the production chain. In line with our Sustainability Plan, this initiative aims to strengthen cooperation between participants, increase the efficiency of contracts, prevent conflicts, and maximise the public value of contracts.
We have set ourselves **ten targets** to promote sustainability, social inclusion, environmental protection, legality and occupational safety, as well as to encourage the participation of small and medium-sized enterprises and the adoption of sustainable procurement approaches. Contractors who succeed in achieving these targets within the term of the agreements will benefit from rewards, including reputational advantages, contract extensions through additional work options and an improvement in their rating in our Supplier Register.
Suppliers found to be in violation of any of the following standards during the management of a procurement contract, including SA 8000, ISO 14001, ISO 45001, ISO 20400 or Model 231, will be deemed non-compliant: If these non-compliances are serious, they can result in contractual penalties, suspension or removal from the Supplier Register.
The growth of the suppliers' commitment to sustainability is monitored continuously through the Vendor Rating system, thanks to an assessment carried out at two different stages: during registration, with the assessment of reputational criteria that can be updated at any time during the registration period; and then during the contractual phase, with an assessment following the issue of the certificate of proper execution (CRE).
The main Framework Agreements provide for a six-monthly review of progress towards the established targets. In order to provide support to suppliers in this process, the role of collaboration manager was established.
In the procedures based on the Most Economically Advantageous Tender (OEPV), we also included sustainability criteria for selecting suppliers in order to ensure that value for money guarantees high quality standards from an ESG perspective.
We also manage purchase requests through ERP (Enterprise Resource Planning) systems that ensure tracking and monitoring of all stages of the process. The various departments or structures within the Group identify the requirement, while the buyers from the Market Procurement Department, coordinated by the department's Project Managers, carry out a compliance investigation. This process identifies the best economic operator available on the market, in line with the specified requirements, regulations and company procedures. A key element is the clear separation between those who request the requirement and those who select the supplier, an important measure pursuant to Italian Legislative Decree 231/01 and the regulations on transparency and anti-corruption. The Contract Execution Office provides ongoing administrative and legal support to the Sole Project Managers (RUP), Construction Managers (DL) and Executive Managers (DE) of the various procurement contracts.
The CAP Group integrated social and environmental criteria as structural and cross-cutting elements into all phases of the procurement process:

Qualification Phase
The sustainability of economic operators is measured through 70 social and environmental criteria when qualifying in the Supplier Register. The social and environmental criteria are based on leading international sources on sustainability, such as the UN's 17 Sustainable Development Goals and EU regulations on sustainable investment, and were identified with the involvement of internal and external stakeholders. From the moment they are qualified, they serve as a guide for the suppliers on the required sustainability process.

1. Assessment and Selection Algorithm
The compliance with social and environmental criteria allows the CAP Group to assess the sustainability approach of the suppliers through a Vendor Rating score assigned to each qualified supplier. This score, together with the time elapsed since the last invitation, feeds the algorithm that selects the suppliers to be involved in the invitational procedures.

2. Contractor selection phase
In tendering procedures based on the most economically advantageous offer, the CAP Group includes some of the social and environmental criteria already assessed during the qualification phase, depending on the subject matter of the procedure, in order to evaluate the technical score of the offers and identify the winners.

3. Performance Phase
If an award is made, the supplier will also be accompanied by an assessment based on social and environmental criteria during the contract performance phase. At the end of the contract, the quality of the work carried out and compliance with ESG standards are both documented. This assessment feeds the supplier's Vendor Rating. During the performance phase, social and environmental criteria are also assessed as part of possible collaboration agreements. These are optional agreements integrated into the Procurement Contract whereby suppliers can agree to pursue sustainability goals. Upon achieving these targets, they will be entitled to an additional percentage of the amount consisting of options on the main contract.
The CAP Group has not adopted a specific policy to prevent late payments to suppliers, but it has included specific provisions in its contractual terms and conditions to provide information and specific methods to be followed by all suppliers to ensure that the documents they issue are correctly received and allow the accounting process to be completed in full compliance with the contractual agreements signed between the parties. Specifically, the CAP Group must comply with the mandatory require-

ments for each payment in terms of both the traceability of financial flows, in accordance with ANAC (Autorità Nazionale Anticorruzione) provisions, and the controls envisaged by the regulations for Public Administrations and Companies subject to similar controls to those of the CAP Group, such as Verification of non-compliance (pursuant to Article 48-bis of Italian Presidential Decree No. 602/73) with regard to Equitalia, or the regularity of contributions of the DURC (Documento unico di regolarità contributiva, Italian tax compliance certificate).

Prevention and detection of corruption and bribery

G1-3

The CAP Group has specific procedures in place to prevent, identify and respond to any allegations or incidents of corruption and bribery.
To ensure transparent and fair business management, the Boards of Directors of the CAP Group companies adopted the “Organisation, Management and Control Model” pursuant to Italian Legislative Decree no. 231/2001 (Model 231). The Supervisory Body carries out audits to ensure that the rules are being applied correctly and that the Model is adequate. In 2024, the regulatory developments that resulted in a series of amendments, additions and repeals to the list of material offences were monitored (in particular, Italian Law 90/2024, Italian Law 112/2024, Italian Law 114/2024), in order to ensure the consistency and adequacy of the risk management system and of the companies’ Model 231.
For the CAP Group, **the fight against corruption is still very important**. In particular, the Anti-Corruption Policy, designed in compliance with Italian Law 190/2012, Italian Legislative Decree 231/01 and in accordance with the UNI ISO 37001:2016 management system, defines the values, principles and responsibilities adopted by the Group in the fight against corruption.
These tools are complemented by the Three-Year Plan for the Prevention of Corruption and Transparency (hereinafter referred to as Plan 190), which the Group has been preparing and updating every year since 2014 in full compliance with regulations, emphasising our ongoing commitment to company integrity and responsibility. Plan 190 is based on the identification of areas potentially at risk of corruption, mapped through a specific risk analysis. Plan 190 outlines a series of general and specific measures for the prevention of corruption and transparency, which are monitored by the Head of Corruption Prevention and Transparency (RPCT) and reported to the Boards of Directors on a half-yearly basis. The Three-Year Plan for the Prevention of Corruption and Transparency was approved by the Boards of Directors of the CAP Group companies, which define the strategic objectives on anti-corruption, and is published on the companies’ websites, on the company intranet and sent to the Metropolitan City of Milan and the Area Office of the aforementioned Metropolitan City. In 2025, following a series of interviews, during which the relevant corruption risks were identified and assessed for each business process, the update of Plan 190 for the period from 2025 to 2027, the related annexes and the mapping of risk areas were approved.
The CAP Group’s Ethical Commitment includes an Anti-Corruption Policy, which requires all recipients – i.e. the CAP Group’s people and all those who, directly or indirectly, establish relations with the Group, such as suppliers, collaborators and consultants – to behave in accordance with the principles and rules set out therein. Moreover, the general terms and conditions signed by contractors include the obligation to comply with the principles contained in the Ethical Commitment and, consequently, in the Anti-Corruption Policy.
In 2024, the company finally obtained renewal of its ISO 37001 certification for preventing corruption.
The CAP Group companies appointed an independent and autonomous Head of Corruption Prevention and Transparency (RPCT), who is responsible for ensuring that the prevention measures are implemented effectively. The RPCT reports directly to the Board of Directors. In 2024, the members of the Boards of Directors of the Group companies received specific communication on anti-corruption, transparency, integrity and ethics through the presentation, sharing and approval of the Due Diligence Programme, the Three-Year Plan for the Prevention of Corruption and Transparency and the annual report prepared by the RPCT.
To promote the dissemination of principles related to the topics of legality, ethics and anti-corruption, communication and training play are fundamental to ensuring that knowledge of the subject and compliance with the rules are an integral part of the professional culture of each employee and collaborator. With this in mind, an information/training plan is drawn up every year for all CAP people, tailored to their specific roles, with the aim of creating widespread awareness of, and a corporate culture appropriate to, the topics of legality, anti-corruption and transparency, thereby mitigating the risk of malfeasance being committed. The plan shows the courses broken down by macro-topic, duration, delivery method, timing and participants. During the ISO 37001 review every six months, a follow-up on the actual participants is requested. For the CAP Group, it is essential that its people have the practical and cultural tools required to respect fundamental rights when managing interpersonal relationships and along the value chain. For this reason, in 2024, the Group once again informed its people of its corporate integrity policies and procedures and provided specific training on these topics, thanks to an annual plan consisting of internal training activities on anti-corruption and conflicts of interest.

Percentage of high-risk functions covered by training programmes

TABLE N° 121 – Training Coverage - High-risk functions

	UOM	2024
Number of employees receiving training against corruption and bribery, average for the entire period	no.	272
Number of employees (number of persons), average for the entire period	no.	926
Percentage of employees covered by training programmes	%	29.4

Courses on anti-corruption topics are provided to high-risk persons, either because they are newly hired or because they hold a sensitive position within the organisation. However, business integrity policies and procedures are communicated to all CAP Group people through publication on the company intranet and on company notice boards.
Specific induction training on the company’s activities is provided when the Board of Directors is appointed. This training also covers all activities relating to the prevention of corruption. The board induction sessions aim to give directors and statutory auditors an in-depth understanding of the sector in which the company operates. Specifically, the Directors/Managers report to the BoD on the activities carried out by their offices, emphasising their relevance and importance to the business.

Incidents of corruption or bribery

G1-4

In 2024, the CAP Group did not record any convictions or fines relating to corruption or bribery.
Moreover, there were also no proven incidents of corruption or corruption-related lawsuits brought against the organisation or its employees; consequently, there were no corruption or bribery lawsuits brought against the company.

Political influence and lobbying activities

G1-5

The companies of the Group do not directly engage in lobbying activities with public institutions. However, they participate in public debate and contribute technical and strategic tools to support political decisions and regulatory proposals through membership of trade associations or topical organisations and foundations relevant to their business, such as Utilitalia, Water Alliance, Confservizi and Aqua Pubblica Europea. A number of representatives of the Parent Company's board hold positions within these associations, thus ensuring full supervision of these activities by the administrative, management and supervisory bodies. Moreover, several top managers take part in working groups or operational bodies of these organisations, bringing the technical and strategic point of view of the Group companies. Note that none of the organisations, associations or foundations to which the CAP Group belongs are affiliated with or support any political parties.
The Chairman of CAP Holding previously served as Mayor of the Municipality of Cornaredo (MI), from which he resigned prior to his current appointment.
The annual membership fees for 2024, which are not considered as lobbying activities but rather as a contribution by the company to the growth of national and international reflection on issues relevant to the company's business, are as follows:

- Aqua Pubblica Europea: € 9,900
- Confservizi: € 51,000
- Kyoto Club: € 5,000
- Utilitalia: € 74,953
- Fondazione Global Compact: € 4,700
- Fondazione per la Sostenibilità Digitale: € 26,500

Indirect lobbying activities involve influencing regulations and issues related to the Group's business, i.e. Integrated Water Services, sewerage treatment, waste valorisation and green energy production.
The company is legally required to be registered with a Chamber of Commerce[34].

Payment practices

G1-6

In compliance with the principles of transparency and traceability along the value chain, and in line with the CAP Group's commitment to responsible management of business relationships, a systematic procedure was adopted to identify and classify Small and Medium-sized Enterprises (SMEs) that are part of the supply relations. This classification enables to monitor and assess the effectiveness of the payment practices applied.
The selection of payments relating to SMEs covered **100% of such entities**. The identification was carried out using personal information collected in the Group's Supplier Register, according to statistical criteria based on **Recommendation 2003/361/EC**, implemented by the **Decree of the Ministry of Industry of 18 April 2005 (Official Gazette 238/2005)**. The classification parameters, which remain valid, are less restrictive than those introduced by **Decree 125/2024** (valid for financial statement purposes).
Suppliers are required to update the following parameters:
Micro Enterprise
A. Less than 10 employees
B. Turnover ≤ € 2 million
C. **or** balance sheet assets ≤ € 2 million
Small Enterprise
A. Less than 50 employees
B. Turnover ≤ € 10 million **or**
C. Balance sheet assets ≤ € 10 million
Depending on which configuration is most advantageous for the company, either criteria (a) and (b), or criteria (a) and (c), must be met. The number of employed persons is measured in annual work units (AWUs), which corresponds to the average monthly number of full-time employees over a year. The number of part-time or seasonal workers is calculated proportionally.

34 Registration with the Chamber of Commerce of Milan, Monza and Brianza and Lodi. Registration number: MI – 1622889.

Payment terms to suppliers

To complete the analysis of the relationship with SMEs, CAP Group examines how payments are managed in detail, paying particular attention to the timeliness of payments to suppliers.
In 2024, the CAP Group monitored the average invoice payment terms, which were calculated from the start of the contractual or legal payment period. The actual payment days are distributed as follows:

TABLE N° 122 – Actual payment days

	UOM	2024
Interval 1 (within 30 days)	%	13.0
Interval 2 (31 to 50 days)	%	31.0
Interval 3 (51 to 70 days)	%	50.0
Interval 4 (71 to 90 days)	%	5.0
Interval 5 (more than 91 days)	%	1.0

The scope of consolidation for calculating the metrics considered CAP Holding, CAP Evolution and ZeroC. For ZeroC, consolidated since the end of April in CAP Holding, a total of 126 payments were made in 2024, mainly to member municipalities and the parent company. A **total of 35,225 payments** were made during the year, **2,504 of which were to Small and Medium-sized enterprises (SMEs)**, accounting for 7% of the total. 99% of these payments were made within the contractual terms, while the remaining 1% (34 payments) were made after these deadlines.
In accordance with the Group's internal procedures, SMEs must issue an invoice (or equivalent document) to mark the start of the accounting process. The document must include the order or contract number relating to the requested service and be accompanied by the payment authorisation number issued by the Project Manager.
The nature of the service determines the payment terms.

- For **works, supplies and services** regulated by a procurement contract, the provisions of the **Public Contract Code (Italian Legislative Decree no. 36/2023) apply**, which provides for payments within **30 days of the payment certificate being issued** and in any case within **60 days of the state of the work-in-progress**.
- For **other types of services** not subject to work-in-progress accounting, payments are contractually settled according to the clause "**60 days after invoice date end of month**". Therefore, the actual days are calculated from the invoice date until the end of the second following month.

Note that the CAP Group uses **bank transfer** as its standard payment method, in compliance with traceability requirements. There were no legal proceedings relating to late payments to suppliers in 2024.

Entity Specific Metrics

KPI Vendor Rating

In 2024, 8% of suppliers included in the Vendor Rating system achieved the maximum score possible under the system adopted by the CAP Group, as shown in the table below.

TABLE N° 123 – Suppliers with the highest scores in the vendor rating system

	UOM	2024
Suppliers with a high threshold score in the Vendor Rating system	no.	101
Suppliers included in the qualification system	no.	1,252
Suppliers with a high threshold score in the Vendor Rating system	%	8.07

03. CONSOLIDATED SUSTAINABILITY REPORTING

REPORT OF THE INDEPENDENT AUDITORS

CAP Holding S.p.A.

Independent auditors' limited assurance report on the consolidated sustainability reporting pursuant to article 14-bis of Legislative Decree no. 39 of 27 January 2010

Consolidated sustainability reporting as at 31 December 2024

This independent auditors' limited assurance report has been translated into English language from the original, which was prepared in Italian and represents the only authentic copy, solely for the convenience of international readers.

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Independent auditors' limited assurance report on the consolidated sustainability reporting pursuant to article 14-bis of Legislative decree no. 39 of 27 January 2010

(Translation from the original Italian text)

To the shareholders of
CAP Holding S.p.A.

Conclusion

Pursuant to articles 8 of Legislative Decree no. 125 of 6 September 2024 (the "Decree"), we have been engaged to perform a limited assurance engagement on the 2024 consolidated sustainability reporting of the CAP Holding Group (the "Group") prepared in accordance with article 4 of the Decree, presented in the specific section of the consolidated management report.

Based on the procedures performed, nothing has come to our attention that causes us to believe that:

- the Group's 2024 consolidated sustainability reporting has not been prepared, in all material respects, in accordance with the reporting standards endorsed by the European Commission pursuant to Directive 2013/34/EU (the European Sustainability Reporting Standards, "ESRS");
- the information presented in the "The European Taxonomy: transparency and commitment to sustainability" section of the consolidated sustainability reporting has not been prepared, in all material respects, in accordance with article 8 of European Regulation n. 852 dated 18 June 2020 (hereinafter the "Taxonomy Regulation").

Basis for conclusion

We have performed the limited assurance engagement in accordance with the Standard on Sustainability Assurance Engagements - SSAE (Italia). The procedures performed in this type of engagement vary in nature and timing compared to those necessary for an engagement aimed at obtaining a reasonable level of assurance and are also less extensive.
Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Our responsibilities under that standard are further described in the "*Auditors' responsibilities for the limited assurance engagement on the consolidated sustainability reporting*" section of our report.
We are independent in accordance with the ethics and independence rules and standards applicable in Italy to sustainability assurance engagements.
Our firm applies *International Standard on Quality Management (ISQM Italia) 1* and, accordingly, is required to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.
We believe that the evidence we have acquired is sufficient and appropriate to provide a basis for our conclusion.

Other matters

In the specific section "The European Taxonomy: transparency and commitment to sustainability" in accordance with article 8 of the taxonomy regulation, the 2024 consolidated sustainability reporting presents the 2023 comparative information required by article 8 of the taxonomy regulation, which has not been subjected to an assurance engagement.

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Iscritta al Registro dei Revisori Legali al n. 167911 con D.M. del 15/03/2013 G.U. n. 26 del 02/04/2013
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Responsibilities of the directors and the board of statutory auditors of CAP Holding S.p.A. for the consolidated sustainability reporting

The directors are responsible for designing and implementing the procedures to identify the information included in the consolidated sustainability reporting in accordance with the ESRS (the "materiality assessment process") and for the description of these procedures in the "Key sustainability issues" section of the consolidated sustainability reporting.

The directors are also responsible for the preparation of a consolidated sustainability reporting in accordance with article 4 of the Decree, which contains the information identified through the materiality assessment process, including:

- compliance with the ESRS;
- compliance of the information presented in the "The European Taxonomy: transparency and commitment to sustainability" section with article 8 of the Taxonomy Regulation.

Moreover, the directors are responsible, within the terms established by the Italian law, for designing, implementing and maintaining such internal controls as they determine is necessary to enable the preparation of a consolidated sustainability reporting in accordance with article 4 of the Decree that is free from material misstatement, whether due to fraud or error. They are also responsible for selecting and applying appropriate methods to produce disclosures and formulating assumptions and estimates about specific information on sustainability matters that are reasonable in the circumstances.

The board of statutory auditors is responsible for overseeing, within the terms established by the Italian law, compliance with the Decree's provisions.

Inherent limitations in preparing the consolidated sustainability reporting

For the purpose of disclosing forward-looking information in accordance with the ESRS, the Directors are required to prepare such information based on assumptions, described in the consolidated sustainability reporting, regarding future events and the group's actions that are not necessarily expected to occur. Due to the uncertainty associated with the realization of any future event, both as regards to the materialization of the event and as regards to the extent and timing of its manifestation, the variations between the actual values and the prospective information could be material.

Group's disclosures about greenhouse gas Scope 3 emissions are subject to more inherent limitations than those on Scope 1 and Scope 2 emissions, given the lack of availability and relative precision of information used for determining both qualitative and quantitative Scope 3 information from value chain.

Auditors' responsibilities for the limited assurance engagement on the consolidated sustainability reporting

Our objectives are to plan and perform procedures in order to obtain limited assurance about whether the consolidated sustainability reporting is free from material misstatement, whether due to fraud or not intentional behaviors or events, and to issue an assurance report that includes our conclusions. Misstatements can arise from fraud or not intentional behaviors or events and are considered material if, individually or in the aggregate, they could reasonably be expected to influence decisions of intended users taken on the basis of the consolidated sustainability reporting.

As part of a limited assurance engagement in accordance with the *Standard on Sustainability Assurance Engagement - SSAE (Italia)*, we exercise professional judgement and maintain professional skepticism throughout the engagement.

BDO

Our responsibilities include:

- considering risks to identify disclosures where a material misstatement is likely to occur, whether due to fraud or not intentional behaviors or events;
- designing and performing procedures to address disclosures where a material misstatement is likely to occur. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from not intentional behaviors or events, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- directing, supervising and performing the limited assurance engagement on the consolidated sustainability reporting and assuming full responsibility for the conclusions on the consolidated sustainability reporting.

Summary of the work performed

An engagement aimed at obtaining a limited level of assurance involves performing procedures to obtain evidence as a basis for our conclusions.

The procedures performed were based on our professional judgement and included inquiries, primarily of the CAP Holding S.p.A.'s personnel responsible for the preparation of the information presented in the consolidated sustainability reporting, as well as documents analyses, recalculations and other evidence-gathering procedures, as appropriate.

We have performed the following main procedures:

- understanding the Group's business model, strategies and operating environment with regard to sustainability matters;
- understanding the processes underlying the generation, recording and management of the qualitative and quantitative information disclosed in the consolidated sustainability reporting;
- understanding the process adopted by the Group to identify and assess material sustainability-related impacts, risks and opportunities, based on the double materiality principle;
- identifying disclosures in which a material misstatement is likely to occur, whether due to fraud or error;
- designing and performing procedures, based on our professional judgement, to address the identified risks of material misstatement;
- understanding the process adopted by the Group to determine taxonomy-eligible activities and determine their aligned nature based on the provision of the Taxonomy Regulation, and verifying the related disclosures presented in the consolidated sustainability reporting;
- cross-checking the information contained in the consolidated sustainability reporting with the information included in the consolidated financial statements pursuant to the applicable financial reporting framework or with the accounting records used for the preparation of the consolidated financial statements or with the accounting management figures;
- verifying the structure and presentation of the disclosures included in consolidated sustainability reporting in accordance with the ESRS;
- obtaining the representation letter.

Milan, 23 May 2025

BDO Italia S.p.A.
Signed in the original by

Claudio Tedoldi
Partner


CAP
CAP

04.

SUPPLEMENTARY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

04. SUPPLEMENTARY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FINANCIAL STATEMENTS OF THE CAP GROUP AS AT 31/12/2024

Prepared in accordance with IFRS adopted by the European Union ("EU IFRS").

