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Sustainability Report - NFR
2023

GRUPPO CAP

Download the NFR here

The NFR is managed and developed by the
External Relations and Sustainability Management
at CAP Group.

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To request information
about this publication, write to:
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EDITING AND LAYOUT
LifeGate | impact.lifegate.it
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“Thank you to everyone at CAP
who helped produce the
the Non-Financial Report.”

GRUPPO CAP

SENSITIVE | RESILIENT | INNOVATIVE

Contents

Letter to Stakeholders

[GRI 2-22]

This year, we face an international context marked by unprecedented instability and uncertainty. The macroeconomic and political landscape presents significant concerns and complexities that reverberate locally. We believe this instability is now a permanent state—a defining feature of our current era. Furthermore, climate change is a pervasive reality. We see and experience its effects daily, to the point that the frequent extreme weather events in our country have become so common that detailing them feels redundant.
We must learn a new way to coexist with our Planet. We need to adapt and do so rapidly. The current scenario may seem bleak, but it is the reality in which every company and citizen today operates, lives, consumes, and makes life and business choices. This is where the role and responsibility of companies like CAP Group become crucial. Because this is what we are talking about. In today's world, it is no longer acceptable to delay a credible, non- rhetorical assumption of responsibility by all companies. This means taking action, making genuine commitments, and avoiding triumphant declarations about the future of sustainability. Instead, what is needed is the humility to admit that much remains to be done. For instance, if today our citizens consume over 200 litres of water per day (compared to just 10 litres per day in Madagascar, according to the UNICEF-WHO 2019 report), purchase record amounts of bottled water (Italy is second in the world after Mexico), and if Italian networks are little more than sieves with an average loss rate of 40%, we must accept part of the blame. Companies have not succeeded in fostering conscious consumers and have not fully embraced their economic and social responsibilities.
We firmly believe that while individuals play a decisive role, companies and institutions, which can and should have an active role in stimulating their territories, are especially crucial. Knowledge, skills, investments, information and education are the levers that companies like CAP have and must use to promote a conscious and informed civil economy.

Therefore, we believe it is time to acknowledge that we have not done enough and that much more needs to be done. It is time, with great intellectual honesty, to step up, especially for Generation Z. Perhaps we need a 'Sustainability ClueTrain Manifesto', or simply a clear vision of what we can and cannot achieve in the coming years for and with our stakeholders.
We are uncertain if this Non-Financial Report fully meets this imperative that we have intentionally stripped down. But it should be noted that, with some courage, we included our unsustainability balance sheet in the NFR (Non-Financial Report) last year, and if you allow us, we will start from there— from what we still cannot achieve and from what is still not enough. For example, our efforts to reduce consumption and promote tap water are still insufficient: we remain close to 200 litres per capita per day, and only 25% of citizens drink exclusively tap water. The water we treat and allocate to agriculture is still far below the levels achieved by Israel or the Netherlands. Even our target of reducing CO_2 emissions by 42% for Scope 1 and 2 remains distant, and we do not hide that it is an extremely challenging task. It could be said that it is not solely our fault, and that is true. However, it must be acknowledged that the Italian industry, and others as well, have been slow to recognise the need to rethink their policies.

The Sustainability Plan we developed with our stakeholders, and updated this year, aims to make up for lost time with challenging and ambitious goals that transform our business.
At CAP, we believe that being sustainable means ensuring business continuity amid significant socio-demographic changes, market shifts and climate challenges, while continuing to deliver value to our shareholders, stakeholders and all citizens.

The growth of our economic and financial fundamentals demonstrates this: true value can only be created by deeply transforming the business to reduce its environmental impact and ensure fairness for future generations. We are making significant efforts to reduce the energy intensity of the Water Service, which is inherently energy-intensive. This year, we saved 11,361,561 MJ. Additionally, water losses have decreased by half a percentage point, falling below 20%, and the treated water we return to agriculture—a valuable and consistent resource—has increased to 45% of the total.

Our efforts to reduce greenhouse gas emissions have progressed and evolved into a rigorous commitment grounded in scientific requirements. We have joined the Science Based Targets initiative, which has validated our decarbonisation targets as scientifically sound and turned them into formal commitments with our investors.

In 2023, we issued our first sustainability-linked bond, tied to our climate and water loss commitments, which an independent auditor has deemed robust. We have become net exporters of biomethane derived from sludge and other organic sources like wet waste, now producing 5,144,920 cubic metres of biogas.
These commitments would not be possible without two critical factors: technology and people. We are increasingly convinced that transforming our business requires both technological advancements and digitisation —such as IoT sensors on networks and smart meters, which now make up 60% of our installations—and, most importantly, the diverse talents of our people. This past year, we dedicated significant effort to promoting gender equality and diversity. Reflecting on our progress, we are proud of these results, which belong to us and everyone who has shared this journey with us over the years.
It is a collective and not a trivial commitment that has allowed us to achieve significant successes and establish ourselves as one of the utility companies that best interprets sustainability as a strategic business lever. However, we cannot rest on the glossy pages of a Sustainability Report and claim we have reached our goals. There is still much to be done, and we have only just begun.

President
Yuri Santagostino

CEO
Alessandro Russo

Reading Guide

[GRI 2-1, 2-2, 2-3, 2-5]

The 2023 Sustainability Report covers the period from 1 January to 31 December 2023, and also serves as a Consolidated Non-Financial Report (NFR 2023), in accordance with Legislative Decree No 254/2016.

In this Report, 'Parent Company' refers to CAP Holding S.p.A., while 'Group' or 'CAP Group' or 'CAP' refers to the combination of CAP Holding S.p.A. and its subsidiary, Amiacque S.r.l.

In 2023, the companies within CAP Group reorganised through a partial demerger of Amiacque S.r.l. into CAP Holding S.p.A.
As a result, starting on 1 January 2024, CAP Holding S.p.A. will be responsible for the aqueduct and the sewer systems, while Amiacque S.r.l. (now CAP Evolution S.r.l.) will focus on waste water treatment, waste management and green energy production with a strong emphasis on environmental and social impact. All references to CAP Evolution or Amiacque S.r.l. in the text refer to the same entity.

The reporting scope of the Non-Financial Report includes the activities of the Parent Company, CAP Holding S.p.A., and the fully consolidated company, Amiacque S.r.l., in line with the consolidated financial statements as of 31 December 2023. The geographical area covered encompasses the municipalities of the Metropolitan City of Milan and the provinces of Monza and Brianza, Varese and Como, where CAP Group manages the Integrated Water Service and/or operates as a wholesaler, and has remained unchanged from the previous year.

Since 2017, in accordance with ARERA (Italian Regulatory Authority for Energy, Networks and Environment) Resolution 137/2016/R/COM 'Integration of the Consolidated Rules on Accounting Unbundling (TIUC) with accounting separation (unbundling) provisions for the water sector,' municipalities in the province of Pavia are excluded from the reporting scope. In this area, the Group operates as a Territorial Operating Company and joint operator for the Pavia Acque S.c.a.r.l. operator, providing water, managing networks and facilities and treating waste water.

This document, prepared annually, **has been drafted in accordance with the GRI (Global Reporting Initiative) standards** updated to 2021 and in compliance with the principles of accuracy, balance, clarity, comparability, completeness, sustainability context, timeliness and verifiability. All GRI standard-related content is listed in the GRI Content Index available on page 184.