Statement of financial position

TABLE N° 124 – Statement of financial position

	Notes	Value as at 31/12/2024	Value as at 31/12/2023	Change	% change
ASSETS					
Non-current assets					
Rights on assets under concession	7.1	991.093.274	892.289.805	98.803.469	11%
Rights of use	7.2	4.077.453	3.551.187	526.266	15%
Other intangible assets	7.3	15.650.420	14.018.161	1.632.258	12%
Tangible fixed assets	7.4	24.539.381	27.265.825	(2.726.443)	-10%
Deferred tax assets	7.5	8.778.832	21.750.059	(12.971.227)	-60%
Other receivables and other non-current financial assets	7.6	34.982.270	34.996.304	(14.034)	0%
Total non-current assets		**1.079.121.629**	**993.871.341**	**85.250.288**	**9%**
Current assets					
Trade receivables	7.7	318.731.656	245.967.858	72.763.798	30%
Inventories	7.8	2.491.288	2.871.298	(380.010)	-13%
Contract work in progress	7.9	5.536.650	5.474.288	62.361	1%
Cash and cash equivalents	7.10	84.753.415	146.860.499	(62.107.084)	-42%
Other receivables and other current financial assets	7.11	9.306.685	6.582.908	2.723.776	41%
Total current assets		**420.819.693**	**407.756.852**	**13.062.841**	**3%**
Non-current assets intended for sale	7.12	**0**	**0**	**0**	**0%**
TOTAL ASSETS		**1.499.941.322**	**1.401.628.193**	**98.313.130**	**7%**
SHAREHOLDERS' EQUITY					
Share capital	7.13	571.381.786	571.381.786	0	0%
Other reserves	7.13	293.956.975	281.945.091	12.011.883	4%
FTA reserve	7.13	(989.327)	(989.327)	0	0%
Net result for the year	7.13	83.061.253	12.485.115	70.576.138	565%
Total consolidated shareholders' equity attributable to the Group		**947.410.686**	**864.822.665**	**82.588.021**	**10%**
Total shareholders' equity attributable to non-controlling interests		**557.227**	**0**	**557.227**	**100%**
Total Shareholders' Equity		**947.967.913**	**864.822.665**	**83.145.248**	**10%**
LIABILITIES					
Non-current liabilities					
Provision for risks and charges	7.14	69.747.991	65.287.939	4.460.052	7%
Employee Benefits	7.15	3.617.619	3.692.635	(75.017)	-2%
Non-current payables to banks and other lenders	7.16	233.673.958	254.217.816	(20.543.859)	-8%
Other non-current payables	7.17	64.439.907	60.139.792	4.300.114	7%
Total non-current liabilities		**371.479.473**	**383.338.183**	**(11.858.710)**	**-3%**
Current liabilities					
Trade payables	7.18	98.208.298	81.468.635	16.739.663	21%
Current payables to banks and other lenders	7.16	23.096.606	30.763.086	(7.666.480)	-25%
Other current payables	7.19	59.189.032	41.235.624	17.953.408	44%
Total current liabilities		**180.493.936**	**153.467.344**	**27.026.592**	**18%**
Non-current liabilities intended for sale	7.20	**0**	**0**	**0**	**0%**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**1.499.941.322**	**1.401.628.193**	**98.313.130**	**7%**

Statement of comprehensive income

TABLE N° 125 – Statement of comprehensive income

	Notes	Value as at 31/12/2024	Value as at 31/12/2023	Change	% change
Revenues	*8.1*	321,291,411	268,008,827	53,282,585	20%
Increases for internal work	*8.2*	5,810,103	2,328,071	3,482,032	150%
Revenues for work on assets under concession	*8.3*	117,991,891	98,521,965	19,469,926	20%
Other revenues and income	*8.4*	79,979,900	44,665,143	35,314,757	79%
Total revenues and other income		**525,073,305**	**413,524,007**	**111,549,299**	**27%**
Costs for raw materials, consumables and goods	*8.5*	(12,697,761)	(15,077,753)	2,379,993	-16%
Costs for services	*8.6*	(141,132,760)	(165,056,197)	23,923,437	-14%
Costs for work on assets under concession	*8.7*	(105,699,863)	(61,838,915)	(43,860,949)	71%
Personnel costs	*8.8*	(57,367,458)	(53,749,931)	(3,617,527)	7%
Amortisation, depreciation, provisions and write-downs	*8.9*	(74,115,966)	(85,320,925)	11,204,959	-13.1%
Other operating costs	*8.10*	(10,294,487)	(9,813,782)	(480,705)	5%
Non-recurring operations	*8.11*	0	0	0	0%
Total costs		**(401,308,294)**	**(390,857,502)**	**(10,450,792)**	**2.7%**
Operating result		**123,765,011**	**22,666,504**	**101,098,507**	**446%**
Financial income	*8.12*	6,534,869	3,434,521	3,100,347	90%
Financial expense	*8.12*	(12,179,348)	(9,647,496)	(2,531,852)	26%
Result before taxes		**118,120,532**	**16,453,529**	**101,667,002**	**618%**
Taxes	*8.13*	(35,037,757)	(3,968,415)	(31,069,342)	783%
Profit (loss) from assets held for sale or disposed of	*8.14*	0	0	0	0%
Net result for the year (A)		**83,082,775**	**12,485,115**	**70,597,660**	**565%**
Group profit (loss) for the year		**83,061,253**	**12,485,115**		**0%**
Third-party profit (loss) for the year		**21,522**	**0**		**100%**
Components of the statement of comprehensive income that will not be subsequently reclassified in the income statement					
Actuarial gains/(losses) for employee benefits	*7.15*	39,953	(41,931)	81,884	-195%
Tax effect on actuarial gains/(losses) for employee benefits		46	0	46	100%
Components of the statement of comprehensive income that will be subsequently reclassified in the income statement					
Fair value change deriving from cash flow hedge (IRS)		3,435	3,308	127	4%
Tax effect on fair value change deriving from cash flow hedge		(665)	(640)	-25	4%
Total components of the statement of comprehensive income, net of tax effect (B)		**42,769**	**(39,263)**	**82,032**	**-209%**
		83,125,544	**12,445,852**	**70,679,692**	**568%**

Cash Flow Statement

TABLE N° 126 – Cash Flow Statement of Gruppo CAP

CASH FLOW STATEMENT OF THE CAP GROUP YEAR (*)	Value as at 31/12/2024	Value as at 31/12/2023
Schedule No. 1: Operating cash flow determined using the indirect method		
A. Cash flows from operating activities (indirect method)		
Profit (loss) for the year	83,082,775	12,485,115
Income taxes	35,037,757	3,968,415
Interest expense/(interest income)	5,728,335	6,249,793
Interest expense IFRS 16	(83,856)	(36,818)
(Dividends)	0	0
Capital (gains)/losses deriving from disposal of assets	(464,530)	77,132
1. Profit (loss) for the year before income taxes, interest, dividends and capital gains/loss on disposal	**123,300,481**	**22,743,636**
Adjustments for non-monetary elements that were not offset in net working capital		
Accruals to provisions	5,652,196	4,529,835
Amortisation/depreciations of fixed assets	59,515,255	53,900,703
Write-downs for impairment losses (**)	(29,852,979)	19,666,344
Other adjustments for non-monetary elements	(436,718)	(2,632,228)
2. Cash flow before changes in NWC	**34,877,753**	**75,464,654**
Changes in net working capital		
Decrease/(increase) in inventories	317,649	(210,903)
Decrease/(increase) in trade receivables	(76,604,215)	12,134,524
Increase/(decrease) in trade payables	37,779,898	15,091,702
Decrease/(increase) in accrued income and prepaid expenses	0	0
Increase/(decrease) in accrued expenses and deferred income	0	0
Other changes in net working capital	1,738,086	(916,046)
3. Cash flow after changes in NWC	**(36,768,583)**	**26,099,277**
Other adjustments		
Interest collected/(paid)	(5,132,242)	(6,216,625)
(Income taxes paid)	(6,013,798)	(2,178,441)
Dividends collected	0	0
Use of provisions	(127,390)	(368,268)
4. Cash flows after the other adjustments	**(11,273,430)**	**(8,763,334)**
Cash flow of income management (A)	**110,136,221**	**115,544,232**

TABLE N° 126 – Cash Flow Statement of Gruppo CAP

CASH FLOW STATEMENT OF THE CAP GROUP YEAR (*)	Value as at 31/12/2024	Value as at 31/12/2023
B. Cash flow from investment activities		
Tangible fixed assets		
(Investments)	(14,064,534)	(6,565,915)
Break-up value of divestments	828,984	16,344
Intangible fixed assets		
(Investments)	(8,971,990)	(10,335,343)
Break-up value of divestments	0	0
Fixed assets under concession		
(Investments)	(115,407,538)	(95,845,915)
Break-up value of divestments	605,524	(71,109)
Financial fixed assets		
(Investments)	(629,601)	(735,993)
Break-up value of divestments	1,438,436	1,492,328
Current financial assets		
(Investments)	0	(109,033)
Break-up value of divestments	71,730	85,766
Cash flow from investment activities (B)	**(136,128,990)**	**(112,068,870)**
C. Cash flow from financing activities		
Loan capital		
Increase (decrease) in short-term payables to banks	0	0
Loans taken out	0	105,000,000
Loans repaid	(31,767,786)	(33,608,645)
Repayment of financial payables IFRS 16	(2,596,528)	(1,920,573)
Shareholders' equity		
Share capital increase against payment	0	0
Sale (purchases) of own shares	(1,750,000)	0
Dividends (and interim dividend payments) paid	0	0
Cash flow from financing activities (C)	**(36,114,315)**	**69,470,782**
Increase (decrease) in cash and cash equivalents (a ± b ± c)		
Cash and cash equivalents as at 1 January	**146,860,499**	**73,914,355**
Cash and cash equivalents as at 31 December	**84,753,415**	**146,860,499**
change	**(62,107,084)**	**72,946,144**

(*) for the sake of simplicity, the change in payables for investments remained included in the change in trade payables.
(**) this item shows the balance between write-backs (-) and write-downs (+), as referred to in paragraphs 7.1 and 7.4 of the explanatory notes..

Changes in shareholders' equity

TABLE N° 127 – Changes in shareholders' equity

	Share capital	FTA reserve	Cash-flow hedge reserve	Other reserves	Net result	CAP Group total	Total attributable to non-controlling interests	Total
Shareholders' equity 31/12/2023	**571,381,786**	**(989,327)**	**(4,706)**	**281,949,797**	**12,485,115**	**864,822,665**	**0**	**864,822,665**
Shareholders' equity attributable to non-controlling interests as at 30/04/2024							**535,705**	**535,705**
Allocation of result 31/12/2023	0	0	-	12,485,115	(12,485,115)	**0**	**0**	**0**
Fair value change deriving from cash flow hedge net of tax effect	0	0	2,770	0	0	**2,770**	**0**	**2,770**
Actuarial gains (losses) on employee benefits, net of the tax effect	0	0	0	39,999	0	**39,999**	**0**	**39,999**
Other changes	0	0	0	(516,000)	0	**(516,000)**	**0**	**(516,000)**
Retained earnings (accumulated losses)	0	0	0	0	0	**0**	**0**	**0**
Adjustment of deferred tax assets FoNI	0	0	0	0	0	**0**	**0**	**0**
Profit (loss) for the year 31/12/2024	0	0	0	0	83,061,253	**83,061,253**	**21,522**	**83,082,775**
Shareholders' equity 31/12/2024	**571,381,786**	**(989,327)**	**(1,936)**	**293,958,911**	**83,061,253**	**947,410,687**	**557,227**	**947,967,914**

04. SUPPLEMENTARY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2024

1. General information

CAP Holding S.p.A. (hereinafter "CAP" or the "Company") is a company subject to Italian law, established and domiciled in Italy, with registered offices and administrative headquarters in Via Rimini, 38, Milan (MI), enrolled in the Milan Companies' Register with tax code, VAT number and enrolment No. 13187590156 and under No. MI-1622889 of the Administrative and Economic Index.
The Company and its subsidiaries (jointly the "Group") mainly operate in the water services sector and is one of the leading Italian operators (in terms of inhabitants served and cubic m raised) among the " mono-utility" operators (or rather operators that do not provide other significant industrial activities).
The company is entirely publicly owned: its shareholding structure as at 31 December 2024 is solely made up of local entities.
The management of the Integrated Water Service of the main ATO and i.e. of the Metropolitan City of Milan, is regulated by the Agreement entered into on 20 December 2013 and adapted on 29 June 2016 to the provisions contained in the Resolution of the Italian Authority for Electricity, Gas and Water System No. 656/2015/R/IDR, between the company CAP Holding S.p.A. and the ATO Office of the Metropolitan City of Milan, effective from 1 January 2014 until 31 December 2033.
These consolidated financial statements were approved by the Company's Board of Directors on 08 May 2025.

2. Summary of the Accounting Standards

2.1 Declaration of compliance with the international accounting standards and transition to the IAS/IFRS

European Regulation (EC) No. 1606/2002 dated 19 July 2002 introduced the obligation, as from 2005, to apply the IFRSs for drafting the financial statements of companies that have equities and/or debt securities listed with one of the regulated markets of the European Community.
On 2 August 2017, CAP Holding S.p.A. issued a bond for a nominal amount of € 40 million subscribed by the institutional investors and took steps to list it with the Irish Stock Exchange.
In accordance with the legislative provisions referred to above, CAP Holding S.p.A. is therefore obliged to draw up the consolidated and separate financial statements in accordance with the international accounting standards – International Financial Reporting Standards (hereinafter indicated as the IFRS or IAS) adopted by the European Union ("EU IFRS") starting from the financial year ended 31 December 2017.
Therefore, the date of transition to the IFRS was identified as 1 January 2016 (the "Transition Date").
Therefore, these consolidated financial statements for CAP Holding S.p.A. were drawn up for the first time in accordance with the "EU IFRS".
The Consolidated financial statements include the consolidated statement of financial position as at 31 December 2024 and 31 December 2023, the consolidated statement of comprehensive income, the consolidated cash flow statement and the consolidated statement of changes in shareholders' equity for the year ended 31 December 2024 and the related explanatory notes.
The EU IFRS includes all the "International Financial Reporting Standards", all the "International Accounting Standards" (IAS), all the interpretations of the "International Reporting Interpretations Committee" (IFRIC), previously known as the "Standing Interpretations Committee" (SIC) which, at the end of the reporting period of the consolidated financial statements, were subject to approval by the European Union according to the procedure envisaged by Regulation (EU) No. 1606/2002 of the European Parliament and the European Council on 19 July 2002.
These consolidated financial statements were drawn up in Euro, which represents the currency of the prevailing economic area in which the Group operates. All the amounts included in this document are presented in Euro units, unless otherwise indicated, rounded to the next unit for cents equal to or greater than 50.

Structure of the financial statements

The financial statement schedules and the related recognition criteria adopted by the Group, as part of the options envisaged by IAS 1 – Presentation of the financial statements, are indicated below:

- the consolidated statement of financial position was drawn up by classifying the assets and the liabilities according to the "current/non-current" approach;
- the consolidated statement of comprehensive income – whose presentation of the costs is carried out on the basis of their nature – includes both the result for the year and the other changes in the shareholders' equity items attributable to transactions not entered into with the Company's shareholders;
- the consolidated cash flow statement has been drawn up stating the cash flows deriving from the operating activities according to the "indirect method".

2.2 Scope of consolidation and consolidation criteria

These Consolidated financial statements include the statement of financial positions as at 31 December 2024 and 31 December 2023 and the income statement for the year ended 31 December 2024 of the Company and the subsidiaries, approved by the respective management bodies. The list of the companies consolidated line-by-line by the Group as at 31 December 2024 is presented below:

- CAP Evolution S.r.l. of Milan, with registered office in Milan, enrolled in the Companies' Register under E&A Index No. 1716795, tax code and VAT no. 03988160960, with total share capital of € 23,667,606 owned for € 23,667,606.16, equal to 100.00% as at 31 December 2024 (equal to that held as at 31 December 2023 and unchanged to date).
- ZEROC S.p.A., with registered office in Sesto San Giovanni (MI), enrolled in the Milan Companies' Register under E&A Index No. 1501332, tax code and VAT no. 85004470150 (former CORE S.p.A.), with fully paid-up share capital equal to € 2,000,000.00 owned for € 1,600,000, equal to 80% as at 31 December 2024 (equal to that held as at 31 December 2023 and unchanged to date). The company's main corporate purpose is waste management. 20% of the capital is owned by the municipalities of Sesto San Giovanni (MI), Cologno Monzese (MI), Cormano (MI), Pioltello (MI), Segrate (MI) and Cinisello Balsamo (MI). CAP Holding S.p.A. took control as from 29 April 2024. The company, by means of the minutes of the extraordinary shareholders' meeting held on 17 November 2024 (deed drawn up by Notary S. Ajello of Milan, volume no. 83021 file no. 20214), amended its articles of association, deleting certain clauses, including those that granted to "local authority" shareholders joint control over the company, which the company itself considered to have already become ineffective as from 29 April 2024, pursuant to paragraph 6 of Article 16 of Italian Legislative Decree No. 175 of 19 August 2016, following the unfavourable outlook regarding the assignments of the in-house providing FORSU disposal service by the Member Municipalities themselves. Consequently, with effect from the same date, the rights secured at 20% of the share capital for which CAP Holding S.p.A. gained control of ZeroC S.p.A. — in which it already held a majority stake — ceased to exist.

During first-time consolidation, the financial statements of ZeroC S.p.A., prepared in accordance with Italian accounting standards (OIC), were adjusted to bring them into line with IFRS. These adjustments, made to ensure consistency of the accounting standards within the scope of consolidation, did not have a significant impact on shareholders' equity or consolidated profit for the year. Considering the not-so-big differences found, it was not deemed necessary to provide a detailed list of the adjustments made.
With regard to the takeover of ZeroC S.p.A., the transaction is classified as a business combination without payment of consideration which, in accordance with IFRS 3 for such cases (see also below), is figuratively represented by the fair value of the company on the date the control was acquired, equal to € 2,142,820.
The fair value measurement of the equity investment previously held by the Group in ZEROC generated a capital loss of € 18,898 recognised in financial expenses (calculated as the difference between the fair value of the equity investment held by Cap Holding S.p.A. in ZeroC S.p.A. as at 29 April 2024 – amounting to approximately € 2,142,820, equivalent to 80% of the fair value of ZeroC S.p.A., amounting to approximately € 2,678,525 – and the value of the equity investment recognised using the equity method at the acquisition date – amounting to approximately € 2,161,718).

TABLE N° 128 – Restatement at fair value of interest holding in Zero C prior to control IFRS 3

Restatement at fair value of interest holding in Zero C prior to control IFRS 3, paragraphs 41-44	
Book value of Zero C equity investment - CAP consolidated figures 31/12/23	2,161,718
Fair value 80% Zeroc C as at 30/04/2024	2,142,820
Capital loss from restatement at FV 80% Zeroc C	-18,898

With regard to the acquired values, note that the purchase price allocation process has not yet been completed, as permitted by IFRS 3. Therefore, the fair value of the individual assets and liabilities may differ at the end of the allocation process, which is expected to be completed by the financial statements as at 31 December 2025.

For the purposes of preparing the 2024 financial statements on a transitional basis, it is assumed that the fair value of ZeroC S.p.A. coincides with the fair value of the net assets acquired.
CAP Holding Spa provisionally determined the fair value of the net assets acquired as follows:

TABLE N° 129 – Determining the fair value of net assets acquired ZeroC

	book value	adj	Fair value	
Fair value measurement of Zero C (80%) at 29 April 24 - BC fee	2,161,718	-18,898	2,142,820	a
Minority holding - 20% AeP acquired	535,705		535,705	
			2,678,525	
Net assets acquired, excluding goodwill	2,686,343	-7,818	2,678,525	b
Intangible fixed assets arising from BC net of related deferred taxes				c
Goodwill			0	a-b-c

As can be seen from the table, the results obtained, in application of the methods and assumptions made, provisionally show that the fair value of the assets acquired and liabilities assumed (net assets acquired), including contingent liabilities, substantially coincides with the fair value of the sum of the consideration transferred, the amount of the minority interest (equal to € 535,705) and the interest in the acquiree previously held by the acquirer, measured in accordance with IFRS 3.
The subsidiary companies are consolidated as from the date control was effectively transferred to the Group and cease to be consolidated as from the date the control is transferred outside the Group.
According to the provisions of IFRS 10, control is obtained when the Group is exposed, or has the right to variable returns deriving from the relationship with the investee company and has the ability, via the exercise of the power over the investee, to influence the related returns. The power is defined as the actual ability to direct the significant activities of the investee company by virtue of essentially existent rights.
The existence of control does not exclusively depend on the possession of the majority of the voting rights, but on the essential rights of the investors over the investee company. Consequently, the opinion of management is required to assess specific situations that lead to essential rights that assign the Group the power to manage the significant activities of the investee company so as to influence the related returns.
For the purposes of the assessment on the requirements of control, management analyses all the events and circumstances, including the agreements with the other investors, the rights deriving from other contractual agreements and from the potential voting rights.
These other events and circumstances may turn out to be particularly significant as part of this assessment especially in the cases where the Group holds less than the majority of the voting rights, or similar rights, of the investee company.
The Group reviews the existence of the conditions of control over an investee company when the events and circumstances indicate that there has been a change in one or more elements considered for checking its existence.
Only CAP Evolution S.r.l. and ZEROC S.p.A. have been consolidated with CAP Holding S.p.A., it being maintained that:

- - with regard to Rocca Brivio S.r.l. in liquidation (whose corporate purpose involves the "safeguarding and enhancement of the historic monumental complex of Rocca Brivio"), in accordance with IFRS 10, there is no effective control by Cap Holding S.p.A. due to the lack of material rights that assign the power to manage the significant activities of the investee company in such a way as to influence its returns. With regard to the presentation of the Statement of financial position and Income Statement figures of the subsidiary company as at 31 December 2023, please see the Explanatory notes included in the financial statements.
- - the company NEUTALIA S.r.l. is under the joint control of its shareholders (essentially as a joint venture) and is recognised in the financial statements of CAP Holding S.p.A. using the equity method (para. 10 of IAS 28), as permitted by IAS 31, para. 38.

The subsidiary companies are consolidated on a line-by-line basis in the theory of the entity as from the date when control was effectively acquired and cease to be consolidated as of the date the control is transferred to third parties. The end of the reporting period of the financial statements of all the subsidiary companies coincide with that of the parent company. The standards adopted for full consolidation are the following:

- the assets, liabilities, expenses and income of the subsidiaries are consolidated line-by-line, assigning the minority shareholders, if applicable, the portion of shareholders' equity and the net result for the period due to them; these portions are indicated separately as part of the shareholders' equity and the income statement;
- the business combination transactions by virtue of which control is acquired over an entity are recognised, in accordance with the provisions contained in IFRS 3 – Business combinations, according to the acquisition method. The acquisition cost is represented by the fair value on the date of acquisition of the assets disposed of, the liabilities undertaken and the equities issued. The identifiable assets acquired, the liabilities and the potential liabilities undertaken are recognised at the related current value on the date of acquisition, with the exception of the deferred tax assets and liabilities, the assets and liabilities for employee benefits and the assets held for sale that are recognised on the basis of the related reference accounting standards. The difference between the acquisition cost and the fair value of the assets and liabilities acquired, if positive, is recognised under the intangible assets as goodwill, or, if negative, after having rechecked the correct measurement of the fair values of the assets and liabilities acquired and the acquisition cost is recognised directly in the income statement, as income. The charges accessory to the transaction are booked to the income statement at the time they are incurred;
- the acquisition cost also includes the potential consideration, recognised at fair value on the date control is acquired. Subsequent fair value changes are recognised in the income statement or statement of comprehensive income if the potential consideration is a financial asset or liability. Potential considerations classified as shareholders' equity are not recalculated and the subsequent discharge is recognised directly under shareholders' equity;
- the portions of shareholders' equity and profit pertaining to the minority shareholders are recognised in specific financial statement items; they can be measured at fair value or in proportion to the minority holding in the identifiable assets of the entity acquired. The choice of the measurement method is carried out transaction by transaction. If the combination transactions via which control is acquired take place in several stages, the Group recalculates the interest holding which it previously held in the entity acquired entity at the respective fair value at the acquisition date and recognises an emerging gain or loss in the income statement;
- the changes in the interest holding of a subsidiary that do not represent an acquisition or a loss of control are treated as "equity transactions"; therefore, for subsequent acquisitions following the acquisition of control and for the partial disposals of subsidiaries without loss of control, any positive or negative difference between the acquisition cost/disposal price and the corresponding portion of shareholders' equity recorded in the accounts is recorded directly under the Group's shareholders' equity;
- in the event that the partial disposals of subsidiaries lead to the loss of control, the equity investment maintained is adjusted to the related fair value and the revaluation contributes to the formulation of the capital gain (loss) deriving from the transaction;
- the significant gains and losses, including the related tax effects, deriving from transactions carried out between companies consolidated line-by-line and not yet realised vis-à-vis third parties, are eliminated. The credit and debt transactions, the costs and the revenues, as well as the financial income and expense are also eliminated, if significant.

2.3 Measurement Criteria

The Financial statements have been drawn up with a view to the business as a going concern since there is the reasonable expectation that the Company will continue its operating activities in the foreseeable future, and in any event over a period longer than twelve months.
The general principal adopted in the preparation of these financial statements is that of cost, with the exception of the financial assets and liabilities (including the derivative instruments) measured at fair value.

The most significant accounting standards and measurement criteria used for the preparation of these financial statements are briefly described below.

Properties, plant and machinery

The tangible assets are recognised according to the cost approach and recorded at purchase cost or production cost inclusive of the directly attributable accessory costs necessary for making these assets ready to use. The cost also includes any estimated dismantling and removal charges that will be incurred consequent to contractual obligations that require returning the assets to the original conditions.
The charges incurred for maintenance and repairs of an ordinary and/or cyclical nature are directly booked to the income statement in the year they are incurred. The capitalisation of the costs inherent to the expansion, modernisation or improvement of the structural elements owned or used by third parties, is carried out exclusively within the limits in which the same comply with the requirements for being separately classified as assets or part of an asset applying the component approach.
The tangible fixed assets are depreciated systematically each year on a straight-line basis with reference to the economic-technical rates determined in relation to the estimated residual useful life of the assets. The depreciation rates for the various categories of properties, plant and machinery are listed as follows:

TABLE N° 130 – Depreciation rates of tangible fixed assets

Sundry small equipment	10%
Generic equipment and plants	8%
Sundry equipment	25%
Specific equipment	19%
Motor vehicles	20%
Cars	25%
Furniture and fittings	12%
Electronic office machines - telephony systems	20%
Mobile phones	20%
Equipment with unit value below € 516	100%

The depreciation starts when the asset is available for use taking into account the actual time when this condition occurs.

Intangible assets

Intangible assets are made up of non-monetary elements, identifiable and lacking physical consistency, controllable and capable of generating future economic benefits. These elements are initially recognised at purchase and/or production cost, inclusive of the directly attributable expenses for preparing the asset for use. Any interest expense accrued during or for the development of the intangible assets are considered to be part of the purchase cost. In detail, as part of the Group the following main intangible assets are identifiable.

(a) Rights on assets under concession (IFRIC 12)

The "Rights on assets under concession" represent the right of the Group to use the assets under concession of the Integrated Water Service (so-called method of the intangible asset) in consideration of the costs incurred for the design and construction of the asset with the obligations to return the same at the end of the concession.
The value corresponds to the "fair value" of the design and construction activities increased by the capitalised financial expense, in observance of the requirements envisaged by IAS 23, during the construction phase. The fair value of the construction services of the Integrated Water Service is determined on the basis of the costs effectively incurred. The logic for determining the fair value stems from the fact that the concession holder must apply the matters envisaged by IFRS 15 and therefore if the fair value of the service received (in the specific case the right to exploit the assets) cannot be determined reliably, the revenue is calculated on the basis of the fair value of the construction services carried out.
The assets for construction services underway as of the period end date of the financial statements are measured on the basis of the work stage of completion and this measurement is recognised in the income statement item "Revenues for work on assets under concession".
The assets under concession are amortised over the duration of the concession on the basis of the methods by means of which the company will obtain the future economic benefits deriving from the use of the asset itself.
The value to be amortised is represented by the difference between the acquisition value of the assets under concession and their residual value which one presumes to realise at the end of the useful life, according to the regulatory provisions currently in force (in particular this value is determined according to the rules defined by the Authority for the regulation of energy, networks and

environment and is based on factors and estimates that may vary over time, and which may involve a change to this amount). If events take place which lead to the presumption of a reduction in the value of these intangible assets (impairment), the difference between the book value and the recovery value is booked to the income statement.

(b) Other intangible assets

The other intangible assets are recognised at cost, as previously described net of the accumulated amortisation and any impairment losses. The amortisation starts at the time the asset is available for use and is systematically allocated in relation to its residual possible useful life and in other words on the basis of the estimated useful life.

Reduction in value of the Tangible and Intangible Assets (impairment test)

At the end of each reporting period a check is carried out aimed at ascertaining whether there are indicators that the tangible and intangible assets may have suffered an impairment. For such purpose, both internal and external sources of information are considered.
With regard to the former (internal sources) the following is considered: the obsolescence or the physical deterioration of the assets, any significant changes in the use of the assets and the economic performance of the assets with respect to that envisaged. With regard to the external sources, the following is considered: the trend of market prices for the assets, any technological, market or legislative discontinuity, the trend of market interest rates or the cost of the capital used to assess the investments.
In the event that the presence of these indicators is identified, steps are taken to estimate the recoverable value of said assets, ascribing any write-down with respect to the related book value to the income statement.
The recoverable value of an asset is represented by the fair value, net of the accessory sales costs, or the related value in use, whichever is the higher, the latter being the current value of the future cash flows estimated for these assets. When determining the value in use, the expected cash flows are discounted back using a discount rate gross of the taxes that reflects the current market valuations of the cost of money, placed in relation to the period of the investment and the specific risks of the assets. With regard to an asset which does not generate abundantly independent cash flows, the recoverable value is determined in relation to the cash generating unit to which this asset belongs.
A loss in value is recognised if the book value of the assets, or of the related CGU to which the same is assigned, is higher than its recoverable amount. The CGU value reductions are booked first of all to decrease the book value of any goodwill assigned to it and, then, to decrease the other assets, in proportion to their book value and within the limits of the related recoverable value. If the reasons for a write-down previously made cease to apply, the book value of the assets is reinstated with booking to the income statement, within the limits of the net book value that the asset in question would have had if the write-down had not been made and the related amortisation had been applied.

Right of use

These are assets recognised in relation to leases falling within the scope of IFRS 16. The right of use of the leased asset and the commitment undertaken are shown in the financial figures of the financial statements (IFRS 16 applies to all transactions that provide for a right of use, regardless of the contractual form, i.e. lease, rent or hire).

Trade Receivables and other Current and non-Current receivables

In accordance with IFRS 15, par. 31, the assets deriving from the contract are recognised, in correspondence with the revenues from which they originate, as the Group fulfils its obligation to do, transferring control over the asset or service to the customer performed. Where the service has not been definitively completed or formally accepted definitively by the customer, it nonetheless gives rise to the registration of the activity as a result of a reasonable evaluation of the progress made towards the complete fulfillment of the obligation to do, on the basis of reliable information and in light of the contractual conditions
If the customer has paid the fee or if the Group is entitled to an unconditional amount (i.e. a credit), before transferring the good or service to the customer, in accordance with para.106 of IFRS 15, presents the contract as a liability arising from the contract at the time the payment is made or (if earlier) at the time the payment is due.
In the statement of financial position, the assets deriving from the contract are presented, together with any credits for unconditional rights, under the item "trade receivables". These trade receivables also include the invoices to be issued for regulatory adjustments of a regulatory nature (which will be applied to future water consumption).
Trade receivables and other financial assets are initially recognised at fair value and subsequently measured at amortised cost based on the effective interest rate method. Trade receivables and other financial assets are included in current assets, with the exception of those with a contractual maturity of more than twelve months compared to the end of the reporting period, which are classified as non-current assets.
Impairment losses on receivables are accounted for in the financial statements when there is objective evidence that the Group will not be able to recover the credit due from the counterparty based on the contractual terms.
The amount of the write-down is measured as the difference between the book value of the asset and the present value of the estimated future cash flows and is recognised in the income statement. If the reasons for the previous write-downs cease to exist in subsequent periods, the value of the assets is reinstated up to the value that would have derived from the application of the amortised cost.
The estimate of bad debt provision is based on expected losses (IFRS 9), measured using available information without unreasonable charges or efforts, which include historical, current and prospective data relating to the economic conditions of the reference debtors.
Financial assets relating to non-derivative financial instruments with fixed or determinable payments and fixed maturity that the Group intends and is able to hold until maturity are classified as "financial assets held to maturity". These assets are valued according to the amortised cost method, using the effective interest rate criterion, adjusted in the event of impairment. In the case of impairment losses, the same principles are applied as described above in relation to loans and receivables.

Equity investments

Equity investments in subsidiaries, jointly controlled companies, associates and other companies, not classified as held for sale, are measured at purchase cost, possibly reduced in the presence of impairment losses, converted into euro at historical exchange rates if referring to equity investments in foreign companies whose financial statements are prepared in currencies other than the euro.
The cost is reinstated in subsequent years if the reasons that gave rise to the write-downs no longer exist.
Write-downs and write-backs are recognised in the income statement.
The other assets available for sale, including equity investments in other companies that make up financial assets available for sale, are measured at fair value, if determinable, and the profits and losses deriving from the changes in the fair value are charged directly to the other components of the overall profit (loss) as long as they are sold or have suffered a loss in value; at that time, the other components of the overall profit (loss) previously recognised in equity are recognised in the income statement for the period. Other unlisted investments classified as "available-for-sale financial assets" for which the fair value cannot be reliably determined are valued at cost adjusted for reductions in value to be recorded in the consolidated income statement, in accordance with IFRS 9.

Inventories

Inventories are stated at purchase cost, determined using the weighted average cost method, or the realisable value determined on the basis of the market trend, whichever is the lower.
Obsolete and slow-moving inventories are valued in relation to their possibility of use or realisation by means of the establishment of a specific provision, recorded to directly decrease the corresponding asset item.

Contract work in progress

Contract work in progress is recognised using the work stage of completion method in relation to the job costs incurred at the end of the reporting period.

Cash and cash equivalents

The liquid funds include the petty cash, also under the form of cheques and revenue stamps, bank current accounts, demand deposits and other short-term and high liquidity financial investments, which are promptly convertible into cash and are subject to an insignificant risk of change in value.

Financial liabilities, Trade and Other payables

The financial liabilities (with the exclusion of the derivative financial instruments), the trade payables and the other payables are initially recognised at fair value, net of the directly attributable accessory costs, and are subsequently measured at amortised cost, applying the effective interest rate approach. If there is an estimable change in the expected cash flows, the value of the liabilities is recalculated to reflect this change on the basis of the current value of the new expected cash flows and the

internal rate of return initially determined. Financial liabilities are classified under current liabilities, unless the Group has an unconditional right to defer their payment for at least 12 months after the reference date.
Financial liabilities are derecognised at the time of their discharge and when the Group has transferred all the risks and the charges relating to said instrument.

Derivative financial instruments

The financial derivatives are assets and liabilities recognised at fair value. The Group uses certain derivative financial instruments to hedge the interest rate risk.
Derivative financial instruments can be recognised according to the methods established for hedge accounting only when:

- the hedging relationship consists only of eligible hedging instruments and eligible hedging items;
- the hedge must be designated as such at the beginning and there must be a formal documentation (hedging instrument, hedged element, nature of the risk hedged, methods of assessing the effectiveness);
- the hedging relationship meets the hedge effectiveness requirements, i.e.: there is an economic relationship between the hedged item and the hedging instrument, verifiable both in qualitative and quantitative terms;
- the effect of credit risk does not prevail over changes in the value of the economic relationship;
- the coverage ratio is determined.

When derivative instruments have the characteristics to be recognised in *hedge accounting*, the following accounting treatments are applied:

- if the derivatives cover the risk of changes in the fair value of the hedged assets or liabilities (fair value hedge; e.g. hedging of the variability of the fair value of fixed rate assets/liabilities), the derivatives are recognised at fair value with the allocation of effects on the income statement; consistently, the hedged assets or liabilities are adjusted to reflect the changes in fair value associated with the hedged risk;
- the derivatives cover the risk of changes in the cash flows of the hedged assets or liabilities (cash flow hedge; e.g. hedging of the variability of the cash flows of assets/liabilities due to fluctuations in interest rates), changes in fair value of derivatives are initially recognised in equity and subsequently recognised in the income statement consistently with the economic effects produced by the hedged transaction.

If hedge accounting cannot be applied, the gains or losses deriving from the fair value measurement of the derivative instrument are immediately recognised in the income statement.

Conversion of transactions Denominated in Currency other than the Reporting Currency

The transactions in currency other than the reporting currency of the entity that established the transaction are converted using the exchange rate in force on the transaction date. The exchange gains and losses generated by the closure of the transaction or by the conversion carried out at year end of the assets and liabilities in currency other than Euro are recognised in the income statement.

Own shares

The purchase cost of own shares is recognised as a reduction of shareholders' equity. The effects of any subsequent transactions on these shares are also directly recognised under shareholders' equity.

Employee Benefits

Short-term benefits are represented by wages, salaries, related social security charges, indemnities replacing holiday entitlement and incentives paid under the form of bonuses payable in the twelve months as from the end of the reporting period. These benefits are recognised as components of the personnel costs in the period in which the working activities were provided.
The benefits subsequent to the termination of the employment relationship are divided into two types: plans with defined contribution and plans with defined benefits.

- In the defined contribution plans, the contribution charges are booked to the income statement when they are incurred, on the basis of the related nominal value.
- In the defined benefit plans, which also include the employee severance indemnity in accordance with Article 2120 of the Italian Civil Code ("TFR"), the amount of the benefit to be disbursed to the employee is quantifiable only after the termination of the employment relationship, and is linked to one or more factors such as age, length of service and remuneration; therefore, the related liability is booked to the pertinent statement of comprehensive income on the basis of an actuarial calculation.

The liability recognised in the financial statements for the defined benefit plans corresponds to the current value of the obligation at the end of the reporting period. The obligations for the defined benefit plans are determined annually by an independent actuary using the projected unit credit method. The current value of the defined benefits plan is determined by discounting the future cash flows back to an interest rate equal to that of the bonds (high-quality corporate) issued in Euro and which takes into account the duration of the related pension plan.
As from 1 January 2007, the 2007 finance act and the related implementing decrees introduced significant changes to the discipline of the TFR, including the choice of the workers with regard to assignment of their accrued TFR. In detail, the new TFR flows can be assigned by the worker to pension schemes chosen beforehand or maintained in-house. In the event of assignment to external pension schemes, the company is required only to pay over a defined contribution to the chosen fund, and as from that date the newly accrued portions are defined contribution plans in nature not subject to actuarial valuation.
Further to the adoption, as from 1 January 2013, of the revised version of IAS 19 (Employee benefits), the recognition of the changes in the actuarial gains/losses is recorded among the other components of the consolidated statement of comprehensive income.

Provisions for risks and charges

Provisions for risks and charges are provided to cover known or likely losses or liabilities, the timing and extent of which however could not be determined at the end of the reporting period. Recognition takes place only when a current obligation exists (legal or implicit) for a future outgoing of economic resources as the result of past events and it is probable that said outgoing is required to fulfil an obligation. This amount represents the best discounted estimate of the expense required to discharge the obligation. When the financial effect of time is significant and the payment dates of the obligations can be reliably estimated, the provisions are measured at the current value of the outlay envisaged using a rate which reflects the market conditions, the change in the cost of money over time and the specific risk linked to the obligation. The increase in the value of the provisions, determined by changes in the cost of money over time, is recorded as interest expense.

Contributions

The grants and contributions obtained for investments in plant, both from public bodies and private third parties, are recognised at fair value when there is the reasonable certainty that they will be received and the envisaged conditions will be observed.
The water connection contributions are recognised under other non-current liabilities and released to the income statement over the duration of the investments to which they refer, if linked to an investment, and recognised in full as income if linked to pertinent costs.
Operating grants (granted for the purpose of providing immediate financial aid to the company or as compensation for the costs and the losses incurred in a previous accounting period) are recognised in full in the income statement at the time the recognition conditions are satisfied.
Note that as from the 2020 financial year, the special component of the annual water service tariff called "FoNi" (which must be earmarked for investments), is treated in accounting terms as a grant related to assets. Essentially, FoNI is deducted from the cost of individual assets entering service from year to year, in the same way as public grants related to assets).
Previously (until 2019), it was included in the income for the year.
It should be noted that the portion acknowledged to the Group for the area of the Metropolitan City of Milan alone by way of FoNI amounted to € 5,694,643 for 2024.

Operating Assets and Liabilities Classified by Sale

There are none as at 31 December 2024.

Revenue recognition

The revenues are initially recognised at the fair value of the amount received net of any decreases and discounts.
The revenues relating to the sale of goods are recognised when the Group has transferred the significant risks and the benefits associated with ownership of the goods to the purchaser. Revenues from the provision of services are recognised with reference to the value of the service provided at the end of the reporting period. Reference should also be made to the previous paragraph "Trade receivables and other current and non-current receivables".
In accordance with the matters envisaged by the IFRS, the payments collected on behalf of third parties, as in the agency dealings that do not lead to an increase in the shareholders' equity of the Group, are excluded from the revenues that are by contrast exclusively represented by the premium accrued on the transaction, if envisaged.

Costs for the purchase of goods and provision of services

The costs for the purchase of goods and provision of services are recognised in the income statement according to the accruals principle.

Taxes

Deferred tax assets and liabilities are calculated for all the differences that emerge between the tax-related value of an asset or liability and the related book value. Deferred tax assets, with regard to the portion not offset by the deferred tax liabilities, are recognised to the extent that it will be probable that future taxable income is available against which they can be recovered. Deferred tax assets and liabilities are determined using the tax rates that are expected to be applicable in the period in which the differences will be realised or discharged, on the basis of the tax rates in force or essentially in force at the end of the reporting period.
Current taxes, deferred tax assets and liabilities are recognised in the income statement, with the exception of those relating to items directly charged against or credited to shareholders' equity in which case the related tax effect is recognised directly under shareholders' equity.
The taxes are offset when they are applied by the same tax authorities and there is a legal right to offset.

2.4 Recently issued accounting standards

The accounting standards and amendments issued by the IASB (International Accounting Standards Board) are shown in the following tables:

TABLE N° 131 – New documents issued by IASB and approved by the EU to be adopted mandatorily starting from the financial statements of the financial years as from 1 January 2024

Document title	Issue Date	Effective date	Date of approval	EU Regulations and publication date
Lease liabilities in a sale and leaseback transaction (Amendments to IFRS 16)	September 2022	1 January 2024	20-nov-23	"(EU) 2023/2579 21 November 2023"
"Classification of liabilities as current and non-current (Amendments to	gennaio 2020 – ottobre 2022	1° gennaio 2024	19 dicembre 2023	(UE) 2023/2822 20 dicembre 2023
IAS 1) and Non-current liabilities with clauses (Amendments to IAS 1)"	January 2020 - October 2022	1 January 2024	19 December 2023	"(EU) 2023/2822 20 December 2023"
Supplier finance arrangements (Amendments to IAS 7 and IFRS 7)	May 2023	1 January 2024	15 May 2024	"(EU) 2024/1317 16 May 2024"

Documents approved by the EU as at 30 November 2024

TABLE N° 132 – New IFRS accounting standards or amendments to IFRS accounting standards applicable to financial statements for financial years beginning after 1 January 2024

Document title	Issue Date	Effective date	Date of approval	EU Regulations and publication date
Lack of exchangeability (Amendments to IAS 21)	August 2023	1 January 2025	12 November 2024	"(EU) 2024/2862 13 November 2024"

It should be noted that these documents will be applicable only after the approval by the EU.

TABLE N° 133 – Documents STILL to be approved by the EU as at 30 November 2024

Document title	Date of issue by IASB	Effective date of the IASB document	Date of expected approval by the EU
IFRS 14 Regulatory Deferral Accounts	January 2014	1 January 2016	Approval process suspended pending the new accounting standard on "rate-regulated activities"
IFRS 18 Presentation and disclosure in financial statements	April 2024	1 January 2027	TBD
IFRS 19 Subsidiaries without public accountability: disclosures	May 2024	1 January 2027	TBD
Amendments to IFRS accounting standards			
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment to IFRS 10 and IAS 28)	september 2014	Postponed until completion of the IASB project on the equity method	Approval process suspended pending the conclusion of the IASB project on the equity method
Amendments to the classification and measurement of financial instruments (Amendments to IFRS 9 and IFRS 7)	May 2024	1 January 2026	TBD
Annual improvements - Volume 11	July 2024	1 January 2026	TBD

Note: TBD means that the approval date is uncertain and has yet to be determined.

3. Financial risk management

As part of the carrying-out of its activities, the Group is exposed to certain financial risks such as the interest rate risk, the liquidity risk and the credit/counterparty risk.
The financial risks to which the Group is exposed and the formalities by means of which they are managed are listed in greater details below.