For the third consecutive year, this NFR is also aligned with the Recommendations of the **Task Force on Climate-related Financial Disclosures (TCFD)**, a voluntary framework that provides guidelines for disclosing information related to climate change and its impact on business, an area of increasing focus from stakeholders.

Additionally, complementing the GRI Standard Key Performance Indicators, the document presents specific focuses on the technical quality indicators set by the Italian Regulatory Authority for Energy, Networks and the Environment (ARERA). At the end of 2017, ARERA issued Resolution No 917/2017/R/IDR, introducing the Technical Quality Regulation (RQTI) which establishes the fundamental rules, service standards and improvement objectives that Integrated Water Service companies must pursue.

The **consultation process** on economic, environmental and social issues between the Board of Directors and stakeholders is conducted through a materiality analysis process, described in the 'Materiality Analysis' chapter. At the end of the materiality update process, involving internal and external stakeholders, the analysis is submitted to the Board of Directors for final approval.

Alongside the presentation of the budget project, the NFR 2023 was approved by CAP Group's Board of Directors on 23 May 2024.

The document has been subjected to limited assurance by the designated auditor PwC S.p.A., in accordance with Legislative Decree No 254/2016, based on the principles and guidelines contained in ISAE 3000 (International Standard on Assurance Engagements 3000-Revised) of the International Auditing and Assurance Standards Board (IAASB).

In 2023, **continuing from previous years**, the data collection process for the preparation of the Non-Financial Report was conducted online using the **GRI-certified RNF365 software, introduced in 2019**. The tool ensures the accuracy and traceability of all process activities.

Thanks to collaborative work flows, the data collection process is centrally managed, allowing responsibilities and deadlines to be assigned for each piece of information and tracking its progress. At the end of the process, the data is frozen and cannot be modified.

The NFR provides, where available, information on trends from the past three years (2021-2023) to allow an assessment of the Group's performance over a more extended period. Additionally, any revisions of previously published data are highlighted within the text under each table or through footnotes.

This NFR also includes Disclosure related to the Taxonomy information as required by European Regulation 852/20. In accordance with Article 8 of the delegated act published on 4 June 2021, companies are required to report the level of eligibility and alignment of their activities with the European Taxonomy concerning the first two climate goals: climate change mitigation and adaptation; and eligibility for the remaining 4 climate goals. It should be noted that the Taxonomy information disclosure has not been subjected to limited assurance by PwC S.p.A.

For information on this NFR, please contact
UfficioCSR@gruppocap.it

Publication date: 26/06/2024

IDENTITY

Source of connections

CAP Group: who we are

We connect people, the territory and resources to ensure high-quality management of the Integrated Water Service with a transparent approach, just like water.

Our reach

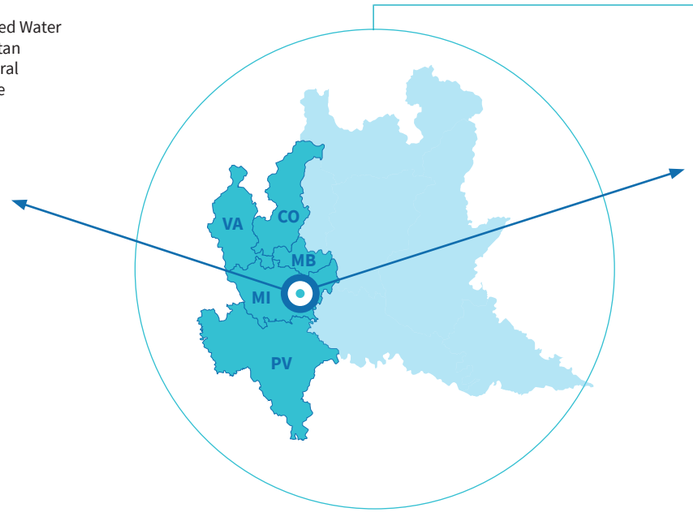
[GRI 2-1]

CAP Group is among the leading Italian operators in Integrated Water Service management, **ranking first at the national level for assets**.

The Territory

We manage the Integrated Water Service in the Metropolitan City of Milan and in several municipalities within the provinces of:

- Como
- Monza e Brianza
- Pavia
- Varese



The head office is located at via Rimini, 38 a Milan.

The challenge

Our goal is to provide all citizens with **high-quality, safe and controlled water through our aqueduct service, and to contribute to environmental and biodiversity protection by managing the entire waste water treatment and sewerage cycle**. Our system is **extensive** and complex, consisting of thousands of kilometres of aqueduct and sewer networks, as well as **high-tech facilities** such as treatment plants and water purification systems.

For more information
www.gruppocap.it

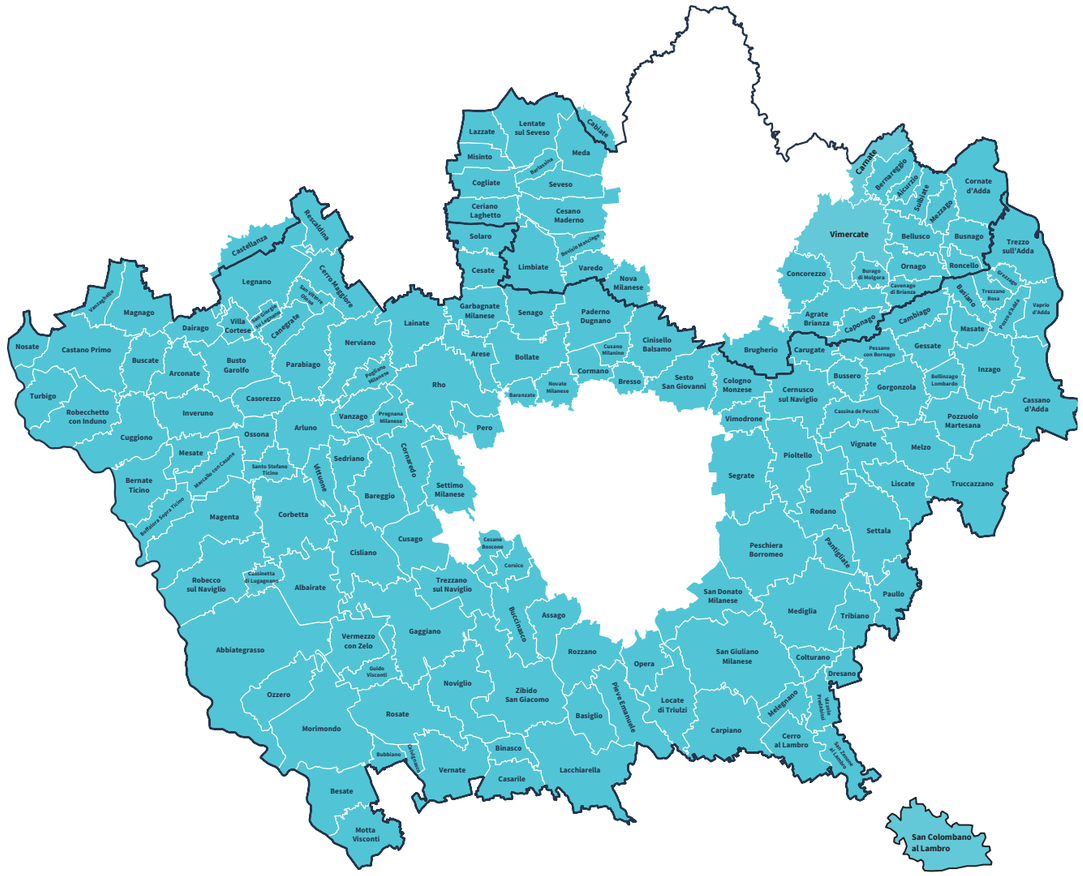
Our Network

[GRI 2-6]

An Integrated Water Service network that is in harmony with the local area and community is **central to our operations, which focus on water**.