(a) Interest Rate Risk

The portion of financial indebtedness that has a floating rate is however somewhat contained. As at 31 December 2024, it totalled € 3,569,308, equal to around 1% of the total indebtedness outstanding as at 31 December 2024. On the same date, part of this indebtedness, € 692,308 at a floating rate, was accompanied by a non-speculative purely hedging interest rate swap agreement.
With reference to the residual interest rate risk, the Group prepared a sensitivity analysis to determine the impact on the income statement (result before taxes) that would result from a hypothetical positive/negative change in interest rates compared to those actually recorded in each period.

The following table shows the results of the analysis carried out.

TABLE N° 134 – Interest rate swap - Sensitivity analysis

In euro	Case A)	Case B)
Sensitivity analysis	-200 basis points	+200 basis points
Financial year ended 31/12/2024	66,313	(66,313)

The objective of the Group is to limit its exposure to the increases in the interest rates keeping the loan costs acceptable. The risks related to the increase in the interest rates are monitored as non-speculative.
There is no guarantee that the hedging policy adopted by the Group, intended to reduce to a minimum the losses associated with fluctuations in the interest rates in the event of floating rate indebtedness transforming them into fixed rate borrowing, will have the effect of reducing any of these losses. If the above does not take place on an absolutely remote basis, negative effects could come about on the activities of the Group, on the financial situation and on the results of the operations.

(b) Liquidity risk

The liquidity risk represents the risk that, due to the inability to procure new funds or liquidate assets on the market, the Group is unable to meet its payment commitments, causing an impact on the economic result in the event that it is forced to incur additional costs to meet its commitments or a situation of insolvency.
The objective of the Group is the maintenance over time of a balanced management of its financial exposure, aimed at ensuring a liability structure balanced with the composition of the financial statement assets and capable of ensuring the necessary operating flexibility by means of the use of the liquidity generated by the current operating activities and the recourse to bank loans.
As at 31 December 2024, deposits with banks satisfy the liquidity requirements.
The ability to generate liquidity from the core operations, together with the borrowing capacity, permits the Group to adequately satisfy its operating requirements, those for financing the working capital and investment needs, as well as the observance of its financial obligations.
The company policy with regard to the financial risk is aimed at guaranteeing a balance between average maturity of the loans, flexibility and diversification of the sources.
With regard to the diversification of the sources, the Group chose in 2017 to resort to the issue of a Bond so as to increase the transparency on the credit worthiness of the Group, enter a market in which international investors usually operate, also admitting the Bond to listing with the Irish Stock Exchange, which represents the reference point for the European bond market. This decision was further confirmed in 2023 with the issue and listing on the Irish Stock Exchange of a further Bond of € 105 million, as described below.
These measures might not be sufficient for completely eliminating the liquidity risk: the ability of the Group to obtain new sources of funding may be influenced by contractual clauses of existing loans (for example: negative pledge clauses aimed at limiting the guarantees in favour of other lenders).
In accordance with IFRS 7 and with reference to the liquidity risk, the maturity analysis of the financial liabilities is presented below. The following table contains indication of the exposure of the Group to the liquidity risk and an analysis of the maturities based on the contractual repayment obligations not discounted back. The flows are included in the first timing range in which they might occur.

TABLE N° 135 – Payables to Banks and Bonds: amount disbursed and repayable

Loans	Amount disbursed	Repayable within 12 months	Repayable between 12 months and 5 years	Repayable beyond 5 years	Total repayable beyond 12 months	Total residual principal as at 31/12/2024
Payables to Banks and Bonds	384,764,522	21,266,516	89,354,849	142,477,494	231,832,343	253,098 859

The Group takes steps to hedge the liquidity risk also by means of taking out a number of short-term credit facilities care of other banks.
The facilities for liquidity amount as at 31 December 2024 to € 17,550,000 and none have yet been used.

(c) Credit risk

The credit risk represents the Group's exposure to potential losses that may arise if a commercial or financial counterparty does not meet their obligations.
The main credit risks for the Group derive from the trade receivables from the supply of the integrated water service, collected by the Group or by other companies (Operators of other ATOs, where the Group is the "wholesale operator").
The Group tries to deal with this risk adopting policies and procedures that regulate the monitoring of the expected funding flows, the granting of extended credit terms and if necessary the implementation of suitable recovery measures, both with regard to the users directly managed and with regard to the operators for which it is the Wholesaler.
Notwithstanding the foregoing, a general increase in default rates could have a substantial negative effect on the Group's business, financial situation and results of operations as well as on the Group's ability to fulfil its payment obligations.
Trade receivables are recognised in the financial statements net of the write-down calculated on the basis of the counterparty default risk, determined by considering the information available on the customer's solvency and considering historical data. The positions, if individually significant, for which there is an objective condition of partial or total recoverability are subject to individual write-down.

(d) Price risk

The Group mainly operates in a regulated market (integrated water service). The trend of the prices for the services provided (tariff) is therefore linked to the tariff regulation (by the EGA and by the national sector Authority ARERA). In this sense, the risk of change in the prices of the services provided by the Group is mitigated by the tariff regulation that leads to a correlation, even if indirect and partial, between its purchase prices and its sales prices.
Despite the above, a general increase in the prices of the production factors used by the Group could have a negative economic effect on the results of the Group's operations.
Accordingly, the Group constantly monitors the main markets on which it carries out its procurement for its production input, also resorting to competitive comparison procedures for the related procurements, what is more in accordance with Italian Legislative Decree No. 36/2023.

4. Going concern

The financial statements of the Cap Group as at 31 December 2024 have been prepared under the assumption that the business is a going concern. Reference should be made to paragraph 2.3 above, noting that the Group is deemed to continue to have the capacity to constitute a functioning economic complex for the production of income.

5. Estimates and assumptions

The drawing up of these consolidated financial statements requires the directors to apply the accounting standards and methods that, under certain circumstances, lie on difficult and subjective valuations and estimates based on past experience and assumptions that are from time to time considered reasonable and realistic in relation to the related circumstances. The application of these estimates and assumptions influences the amounts indicated in the financial statement formats as well as the disclosure provided. The final results of the financial statement items for which the afore-mentioned estimates and assumptions have been used could differ from those indicated in the financial statements that reveal the effects of the occurrence of the event subject to estimation, due to the uncertainty which characterises the assumptions and the conditions on which the estimates are based.
The areas that require more than others a greater subjectivity by the directors when drawing up the estimates and for which a change in the conditions underlying the assumptions used could have a significant impact on the financial data, are briefly described below.

(a) Amortisation and depreciation of intangible and tangible assets

The cost of the tangible and intangible assets is depreciated/amortised on a straight-line basis over the estimated useful life of each asset. The economic useful life of the tangible and intangible assets is determined at the time when they are acquired and is based on past experience for similar assets, market conditions and advances with regard to future events that could have an impact, including changes in technology. Therefore, the effective economic life may differ from the estimated useful life. The Group annually assesses the technological and sector changes, any changes in the contractual conditions and current legislation linked to the use of the tangible and intangible assets and the recoverable value so as to update the residual useful life. The result of this analysis may change the amortisation/depreciation period and therefore also the amortisation/depreciation charge for the year and future ones.

(b) Residual value at the end of the Concession

The Group will receive an indemnity at the end of the Concession for an amount parameterised to the residual regulatory value of the work and the assets realised during the concession period. This value, determined according to the rules defined by ARERA (Italian Regulatory Authority for Energy, Networks and Environment, formerly AEEGSI), is based on factors and estimates that may vary over time, and that may involve a change to this amount.

(c) Write-down/Write-back of fixed assets

Non-current assets are subject to monitoring for the purpose of ascertaining an impairment that, in the presence of indicators that foresee difficulties in terms of recovery, is recognised via a write-down of the related net book value. Verification of the existence of the above-mentioned indicators requires subjective assessments based on the information available within the Group and on the market, as well as past experience. Furthermore, when it is deemed that a potential impairment has been generated, steps are taken to determine it using suitable assessment techniques. The correct identification of the elements indicating the existence of potential impairment, as well as the estimates for its determination depend on factors that may vary over time, reflecting in the assessments and estimates made. Similar considerations in terms of existence of indicators and use of the estimates in the application of the assessment techniques can be found in the assessments to be made with reference to any reinstatement of the write-downs made in previous periods.

(d) Deferred tax assets

The recognition of deferred tax assets is carried out on the basis of the income expectations in future periods. The measurement of the expected income for the purposes of the recognition of deferred tax assets depends on factors that may vary over time and leads to significant effects on the measurement of this financial statement item.

(e) Provisions for risks and charges

The Group records the probable liabilities attributable to disputes with staff, suppliers, third parties and, in general the liabilities deriving from obligations undertaken in the provisions for risks and charges. The determination of these provisions leads to the undertaking of estimates based on the current awareness of the factors that may change over time, thus being able to generate final outcomes also significantly different to those taken into account when drafting the financial statements.

(f) Bad debt provision

The bad debt provision reflects the estimates relating to the losses on the receivables portfolio. The provisions for the expected losses express the estimate of the credit risk that arises from past experience for similar receivables, from the analysis of the past due amounts (current and past) of the losses and the collections, and finally from the monitoring of the performance of the current and forecast economic conditions of the reference markets.

(g) Measurement of derivative financial instruments

The determination of the fair value of unlisted financial assets, such as the derivative financial instruments, takes place by means of commonly used financial assessment techniques that require basic assumptions and estimates. These assumptions might not occur within the timescales and in the manner envisaged. Therefore, the estimates of these derivative instruments could diverge from the final figures.

Financial assets and liabilities by category

A classification of the financial assets and liabilities by category as at 31 December 2024 follows:

TABLE N° 136 – Classification of the financial assets and liabilities by category as at 31 December 2024

In €	Financial assets and liabilities at fair value with change to OCI	Loans and receivables/ payables at nominal value	Available-for-sale financial assets	Financial assets/ liabilities at amortised cost	Total as at 31/12/2024
ASSETS:					
Other non-current assets	0	25,036,779	0	9,945,492	**34,982,270**
Trade receivables	0	318,658,761	0	72,895	**318,731,656**
Cash and cash equivalents	0	84,753,415	0	0	**84,753,415**
Other current assets	0	7,755,318	0	1,551,366	**9,306,685**
LIABILITIES:					
Non-current financial liabilities	0	41,338,611	0	192,335,347	**233,673,958**
Other non-current liabilities	0	59,405,411	0	5,034,495	**64,439,907**
Trade payables	0	98,208,298	0	0	**98,208,298**
Current financial liabilities	2,401	9,196,818	0	13,897,387	**23,096,606**
Other current liabilities	0	58,407,666	0	781,366	**59,189,032**

Financial instruments

IFRS 7 and IFRS 13 require that the classification of the financial instruments measured at fair value be carried out on the basis of the quality of the sources of the inputs used in the determination of the fair value itself. In particular, IFRS 7 and IFRS 13 define 3 fair value levels:

- level 1: this level contains the classification of the financial assets/liabilities whose fair value is determined on the basis of prices listed (unchanged) on active markets, both Official and Over the Counter of identical assets or liabilities;
- level 2: this level contains the classification of the financial assets/liabilities whose fair value is determined on the basis of inputs other than the listed prices as per level 1, but which for these assets/liabilities said inputs are observable directly or indirectly on the market;
- level 3: this level contains the classification of the financial assets/liabilities whose fair value is determined on the basis of market data that cannot be observed. The category includes the instruments measured on the basis of internal estimates, carried out using proprietary methods on the basis of the sector *best practices*

The following table summarises the assets and liabilities that are measured at fair value as at 31 December 2024, on the basis of the level that reflects the inputs used to determine the fair value.

TABLE N° 137 – Assets and liabilities that are measured at fair value as at 31 December 2024

	as at 31 December 2024		
	Level 1	Level 2	Level 3
Derivative financial instruments (IRS)	0	2,401	0

The instrument refers to underlying liabilities of a financial nature that hedge against the risk of interest rate fluctuations.

6. Disclosure by operating segments

The disclosure relating to the sectors of activities has been prepared according to the provisions of IFRS 8 "Operating segments", which envisage the presentation of the disclosure on a consistent basis with the methods adopted by management for the adoption of the operational decisions. Therefore, the identification of the operating segments and the disclosure presented are defined on the basis of the internal reporting used by management for the purpose of the allocation of the resources to the various segments and for the analysis of the related performances.
An operating segment is defined by IFRS 8 as a component of an entity: i) that undertakes entrepreneurial activities generating revenues and costs (including the revenues and costs regarding transactions with other components of the same entity); ii) whose operating results are periodically reviewed at the highest operational decision-making level of the entity for the purpose of the adoption of decisions regarding the resources to be allocated to the sector and the assessment of the results; iii) in relation to which separate financial statement information is available.

Pursuant to paragraph 13 of IFRS 8, the Group assessed its operating segments on the basis of the quantitative criteria provided and determined that, with the exception of the main segment, represented by:

- Integrated Water Service (IWS): it includes the integrated water services mainly for the population of the Metropolitan City of Milan (excluding the capital);

no other operating segment achieved the required parameters for separate reporting. Therefore, additional operating segments do not need to be presented separately in the prospectuses.
The operating segments are monitored on the basis of: i) revenues; ii) EBITDA and iii) EBIT.
The "gross operating margin" (EBITDA) is calculated as the difference between operating revenues and costs before non-monetary costs relating to depreciations, write-downs (net of any write-backs) of current and non-current assets and provisions, recognised in any item.
The EBIT is defined as the net profit/loss for the year, adjusted by the following items: i) taxation and ii) financial income and expense.

7. Notes to the consolidated statement of financial position

7.1. Rights on assets under concession

The changes in the item "Rights on assets under concession" for the period from 1 January 2024 to 31 December 2024 are shown below:

TABLE N° 138 – Changes in the item "Rights on assets under concession" from 31/12/23 to 31/12/24

Rights on assets under concession	Value as at 31/12/2023	Increases	Account transfers to asset	Decreases	Account transfer/ adjustments	Contributions	Mise	FoNI	Transfer mise to asset	mise A/C	Depreciations	Impairment test write -back	Value as at 31/12/2024
Rights on assets under concession in use	768,529,447	92,799,530		(1,663)	136	(5,638,764)		(5,116,999)	0	265,717	(43,128,728)	40,765,581	848,474,257
Rights on assets under concession in progress	123,760,358	123,858,388	(101,250,380)	(603,860)	0		(3,635,354)	0	755,582	(265,717)	0		142,619,016
Total rights on assets under concession	**892,289,805**	**216,657,918**	**(101,250,380)**	**(605,524)**	**136**	**(5,638,764)**	**(3,635,354)**	**(5,116,999)**	**755,582**	**0**	**(43,128,728)**	**40,765,581**	**991,093,273**

In accordance with IFRIC 12, rights on assets under concession for € 991,093,274 as at 31 December 2024 and € 892,289,805 as at 31 December 2023 were recognised. These rights are amortised on a straight-line basis over the duration of the concession, net of the related residual value at the end of the concession, in that destined to be assigned to the assignor on conclusion of the concession.

Moreover, the item “Rights on assets under concession” is stated net of the grants related to assets amounting to € 5,638,764 accrued for 2024; it is also stated net of the FoNi tariff component, assimilated to grants related to assets, amounting to € 5,116,999 accrued for 2024. In 2024, grants for price review (identified as “MISE” in the table above) of € 3,635,354 will also be added.

The investments for 2024 amounted to € 123,858,388 and consisted mainly of “Costs for work on assets under concession” of € 117,991,891; the remaining amount of € 3,844,535 mainly consisted of staff hours capitalised on investment work orders and capitalised materials of € 1,946,360 and advances on work in progress of € 75,602.

Impairment test on rights on assets under concession

Note that, in the financial statements as at 31 December 2022, an impairment loss of € 23,481,221 was recognised on rights on assets under concession, which emerged following the periodic annual impairment test procedure according to IAS 36.

Note also that, in the financial statements as at 31 December 2023, a second impairment loss of € 19,437,004 was recognised.

These impairment losses reflected a deterioration in the expected future operating cash flows and also took into account the increase in the discount rates used in assessing the value in use of the rights on assets under concession.

In line with the requirements of the applicable accounting standards, a new impairment test was carried out on the rights on assets under concession as at 31 December 2024.

The test carried out calculated the value in use using the DCF (discounted cash flow) model. As in previous years, it used the economic and financial forecasts contained in the annual update of the company’s business plan, projected until the end of the concession and adjusted to reflect the external context, including market trends and industry regulations.

In particular, the following assumptions were used to prepare these forecasts:

- for operating expenses: this was based on the result of an analytical budget formation process for the various company departments and also taking into account the final figures available, and for the main “exogenous” cost items (e.g. electricity), future projections were made in line with the current market context and the best available sources;
- the development of tariff revenues was estimated on the basis of the tariff evolution resulting from the regulation known to date (MTI-4) and within their limits, with regard to the cost-related tariff components, taking into account their specific forecasts;
- a Terminal Value as at 2033 (€ 1,203,669,800 at 2024 currency value) is assessed on the basis of the value of the RAB (Regulatory Asset Base: i.e. the value of the investments for regulatory purposes) and the net working capital at the expiry of the concession.

The above projections are precisely the basis for the subsequent determination of the operating cash flows (taking into account only operating cash flows), consumed and/or generated during the period, of the terminal value, which, first inflated taking into account the expected inflationary trend, were then appropriately discounted at the time of valuation. The result is the current value of the net operating capital to be compared with its equivalent at “book” values.

When determining the components of the discount rate (WACC), the following parameters are assumed:

TABLE N° 139 – Impairment test on rights on assets under concession: parameters for determining the WACC

WACC calculation	Italy
Risk-free rate	3.57%
Equity market risk premium	5.50%
Beta Levered	0.87
Market Risk Premium	4.78%
Small Stock Premium	2.91%
Ke	11.26%
Gross cost of debt	3.60%
Corporate tax rate	24.00%
Tax shield	-0.86%
Kd after-tax	2.74%
D/(D+E)	59.98%
E/(D+E)	40,02%
WACC	6,15%
WACC currency	EUR

The discount rate used (WACC of 6.15% for 2024) is mainly based on market parameters that incorporate, among other things, expectations regarding future inflation.

This rate is not directly comparable with the WACCs used for 2023 (4.9%) and 2022 (3.51%), which mainly reflected regulatory parameters and were applied to future operating cash flows developed at constant (real) currency.

This resulted in a higher recoverable amount (headroom) of approximately € 47,222 thousand compared to the book value prior to the impairment test.

As confirmation of this cautious approach and further validation of it, note that this value was lower than that obtained from an additional simulation based on the same flows, held at a constant currency, and based on a WACC calculated using the method employed in 2023. This method makes predominant use of the parameters indicated by the ARERA authority in its tariff regulation resolutions, as well as considering the trend in the cost of debt. This shows a headroom of approximately € 57.8 million.

Hence the need to restore, pursuant to IAS no. 36, para. 14, the value of “rights on assets under concession” to the lower of: a) the recoverable amount; b) the carrying amount that would have been determined (net of amortisation) had no impairment loss been recognised in 2022 and 2023. The write-back as at 31 December 2024 is € 40,765,581 and corresponds to the total/partial absorption of the effects of the write-down carried out in 2022 and 2023. The write-back was booked in proportion to the book value of each asset forming part of the “assets under concession”.

7.2 Right of use

The item “Rights of use” concerns the ROU of long-term rental contracts based on the application of the accounting standard IFRS 16. The effect of the application of the above standard concerned long-term rental contracts relating to tangible fixed assets, with a special reference to vehicle and truck rentals, and real estate leases.

In 2024, the depreciation amounted to € 2,460,918.

The changes that occurred in 2024 are shown below:

TABLE N° 140 – Rights of use

In €	Value as at 31/12/2024	Increases	Decreases	Depreciations	Value as at 31/12/2024
Right of use	3,551,187	3,198,245	(211,061)	(2,460,918)	4,077,452
Total Right of use	**3,551,187**	**3,198,245**	**(211,061)**	**(2,460,918)**	**4,077,452**

During 2024, new contracts and/or renewed agreements were concluded for the continuation of the rental and/or lease of land.

It should be noted that cars were disposed of in 2024 and a depreciation of € 211 thousand was recorded.

7.3 Other intangible assets

The changes in the item “Other intangible assets” for the period from 31 December 2023 to 31 December 2024 are shown below:

TABLE N° 141 – Changes in the item Other intangible assets from 31/12/23 to 31/12/24

In €	Value as at 31/12/2024	Increases	Account transfers	Decreases	Decreases/ transfer to asset	FoNI	ZeroC consolidation	Amortisation	Value as at 31/12/2024
Other intangible assets in use	13,604,547	3,989,957		0	0	(271,634)	12,795	(7,080,892)	10,254,772
Other intangible assets in progress	413,614	8,183,095		0	(3,201,060)				5,395,649
Other intangible assets	**14,018,161**	**12,173,052**	**0**	**0**	**(3,201,060)**	**(271,634)**	**12,795**	**(7,080,892)**	**15,650,421**

The amount of € 15,650,421 net of the related FoNi component includes € 4,541,635 equal to the residual value of the amount resulting from the recognition in the financial statements of the purchase value of the business unit of Genia, which took place on 1 July 2011 (for an initial value of € 5,813,250, subsequently revised to € 5,698,014 when adjusted and subsequently increased by € 1,654,770 following the merger in 2013 of the com-

pany T.A.S.M. S.p.A. which had a similar financial statement item).
The agreement entered into between Genia S.p.A., transferor, and CAP Holding S.p.A., Amiacque S.r.l. (now CAP Evolution s.r.l.) and T.A.S.M. S.p.A., purchasers, envisaged that the ownership of the assets remains with Genia S.p.A. The purchase value has been recognised with open balances and is amortised on a straight-line basis with reference to the rates referable to the underlying asset.

7.4 Properties, plant and machinery

The tangible fixed assets as of 31 December 2024 amount to € 24,539,381, disclosing a difference with respect to the balance as of 31 December 2023 of € 2,726,443.

TABLE N° 142 – Changes in the item Other tangible assets from 31/12/23 to 31/12/24

In €	Value as at 31/12/2023	Increases	Account transfers	Decreases/ transfer to asset	Decreases	FoNI disposals	FoNI	ZEROC	Amortisation	Impairment test write-down	Value as at 31/12/2024
Other tangible assets in use	17,981,213	12,579,842	(136)	0	(828,984)	71,135	(306,010)	1,942	(4,036,080)	(11,692,846)	13,770,077
Other tangible assets in progress	9,284,612	1,484,805	0	(113)	0						10,769,304
Other tangible assets	**27,265,825**	**14,064,646**	**(136)**	**(113)**	**(828,984)**	**71,135**	**(306,010)**	**1,942**	**(4,036,080)**	**(11,692,846)**	**24,539,381**

Some residual fixed assets owned by the Group are outside the scope of the "Group's water service".
This specifically concerns the area and the related building, located in Sesto S. Giovanni, Via Manin, acquired in 2020, for the portion dedicated to accommodate a "Forsu" treatment plant (organic fraction of municipal solid waste), for a residual book value as at 31 December 2024 of € 1,170,522, plus the cost for the construction of the plant, for a value as at 31 December 2024 of € 14,393,869.
This complex is a cash-generating unit (CGU) separate from the "water service".
According to the company plans, the plant was to be leased to ZeroC S.p.A., a company owned by CAP Holding S.p.A., which would have managed the "forsu" service on behalf of the local authorities participating in its share capital (direct "in house providing" contractual assignments). The conditions for that company to receive the assignments in question ceased to exist in 2024. Since the reference market for the activities that the plant can carry out has consequently changed from in-house assignment to that of competitive procedures launched by local authorities, in application of paragraph 25 of IAS 36, an impairment test was carried out on the tangible fixed assets relating to the CGU in question.
The test carried out calculates the value in use using the DCF (discounted cash flow) model. It uses the economic and financial forecasts contained in the annual update of the company's business plan.
In particular, the following assumptions were used to prepare these forecasts:

- future annual operating expenses and revenues were based on the result of an analytical budget formation process for the various company departments, which also takes into account not only the final figures available but also some future projections for a ten-year period (2025-2034), in line with the current market context and the best available sources;
- a Terminal Value was calculated as at 31 December 2034 to summarise the cash flow projections beyond that date, using a growth rate of 2%,

The above projections are precisely the basis for the subsequent determination of the operating cash flows (taking into account only operating cash flows), consumed and/or generated during the period, of the Terminal Value, were then appropriately discounted at the time of valuation. The result is the current value of the net operating capital relating to the "waste" CGU to be compared with its equivalent at "book" values. When determining the components of the discount rate (WACC), the following parameters are assumed:

TABLE N° 143 – Impairment test on tangible fixed assets: parameters for determining the WACC

WACC calculation	Italy
Risk-free rate	3.57%
Equity market risk premium	5.50%
Beta Levered	1.19
Market Risk Premium	6.55%
Small Stock Premium	2.91%
Ke	13.03%
Gross cost of debt	3.60%
Corporate tax rate	24.00%
Tax shield	-0.86%
Kd after-tax	2.74%
D/(D+E)	41.26%
E/(D+E)	58.74%
WACC	8.78%
WACC currency	EUR

This resulted in a lower recoverable amount of € 11,692,846 compared to the book value prior to the impairment test.
This resulted in a write-down of the same amount (IAS 36, paragraph 104), which was recognised in proportion to the book value of each asset forming part of the "waste" tangible fixed assets.
A photovoltaic system owned by Cap Evolution S.r.l. is not yet ready for use. Its book value as at 31 December 2024 is € 1,347,285 and it is not included among water assets. At the end of the reporting period, there are no signs that it may have suffered an impairment.

7.5 Deferred tax assets

The breakdown of the item "Deferred tax assets" for the period from 31 December 2023 until 31 December 2024 is presented below:

TABLE N° 144 – Changes in the item Deferred tax assets from 31/12/23 to 31/12/24

Deferred tax assets	Value as at 31/12/2023	Updates	Increases	Decreases	Value as at 31/12/2024
For amortisation of goodwill	8,603	0	0	(3,456)	5,147
For bad debts exceeding the tax limit	10,602,501	0	727,513	0	11,330,014
For provisions for lawsuits pending	491,814	0	137,136	(65,275)	563,675
For provisions for amicable settlements	60,460	0	0	(56,447)	4,013
For provisions for other risks	35,510	0	20,396	0	55,906
For provision for future plant decommissioning costs	563,295	0	0	0	563,295
For provision for tank reclamation risks	1,364,956	0	305,254	0	1,670,210
For provision for wastewater treatment plant area reclamation risks	7,921,083	0	488,145	0	8,409,228
For provision for damages from sewerage percolation	2,133,012	0	154,874	(21,944)	2,265,942
For provision for environmental damages	182,160	0	11,396	(720)	192,836

TABLE N° 144 – Changes in the item Deferred tax assets from 31/12/23 to 31/12/24

Deferred tax assets	Value as at 31/12/2023	Updates	Increases	Decreases	Value as at 31/12/2024
For provision for municipal asphalt costs	70,090	0	54,764	(37,136)	87,718
For asbestos disposal expenses	2,004,000	0	120,000	0	2,124,000
For provision for expected financial hedge transactions	1,130	0	0	(665)	465
For provision for sundry charges	170,865	0	0	(84,000)	86,865
For undeducted excess amortisation/depreciation	212,595	0	0	0	212,595
Allocations for adjustments IAS 1 Jan, 2017	680,095	0	0	0	680,095
For write-down of assets under concession	10,116,677	0	0	(10,116,677)	(0)
For write-down of tangible assets	0	0	2,806,283	0	2,806,283
For tax loss that can be carried forward	3,533,105	40,378	0	(989,201)	2,584,282
For ACE that can be carried forward	475,483	(1,159)	0	(247,300)	227,024
For provision for risks on personnel costs	19,070	0	39,410	0	58,480
For restatement of ZeroC financial statements	0	0	3,560	0	3,560
TOTAL IRES (COMPANY INCOME TAX)	**40,646,503**	**39,219**	**4,868,731**	**(11,622,820)**	**33,931,632**
For connection contributions from users	0	0	0	0	0
For amortisation of goodwill	1,505	0	0	(605)	900
For provision for tank reclamation risks	238,867	0	53,420	0	292,287
For provision for wastewater treatment plant area reclamation risks	1,386,190	0	85,425	0	1,471,615
For provision for damages from sewerage percolation	373,278	0	27,103	(3,840)	396,541
For provision for municipal asphalt costs	12,265	0	9,584	(6,499)	15,350
For write-down of assets under concession	1,770,418	0	0	(1,770,418)	0
For write-down of tangible assets	0	0	491,100	0	491,100
For asbestos disposal expenses	350,700	0	21,000	0	371,700
For restatement of ZeroC financial statements	0	0	650	0	650
For undeducted excess amortisation/depreciation	37,204	0	0	0	37,204
TOTAL IRAP (REGIONAL BUSINESS TAX)	**4,170,428**	**0**	**688,282**	**(1,781,362)**	**3,077,348**
TOTAL DEFERRED TAX ASSETS	**44,816,931**	**39,219**	**5,557,013**	**(13,404,182)**	**37,008,980**
DEFERRED TAX LIABILITIES					
For default interest receivable to be collected	(523,871)	0	(692,134)	383,358	(832,647)
For tax amortisation	(22,386,439)	0	(4,807,079)	143,617	(27,049,901)
Allocations for adjustments IAS 1 Jan. 2017	(88,852)	0	0	0	(88,852)
For consolidation operations	0	0			0
For revaluation of Neutalia equity investment	(67,709)	0	(191,038)	0	(258,747)
For revaluation of Zeroc equity investment	0	0	0	0	0
For provision for expected financial hedge transactions	0	0	0	0	0
TOTAL IRES (COMPANY INCOME TAX)	**(23,066,872)**	**0**	**(5,690,251)**	**526,975**	**(28,230,148)**
TOTAL DEFERRED TAX LIABILITIES	**(23,066,872)**	**0**	**(5,690,251)**	**526,975**	**(28,230,148)**
TOTAL DEFERRED TAX ASSETS AND LIABILITIES	**21,750,059**	**39,219**	**(133,238)**	**(12,877,207)**	**8,778,832**

In accordance with IAS 12, deferred tax assets and liabilities are offset only if the entity has a legally exercisable right to offset the current tax assets with the current tax liabilities and the deferred tax assets and liabilities relate to income taxes applied by the same tax jurisdiction.

Amounts receivable as at 31 December 2024 for deferred tax assets, offset by deferred tax liabilities, amounted to € 8,778,832.
The Group envisages having future taxable income capable of absorbing the deferred tax assets recognised.

7.6 Other non-current assets

The item “Other non-current assets” as at 31 December 2024 refers to:

TABLE N° 145 – Other receivables and other non-current financial assets

	Value as at 31/12/2024	Value as at 31/12/2023	Change
Equity investments in companies	20,197,192	19,268,616	928,576
Accrued income and prepaid expenses	5,054,750	5,365,454	(310,704)
Sundry receivables	4,308,345	4,862,351	(554,006)
Tax receivables	3,176,274	2,999,436	176,838
Receivables from companies with minority investments	140,743	274,883	(134,141)
Guarantee deposits	999,920	946,675	53,244
Receivables from social security institutions	90,660	90,660	0
Financial receivables	738,163	732,277	5,886
Other non-current financial receivables	276,223	455,950	(179,727)
Total Other non-current receivables and other financial assets	**34,982,270**	**34,996,304**	**(14,034)**

The changes made in 2024 with regard to the equity investments held in Pavia Acqua S.c.a r.l., Rocca Brivio Sforza S.r.l. in liquidation, Water Alliance – Acque di Lombardia, network contract for companies with legal status, Neutalia S.r.l, are shown below:

TABLE N° 146 – Shareholdings in companies

In €	Value as at 31/12/2023	Increases/ revaluations	Decreases/write-downs	Account transfer to subsidiaries	Value as at 31/12/2024
Pavia Acque Scarl	14,392,813	50	0	0	14,392,862
Rocca Brivio Sforza Srl in liquidation	445,297	0	0	0	445,297
Water Alliance - acqua di Lombardia, network contract	67,909	0	(15,746)	0	52,163
ZeroC S.p.A	2,161,718	0	0	(2,161,718)	0
Neutalia S.r.l	2,200,879	3,105,990	0	0	5,306,870
Total equity investments	**19,268,616**	**3,106,040**	**(15,746)**	**(2,161,718)**	**20,197,192**

Note that, as at 31 December 2023, ZeroC S.p.A. was an associated company.
The stake in PAVIA Acque S.c.a.r.l., with registered office in Pavia, enrolled in the Pavia Companies’ Register under E&A Index No. 0256972, tax code and VAT no. 02234900187, with share capital of € 15,048,128 owned for € 1,519,861, equal to 10.1% as at 31 December 2024 (equal to that held as at 31 December 2023 and unchanged to date). Pursuant to Article 2359 of the Italian Civil Code, the company is not related to CAP Holding S.p.A.

It should also be noted that on 15 July 2008 CAP Holding S.p.A. carried out a first assignment to the company Pavia Acque S.c.a.r.l., assigning to it company branches related to the water networks of various municipalities located in the Pavia area, with a second conferral of water properties in 2016 for a net value of € 5,451,715.
A third contribution of € 315,078 relating to receivables of CAP Holding S.p.A. from Pavia Acque S.c.a.r.l., was made with deed dated 1 February 2018, notary public Trotta index 140.125/54.195.

The assets of Pavia Acque S.c.a.r.l., in addition to a share capital of € 1,519,861 held by CAP Holding S.p.A., include a capital reserve "registered" with reference to the same entity, amounting to € 12,872,828 as at 31 December 2023. In 2024, with reference to the option offer to purchase the shareholding in Pavia Acque s.c.a r.l. sold by the shareholder Provincial Administration of Pavia, filed on 12 March 2024 with the Register of Companies of the Province of Pavia, a share of € 50 was acquired from the Province of Pavia. The shareholding is measured using the net cost method.
CAP Holding S.p.A.'s shareholding in Water Alliance – Acque di Lombardia, a network contract registered in the Register of Companies, with legal subjectivity pursuant to Italian Law no. 33 of 9 April 2009, VAT No.: 11150310966, with registered office in Milan, is equal to 17.35% as at 31 December 2024 (€ 319,682 vs. the total fund of € 1,842,259: The value as at 31 December 2024, net of the coverage of operating expenses, is € 52,163. The shareholding is measured based on the percentage of contribution to the network's equity fund, as defined in the network contract, and takes into account the accounting results as at 31 December 2024 submitted by the network.
The shareholding in Rocca Brivio Sforza s.r.l. in liquidation (with registered office in Milan, enrolled in the Milan Companies' Register under E&A Index No. 1130781, tax code and VAT no. 07007600153, with fully paid-up share capital of € 53,100.00) derives from the merger of the company T.A.S.M. S.p.A. into CAP Holding S.p.A. in 2013. The percentage held is equal to 51.036% of the shareholders' equity of Rocca Brivio Sforza S.r.l. itself.
CAP Holding S.p.A. does not have effective control over Rocca Brivio Sforza S.r.l. in liquidation since it does not possess essential rights that assign it the power to manage the significant activities of the investee company so as to influence the related returns.
The shareholding is measured using the equity method and takes into account the last approved financial statements as at 31 December 2023.
CAP Holding S.p.A. also holds a stake in Neutalia S.r.l., in partnership with other companies.
Neutalia S.r.l., with registered office in Busto Arsizio (VA) enrolled in the Varese Companies' Register under E&A Index No. VA-383041, tax code and VAT no. 03842010120, set up in 2021, with share capital fully paid up equal to € 500,000 owned for € 165,000, equal to 33% as at 31 December 2024. The shares were acquired during 2021 due to contributions in kind and cash contributions. The remaining capital is distributed as follows: € 165,000 to AGESP S.p.A. of Busto Arsizio (VA), € 165,000 to Alto Milanese Gestioni Avanzate S.P.A. (also known as Amga S.p.A.) of Legnano (MI), € 2,500 to Aemme Linea Ambiente S.r.l. (also ALA S.r.l.) of Magenta (MI) (the latter, in turn, 72% controlled by Amga S.p.A.) and € 2,500 to ASM Magenta S.r.l. The company operates in the sector of municipal solid waste and its differentiated fractions, hazardous municipal waste, hazardous and non-hazardous special waste and all waste in general (including waste from plants connected to the integrated water service). The company Neutalia S.r.l. is under the joint control of its shareholders (essentially as a joint venture) and is recognised in the financial statements of CAP Holding S.p.A. using the Equity Method (para. 10 of IAS 28), as permitted by IAS 31, para. 38. Specifically, the book value as at 31 December 2024 was € 5,306,870, with an increase in 2024 due to contributions towards future capital increase of € 2,310,000 and the measurement at Equity of € 795,990 as at 31 December 2024.
With regard to the sub-item "Sundry receivables", these are credit portions whose collectability was estimated over 12 months in 2024, and mainly relating to:

- € 4,218,575 to the company Brianzacque S.r.l. for the sale of the business unit;

With regard to the sub-item "Financial receivables", these are mainly portions of receivables whose collectability was estimated as beyond 12 months in 2024, and relating to:

- € 80,062 mainly consisting of deposits made for € 22,498 by the merged company I.A.No.Mi. S.p.A. and for € 43,032 directly by CAP Holding S.p.A., at the Provincial Treasury Section of Milan – Servizio Cassa Depositi e Prestiti – as indemnity for various properties subject to occupation and/or expropriation for the acquisition of the areas necessary to build the plants.
- Non-interest-bearing loan to Neutalia S.r.l of € 658,101. In this regard, in November 2021, the shareholders granted Neutalia S.r.l. a total shareholder loan of € 2,030,000 (of which € 670,000 by CAP Holding S.p.A. on 8 November 2021).

With regard to the sub-item "Other non-current financial receivables" of € 276,223, these are portions of receivables whose collectability was estimated as beyond 12 months in 2024, and relating to:

- € 34,320 for receivables from Municipalities for works and services with collectability beyond 12 months;
- € 76,080 for trade receivables with collectability beyond 12 months;
- € 165,823 for advances to public bodies.

The item "Receivables from companies with minority investments" of € 140,473 is related to receivables from Pavia Acque S.c.a.r.l.
The item "Tax receivables" is related to:

- € 2,719,952 for receivables due from the state for direct taxes for the year 2007. Said receivable was registered in 2008 subsequent to a payment made by the incorporated company CAP Gestione S.p.A., for IRES (Corporate Income Tax) and IRAP (Regional Business Tax) plus interests and reduced sanctions, and for which a rebate has been requested by an application pursuant to art.38 of Presidential Decree no. 602/1973. For said receivable, a provision for risks of the same amount has been allocated;
- € 279,484 for receivables due from the state relative to the reimbursement, pursuant to art. 2, paragraph 1-quarter, of Italian Decree Law no. 201/2011, converted by Italian Law no. 214 of 22 December 2011, of IRES for non-deduction of IRAP on the costs of employees and equivalent personnel in the years 2007-2011, including interests accrued; in 2024, no payments were collected in relation to these receivables.
- € 176,838 for IRES and IRAP receivables of the consolidated company ZeroC S.p.A.

The item "Prepaid expenses" includes an amount of € 1,549,189 (as a non-current portion) recognised as a matching balance to the payable due to Cassa Depositi e Prestiti S.p.A. as guarantee commissions on the loans issued by the European Investment Bank in 2014 backed by Cassa Depositi e Prestiti itself. The current portion is recognised under item 7.11 for an amount of € 603,085.

7.7 Trade receivables

Following is the breakdown of the item "Trade receivables" as at 31 December 2024:

TABLE N° 147 – Trade receivables

	Value as at 31/12/2024	Value as at 31/12/2023	Change
Receivables from civil users	**271,316,279**	**210,432,599**	**60,883,680**
For invoices issued	177,314,059	141,771,661	35,542,398
For invoices to be issued	136,676,152	107,479,373	29,196,779
Bad debt provision	(42,673,931)	(38,818,434)	(3,855,497)
Receivables from productive users	**5,916,077**	**(380,479)**	**6,296,556**
For invoices issued	7,823,043	8,328,887	(505,844)
For invoices/Credit notes to be issued	670,505	(6,210,257)	6,880,762
Bad debt provision	(2,577,470)	(2,499,109)	(78,362)
Receivables from other operators for tariffs	**3,964,041**	**6,373,083**	**(2,409,042)**
For invoices issued	0	0	0
For invoices to be issued	3,964,041	6,373,083	(2,409,042)
Receivables from other wholesale operators	**20,354,324**	**15,691,567**	**4,662,757**
For invoices to be issued	20,354,324	15,691,567	4,662,757
Other trade receivables	**9,551,772**	**6,786,728**	**2,765,044**
For invoices issued	10,541,642	8,104,981	2,436,661
For invoices to be issued	3,560,110	4,142,169	(582,059)
Bad debt provision	(4,549,980)	(5,460,422)	910,442
Receivables due from affiliates	**196,037**	**565,154**	**(369,117)**
For invoices issued	19,369	326,931	(307,563)
For invoices to be issued	176,668	238,222	(61,554)
Receivables from subsidiaries (Rocca Brivio Sforza)	**4,886**	**0**	**4,886**
For invoices issued	4,886	0	4,886
Receivables from municipalities	**7,428,240**	**6,499,207**	**929,034**
For invoices issued	1,490,226	4,053,028	(2,562,802)
For invoices to be issued	6,013,050	2,521,215	3,491,835
Bad debt provision	(75,036)	(75,036)	0
Total	**318,731,656**	**245,967,858**	**72,763,798**

Trade receivables mainly refer to amounts set aside for invoices issued and to be issued to civil users, production users and other customers. The balance also includes the amounts set aside for invoices to be issued deriving from tariff adjustments.
The invoices to be issued for "guaranteed revenues" refer to the sums that, based on the agreements for the assignment of the water service and the "tariff" regulation of the sector Authority (ARERA) constitute regulatory financial assets accrued by the date of 31 December 2024, but which may be applied to users on consumption after that date. The value as at 31 December 2024 was € 110,557,293, compared to 31 December 2023 (€ 77,732,896), the item increased by € 32,824,397.

7.8 Inventories

The detail of the item "Inventories" is shown below.

TABLE N° 148 – Inventories

	Value as at 31/12/2024	Value as at 31/12/2023	Change	Change
Raw materials and consumables	2,491,288	2,871,298	(380,010)	-13%
Total inventories	**2,491,288**	**2,871,298**	**(380,010)**	**-13%**

The inventories item is composed of electrical and hydraulic components, electrical pumps for wells, raw materials for water purification, meters and other consumable materials held in the warehouse at 31 December 2024.

7.9 Contract work in progress

The item amounting to € 5,536,650 includes the value of the contracts for work in progress, inherent to the planning, works management and construction of works for the hydraulic repairs of the Cagnola water source, on behalf of the Lombardy regional authority.
For advances received up to 31 December 2024, see the comment on liabilities, item 7.19.
The amount as at 31 December 2024 represents the gross value of the stage of completion of said contract.

7.10 Cash and cash equivalents

Following is the breakdown of the item "Cash and Cash Equivalents":

TABLE N° 149 – Cash and cash equivalents

	Value as at 31/12/2024	Value as at 31/12/2023	Change
Bank and postal deposits	84,739,260	146,846,692	(62,107,432)
Cheques	770	0	770
Cash and equivalents on hand	13,385	13,807	(422)
Total liquid funds	**84,753,415**	**146,860,499**	**(62,107,084)**

Note that as at the date of these financial statements there are no liens, pledges and/or encumbrances on the deposits listed above.

7.11 Other current assets

Following is the detail of the item "Other current assets":

TABLE N° 150 – Other receivables and other current financial assets

	Value as at 31/12/2024	Value as at 31/12/2023	Change
VAT tax receivables	744,880	1,771,320	(1,026,440)
Receivables from companies with minority investments	5,315,075	1,711,243	3,603,832
Receivables from affiliates	330,000	330,000	0
Receivables for operating grants	121,958	302,476	(180,518)
Receivables from banks	736,481	837,765	(101,284)
Receivables from Brianzacque (disposal of business unit)	770,000	770,000	0
Other sundry receivables	1,127,242	613,545	513,697
Receivables from social security institutions	14,970	36,426	(21,455)
Receivables from employees	43,816	39,563	4,253
Accrued income and prepaid expenses	102,263	170,572	(68,309)
Total other current receivables and other financial assets	**9,306,685**	**6,582,908**	**2,723,776**

Tax receivables of € 744,880 consist of:
- € 344,302 for IRES credit to be used as compensation in the following year;
- € 16,095 for IRAP credit to be used as compensation in the following year;
- € 143,539 for VAT credit;
- € 50,015 for direct tax refund;
- € 60,128 for virtual stamp duty credits;
- € 130,800 for tax credits.

The other items are broken down below:
- Receivables from public bodies, for a sum equal to € 121,958, regarding grants related to assets and/or financing amounts to cover expenses relating to projects included in the Excerpt Plans;
- Receivables for the sale of the Brianzacque s.r.l. branch for € 770,000 related to the branch for the current portion;
- Receivables from Neutalia S.r.l. for non-interest-bearing loan of € 330,000;
- Receivables from the investee company Pavia Acque S.c.a.r.l. of € 3,566,701 related to commercial contracts and invoices to be issued of € 1,748,374;
- Receivables from banks of € 736,841 mainly refer to prepaid expenses on guarantees of € 603,805; see item 7.6 for further details;
- Receivables from social security institutions of € 14,970;
- Receivables from employees of € 43,816;
- Other sundry receivables of € 1,127,242, of which € 584,472 from CSEA (Cassa per i Servizi Energetici e Ambiente) for social bonus and € 308,869 for guarantee deposits to suppliers;

7.12 Available-for-sale assets

This item shows no change from 31 December 2023 and amounts to zero euro as at 31 December 2024.