Furthermore, through our investee companies, we have broadened our business into waste management and energy efficiency.

Our services are mainly directed towards users of the Integrated Water Service in the area. We select our suppliers in accordance with public procurement regulations, including contractors for works, services and supplies.[1]



		2023			2022			2021		
	UoM	Aqueduct	Sewer	Treatment	Aqueduct	Sewer	Treatment	Aqueduct	Sewer	Treatment
Population served	No	1,886,014	1,886,014	2,420,885	1,845,422	1,879,451	2,412,800	1,847,308	1,881,559	2,413,572
Municipalities served	No	133	133	154	133	133	154	133	133	154

[1] Among our most significant business relationships are the network agreements with other local entities, notably with Alfa S.r.l., which oversees the Integrated Water Service in the Province of Varese. Together, we have created a unified network office for General Counselling and Procurement and collaborate through the Water Alliance Acque di Lombardia.

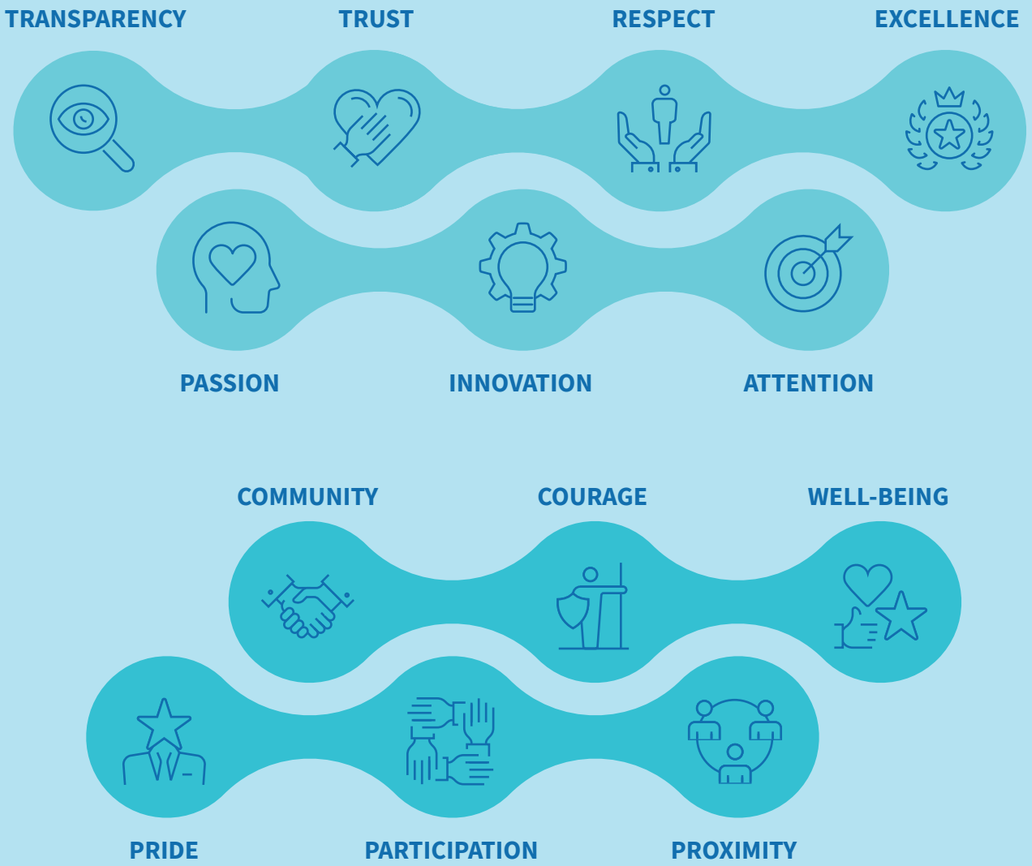
Our values

[GRI 2-23]

Our operations are guided by 13 core values, which were developed through extensive dialogue with all our personnel.

We care about our people. Therefore, we adhere rigorously to the highest ethical and conduct standards, paying particular attention to human rights protection, anti-corruption measures, competition rules and tax compliance.

Many of these aspects are ensured through the implementation of the SA 8000 standard—an internationally recognised benchmark aimed at guaranteeing optimal working conditions—which frames our policies focused on social issues and, in particular, on personnel management.



For more information
www.gruppocap.it

Acknowledgements

Our dedication to our customers, the community and the local area drives us to continuously improve with the goal of delivering high-quality service.

Top Employers 2023

For the fifth consecutive year, we have been recognised as a Top Employer Italy. This recognition reflects our dedication to fostering corporate well-being through work-life balance, continuous training, employee engagement activities, a strong sustainability culture, corporate volunteering and flexible work arrangements.

Compraverde Buygreen 2023

We were awarded in the 'Vendor Rating and Sustainable Purchasing' category for our sustainable procurement practices, use of green energy and selection of industrial partners committed to sustainability.

The 'Oscar di Bilancio' award

We were finalists in the categories of 'Listed and Non-Listed Utility companies or Multi-Utility Companies' and 'Special Award for Non-Financial Reporting? at the 'Oscar di Bilancio' award. Now in its 59th edition, this award, which features 12 categories and three special prizes, annually recognises companies for their ability to comprehensively report on their economic, social and environmental impacts.[2]

Biblioteca Bilancio Sociale award

Our inclusion project in collaboration with AGPD Onlus, which involved the integration of two colleagues to support the activities of our company library—open to both our employees and the local community—was recognised with the special 'Identity and Vision' award in the Diversity & Inclusion category. This action aims to create an inclusive work environment and celebrate diversity.

Workplace Health Promotion (WHP)

Since 2020, we have been part of the WHP programme by ATS (Agenzia di Tutela della Salute, Health Protection Agency), which aims to promote healthy lifestyles in the workplace. In 2023, we were recognised as a 'Health-Promoting Workplace – WHP Lombardia Network.'

RoPlasticPrize 2023

We won third place in the ART AND COLLECTIBLE DESIGN category with our project 'CAPitoli Urbani.' This action, developed in collaboration with Social Factory and other partners, was acknowledged for its innovative contribution to the field of re-Waste.

Italy’s Best Customer Service 2023-2024

We were awarded for the best customer service among water providers, highlighting our commitment to digitisation, virtual assistance and continuously listening to our customers' needs.

LIFE Awards 2023

Our project 'Life Metro Adapt' was awarded in the Climate category, recognizing our commitment to climate adaptation through nature-based solutions. It also came third in the public vote.