7.13 Shareholder's equity

Share capital
The share capital (referring to the consolidating company CAP Holding S.p.A.) is made up of 571,381,786 ordinary shares with a par value of € 1 each, fully subscribed and paid-in.

Reserves
The change in the shareholders' equity reserves is shown in these financial statements.
The shareholders' equity as at 31 December 2024 also includes € 557,227 for non-controlling interests attributable to the minority shareholders of Zeroc S.p.A. (see paragraph 2.2 above).

7.14 Provisions for risks and charges

The changes in the item "Provisions for risks and charges" are shown below:

TABLE N° 151 – Provision for risks and charges

	Value as at 31/12/2023	Provision	Use/ surplus	ZeroC consolidation	Value as at 31/12/2024
Provision for risks for future losses	147,957	84,984	0	0	232,940
Provision for risks on personal INPS contributions	79,461	164,210	0	0	243,671
Provisions for lawsuits pending	2,049,228	571,399	(271,980)	0	2,348,646
Provision for amicable settlements	251,916	0	(235,196)	0	16,720
Provision for risks relating to request for 2007 tax refund	2,719,952	0	0	0	2,719,952
Provision for sundry charges	711,939	0	(350,000)	18,992	380,931
Provision for environmental damage from sewers	759,000	47,485	(3,000)	0	803,486
Provision for asphalt expenses	292,045	228,185	(154,734)	0	365,496
Provision for tank reclamation risks	5,687,316	1,271,893	0	0	6,959,209
Provision for wastewater treatment plant area reclamation risks	33,004,513	2,033,939	0	0	35,038,452
Provision for damages from sewerage percolation	8,887,549	645,310	(91,435)	0	9,441,424
Provision for expenses for asbestos disposal for water networks	8,350,000	500,000	0	0	8,850,000
Provision for future plant decommissioning	2,347,064	0	0	0	2,347,064
Total provision for risks and charges	**65,287,939**	**5,547,404**	**(1,106,345)**	**18,992**	**69,747,991**

Some notes on the most significant provisions as at 31 December 2024 are shown below:

- 2,348,646 for the provision for "lawsuits pending" refers to various cases including disputes with social security institutions, disputes concerning compensation for damages in the vicinity of an area adjacent to a wastewater treatment plant, other minor claims for damages disputes for an IMU dispute with the municipality of Pero. The provision was adjusted by € 271,980, of which € 202,974 relates to lower penalties expected in relation to a dispute with the Municipality of Pero (MI). The provision was increased by € 220,578 for the administrative appeal filed by the company relating to requests made by INPS concerning a different company classification assigned by the body after the social safety valve reform and by € 320,821 following the assessment of CAP's contractual breach for failure to connect a heavy vehicle washing plant to the sewage system.
- € 16,720 for the provision of "amicable settlements". It was formed, especially in 2010 and 2011, in compliance with article 12 of the Presidential Decree No. 207 of 5 October 2010 "Regulation for the execution and implementation of Legislative Decree No. 163 of 12 April 2006" (Procurement Code) which, following the repeal of Legislative Decree 163/2006, and with it expired for procurement contracts subsequent to April 2016. Article 12 provided for the mandatory pre-formation of an equal fund at 3% of the "economic framework" for the risks associated with "disputes relating to subjective rights deriving from the execution of public works contracts". As the works for which it was set aside close, the fund is progressively released;
- The provision for risks for future losses of € 232,940 mainly refers to the recognition of a part of the tariff by the operator of another area and various IMU disputes;
- € 35,038,452 for the risk provision for reclamation and environmental restoration intervention related to the wastewater treatment plant site, following the assessment, which will be the reasonably expected condition of the lands underlying the sections, in particular pre-treatment and anaerobic digestion at the end of their useful life, as well as the estimate of the charges necessary to eliminate the statistically occurring contaminations;
- € 9,441,424 for the provision for reclamation of sewerage percolation damage, through which it is believed that it is possible to face the probable costs of reclamation of the soil polluted by the drainage of wastewater from deteriorated sewage systems;
- € 2,347,064 for the provision for future expenses relating to the early disposal of certain plants.
- € 6,959,209 for the provision for expenses for the reclamation of floodwater culverts (environmental restoration). It was established in view of the termination of the life cycle of said tanks with consequent re-naturalisation and recovery of the areas occupied, for which it is necessary to remedy any environmental damages potentially due to percolation into the ground;
- € 8,850,000 for the provision for future removal of aqueduct networks granted to CAP Holding S.p.A., no longer in operation, which have asbestos cement among the building materials. This is essentially an estimate updated as at 31 December 2024 of the cost of future excavations and removal of approximately 12 km of pipelines, surveyed in 2018 and decided as an alternative to the risk control and management activities envisaged by Article 12 of Italian Law No. 257 of 27 March 1992. In December 2018, the company made a public commitment to this effect towards the relevant EGA;
- € 803,486 for provision for future expenses for environmental damage (environmental restoration) due to penalties for non-compliant sewerage discharges;
- € 365,496 for the provision for future expenses for "road repairs". The cost was quantified as the best estimate as at 31 December 2024 by the technicians of CAP Holding S.p.A. of the road sections for which, by the same date, the requirements that are imposed on the Manager of the IWS to intervene, in compliance with what is regulated by resolution no. 5 point 2 of the Area Office of the Metropolitan City of Milan of 25 May 2016. In summary: CAP Holding S.p.A. must repair municipal roads (when defined tolerance margins are exceeded) that have been damaged more than once by works carried out as part of the integrated water service.
- € 361,939 for the provision for sundry charges set aside for provisions for indirect taxes;
- € 2,719,952 for "provision for risks relating to claims for 2007 tax reimbursement": which includes the provision made in 2008 for the recognition of a receivable of the same amount from the Treasury, represented by taxes (IRES and IRAP) paid and considered as not due and related interest and reduced penalties, paid on 30 September 2008 by the company CAP Gestione S.p.A. (merged by CAP Evolution s.r.l. in 2008), and requests for reimbursement by claim pursuant to Article 38 of Italian Presidential Decree No. 602/1973, presented on 11 May 2009 at the Revenue Agency, and subsequent appeal to the Provincial Tax Commission of Milan, rejected with judgement No. 78/47/12. An appeal was brought against this judgement before the Regional Tax Commission that, with judgement No. 110/28/13, filed on 19 September 2013, declared the appeal inadmissible. CAP Evolution S.r.l. has therefore decided to appeal against judgement no. 110/28/13 with appeal for revocation. Against its rejection, it was decided to lodge an appeal with the Court of Cassation. The Court of Civil Cassation by order no. 250 of 28 November 2023, published on 4 January 2024, overturned with adjournment the Lombardy Regional tax Commission judgement 110/28/2013; on 26 June 2024, the appeal for judgement of reinstatement was filed electronically. The Revenue Agency – Regional Directorate of Lombardy and the Provincial Department I of Milan entered an appearance. The hearing date has not been set as yet.

There are no other liabilities, including those that may be considered "possible", that are estimated to result in losses.

7.15 Employee Benefits

The changes in the item "Employee benefits" for the period 31 December 2023 to 31 December 2024 are shown below:

TABLE N° 152 – Employee benefits

	Value as at 31/12/2023	Uses	Financial income (expense)	Actuarial gains (losses)	Other changes	ZeroC consolidation	Total changes	Value as at 31/12/2024
Employee severance indemnity	3,692,635	(163,120)	56,350	(40,143)	55,067	16,830	(75,017)	3,617,619
Total Employee Benefits	**3,692,635**	**(163,120)**	**56,350**	**(40,143)**	**55,067**	**16,830**	**(75,017)**	**3,617,619**

The provision for employee severance indemnity reflects the effects of the discounting in accordance with the requirements of IAS 19.

The economic and demographic assumptions used for actuarial valuations are broken down below:

TABLE N° 153 – Economic and demographic assumptions used for actuarial valuations of 2024

%	2024	2023
Inflation rate	2.00%	2.00%
Discount rate	3.18%	3.00%

7.16 Current and non-current financial liabilities

The breakdown of the items "Current financial liabilities" and "Non-current financial liabilities" as at 31 December 2024 and 31 December 2023 is shown below:

TABLE N° 154 – Current and non-current financial liabilities

	Value as at 31/12/2024		Value as at 31/12/2023	
	Current portion	Non-current portion	Current portion	Non-current portion
European Investment Bank loans	8,968,632	130,940,691	6,267,003	139,909,323
Cassa depositi e prestiti mortgages	0	0	0	0
Intesa San Paolo mortgages	2,585,597	6,769,031	2,454,283	9,354,628
Banca nazionale del lavoro mortgages	461,538	230,769	461,538	692,308
Current account overdrafts	0	0	0	0
Monte dei paschi di siena mortgages	150,808	634,333	151,973	777,326
Finlombarda spa loans	97,115	70,484	97,115	167,599
Banca Popolare di Milano	484,616	1,607,243	461,173	2,091,859
Payable to Cassa Depositi e Prestiti as guarantee on EIB loan	603,805	1,549,188	705,088	2,152,993
2017 bond ISIN: IT1656754873	0	0	5,704,603	0
2023 bond ISIN: XS2726850881	7,450,101	89,644,754	7,432,762	97,094,855
Payables to banks for derivatives	2,401	0	5,836	0
Payables to banks portion of interest and mortgages	393,463	0	492,271	0
Financial payables rights of use	1,898,530	2,227,463	1,546,608	1,976,926
CSEA financial advance	0	0	4,982,833	0
Current and non-current financial liabilities	**23,096,606**	**233,673,957**	**30,763,086**	**254,217,816**

The information on bank mortgage loans, short-term loans, EIB loans and bond issues are summarised in the following table:

TABLE N° 155 – Information on bank mortgage loans, short-term loans, EIB loans and bond issues

in €	Maturity	Total	Due within one year	Due in 2 to 5 years	Due over 5 years
Banca Intesa Opi 2006	2026	2,967,748	1,448,081	1,519,667	0
EIB (I tranche)	2029	8,428,231	1,652,020	6,776,211	0
EIB (II tranche)	2030	5,167,451	913,967	3,769,278	484,206
EIB (III tranche)	2030	6,668,107	1,090,602	4,445,196	1,132,309
EIB (IV tranche)	2031	7,185,027	1,087,500	4,414,857	1,682,670
EIB (V tranche)	2032	12,508,228	1,608,484	6,614,646	4,285,098
EIB BIS (I tranche)	2040	49,966,872	1,336,198	11,430,507	37,200,167
EIB BIS (II tranche)	2040	49,985,407	1,279,861	11,138,556	37,566,990
Payables to Cassa DDPP for EIB Guarantee	2032	2,152,993	603,805	1,404,211	144,978
2023 Bond issue	2037	97,094,855	7,450,101	29,818,929	59,825,825
Payables to banks interest on mortgages and loans	n/a	393,463	393,463	0	0
Banca Intesa Ex Tasm	2029	6,386,880	1,137,516	5,249,364	0
BNL (IDRA merger)	2026	692,308	461,538	230,769	0
Finlombarda	2026	79,892	53,262	26,631	0
Finlombarda	2026	87,707	43,853	43,853	0
Due to banks/Derivatives	2026	2,401	2,401	0	0
Banco BPM (former Banca di Legnano) former Amiacque mortgage	2028	2,091,859	484,616	1,607,242	0
Monte dei Paschi di Siena former Amiacque mortgage	2029	785,141	150,808	634,334	0
Total loans		**252,644,571**	**21,198,076**	**89,124,251**	**142,322,245**

Bank mortgage loans

It should be noted that payables to banks also include the residual debt as capital (based on loan agreement no. 202135 signed on 29 May 2006 between CAP Holding spa and Banca OPI – now Intesa Sanpaolo) for portions of the loan transferred:

- by contribution of business unit pursuant to Article 2560 of the Italian Civil Code, in Pavia Acque S.c.a.r.l. (deed of 23 December 2016) for which it has not yet been possible to make innovations, due to a residual debt as at 31 December 2024 of a nominal amount of € 274,883, and the recognition of the residual receivable from Pavia Acque S.r.l. for the same amount at the nominal value as at 31 December 2024, of which € 134,141 among current financial assets (item 7.11) and € 140,743 among non-current financial assets (item 7.6);
- by partial demerger to Patrimoniale Idrica Lodigiana s.r.l. (deed of 28 May 2014) for a residual nominal value of € 68,572, not yet innovated, and the recognition as an asset of the receivable from Patrimoniale Idrica Lodigiana for € 86,768 (the company P.I.L. S.r.l. with deed of 14 December 2015 vol. 94891 collection No. 24276 Notary Public Mattea of Lodi was merged into the S.A.L. Società Acqua Lodigiana, S.r.l), of which € 51,659 under current financial assets (Item 7.11) and € 35,110 under non-current financial assets (Item 7.6);
- for the sale of a business unit to the company BrianzAcque S.r.l. for residual nominal value of € 148,592, not yet innovated, and the recognition as an asset of the receivable from BrianzAcque S.r.l. for the same amount as at 31 December 2024. The receivable is of recognised for € 72,512 under current financial assets (Item 7.11) and € 76,081 under non-current financial assets (Item 7.6).

As at 31 December 2024, there are also the following additional bank mortgage loans:

- € 2,091,859 as the residual value of the loan taken out in 2013 with Banco BPM to finance the purchase of the Legnano office, the construction of the new Magenta office and other structural works on the buildings that were owned by CAP Evolution S.r.l.;
- € 785,141 as the residual value of the loan taken out with Monte dei Paschi di Siena, plus the amount of € 2,928 as the recognition of payable for interest on the loan, included in the same item. It was acquired in 2013, with the business unit of AMAGA together with the Abbiategrasso headquarters, which was purchased with the loan in question. A voluntary mortgage is registered as security for the loan on the Abbiategrasso building;
- € 6,386,880 as the residual value of a loan from Banca Infrastrutture Innovazione e Sviluppo S.p.A., which has now become Intesa San Paolo S.p.A., taken out on 14 October 2010 by the company T.A.S.M. S.p.A. (later merged into CAP Holding S.p.A. by merger deed dated 22 May 2013, volume No. 23262, file No. 10176, Notary Public Ferrelli of Milan), originally for € 16,000,000, with repayments from 1 January 2013 until 30 November 2029.

Payable to Cassa Depositi e Prestiti as guarantee on EIB loan

The item, amounting to € 2,152,993 as at 31 December 2024 (of which € 603,805 current portion and € 1,549,189 non-current portion), is related to the total charge linked to the guarantee commissions due to the Guarantor bank, calculated in proportion to the actual drawdowns on the guaranteed EIB loan, paid periodically until the guaranteed loan expires.
This payable is recognised as a balancing entry to the item Other Current and Non-current Assets (see Notes 7.6 and 7.11) which follows the allocation to the income statement on an accrual basis.

EIB loans

It refers to two facilities granted by the European Investment Bank (EIB), the first in 2014 and the second in 2022. With regard to the amount due, granted in 2014 for a maximum amount of € 70,000,000, the following disbursements were made:

- in May 2015, an initial disbursement of € 18,000,000 to be repaid in constant six-monthly instalments (at a fixed rate) from June 2019 until December 2029;
- in November 2015, a second disbursement of Euro 10,000,000 to be repaid in constant six-monthly instalments (at a fixed rate) from December 2019 until June 2030;
- in May 2016, a third disbursement of € 12,000,000 to be repaid in constant six-monthly instalments (at a fixed rate) from June 2020 to December 2030;
- in July 2016, a fourth disbursement of € 12,000,000 to be repaid in constant six-monthly instalments (at a fixed rate) from December 2020 to June 2031;
- in July 2017, a fifth disbursement of € 18,000,000 to be repaid in constant six-monthly instalments (at a fixed rate) from December 2021 to June 2032.
- On 11 April 2022, a further loan was signed with the BEI ("CAP WATER INVESTMENT GREEN LOAN"), for a maximum amount of € 100,000,000.
- The following disbursements were made:
- in July 2022, the first disbursement of € 50,000,000 to be repaid in constant six-monthly instalments (at a fixed rate) from December 2025 to June 2040;
- in November 2022, a second (and last) disbursement of € 50,000,000 to be repaid in constant six-monthly instalments (at a fixed rate) from December 2025 to June 2040.

As at 31 December 2024, the total amount due to the EIB amounted to a nominal of € 139,957,045 (at amortised cost, it amounted to Euro 139,909,323).
The costs incurred by the Company to obtain the loan by way of processing fees were initially recognised as a reduction of the financial liability and will be subsequently recorded in the income statement under the amortised cost method, in accordance with the provisions of IFRS 9.

Bonds

The item refers to:

- - 97,094,855 for the non-convertible Sustainability-Linked bond (ISIN code No. XS2726850881), for an original nominal € 105,000,000 admitted for listing and trading on the regulated market of the Euronext Dublin on 5 December 2023. The loan was fully taken out by Pricoa Private Capital, a company of the US group PGIM, INC. The 14-year bonds (last maturity December 2037) bear interest payable on a half-yearly basis at a fixed rate of 5.10%. The capital is repaid according to a redemption plan at constant principal (first due date in December 2024), without prejudice to the cases of early repayment governed by the regulation of the Bonds. The interest pertaining to the year 2024 of € 355,179 due within the next financial year was entered among the financial liabilities. The principal due within the following year is equal to € 7,450,101; the principal beyond the following year amounts to € 89,644,754; the portion due beyond 5 years is equal to € 59,825,825. This is the first issue under the Shelf Sustainability Linked Programme, which allows for the possible further issuance, in one or more tranches, of bonds up to a total maximum principal amount of € 250 million until 30 June 2026, agreed between CAP Holding S.p.A and the US investor. The portion of charges incurred related to the issuance and listing of the bond issued was recognised as a reduction of financial liabilities and will subsequently be recognised in the income statement using the amortised cost method in accordance with IFRS 9. The Company has incurred multi-year charges and the portion to be deferred to the future has been recognised as a financial asset (of which the non-current portion is € 109,033 and the current portion is € 109,033).

The IAS derivative fair value

Reference is made to paragraph 5, point "derivative financial instruments". As at 31 December 2024, the value of the derivatives amounted to € 2,401, as shown in the table below:

TABLE N° 156 – Interest rate swap - contract details

type of derivative contract	interest rate swap with BNL
contract date	16/05/11
purpose	rate hedging
contract number	5963433
settlement date	16/05/26
book value 31/12/2024	2,401
hedged asset/liability	BNL loan (former Idra Patrimonio)
Type of derivative contract	interest rate swap with BNL

Accessory charges on loans

The charges incurred by the Group to obtain bank loans were initially recognised as a reduction of financial liabilities and subsequently recognised in the income statement using the amortised cost method, in accordance with IFRS 9.
It should be noted that following the application of IFRS 16, financial payables were recorded in 2024.
Details of current and non-current financial payables relating to the application of the accounting standard IFRS 16 are set out below.

TABLE N° 157 – Changes in IFRS 16 lease liability from 31/12/23 to 31/12/24

in euro IFRS 16 lease liability	Value as at 31/12/2023	Increases	Decreases	Value as at 31/12/2024	Due within the financial year	Due beyond the financial year
Long-term rentals of cars/trucks	3,117,403	3,174,090	(2,546,745)	3,744,748	1,816,487	1,928,259
Property leases	406,130	24,897	(49,783)	381,244	82,042	299,204
Total	**3,523,533**	**3,198,987**	**(2,596,528)**	**4,125,992**	**1,898,530**	**2,227,463**

7.17 Other payables and non-current liabilities

Following is the detail of the item “Other payables and non-current liabilities”.

TABLE N° 158 – Other payables and non-current liabilities

	Value as at 31/12/2024	Value as at 31/12/2023	Change
Payables for ert.nert connection contributions and other third party financed projects	6,675,685	5,733,096	942,589
Payables for aqueduct connection contributions	1,734,910	1,050,202	684,708
Payables for sewer connection contributions	802,083	461,855	340,228
Payables for RRP contributions	696,587	0	696,587
Payables for ATO/Regional contributions on work in progress	3,306,971	1,028,107	2,278,864
Total non-current liabilities for contributions	**13,216,236**	**8,273,259**	**4,942,977**
Payables to others			
Accrued expenses and deferred income	16,104,935	14,563,278	1,541,657
Loans taken over	9,175,160	11,302,062	(2,126,901)
Guarantee deposits from users and customers	25,169,551	25,094,805	74,746
Other non-current payables	774,025	906,389	(132,364)
Total non-current liabilities to others	**51,223,671**	**51,866,533**	**(642,863)**
Total other non-current payables and liabilities	**64,439,907**	**60,139,792**	**4,300,114**

Another significant sub-item is represented by amounts due to users and customers for the utility guarantee deposits of the integrated water services of € 25,169,551.
€ 16,104,935 refers to deferred income for contributions/connections, and includes the portion of contributions received from users for the completion of aqueduct and sewer connections that will be posted under the revenues in periods after 31 December 2024 in connection with the depreciation of the related assets.
In conclusion, with regard to the loans undertaken, € 9.175.160, this involves the portions due beyond 12 months, for:
- € 8,813,964 for residual debt to the ATO for “take over” corresponding to the loan taken out by the Province of Milan from Cassa Depositi e Prestiti, Ref. No. 4492128/00, required for financing decree No. 3/2009 of the ATO Authority of the Province of Milan, that CAP Holding S.p.A. took over in 2013.
- € 361,196 for other mortgages and/or financial loans taken over, transactions that mainly took place further to the contributions in kind in CAP Holding S.p.A. (or its assignors, by CAP Gestione S.p.A. to CAP Impianti S.p.A., to its merged companies in 2013) of the assets of the water service by EELLs, now shareholders. The portion due beyond five years amounted to € 115,274
The portions of these payables for the assumption of loans due within 12 months are shown under “other current liabilities”.
The short-term portions of loan assumptions represent the sums due within 12 months of the loans taken over of € 2,126,901, the latter already commented on in greater detail in the item “current and non-current payables to banks and other lenders”, section 7.16.

7.18 Trade payables

This item includes payables relating to the normal performance of commercial activities by the Group, relating to the supply of goods, fixed assets and services of € 98,208,298. As at 31 December 2024, there were no payables in the financial statements with a residual duration of more than five years.

7.19 Other current liabilities

Following is a breakdown of the item “Other current liabilities”.