For more information
www.gruppocap.it

[2] Our 2022 NFR was reviewed by the 'Oscar di Bilancio' award committee, who provided the following feedback: “The CAP Group’s report clearly reflects a substantial investment in resources and a strong commitment to transparency. Notable strengths include its unsustainability reporting and the innovative use of QR codes for multimedia insights. The report also demonstrates a keen awareness of the evolving regulatory scenario (CSRD) and key reference standards, as evidenced by its structured approach. Additionally, the detailed description of the shared value creation process, including the application of the Taxonomy and the clear definition of eligible activities, is particularly commendable.”

Highlights

-42%
SCOPE 1 + 2

SBTi
TARGET APPROVAL

-25%
SCOPE 3

5,144,920
CUBIC METRES OF BIOGAS PRODUCED

-0.51%
WATER LEAKS (M1B) COMPARED TO 2022. IN 2023, WATER LEAKAGE AMOUNTS TO 19.98%.

UNI/PdR 125
GENDER EQUALITY CERTIFICATE

45%
OF TREATED WASTE WATER IS REUSABLE FOR AGRICULTURE

60.5%
SMART METERS

812,254
kWh OF TOTAL ENERGY PRODUCED BY PHOTOVOLTAIC SYSTEMS

1,907,407
CUBIC METRES OF WATER DRAINED THROUGH OVERFLOWING

60%
WOMEN IN THE BOD

78.05%
SPENDING WITH LOCAL SUPPLIERS

SUSTAINABILITY STRATEGY

Our approach

Our sustainability strategy

Our strategy is evolving to meet the needs of a growing area, encompassing everything from water and energy to environmental issues and innovative services. We aim to transform into a true 'green utility.'

In today's global context, marked by climate change, geopolitical instability, and social and economic crises, companies are increasingly driven to assess the sustainability of their operations and transition toward a more responsible and sustainable business model.

At CAP, we have embraced this challenge for a long time, **recognising sustainability as the very essence of our business approach.**

In 2019, we developed a Sustainability Plan, setting goals and actions to pursue in the short, medium, and long term. Additionally, to anticipate and address the many market challenges, the Plan has been integrated with our industrial strategy and investment plan.

This approach has outlined a broad strategy with a 2033 horizon, structured around three pillars that define the company's ambition:

SENSITIVE

to people's needs, aiming to enhance the well-being and trust of increasingly aware and demanding communities.

RESILIENT

in assets, governance and management to protect an essential asset for life.

INNOVATIVE

in the market, to anticipate regulations and foster networking capabilities.

For more information
www.gruppocap.it

In today's dynamic and rapidly evolving context, we are once again tasked with redefining our role as 'agents of change.'

To anticipate the challenges of an ever-changing future, including regulatory changes, we have decided to update our Sustainability Plan to **streamline** and **simplify** its content. We have strengthened its **connection with our industrial strategy**, which has been systematically redesigned and rethought, reflecting our commitment to both the current and future significance of water, a resource that is becoming increasingly rare and valuable.

Today, the risks associated with the climate crisis necessitate a **reassessment of our production and energy supply models**. Likewise, the evolving challenges in cybersecurity and the emerging opportunities from advancements in artificial intelligence and state-of-the-art robotics require a **rethink of our organisational models**.

Sensitive

Macro-goals	Consume less, consume drinking batter	A easy as drinking a glass of water	Ever closer to people's needs
Topics	Reduction of water withdrawals and impact	Customer care and support for vulnerable groups	Governance, DE&I policies and corporate walfare
SDGs	6	10, 12	5

Resilient

Macro-goals	Decarbonisation and circular economy	Protect biodiversity and water resources	Resilient and sustainable cities
Topics covered	Climate change mitigation and circular economy	Climate change adaptation: water and biodiversity	Climate change adaptation and water resources
SDGs	13	15	11

Innovative

Macro-goals	Digital Sustainability	Sustainable value chain	Driving change through innovation
Topics	Artificial Intelligence and cybersecurity	Sustainability in the supply chain	Alliance for sustainable development
SDGs	9	17	9, 17

Indicators in this Non-Financial Report that correspond with the KPIs of the Sustainability Plan are highlighted with an icon representing the relevant pillar.

SBTi

We have committed to reducing greenhouse gas emissions in alignment with the **Science Based Targets initiative (SBTi)**, basing our strategy on the latest scientific research.

SBTi was launched in 2015 by the Carbon Disclosure Project (**CDP**), the United Nations Global Compact (UNGC), the World Resources Institute (WRI) and WWF. It aims to guide global companies in reducing their CO2 emissions by at least 50% by 2030 and achieving net-zero emissions by 2050. This goal aligns with the targets of the 2015 **Paris Agreement**, which seeks to **limit global temperature rise to 1.5°C**.

Our commitment to the SBT initiative unfolds through **five phases**:

1. Commitment to achieving specific targes
2. Defining the goals to be achieved
3. Analysis and approval of targets by SBTi
4. Sharing the strategy with our stakeholders
5. Annual progress monitoring

Our roadmap and goals have been **approved by SBTi**, which will support us in the annual monitoring of our commitment. To date, nearly **7,500 companies worldwide have joined the initiative**, committing to set and achieve their emission reduction targets.

For more details, refer to the chapter 'Connected to Natural Resources' on page 67.

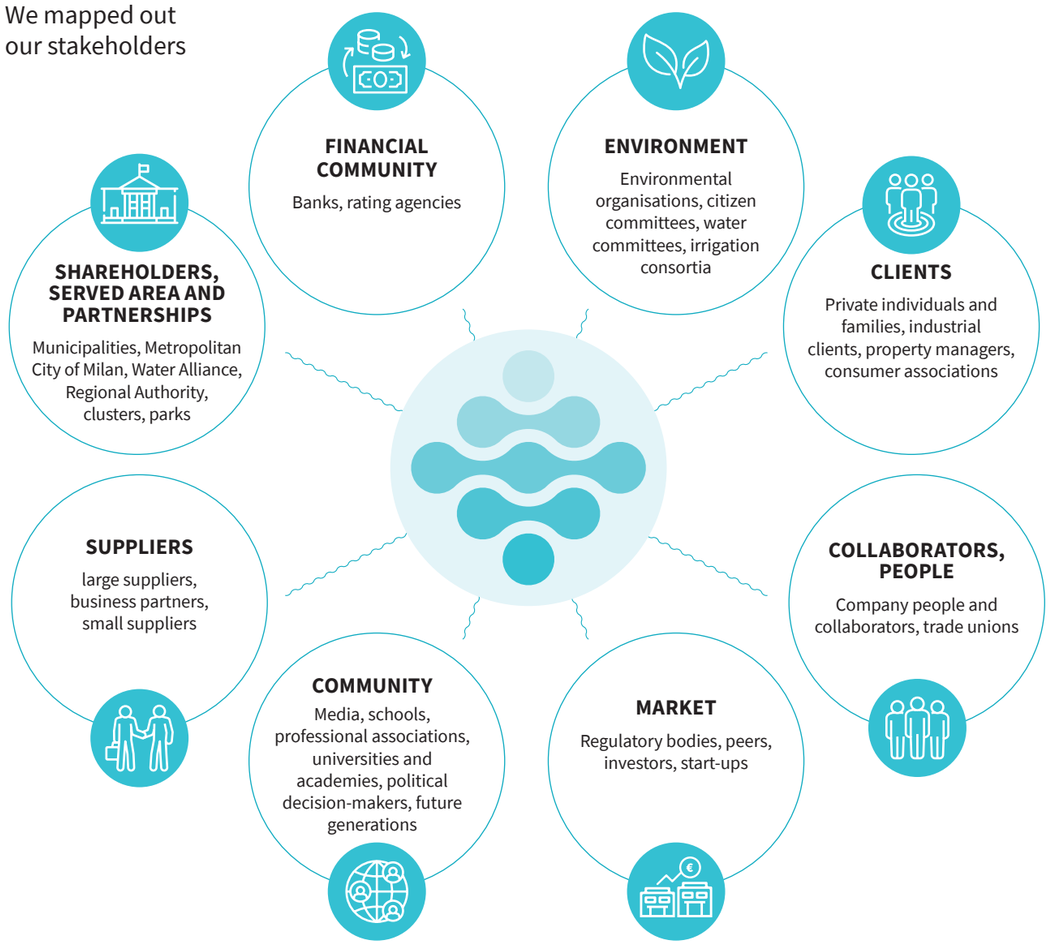
Materiality analysis

[GRI 2-29, 3-1, 3-2, 3-3]