TABLE N° 159 – Other current payables and liabilities

	Value as at 31/12/2024	Value as at 31/12/2023	Change
Payables to municipalities for services and other	665,376	627,421	37,956
Payables to municipalities for invoices to be received	1,050,097	1,050,097	0
Payables to municipalities for services and other	**1,715,473**	**1,677,518**	**37,956**
Payables to local authorities for tariff quotas	92,935	144,047	(51,112)
Payables to companies and consortiums for tariff quotas	2,569,167	3,010,319	(441,152)
Payables to consortium villoresi for reclamation grants	2,703,731	2,898,191	(194,460)
Payables to EGA for tariff quotas transitional law	787,194	787,194	0
Payables to others for tariff quotas	**6,153,027**	**6,839,752**	**(686,725)**
Payables to Shareholders	0	1,234,000	(1,234,000)
Payables to Shareholders	**0**	**1,234,000**	**(1,234,000)**
Advances	3,274,772	4,933,756	(1,658,984)
Other payables to users and customers	3,075,247	1,589,097	1,486,150
Advances from users	5,391,153	2,450,118	2,941,035
Advances from municipalities for services and other	193,571	193,571	0
Advances on ato Mi/Lombardy region contract contributions	8,623,368	8,623,368	0
Other payables to employees	5,131,461	4,924,066	207,395
Loans taken over	2,126,901	2,461,126	(334,225)
Tax payables	19,562,878	2,156,367	17,406,511
Payables to social security institutions	3,686,893	3,687,517	(624)
Other liabilities	254,288	465,370	(211,082)
Payables to others	**51,320,532**	**31,484,355**	**19,836,177**
Total Other current liabilities	**59,189,032**	**41,235,624**	**17,953,408**

With regard to comments on the sub-items “for tariff portions”, reference is made to the matters already indicated in section 7.17 where the portions due beyond 12 months of said liabilities are indicated.
Advances amount to € 8,816,939 as at 31 December 2024 and mainly regard advance payments for work in progress commissioned by public bodies (€ 193,571) and the Lombardy Regional and Area Office of the Metropolitan City of Milan (€ 8,623,368).
It should be noted that part of this amount of € 8,528,005 refers to the long-term work order “arrangement of the Cagnola Fontanile”. Since these are advance payments, the value of work in progress on order has not been deducted from the total amount of advances.
The item “ST loans taken over” includes the short-term portions of loan assumptions due within 12 months of € 2,126,901, already commented on in greater detail in the item “other non-current liabilities”, section 7.16.
Tax payables mainly refer to the VAT payable on the fourth quarter balance of 2024 paid in 2025 of € 2,740,466, € 13,339,068 for IRES payable, € 2,122,562 for IRAP payable for the year and employees’ and professionals’ IRPEF withholdings of € 1,360,782.

7.20 Liabilities available for sale

As at 31 December 2024, no liabilities held for sale are recognised.

8. Notes to the consolidated statement of comprehensive income

8.1 Revenues

As at 31 December 2024, revenues amounted to € 321,291,411.
The revenues achieved in relation to sales and services carried out during the year 2024, broken down as follows;

The Revenues recognised in the financial statements mainly comprise:

- Revenues from sales and services for the Area of the Metropolitan City of Milan.
  Revenues for tariffs of the IWS within the Metropolitan City of Milan area determined as part of the Guaranteed Revenue Bonds (VRG) amounted to € 273,582,038.
- Revenues from sales and services in the Monza Brianza area.
  On the whole, revenues for the integrated water system tariffs within the province of Monza and Brianza determined as part of the relevant VRG amounted to € 16,358,136 for 2024, entirely relating to the share of "wholesaler" services.
- Revenues from sales and services for the Pavia area
  For the Pavia area, the entire tariff as at 1 January 2014 is due to the consortium company Pavia Acque S.c.a.r.l. pursuant to the agreement assigning the service entered into by said companies and the Pavia Area Office on 20 December 2013.

Therefore the Group has no income from tariffs for that ATO. The CAP Holding S.p.A., as a member of S.c.a.r.l. was appointed to carry out various infrastructure activities in some municipalities of Pavia, consequently registering among their income a consideration arising from the prices recognised to it by Pavia Acque S.c.a r.l. For 2024, the income amounted to € 4,154,357 (plant operation and maintenance).

Other areas

These are residual presences of the Group, which acts by offering certain service segments (and managing them through an exchange rate) relating to the following cases:

- wastewater treatment service carried out be means of the Group wastewater treatment plant located in the municipality of San Colombano al Lambro (enclave of the Metropolitan City of Milan in the Lodi area) for 3 municipalities of the Lodigiano area (Borghetto Lodigiano, Graffignana, Livraga) in which the main Operator is SAL S.r.l;
- wastewater treatment service rendered to 2 municipalities of the ATO of Como (Cabiate and Mariano Comense, for the latter case there are very few utilities) through the wastewater treatment plant of Pero located in the Metropolitan City of Milan;
- wastewater treatment service carried out by the plant of Peschiera Borromeo (located in the Metropolitan City of Milan) that also serves the eastern districts of the City of Milan, where the main Operator is MM S.p.A.

In 2024, revenues for the province of Lodi amounted to € 513,538, those for the province of Como amounted to € 228,449 while those for the Metropolitan City of Milan amounted to € 3,296,478.
The management of the water service in the Municipality of Castellanza (VA) (aqueduct, wastewater treatment and sewerage) is also to be considered as metropolitan "tariff" (see Board of Directors resolution of the EGA of the Metropolitan City of Milan No. 1 of 31 May 2016 – Annex A).
Contingent assets of € 19,738,000 relating to regulatory adjustments (for the recognition of costs incurred in previous years that were not allowed in the tariff at the time) are also reported in item 8.1. Among these, the main ones are: € 10,430,261 for electricity, € 1,260,549 for sludge disposal, € 4,971,496 for extraordinary inflation recovery.
The most significant amounts are included under "Other revenues":

- € 2,339,838 for sludge and third-party wastewater disposal fees;
- € 173,634 for fixed charges;
- € 120,975 for invoicing and collection services to companies and entities;
- € 60,125 for joining the provision for hidden leaks;
- € 62,361 for contract work in progress for the planning, site supervision and construction of works for the hydraulic repairs of the Cagnola water source, on behalf of the Lombardy Region, assigned to the company I.A.No.Mi. S.p.A. merged in 2013..

8.2 Increases for internal works

The value of the item in 2024 amounts to € 5,810,103, a change of € 3,482,032 compared to 2023 (€ 2,328,071). These are hours of personnel capitalised on investment contracts.

8.3 Revenues for works on assets under concession

Revenues for work on assets under concession amounted to € 117,991,891 for financial year ended 31 December 2024 (€ 98,521,965 in 2023). These revenues correspond, in accordance with IFRIC 12, to the work carried out on the assets under concession owned and used by the Group for its core activities
In terms of operating costs, this item corresponds to items 8.7 for the portion realised directly by the parent company (€ 105,699,863) as well as in items 8.5 (€ 1,946,360), item 8.6 (€ 6,501,133) and item 8.8 (€ 3,844,535) for the portions realised by CAP Evolution S.r.l. in favour of Cap Holding S.p.A.

8.4 Other revenues and income

Following are the details of the item "Other revenues and income" for the year ended 31 December 2024:

TABLE N° 160 – Other revenues and income

	Value as at 31/12/2024	Value as at 31/12/2023	Change	% change
Sundry				
Reversal of provisions	857,176	2,222,295	(1,365,119)	-61%
Other revenues and income	24,105,796	22,835,262	1,270,533	6%
Other contingent assets/liabilities	5,460,862	5,741,606	(280,744)	-5%
Reimbursement for seconded personnel	1,094,548	1,148,703	(54,155)	-5%
Penalties from suppliers and customers	1,118,002	940,775	177,227	19%
Compensation for damages and other reimbursements	1,986,970	2,230,562	(243,592)	-11%
Rental fees received	836,413	892,078	(55,665)	-6%
Revenues from design services	188,207	128,716	59,491	46%
Revaluation of assets under concession	40,765,581	0	40,765,581	100%
Total sundry	**76,413,554**	**36,139,997**	**40,273,557**	**111%**
Operating grants				
Operating grants	2,255,402	5,902,022	(3,646,621)	-62%
Total contributions	**2,255,402**	**5,902,022**	**(3,646,621)**	**-62%**
Considerations				
Considerations from private parties and municipal authorities	1,310,944	2,623,124	(1,312,180)	-50%
Total considerations	**1,310,944**	**2,623,124**	**(1,312,180)**	**-50%**
Total other revenues and income	**79,979,900**	**44,665,143**	**35,314,757**	**79%**

Note that the item "Reversal of provisions" includes the reversal for adjustment of unused portions of the provisions including:

- "Amicable settlements" of € 235,196 (see also paragraph 7.14 above);
- "Settlement of disputes" of € 271.980;
- "2018 TOSAP/COSAP due to expiry of assessment terms" of € 350,000.

The item "Other revenues and income" includes, among other things: income for sundry works and services in favour of various companies of € 5,307,327; income for the sale of biomethane of € 652,423; revenues for design,

management and execution of works mainly for Municipalities, the Metropolitan City of Milan and Alfa S.r.l. of € 16,452,005.
The item “Other income for contingent assets” mainly includes contingent assets for adjustment to the contract for information technology services for 2023 with Alfa S.r.l. of € 363,635, and adjustment decreasing part of the bad debt provision of € 2,050,764, € 2,030,812 is mainly composed of contingent assets for lower costs related to previous years of € 1,931,018, higher revenues from previous years of € 68,450.

The item “Other reimbursements” includes, among other things: € 1,047,552 for reimbursement (following the settlement of related litigation) by the Revenue Agency of the registration tax paid in 2017 and related to the purchase of infrastructure owned by the company AMGA S.p.A. of Legnano, plus interest and legal expenses.
Finally, note that the item “Write-back of assets under concession” also includes the amount of € 40,765,581 relating to the write-back of “rights on assets under concession” following impairment tests (see paragraph 7.1 above).

8.5 Costs for raw materials, consumables and goods

A breakdown of the item “Costs for raw materials, consumables and goods” for the year ended 31 December 2024 is show below:

TABLE N° 161 – Costs for raw materials, consumables and goods

	Value as at 31/12/2024	Value as at 31/12/2023	Change	% change
Materials destined for works	7,063,972	9,804,520	(2,740,547)	-28%
Electrical and hydraulic components	1,463,372	1,757,259	(293,887)	-17%
Change in inventories	380,010	(206,686)	586,696	-284%
Consumption metres	1,042,010	1,034,516	7,494	1%
Fuels and combustibles	366,416	1,115,757	(749,341)	-67%
Consumable materials	877,581	631,997	245,583	39%
Consumable materials for safety in the workplace	667,478	590,873	76,605	13%
Electrical pumps	456,103	349,466	106,637	31%
Conditioning filters and raw materials for conditioning water	258	51	207	405%
Total costs for raw materials, consumables and goods	**12,697,761**	**15,077,753**	**(2,379,993)**	**-16%**

This item mainly includes the costs for the purchase of consumables and maintenance of the Integrated Water Service.

8.6 Costs for services

A breakdown of the item “Costs for services” for the year ended 31 December 2024 is shown below:

TABLE N° 162 – Costs for services

	Value as at 31/12/2024	Value as at 31/12/2023	Change	% change
Costs for industrial services	58,727,964	72,793,561	(14,065,597)	-19%
Works carried out for CAP, private individuals and municipalities	26,764,355	40,507,637	(13,743,282)	-34%
Routine maintenance	14,609,045	14,771,100	(162,054)	-1%
Demolition of tanks	115,579	197,142	(81,563)	-41%
Work on plant and water houses	756,578	17,987	738,591	4106%
Total cost for industrial services	**100,973,521**	**128,287,427**	**(27,313,906)**	**-21%**

TABLE N° 162 – Costs for services

	Value as at 31/12/2024	Value as at 31/12/2023	Change	% change
Other administrative, general and commercial costs	23,998,445	21,831,239	2,167,206	10%
Research and development	291,109	267,360	23,749	9%
Allocation to provision for future expenses	4,679,327	3,751,954	927,373	25%
Total other administrative, general, commercial costs and provisions	**28,968,880**	**25,850,552**	**3,118,327**	**12%**
Repayments of loans and concession fees	2,827,313	3,069,214	(241,900)	-8%
Rental and licence fees	5,773,594	5,154,594	619,000	12%
Fee for use of well and crossings	2,263,140	2,273,735	(10,595)	0%
Hiring	326,313	420,675	(94,363)	-22%
Total costs for use of third party assets	**11,190,360**	**10,918,218**	**272,142**	**2%**
Total costs for services	**141,132,760**	**165,056,197**	**(23,923,437)**	**-14%**

The services item includes € 4,679,327 in annual provisions for risks and charges. Provisions under this item are:
- € 228,185 for the provision for asphalt expenses;
- € 500,000 for the provision for asbestos disposal expenses in abandoned water networks;
- 645,310 for provision for reclamation risks due to damages caused by percolation from sewage systems;
- € 1,271,893 for the provision for tank reclamation costs;
- € 2,033,939 for the provision for future reclamation costs of the areas of the wastewater treatment plants.

The item “costs for industrial services” is broken down in the following table:

TABLE N° 163 – Costs for industrial services

Costs for industrial services	Value as at 31/12/2024	Value as at 31/12/2023	Change	%
Electricity	40,471,651	52,733,541	(12,261,890)	-23%
Costs for sludge disposal	10,057,209	11,502,099	(1,444,891)	-13%
Other industrial costs	3,981,898	4,306,174	(324,276)	-8%
Cleaning networks and plants	1,147,518	1,185,146	(37,627)	-3%
Regeneration with active carbons	1,486,168	1,065,572	420,596	39%
Wholesaler's wastewater treatment contract costs	1,583,520	2,001,029	(417,509)	-21%
Total cost for industrial services	**58,727,964**	**72,793,561**	**(14,065,597)**	**-19%**

The breakdown of “administrative, general and commercial costs” is shown below.

TABLE N° 164 – Other administrative, general and commercial costs

	Value as at 31/12/2024	Value as at 31/12/2023	Change	% change
Maintenance on equipment, sw, hw, vehicles and premises	5,711,227	4,596,122	1,115,105	24%
Other costs	3,415,625	3,366,518	49,107	1%
Operating expenses for premises, cleaning and security	3,331,227	3,137,966	193,261	6%
Personnel costs	2,244,145	2,521,690	(277,545)	-11%
Insurances	2,370,876	2,380,688	(9,812)	0%
Advertising and propaganda expenses	1,225,287	1,348,174	(122,886)	-9%
Specialist consultancy fees	1,754,074	1,418,826	335,248	24%
Meter reading	939,060	682,871	256,189	38%
Administrative and technical professional services	897,809	576,198	321,611	56%
Connectivity and social networking services	665,774	638,411	27,363	4%
Bank charges and commissions	570,341	510,022	60,319	12%
Fees and costs for corporate bodies and SBs	540,048	466,425	73,623	16%
Seadrome sponsoring and maintenance	0	0	0	0%
Other contingent assets	84,608	90,132	(5,524)	-6%
Water houses	210,326	95,177	115,149	121%
Hydraulic risk study	38,018	2,020	35,998	1782%
Total Other administrative, general and commercial costs	**23,998,445**	**21,831,239**	**2,167,206**	**10%**

8.7 Costs for work on assets under concession

Costs for work on assets under concession amounted to € 105,699,863 for financial year ended 31 December 2024 (€ 61,838,915 in 2023). They represent charges relating to works carried out on the assets under concession by third parties. Capitalised internal costs are recognised by nature within the specific Income Statement items. See the comment to item 8.3.

8.8 Personnel costs

The breakdown of the item “Personnel costs” for the year ended 31 December 2024 is shown below:

TABLE N° 165 – Personnel costs

	Value as at 31/12/2024	Value as at 31/12/2023	Change	% change
Salaries and wages	40,605,188	38,284,905	2,320,284	6%
Social security charges	12,565,848	11,774,802	791,045	7%
Employee severance indemnity	2,558,610	2,415,770	142,840	6%
Retirement benefits	391,918	312,147	79,772	26%
Other costs	1,245,893	962,307	283,586	29%
Total costs for personnel	**57,367,458**	**53,749,931**	**3,617,527**	**7%**

The following table shows the number of employees of the Group, broken down by category:

TABLE N° 166 – Changes in employees by category from 31/12/23 to 31/12/24

Level	Employed as at 31/12/2023	Recruits	Leavers	ZEROC consolidation	Employed as at 31/12/2024
Executives					
Permanent contracts	1	0	0		1
Term contracts	9	3	2		10
Total executives	**10**	**3**	**2**		**11**
Personnel with permanent contracts / apprenticeships:					
Middle managers	40	4	2		42
Level 8	54	17	5		66
Level 7	89	28	28		89
Level 6	177	33	32		178
Level 5	183	20	29		174
Level 4	173	32	17		188
Level 3	164	16	25		155
Level 2	27	0	11		16
Level 1	0	0	0		0
Total permanent contracts and apprenticeships	**907**	**150**	**149**		**908**
Total term contracts	**5**	**3**	**4**		**4**
Total Gas-Water Sector CCNL	**912**	**153**	**153**		**912**
Executives					
Permanent contracts	0	0	0	0	0
Term contracts	0	0	0	0	0
Total executives	**0**	**0**	**0**	**0**	**0**
Personnel with permanent contracts / apprenticeships:					
Middle managers	0	0	0	0	0
White-collar workers	0	0	0	11	11
Blue-collar workers	0	0	0	14	14
Total permanent contracts and apprenticeships	**0**	**0**	**0**	**25**	**25**
Total term contracts	**0**	**0**	**0**	**0**	**0**
Total CCNL for the Environment	**0**	**0**	**0**	**25**	**25**
Total Employees	**922**	**156**	**155**	**25**	**948**

8.9 Amortisation, depreciation, write-downs and provisions

The breakdown of the item "Amortisation, depreciation, write-downs and provisions" for the year ended 31 December 2024 is presented below:

TABLE N° 167 – Amortisation, depreciation, provisions and write-downs

	Value as at 31/12/2024	Value as at 31/12/2023	Change	% change
Concession amortisation	43,128,728	40,682,949	2,445,779	6%
Amortisation of intangible fixed assets	7,080,892	8,107,886	(1,026,993)	-13%
Depreciation of tangible fixed assets	4,036,080	3,396,942	639,138	19%
Depreciations of rights of use	2,460,919	1,913,134	547,785	29%
Write-down of assets under concession	0	19,437,004	(19,437,004)	-100%
Write-down of tangible fixed assets	11,692,846	0	11,692,846	100%
Write-down of receivables	4,848,424	11,081,254	(6,232,831)	-56%
Total depreciation, amortisation and write-downs	**73,247,888**	**84,619,169**	**(11,371,281)**	**-13%**
Provisions	868,078	701,757	166,321	24%
Total depreciation, amortisation and write-downs	**868,078**	**701,757**	**166,321**	**24%**
Total depreciation, amortisation, provisions and write-downs	**74,115,966**	**85,320,925**	**(11,204,959)**	**-13%**

The amount relating to other provisions, amounting to € 868,078 refers to the adjustment of the provision for risks and future charges of:

- € 571,399 for the provisions for legal disputes;
- € 84,984 for the provisions to cover future losses;
- € 47,485 for provision for environmental damage from sewers;
- € 164,210 for the provision for risks on personal INPS contributions.

Concerning the *impairment loss* of € 11,692,846 related to tangible fixed assets ("waste" CGU), please refer to section 7.4 above.
The bad debt provision in 2024 amounted to € 4,848,824.

8.10 Other operating costs

The item "Other operating costs" for the year ended 31 December 2024 is broken down below:
TABLE N° 168 – Other operating costs

	Value as at 31/12/2024	Value as at 31/12/2023	Change	% change
Other contingent assets/liabilities	2,003,274	2,283,857	(280,583)	-12%
Capital losses on fixed assets	224,576	100,012	124,564	125%
Taxes and duties	2,758,953	2,638,169	120,784	5%
Operating expenses for ATO-AEEG entities	1,461,851	1,251,986	209,865	17%
Additional water bonus	1,835,260	1,678,604	156,655	9%
Expense reimbursements to third parties	466,017	816,239	(350,222)	-43%
Other sundry operating expenses	613,132	359,064	254,069	71%
Membership fees	430,018	385,958	44,060	11%
Costs for social welfare and donations	94,919	29,961	64,957	217%

TABLE N° 168 – Other operating costs

	Value as at 31/12/2024	Value as at 31/12/2023	Change	% change
Sundry rights	158,131	144,833	13,299	9%
Fines and penalties	154,593	55,158	99,435	180%
Books, magazines and newspapers	19,576	69,764	(50,188)	-72%
Losses on loans	74,187	177	74,010	41783%
Total other operating costs	**10,294,487**	**9,813,782**	**480 705**	**5%**

The item "Other contingent liabilities/non-existent liabilities" mainly refers to sludge regulatory adjustments pertaining to 2022, approved by the ATO and Arera following the application of MTI-4 of € 1,088,676, tariff adjustments for invoicing of bills to civil users pertaining to years prior to 2021 of € 150,835, fees for transportation service and fire-fighting penalties of € 75,769, settlement of the 2023 bonus of € 120,465, and lower revenues of € 572,353.
The item "Capital losses on fixed assets" is mostly related to disposals of fixed assets under concession.

8.11 Non-recurring operations

There are none in 2024, as already in 2023.

8.12 Financial income and expense

The balance of the financial income and expense totalled – € 5,644,479.
Financial income as at 31 December 2024 totalled € 6,534,869.

TABLE N° 169 – Financial income

	Value as at 31/12/2024	Value as at 31/12/2023	Change	% change
Other interest income	3,049,222	2,745,711	303,512	11%
Revaluation of equity investments	795,990	282,119	513,871	182%
Bank interest income	2,689,656	388,404	2,301,252	592%
Extraordinary income	0	18,288	(18,288)	-100%
Total financial income	**6,534,869**	**3,434,521**	**3,100,347**	**90%**

The item "contingent assets" refers to the adjustment of the actuarial gains and losses reserve for employee benefits formed in previous years, following a best estimate.

As at 31 December 2024, the financial expense amounted to € 12,179,348.