Materiality analysis is the fundamental pillar for identifying and assessing issues that significantly affect an organisation's ability to create value over time.
By actively engaging stakeholders, we have identified and assessed the material topics that determine “the most significant impacts of the business on the economy, environment and people, including impacts on human rights.” Stakeholder engagement is essential in this process, as it determines a tangible commitment to responsible and conscious management of the organisation.

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 fully understand the context and the territory in which we operate. In this way, we can better plan and design actions for change at every level, in synergy with the needs of the local community and the entire ecosystem. To achieve this goal, it is essential to build and establish a deep bond of trust with stakeholders through the development of a transparent and collaborative relationship.

We mapped out our stakeholders



We manage stakeholder interactions using a monitoring and reporting system that involves all everyone in the company who has regular or structured relationships with our stakeholders. Through mapping out our activities, we can identify any gaps related to key issues and impacts for stakeholders, as well as areas that require more attention. This process helps us develop a targeted stakeholder engagement action plan.

[3] GRI 3 - material topics

Constant listening and dialogue

We listen to and engage with the community to ensure our services are efficient and aligned with the needs of citizens.

We involve associations, professionals and residents in our decision-making process to effectively manage our projects.

We have regular discussions with the scientific and academic community to improve our service.

Dialogue tools and channels

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

Update 2023

In 2023, we updated our materiality analysis in line with the GRI Standards according to the concept of Impact Materiality, as required by GRI 3: Material Topics 2021.

The four phases of the materiality analysis update process

1

Understanding the context

To identify relevant sustainability aspects, a context analysis was conducted, taking into account our activities, relationships and the sustainability context in which we operate. Following this, a benchmark analysis was performed, considering the main players in the utility company and Integrated Water Service sector and best practices in the industry.

2

Identification of positive and negative, actual and potential impacts

Positive and negative, actual and potential impacts were identified, which we generate on the economy, environment, and people. In identifying our impacts and value chain, we utilised the results of the benchmark analysis, public sector documents, and findings from risk assessments conducted by the Enterprise Risk Management department. For details on the identified impacts, see page 24.

3

Assessment of impact significance and validation of issues by external stakeholders

Each impact identified was assessed to determine its significance[4]. In addition, at this stage, we initiated a programme of external stakeholder engagement to validate the material topics and their impacts and to identify any additional relevant aspects that did not emerge during the context analysis.

The value of stakeholder engagement

As previously mentioned, for us at CAP, stakeholder engagement and continuous dialogue are fundamental to advancing our sustainability activities and commitments. Based on this premise, we updated our materiality analysis by actively involving key stakeholder categories that we interact with on a daily basis through various engagement methods.

Workshop multistakeholder

We invited various stakeholder categories to our headquarters, including clients, suppliers, communities, shareholders, members of the served area, partners and environmental associations, to involve them in an interactive workshop aimed at exchanging opinions and viewpoints on the identified material topics and their related impacts.

Survey

We engaged CAP Group people through an internal survey aimed at gathering the perspectives of those who work daily in our organisation on the identified sustainability issues.

One-to-one interviews

In light of the issuance of the first Sustainability-Linked Financing Framework, we decided to interview two representatives from the financial community to gather the views of experts in the finance sector.

Multi-stakeholder workshop

We involved Top Management for the evaluation and validation of material topics and their impacts, facilitating direct discussions among our directors on the sustainability issues that the Group continuously addresses.

4

Prioritisation of the most significant impacts and definition of the updated list of material topics

Based on the results from the previous phase, we prioritised the impacts and associated topics, resulting in a list of 15 material topics for the Group, which are detailed in the following pages.
The new list of material topics shows some differences compared to previous years and reflects the evolution of CAP Group's business and the local and general socio-political changes that have occurred in recent years.
In particular, we chose to simplify and clarify the description of the material topics by consolidating some and changing the formulation of others. Some topics were eliminated as they were considered 'business prerequisites' based on stakeholder feedback. These include: 'Sustainability Governance' and 'Resilient Territories and Major Risk Management.'
Finally, the publication of the Sustainability-Linked Financing Framework allowed for a more mature reflection on the coherence between the Industrial Plan and the sustainability strategy, leading to the addition of the topics 'Air Quality and Pollution' and 'Sustainable Finance.'

The results of the analysis were submitted for approval by the Board of Directors.

[4] According to the GRI Standards, materiality is determined by the likelihood of the impact occurring and its severity if it does occur.

Attention to human rights

It is important for us to combine growth with respect for human rights. Therefore, for several years, in accordance with the GRI standard, which requires identifying an organisation's impacts on the economy, environment and people, including human rights impacts, we have decided to identify human rights and link them to our material topics.

We have referenced the following:

- Universal Declaration of Human Rights (United Nations);
- Eight ILO Conventions;
- European Convention on Human Rights;
- International Covenant on Civil and Political Rights (United Nations);
- Charter of the Rights of Future Generations (UNESCO).

Below is a list of the material topics and associated human rights.

Material topic	Human rights
Business ethics and integrity	Right of future generations to have the same opportunities, in terms of availability and accessibility of resources, as previous generations
	Right to fair and satisfactory working conditions
	Right to enjoy a healthy environment
Sustainable finance[5]	Right to health
	DRight of future generations to have the same opportunities, in terms of availability and accessibility of resources, as previous generations
	Right to water
Responsible water resource management	Right to health
	Right to water
Ecosystem protection and safeguarding biodiversity	Right to enjoy a healthy environment
Energy transition and climate action	Right of future generations to have the same opportunities, in terms of availability and accessibility of resources, as previous generations
	Right to enjoy a healthy environment
Air quality and pollution	Right to health
Responsible waste management and circular economy	Right of future generations to have the same opportunities, in terms of availability and accessibility of resources, as previous generations
	Right to enjoy a healthy environment
Inclusion, diversity and corporate welfare	Right to fair and satisfactory pay
	Right to equal pay for equal work
	Prohibition of discrimination
	Freedom of thought, conscience and religion
Development and training of people	Right to fair and satisfactory pay
	Right to fair and satisfactory working conditions
	Right to rest and leisure (limitation of working hours)
	Right to form and join trade unions
	Right to protection of the working environment
Health and safety of people	Right to life
	Right to health
	Right to personal/mental integrity
Creation of value for the local area and commitment to the community	Right of future generations to have the same opportunities, in terms of availability and accessibility of resources, as previous generations
	Right to water
Inclusion, satisfaction and responsibility of users	Right to live in dignity
	Right to water
Sustainable supply chain management	Right to life
	Right to health
	Right to personal/mental integrity
Digitisation and cybersecurity	Right to privacy
	Right to health
	Right to enjoy a healthy environment
Investments and innovation in inclusive, sustainable and resilient infrastructure	Right of future generations to have the same opportunities, in terms of availability and accessibility of resources, as previous generations
	Right to enjoy a healthy environment

[5] The associated human rights refer to the main investments funded through the Sustainability-Linked Bond issued by CAP Group.