The breakdown of interest and other financial expense, relating to bonds, bank payables and others, is shown below:
TABLE N° 170 – Financial expense

	Value as at 31/12/2024	Value as at 31/12/2023	Change	% change
Bank loans and mortgages	4,455,068	5,148,614	(693,545)	-13%
EIB loan charges	705,088	801,491	(96,403)	-12%
Assumption of loans	499,937	592,585	(92,648)	-16%
Swaps (to banks)	3,504	5,118	(1,614)	-32%
Bonds	5,380,057	556,579	4,823,478	867%

TABLE N° 170 – Financial expense

	Value as at 31/12/2024	Value as at 31/12/2023	Change	% change
Other	1,051,838	2,506,292	(1,454,454)	-58%
Financial expenses on rights of use	83,856	36,818	47,037	128%
Total financial expenses	**12,179,348**	**9,647,496**	**2,531,852**	**26%**

8.13 Taxes

The item “Taxes” for the year ended 31 December 2024 is broken down below:

TABLE N° 171 – Taxes

	Value as at 31/12/2024	Value as at 31/12/2023	Change	% change
IRES	18,128,613	4,039,159	14,089,454	349%
IRAP	3,915,397	1,709,997	2,205,400	129%
Recovery of deferred tax assets of previous financial years	13,404,678	3,128,653	10,276,025	328%
Deferred tax assets for the year	(5,593,539)	(9,200,132)	3,606,594	-39%
Recovery of deferred tax liabilities of previous financial years	(526,974)	(353,851)	(173,123)	49%
Deferred tax liabilities for the year	5,690,399	4,737,320	953,079	20%
Tax from previous years	19,182	(92,731)	111,913	-121%
Total taxes	**35,037,756**	**3,968,415**	**31,069,342**	**783%**

The description of the temporary differences that implied the recognition of deferred and prepaid taxes is provided in the schedules included in section 7.5 “Deferred tax assets”, respectively.

9. Related party transactions

With shareholders

The consolidating company CAP Holding S.p.A. is entirely publicly owned. As at 31 December 2024, there are 196 Members, of which 194 Municipalities divided as follows: 133 municipalities of the Metropolitan City of Milan, 40 municipalities of the Province of Monza and Brianza, 20 municipalities of the Province of Pavia, 1 municipality of the Province of Varese. The Province of Monza and Brianza, the Metropolitan City of Milan (former province of Milan) complete the shareholders' register of CAP Holding S.p.A.

The Municipality of Cabiate (CO) promoted the liquidation of the shareholding in 2020 pursuant to articles 20 and 24 of Italian Legislative Decree no. 175/2006. This was followed by a dispute, promoted by CAP Holding S.p.A., before the administrative court, which, on appeal, saw the Council of State uphold the argument of the Municipality of Cabiate (judgement no. 6862 of 4 August 2022, later confirmed, on appeal for revocation, by decision no. 4340/2023 of 28 April 2023, again by the Council of State).

On 17 October 2023, the BoD of CAP Holding S.p.A. determined the liquidation value of 1,554,528 shares held by the Municipality of Cabiate, which were already deposited at the company's registered office.

The Municipality filed an appeal dated 6 December 2023 with the Court of Milan pursuant to Article 696bis of the Italian Code of Civil Procedure (preventive technical consulting to settle the dispute), as it was not satisfied with the quantum decided by CAP Holding S.p.A. During the dispute, the court-appointed expert successfully invited the parties to settle the case in the summer of 2024. Finally, on 29 July 2024, the Municipality transferred 1,554,528 shares to CAP Holding S.p.A. The liquidation proceedings is therefore concluded. On 29 July 2024, following the withdrawal process of the shareholder, CAP Holding S.p.A., pursuant to Article 24 of Italian Legislative Decree No. 175/2006, took over 1,554,528 shares from the Municipality of Cabiate.

On the other hand, the decisions of the other two municipalities that are shareholders in Cap Holding S.p.A., belonging to the Province of Monza and Brianza, namely those of Nova Milanese and Vedano al Lambro, which resolved to “proceed with the disposal of the equity investment in CAP Holding S.p.A.”, had a different fate. With judgements no. 4123/2024 and no. 4153/2024 of the Council of State, both published on 7 May 2024, the appeals brought by the two Municipalities were rejected, thereby confirming the judgements of the Regional Administrative Court of Lombardy, Milan, no. 1211/2021 and no. 1212/2021, respectively, which had cancelled the relative decisions of the two municipalities to dispose of their equity investment in CAP Holding S.p.A. Therefore, the two municipalities remain shareholders of CAP Holding S.p.A.

Lastly, note that the Municipality of Nova Milanese nevertheless adopted, during its periodic review, a new municipal council resolution (no. 79 of 23 December 2024), confirming its intention to dispose of its equity investment in CAP Holding S.p.A. This resolution was challenged by CAP Holding S.p.A. with an appeal served on 6 March 2025.

The Company made use of the exemption provided by paragraph 25 of IAS 24, and therefore is exempt from the information requirements referred to in paragraph 18 of IAS 24 relating to transactions with related parties and outstanding balances, including commitments, with respect to the local entities served.

The main transactions that took place in 2024 between the Group and the local entities that jointly control CAP Holding S.p.A. are not individually relevant. As a whole, they are almost entirely related to the invoicing of tariffs for the integrated water service by the Group to these local authorities.

With regard to other transactions, note that as at 31 December 2024, the Group had payables due to shareholder bodies for invoices to be received totalling € 691,368 relating to works and services performed by municipalities.

Paragraph 10 provides, among other things, information on other commitments vis-à-vis shareholder local authorities.

With Neutalia S.r.l.

With reference to the investee company NEUTALIA S.r.l., the following main transactions are underway and/or took place in 2024:

- Activities carried out by CAP Holding S.p.A. for Neutalia S.r.l. relating to the support for engineering activities for 2024 of € 5,564;
- Activities carried out by CAP Holding S.p.A. for Neutalia S.r.l. relating to the coordination of communication, stakeholder engagement and benefit plan for 2024 of € 45,000;
- Activities carried out by CAP Holding S.p.A. for Neutalia S.r.l. relating to the collaboration agreement for RRP tenders on district heating on behalf of ATI Amga-Agsp-Neutalia of € 1,512;
- Activities carried out by CAP Holding S.p.A. for Neutalia S.r.l. relating to corporate performance services for Neutalia S.r.l. – year 2024 of € 152,907;
- Activities carried out by CAP Holding S.p.A. for Neutalia S.r.l. relating to the proposal for support and maintenance of internal control and compliance activities of € 18,973;

- Activities carried out by Neutalia S.r.l. for CAP Holding S.p.A. relating to the waste disposal service of € 873,307.

For further information on other financial transactions with Neutalia S.r.l. (capital contributions, shareholder loans and guarantees), please refer to the details provided elsewhere in the explanatory notes.

10. Contractual commitments, guarantees and concessions

There are various commitments, recourse obligations and sureties payable. Details follow.

Commitments for Euro 76,529,817, of which:
- € 9,433,457 for residual instalments of mortgages to be repaid to shareholder local authorities for the use of their networks and plants in the period from 2023 to 2033; of which € 7,621,960 expiring beyond twelve months;
- € 66,843,033 as the estimated amount of the interest expense paid to lenders in the period after 1 January 2025, on loans taken out and/or taken over and to be repaid at the end of the reporting period;
- € 253,327 for TFR to employees from merger.

Obligations vis-à-vis third parties of € 339,502
- for with-recourse obligations deriving from the granting to Pavia Acque S.r.l. of the business unit pursuant to Article 2560 of the Italian Civil Code (transfer deed dated 2016).

Liabilities for sureties for Euro 62,048,098, of which:
- € 49,460,482 for guarantees issued by banks in favour of various entities in the interest of the Group (including the guarantee issued by Cassa Depositi e Prestiti on EIB financing of 2014 for a residual amount of € 45,950,601 as at 31 December 2024);
- € 12,587,615 as insurance sureties issued in the interest of the CAP Group mainly for assignment conventions of the IWS in favour of the AATO of Milan and the AATO of Monza and Brianza.

Other
Finally, the following are noted:
- Plants granted for use by local authorities of € 175,464,466 relating to networks, collectors and plants of the IWS owned by the Entities and used by the Group;
- € 51,157,725 for sureties receivable (received) for works;
- € 621,637 for a surety issued by the Group to secure a loan of € 3,000,000 granted by a bank to Neutalia S.r.l

11. Fees to directors and statutory auditors, SBs.

For the year ended 31 December 2024, the fees due to directors and statutory auditors amounted to € 265,197 and € 156,957, respectively. The fee due to the SB amounted to € 113,047.

TABLE N° 172 – Allowance for corporate bodies

	Value as at 31/12/2024	Value as at 31/12/2023	Change	% change
Board of Directors' allowance	265,197	219,481	45,716	21%
Board of Statutory Auditors' allowance	156,957	135,088	21,870	16%
Fees of the supervisory body	113,047	103,624	9,423	9%
Total allowances	**535,202**	**458,193**	**77,008**	**17%**

The amounts include not only fees but also charges for contributions.

12. Independent Auditors' fees

For the financial year ended 31 December 2024, the cost incurred by the Group for the external audit amounted to € 58,839.
The external audit of these financial statements is entrusted to the company BDO Italia S.p.A. appointed, with approval of the relevant fee, by the Shareholders' Meeting of CAP Holding S.p.A., in the meeting of 1 June 2017, on a justified proposal of the Board of Statutory Auditors for the years ending on 31 December 2017 to 31 December 2025. The fee was then adjusted by resolution of the shareholders' meeting of 25 May 2021.
The Shareholders' Meeting of CAP Evolution s.r.l. of 27 May 2021 resolved to confirm the mandate for the external audit to BDO Italia S.p.A., for the period from 2021 to 2023, pursuant to article 13 of Italian legislative decree No. 39/2010 and Article 2409 bis of the Italian Civil Code, fixing the relative fee. On 22 May 2024, the shareholders' meeting of this company resolved to confirm BDO Italia S.p.A. for the carrying out of the external audit for the 2024, 2025 and 2026 financial statements.
In addition to these, in 2024, the following costs will be paid to these independent auditors:
- costs attributable to the Company's obligations pursuant to AEEGSI Resolution No. 137/2016/R/COM of 24 March 2016 (auditing of the "regulatory" annual separated accounts, for the purpose of unbundling, inseparably entrusted with the external audit mandate) of € 6,000;
- fee for opinion pursuant to Article 2437ter of the Italian Civil Code of € 10,000.

13. Transparency obligations for those who receive public funding

Article 1, paragraph 125, third period, of Italian Law No. 124/2017, as amended by Article 35 of Italian Decree Law 34 of 30 April 2019 (converted into Italian Law no. 58 of 28 June 2019) "Decreto crescita" (growth decree), requires Italian companies to indicate the amounts received (cashed) in the previous year of "grants, subsidies, advantages, contributions or aid, whether in cash or in kind, which are not of a general nature and are not of a reciprocal, remunerative or compensatory nature," of an amount equal to or greater than € 10,000, by the public administrations and other subjects (certain public companies) indicated in the first period of the aforementioned paragraph 125.
Specifically, from an objective point of view, the information concerns disbursements that are "contributions", i.e. disbursements that do not refer to synallagmatic relationships, and also excludes advantages received by the beneficiary on the basis of a general scheme, such as tax benefits and contributions that are granted to all persons who meet certain conditions.
In conclusion, only sums (or utilities, in kind) received in the context of selective "donations" to the Group would be subject to publication.
However, State aid and *de minimis* aid contained in the National Register of State aid referred to in Article 52 of the Italian Law No. 234 of 24 December 2012 are expressly excluded (from Article 3-quarter, paragraph 2, of Italian Decree Law 135/2018), if they are declared to exist and must be published as part of the said Register.
Note that, given the very wide reference to the "lenders" made by the first period of the aforementioned paragraph 125, objective difficulties may exist in knowing the subjective social situation of some lenders (referring to the case of "companies in public participation", for which there is no comprehensive public list that can be consulted).
The information to be provided is:
- the identifiers of the lender;
- the amount of the economic advantage received;
- a brief description of the type of advantage/title at the base of the assignment (cause).

With regard to the above, even though in our opinion they do not fall within the case referred to in Italian Law 124/2017, we inform you that CAP Holding S.p.A. has received the following contributions:

TABLE N° 173 – Contributions received by CAP Holding in 2024

Issuing body	Amount	Description
Ato Area Office of the Metropolitan City of Milan	989,013	Grants related to assets
ATO disbursement RRP	2,257,939	Grants related to assets
Total	**3,246,952**	

Finally, it should be recalled that the above rules still present numerous difficulties of interpretation, which lead to the conclusion that regulatory clarifications are desirable. In their absence, the above is our best interpretation of the rule.

14. Events after the reporting period (if not already commented on in previous sections)

In the light of the ongoing geopolitical and commercial tensions, which have led to a climate of uncertainty (from the conflict between Russia and Ukraine that broke out on 24 February 2022 to the most recent tariff policies of the US administration), it is currently assessed that there are no significant uncertainties regarding the continuity of the CAP Group. However, it cannot be ruled out entirely that these events may indirectly affect the Group in the future due to their potential impact on factors such as raw material prices and interest rate trends.

No further significant events occurred after the reporting period that have not already been mentioned in the previous paragraphs.

The Chairman of the Board of Directors
Dott. Yuri Santagostino

Yuri Santagostino

GRUPPO CAP

04. SUPPLEMENTARY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

REPORT OF THE INDEPENDENT AUDITORS

CAP HOLDING S.p.A.

Independent auditor's report pursuant
to article 14 of Legislative Decree n. 39,
dated January 27, 2010, and article 10
of EU Regulation n. 537/2014

Consolidated Financial statements at December 31, 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.

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Independent auditor's Report

pursuant to article 14 of Legislative Decree n. 39, dated January 27, 2010, and article 10 of EU Regulation n. 537/2014

To the Shareholders of
Cap Holding S.p.A.

Report on the consolidated financial statements

Opinion

We have audited the consolidated financial statements of Cap Holding Group (the "Group"), which comprise the consolidated statement of financial position as at December 31, 2024, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in shareholders' equity, the consolidated statement of cash flow for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at December 31, 2024, and of its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB) as adopted by the European Union, as well as the regulation issued to implement article 9 of Legislative Decree no. 38/05.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the consolidated financial statements* section of our report. We are independent of the company Cap Holding S.p.A. (the "Company") in accordance with the ethical and independence requirements applicable in Italy to the audit of 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.

Bari, Bologna, Brescia, Cagliari, Firenze, Genova, Milano, Napoli, Padova, Roma, Torino, Verona

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Iscritta al Registro dei Revisori Legali al n. 167911 con D.M. del 15/03/2013 G.U. n. 26 del 02/04/2013
BDO Italia S.p.A., società per azioni italiana, è membro di BDO International Limited, società di diritto inglese (company limited by guarantee), e fa parte della rete internazionale BDO, network di società indipendenti.

Key audit matter	Audit response
Rights on assets under concession Pursuant to IFRIC 12, rights on assets under concession were recognised in the amount of euro 991.093 thousand as of December 31, 2024. At least annually, management assesses the presence of impairment indicators in relation to rights to assets under concession. In particular, during the year, an impairment test was carried out on the "Water service" CGU, as a result of which the recoverable value emerged to be approximately euro 47.222 thousand higher than to the book value prior to the impairment test. As of 31 December 2024, the company therefore reversed, pursuant to IAS No. 36, par. 14, the value of the "rights on assets held under concession", up to the lower of: a) the recoverable value; b) the book value that would have been determined (net of amortisation) if no impairment loss had been recognised on the asset in the years 2022 and 2023. The reversal as at December, 31 2024 amounted to euro 40,765 thousand and essentially corresponds to the absorption of the effects of the impairment loss recognised in the financial statements as at 31 December 2022 and 31 December 2023. The reversal was allocated in proportion to the carrying amount of each asset that is part of the "assets under concession". The processes and methods for the valuation and determination of the recoverable value of rights on goods held under concession are based on assumptions that are at times complex and which, by their nature, imply recourse to the directors' judgement, particularly with reference to the identification of impairment indicators, the forecast of their future profitability, the determination of nominal cash flows in consideration of the rate of inflation, the determination of normalised cash flows underlying the estimate of the terminal value, the determination of long-term growth rates and discount rates applied to the forecasts of future cash flows contained in the business plan used as the basis for the impairment test. Considering the complexity of the estimation process and the uncertainties associated with it, and the significance of the item on the financial statements, we considered the valuation of rights on assets under concession to be a key aspect of the review. The financial statement disclosures on the same are given in the notes to the consolidated financial statement in Section 7.1- Rights to assets under concession.	Our audit procedures in response to the key issue identified included: ▪ Understanding and evaluating the methodology adopted by management to perform the impairment test on the cash-generating unit; ▪ Verification of the presence of impairment indicators; ▪ Verification of the reasonableness of the main assumptions and hypotheses underlying the 2025-2033 business plan; ▪ Verification, with the support of an internal expert, of the adequacy of the impairment model used; ▪ Verification of the mathematical accuracy of the impairment model used; ▪ Analysis of the report of the expert who assisted the Company's management in the impairment test, as well as the assessment of his competence, capacity and objectivity; ▪ Verification of the determination of long-term growth rates and discount rates; ▪ Re-performance of the sensitivity analysis performed by the Company and reported in the report of the expert appointed by the Company as key assumptions; ▪ Reading and discussion with the Company's Management of the report prepared by the expert; ▪ Comparison between the accounting data and the results of the impairment test; ▪ Verification of the correct restoration of value; ▪ Verification of the adequacy of the information provided in the notes to the financial statements and its compliance with the reference accounting standards.

Properties, plant and machinery "Waste" CGU Management assesses at least annually the presence of indicators of impairment regarding the Forsu plant built and held by Cap Holding. In particular, an impairment test was carried out during the year with regard to the "waste" CGU, the outcome of which showed a lower recoverable value of 11.693 thousand euros compared to the book value before the impairment test. Therefore, as of December 31, 2024, the company recognized an impairment of the same amount which, in accordance with IAS No. 36, para. 104, was charged in proportion to the carrying value of each asset that is part of the "waste" tangible fixed assets. The processes and methods for assessing and determining the recoverable value of rights to assets under concession are based on sometimes complex assumptions that by their nature involve reliance on the judgment of the directors, particularly with reference to the identification of impairment indicators, the forecast of their future profitability, the determination of nominal cash flows in consideration of the rate of inflation, the determination of normalized cash flows underlying the estimate of terminal value, and the determination of long-term growth and discount rates applied to the forecasts of future cash flows contained in the business plan used as the basis for the impairment test. In view of the complexity of the estimation process and associated uncertainties, and the significance of the item on the financial statements, we considered the valuation of the "waste" plant to be a key aspect of the audit. The financial statement disclosures on the same are given in the notes to the consolidated financial statement in Section 7.4- Properties, plant and machinery.	Our audit procedures in response to the key issue identified included: ▪ Understanding and evaluation of the methodology adopted by management for conducting the impairment test on the cash-generating unit; ▪ Verification of the presence of indicators of impairment; ▪ Verification of the reasonableness of the main assumptions and hypotheses underlying the 2025-2034 business plan; ▪ Verification through the support of an internal expert, of the adequacy of the impairment model used; ▪ Verification of the mathematical accuracy of the impairment model used; ▪ Analysis of the report of the expert who assisted the Company's management in the impairment test, as well as the assessment of his competence, ability and objectivity; ▪ Verification of the determination of long-term growth rates and discount rates; ▪ Reperforming the sensitivity analysis performed by the Company and reported in the report of the Company's appointed expert as key assumptions; ▪ Reading and discussion with Company management of the Report prepared by the expert; ▪ Comparison between the accounting data and the results of the impairment test; ▪ Verification of the adequacy of the disclosure made in the notes to the financial statements and its compliance with the relevant accounting standards.

Responsibilities of the Directors and the board of statutory auditors for the consolidated financial statements

The Directors are responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB) as adopted by the European Union, as well as the regulation issued to implement article 9 of Legislative Decree no. 38/05 and, within the terms prescribed by the law, for such internal control as they determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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 either intend to liquidate the Parent Company Cap Holding S.p.A. or to cease operations, or has no realistic alternative but to do so.

The board of statutory auditors is responsible for overseeing, within the terms established by Italian law, the Company'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 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 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 ISA Italia, we exercised professional judgment and maintain professional skepticism throughout the audit. We also have:

- identified and assessed the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designed and performed audit procedures responsive to those risks, and obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management;
- concluded 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;
- evaluated the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- obtained sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion on the consolidated financial statements.

We have communicated with Those charged with governance, as properly identified in accordance with ISA Italia, 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 have also provided Those charged with governance with a statement that we have complied with relevant ethical and independence requirements applicable in Italy and communicated with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate relevant risks or the safeguards measures applied.

From the matters communicated with Those charged with governance, we determined those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We described those matters in our auditor's report.

Other information communicated pursuant to article 10 of Regulation (EU) 537/2014

We were initially engaged by the Shareholders meeting of Cap Holding S.p.A. on June 1, 2017 to perform the audits of the Company's and the consolidated financial statements of each fiscal year starting from December 31, 2017 to December 31, 2025.

We declare that we did not provide prohibited non-audit services, referred to article 5, paragraph 1, of Regulation (EU) 537/2014, and that we remained independent of the Company in conducting the audit.

We confirm that the opinion on the consolidated financial statements of Cap Holding S.p.A. included in this audit report is consistent with the content of the additional report prepared in accordance with article 11 of the EU Regulation n.537/2014, submitted to Those charged with governance.

Report on other legal and regulatory requirements

Opinions and statement pursuant to article 14, paragraph 2, (e),e-bis) and e-ter) of Legislative Decree no. 39/10 and of article 123-bis paragraph 4 of Legislative Decree no. 58/98

The Directors of Cap Holding S.p.A. are responsible for the preparation of the report on operations and of the corporate governance report of Cap Holding S.p.A. as at December 31, 2024, including their consistency with the consolidated financial statements and their compliance with the applicable laws and regulations.

We have performed the procedures required under audit standard (SA Italia) n. 720B in order to:

- express an opinion on the consistency of the report on operations with the consolidated financial statements;
- express an opinion on the legal compliance of the report on operations, excluding the section on sustainability reporting;
- issue a statement on any significant errors in the report on operations.

In our opinion, the report on operations is consistent with the consolidated financial statements of Cap Holding Group as at December 31, 2024.

Furthermore, in our opinion, the report on operations, excluding the section on consolidated sustainability reporting, is prepared in accordance with legal regulations.

With reference to the statement referred to in Article 14, paragraph 2, letter e-ter) of Legislative Decree 39/10, issued on the basis of the knowledge and understanding of the company and its context acquired in the course of the audit, we have nothing to report.

Our opinion on compliance with legal requirements does not extend to the section of report on operations on consolidated sustainability reporting. Our conclusions on the compliance of that section with the rules governing its preparation and compliance with the disclosure requirements of Article 8 of Regulation (EU) 2020/852 are set out in our attestation report pursuant to Article 14-bis of Legislative Decree 39/10 issued today.

Milan, May 23, 2025

BDO Italia S.p.A.

Signed by Claudio Tedoldi

Partner

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