Impact analysis

✓ positive impact X negative impact

MATERIAL TOPIC	IMPACTS			
	ACTUAL		POTENTIAL	
Sustainable finance	Green investments to generate positive environmental impacts	✓		
Responsible water resource management	ACTUAL		POTENTIAL	
			Damage to the health of users	X
			Economic damage and worsening of the community's quality of life due to the difficulty of meeting water needs	X
			Low service quality standards provided to users	X
			Environmental damage caused by discharges of untreated waste water	X
Protection of ecosystems and safeguarding biodiversity	ACTUAL		POTENTIAL	
			Environmental damage caused by discharges of untreated waste water	X
Energy transition and climate action	ACTUAL		POTENTIAL	
	Promotion of decarbonisation strategies to reduce damage to the environment	✓	Service disruptions and inconveniences to users and the community	X
	Generation of greenhouse gas emissions	X	Environmental damage caused by discharges of untreated waste water	X
			Increase in user fees	X
Air quality and pollution	ACTUAL		POTENTIAL	
	Production and dispersion of significant atmospheric emissions	X		
Responsible waste management and circular economy	ACTUAL		POTENTIAL	
	Waste recovery for energy production	✓		
	Bad odour emissions and conflicts with the community	X		

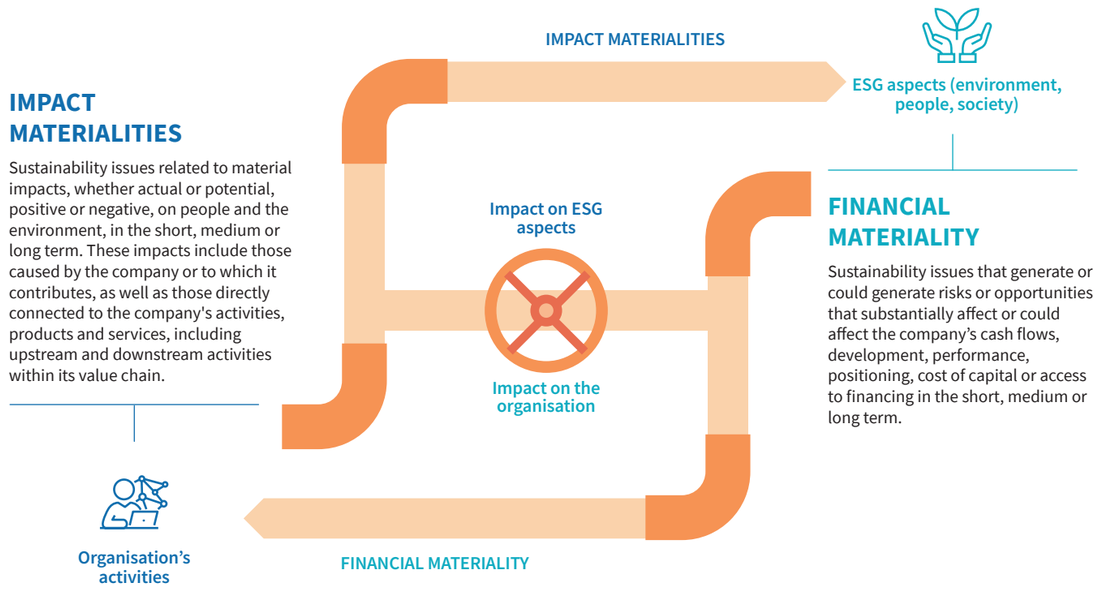
MATERIAL TOPIC	IMPACTS			
	ACTUAL		POTENTIAL	
Inclusion, diversity and corporate welfare	Promotion of work-life balance	✓	Potential instances of discrimination in the workplace and in recruitment processes due to gender or other personal conditions	X
	Development of social and employment inclusion projects and activities	✓		
Development and training of personnel	ACTUAL		POTENTIAL	
	Support for training activities and talent attraction policies	✓	Service disruptions and inconveniences to users and the community	X
	Promotion of a meritocratic work environment	✓		
	Policies aimed at the professional and personal growth of CAP Group employees	✓		
Health and safety of personnel	ACTUAL		POTENTIAL	
	Health and safety risks to employees, collaborators and people	X		
Creation of value for the local area and engagement to the community	ACTUAL		POTENTIAL	
	Projects and activities that promote value creation for the local area and community	✓	Service disruptions and inconveniences to users and the community	X
Inclusion, satisfaction and responsibility of users	ACTUAL		POTENTIAL	
	Universal access to water	✓	Economic damage to users	X
	Raising awareness among users and citizens about the importance and responsible use of water resources	✓		
Sustainable supply chain management	ACTUAL		POTENTIAL	
			Economic damage to users	X
			Service disruptions and inconveniences to users and the community	X
			Potential instances of gender discrimination in selection processes	X

MATERIAL TOPIC	IMPATTI			
	ATTUALE		POTENZIALE	
Digitisation and cybersecurity	Improved quality of life and social and cultural progress through the development of innovative solutions	✓	Loss or publication of sensitive date of employees, user or partners	X
			Environmental damage from cyber attacks on treatment plants	X
			Inability to access information systems and loss of data caused by a cyber attack	X
Investments and innovation in inclusive, sustainable and resilient infrastructure	**IMPATTI**			
	ATTUALE		POTENZIALE	
	Increased availability of water resources for the community	✓	Service disruptions and inconveniences to users and the community	X

For details on risks and impact opportunities, scan the QR code at www.gruppocap.it

Introduction to the concept of Double Materiality in the Sustainability Report[6]

With a view to continuous improvement, we also decided to undertake an initial internal risk and opportunity identification exercise in cooperation with the Enterprise Risk Management department based on 'Financial Materiality', as per the latest available draft of the EFRAG Implementation Guidance Materiality Assessment of 6 November 2023[7].



[6] It should be noted that the information provided in this section regarding double materiality has not undergone limited assurance.
[7] It should be noted that the double materiality approach is still evolving and will be mandatory for companies starting in 2025 (for the 2024 reporting period). At CAP Group, we have proactively conducted an initial exercise to identify topics according to double materiality, with a commitment to refine the analysis in the coming years following the publication of methodological guidelines that will define the process for identifying and measuring impacts, risks and opportunities

Our contribution to Sustainable Development Goals (SDGs)

Our daily activities are inspired by the Sustainable Development Goals (SDGs) of the United Nations 2030 Agenda. In the sustainability strategy we have considered the SDGs as keys drivers of our actions.

The 2030 Agenda for Sustainable Development is an action plan for people, the planet and prosperity, promoted by the UN General Assembly in 2015. The Agenda consists of 17 Sustainable Development Goals (SDGs), included in a comprehensive action programme that identifies 169 targets.

Material topic	SDGs
Business ethics and integrity	1, 2, 3, 4, 10, 16, 17
Sustainable finance	6, 9, 11, 13
Responsible water resource management	6, 12
Protection of ecosystems and safeguarding biodiversity	6, 14, 15
Energy transition and climate change mitigation	3, 7, 8, 12, 13, 14, 15
Air quality and pollution	3, 12, 14, 15
Responsible waste management and circular economy	3, 6, 8, 11, 12, 15
Inclusion, diversity and corporate welfare	3, 4, 5, 8, 10
Development and training of personnel	4, 5, 8, 10
Health and safety of personnel	3, 8, 16
Sustainable supply chain management	5, 8, 16
Creation of value for the local area and commitment to the community	1, 2, 8, 9
IInclusion, satisfaction and responsibility of users	12, 16
Digitisation and cybersecurity	16
Investments and innovation in inclusive, sustainable and resilient infrastructure	5, 9, 11

Our commitment to the UNGC

WE SUPPORT
UN GLOBAL COMPACT

For the second year running, we have adhered to the 10 principles of the United Nations Global Compact to contribute to advancing sustainable development.

The United Nations Global Compact encourages businesses worldwide to promote a healthy and sustainable global economy that ensures everyone has the opportunity to share its benefits. Companies that join are urged to share, support and implement a set of fundamental principles within their sphere of influence, covering human rights, labour standards, environmental protection and anti-corruption.

These 10 principles are based on the Universal Declaration of Human Rights, the ILO Declaration, the Rio Declaration and the United Nations Convention Against Corruption.

Human rights

Principle I
Support and respect the protection of internationally proclaimed human rights within the respective spheres of influence.

Principle II
Make sure that the company is not, even indirectly, complicit in human rights abuses.

Labour

Principle III
Uphold the workers' freedom of association and the effective recognition of the right to collective bargaining;

Principle IV
Eliminate all forms of forced and compulsory labour.

Principle V
Effectively abolish child labour.

Principle VI
Eliminate all forms of discrimination in respect of employment and occupation.

Environment

Principle VII
Support a precautionary approach to environmental challenges.

Principle VIII
Undertake initiatives to promote greater environmental responsibility.

Principle IX
Encourage the development and diffusion of environmentally friendly technologies.

Anti-corruption

Principle X
Work against corruption in all its forms, including extortion and bribery.

GOVERNANCE

Connected within a solid structure

Company Profile

[GRI 2-1, 2-9, 2-10]

CAP Holding S.p.A.

- is one of the leading operators in Italy's Integrated Water Service;
- operates in 154 municipalities within the Metropolitan City of Milan and the provinces of Pavia, Monza Brianza, Como and Varese;
- serves a customer base of approximately 2.5 million people;
- is the largest single-utility company at the national level in terms of assets.

Amiacque S.r.l.[8]

- is the operating company responsible for the three core services of the Integrated Water Service: extraction from the aquifer and potable water supply, waste water management and treatment activities.

Main bodies

Shareholders' Meeting

It is composed of all shareholders and decides on matters reserved to its competence by law and the company's statute. It appoints the members of the Board of Directors and the Board of Statutory Auditors of CAP Holding.

Board of Directors (BoD)

It is responsible for strategic and organisational guidance and the development of managerial policies. The Board of Directors was appointed on 17 May 2023.

5 members (3 women and 2 men) for CAP Holding

5 members (3 women and 2 men) for Amiacque

The Board of Directors is appointed by the Shareholders' Meeting, in compliance with the relevant regulations on equal access to the governance bodies of public investee companies.

The Board of Statutory Auditors

It oversees compliance with the law, the Articles of Association and principles of proper administration. It assesses the adequacy of the organisational, administrative and accounting structure and verifies its effective functioning.

Strategic Policy Committee (SPC)

Elected by the Shareholders' Meeting, the Strategic Policy Committee (SPC) performs strategic oversight functions for the analogous and joint control over the management of services entrusted directly by the public territorial entities that are shareholders.
The Board of Directors submits to the Committee's prior approval the documents concerning the company's economic and financial performance every six months, the general guidance on corporate policy, management and organisational structure, as well as the guidelines for the exercise of management and coordination over the controlled operating companies.
The Committee engages with the Board of Statutory Auditors, the account auditor and the Supervisory Body to ensure compliance with principles of equal access, competence and territorial representation in the appointment of administrative and supervisory bodies of the investee companies. The SPC may request additional documentation from the Board of Directors to support its activities.

To align with the new GRI standards and current regulations, we have implemented a thorough review of the selection process for our Board of Directors. This has involved developing specific guidelines aimed at ensuring a particular focus on the essential requirements and competencies for its members, such as sustainability, corporate governance and risk management.

[8] From 2024 CAP Evolution.

Responsibilities key	
1: Corporate Governance	8: Strategic guidelines and planning
2: Public administration	9: Economy and finance
3: Risk management	10: Digital Transformation
4: Sustainability	11: Legal affairs
5: Specific responsibilities for the water and environmental sector	12: Auditing and management of accounts
6: Professional communication	13: Internal control system
7: Business strategies and model	14: Technical planning and programming

CAP Holding S.p.A. BoD
Appointed by the Shareholders' Meeting on 17 May 2023, for 3 financial years until the approval of the 2025 financial statements

Name	Position	Date of birth	Gender	Nationality	Responsibilities
Yuri Santagostino	Non-executive President	06/01/1985	M	IT	1, 2, 3, 4, 5, 6
Alessandro Russo	CEO	22/04/1982	M	IT	1, 2, 3, 4, 5, 6, 7, 8, 9, 10
Karin Eva Imparato	Non-executive Vice-chair	27/06/1974	F	IT	1, 2, 3, 4, 5
Luciana Dambra	Non-executive Director	05/05/1964	F	IT	1, 2, 5, 6, 10
Barbara Mancari	Non-executive Director	19/07/1977	F	IT	1, 2, 5, 11

Amiacque S.r.l. Board of Directors
Appointed by the Shareholders' Meeting of 07 June 2023 for 3 financial years

Name	Position	Date of birth	Gender	Nationality	Skills
Nicola Tufo	Non-executive President	16/02/1978	M	IT	1, 2, 9, 12, 13
Emanuela Minorini	Non-executive Director	22/12/1960	F	IT	1, 2, 5
Paola Annamaria Petrone	Non-executive Director	29/10/1967	F	IT	1, 2, 3, 4, 5, 7, 9, 10
Franca Recanati	Non-executive Director	24/03/1956	F	IT	1, 2, 5
Ugo Vecchiarelli	Non-executive Director	08/06/1965	M	IT	1, 2, 5, 14

Strategic Policy Committee appointed by the Shareholders' Meeting on 25/05/2021
Name
Giuseppe Sala (Metropolitan City of Milan)
Giacomo Giovanni Ghilardi (Cinisello Balsamo)
Lorenzo Radice (Legnano)
Daniele Davide Barletta (Garbagnate Milanese)
Giovanni Ferretti De Luca (Rozzano)
Rino Pruiti (Buccinasco)
Lucia Mantegazza (Gessate)
Marina Roma (Marcallo with Casone)
Donatella Pumo (Siziano)
Simone Sironi (Agrate Brianza)
Luisa Salvatori (Vizzolo Predabissi)

The Articles of Association stipulate that public administrators from local government entities that are shareholders, as well as individuals in situations of ineligibility or disqualification as outlined in Article 2382 of the Civil Code, specific legal provisions, or under the application of Legislative Decree 231/2001 adopted by the company, cannot be appointed as members of the Board of Directors. Additionally, directors must not be in any of the situations of ineligibility or incompatibility outlined by Legislative Decree 39/2013, Legislative Decree 33/2013, and Article 6 of Legislative Decree 201/2022.

Diversity in governance bodies

SENSITIVE

[GRI 405-1]

	2023		2022		2021	
Composition of the BoD by gender	**No**	**%**	**No**	**%**	**No**	**%**
F	6	60	5	50	5	50
M	4	40	5	50	5	50
Totale	10	100	10	100	10	100

	2023		2022		2021	
Composition of the BoD by age	**No**	**%**	**No**	**%**	**No**	**%**
<30	0	0	0	0	0	0
30-50	5	50	3	30	3	30
>50	5	50	7	70	7	70
Totale	10	100	10	100	10	100

Conflict of interest

[GRI 2-15]

The documents containing the company's procedures to prevent and/or mitigate conflicts of interest are:

1. CAP Group Ethical Commitment
2. Anti-Corruption and Transparency Plan
3. 'Due Diligence Process according to ISO 37001' procedure
4. 'Procurement Management' procedure
5. 'Partnership Activities and Participation in Tenders' procedure

Some information about the members of the administrative bodies (such as ownership of shares in companies or the absence of reasons for ineligibility/ incompatibility under Legislative Decree 39/2013) is made public on the company's website, in accordance with legal transparency requirements.

Remuneration policies

SENSITIVE

[GRI 2-19, 2-20]

This year, to further align with GRI standards, we have implemented a Remuneration Policy that was approved by the Board of Directors on 25 January 2024

CAP Group's Sustainability Governance

[GRI 2-9, 2-12]

We have strengthened our governance structure to more effectively manage emerging ESG risks and their financial implications for the organisation.

In 2023, we strengthened our Sustainability Governance by enhancing control systems to address ESG risks and their financial implications. This process included enhancing the **Control**, **Risk and Sustainability Working Group (WG)**for the oversight, supervision and establishment of a **ERM & ESG Managerial Committee** with consultative and strategic guidance functions. Both bodies are characterised by a distinct **multidisciplinary** and **cross-functional composition**, designed to more effectively oversee new ESG risks and their financial impacts through an **integrated approach**.

Working Group established by the Board of Directors on 4/07/2023	
Name	**Carica**
Karin Eva Imparato – CAP Holding S.p.A. BoD Vice-chair	Chair
Matteo Pedrini	External director with specific expertise
Raffaele Zorloni – Board of Statutory Auditors member	Board of Statutory Auditors representative
Alessandro Russo – CEO and General Manager of CAP Holding S.p.A	Permanent invitee
Matteo Colle – Director of External Relations and Sustainability	Secretary
Annalisa Sala – Head of Risk Management & Corporate Compliance Office	Secretary
Gianluca Oldani – Head of Internal Audit	Permanent invitee

ERM & ESG Committee
Name
Alessandro Russo – CEO and General Manager of CAP Holding S.p.A
Matteo Colle – Director of External Relations and Sustainability
Annalisa Sala – Head of Risk Management & Corporate Compliance Office
Federico Feltri – Director of Administration and Finance
Michele Falcone – Director of General Counselling and Procurement and General Manager of Amiacque S.r.l.
Alessandro Reginato – Director of Water Service
Marco Pattano – Director of Planning and Performance Control

In accordance with the provisions of the TUSP (Consolidated act on investee companies, Legislative Decree No 175 of August 19, 2016) and the Articles of Association of CAP Holding, which specifies that "the Company shall not establish corporate bodies other than those provided for by general regulations on companies" (Art. 15, para. 3), we have decided to implement a dedicated working group for risk and sustainability management, which is an internal corporate structure.

The Sustainability Policy was revised by the Board of Directors on 4 July 4 2023, and during the same meeting, the Control, Risks and Sustainability Working Group was established to ensure better coordination of the Internal Control System and Risk Management areas.

Our Sustainability Policy

[GRI 2-12, 2-13]

The Group's commitment to promoting and disseminating its mission, values, strategies and goals related to sustainable development is formalised in the **Sustainability Policy**, which was approved by the Board of Directors on 26 January 2023, and revised by the Board on 4 July 2023.

The aim of the Policy is to establish a Governance model that integrates sustainability at all levels of the organisation, effectively allowing it to permeate every structure.

The Sustainability Policy outlines the new structure of Sustainability Governance and the functions of its constituent bodies, which are responsible for managing ESG aspects as well as for decision-making and oversight regarding the impacts of CAP Group on the economy, the environment, and people.

Board of Directors

- is responsible for strategic and organisational direction and the development of management policies;
- sets the direction on corporate social responsibility issues, including those related to climate change adaptation and mitigation;
- confirms the proper execution and effectiveness of the due diligence process activities;
- ensures that stakeholder engagement is correctly carried out in the due diligence process.

CEO

- is responsible for designing and implementing the sustainability strategy, the integrated management system, and the risk management system, based on the guidelines set by the BoD.

Control, Risks and Sustainability Working Group

- supervises activities related to communication and reporting on relevant topics.

ERM & ESG Management Committee

- is responsible for decision-making and oversight of CAP Group's impact management on the economy, environment and people;
- through the Director of External Relations and Sustainability, it reports annually to the BoD on the activities of the due diligence process for identifying, preventing and mitigating actual and/or potential negative impacts on the economy, environment and people carried out by the Sustainability Department.

The Sustainability Department

- has an operational and coordination role for all initiatives related to ESG issues.

According to the Sustainability Policy, the BoD, supported by the Control, Risk and Sustainability Working Group (hereafter also referred to as WG) in pursuing sustainable success, delegates the responsibility of the due diligence process for identifying, preventing and mitigating actual and/or potential negative impacts on the economy, environment and people to the ERM & ESG Managerial Committee. This Committee, in turn, assigns the Sustainability Department, in the person of the Director of External Relations and Sustainability, to manage the proper execution of the phases of this process.

In the event of any issues, it is the responsibility of the Sustainability Department to report them to the ERM & ESG Managerial Committee, through the Director of External Relations and Sustainability who then communicates these issues to the WG. If the WG deems it necessary to take further action, it can bring these issues to the attention of the BoD to ensure proper stakeholder engagement.

Role of governance bodies in non-financial reporting

[GRI 2-14]

The Board of Directors is always involved in sustainability reporting through the approval of the NFR and the materiality analysis, ensuring accurate management of sustainability issues. Subsequently, the Shareholders' Meeting receives a detailed update on the document's contents.

To ensure compliance and accuracy of the report, the Board of Statutory Auditors and an external auditor conduct rigorous checks. The Board of Statutory Auditors verifies adherence to relevant regulations, particularly Legislative Decree No. 254/2016, while the external auditor checks the correct preparation of the document and its compliance with reporting standards.

The Sustainability Department coordinates external audits, working closely with the auditing firm and internal managers involved in the data collection process to maintain a high standard of accuracy and transparency in both financial and non-financial communication.

According to the Sustainability Governance structure outlined in the new company policy, the Control, Risks and Sustainability Working Group also assumes a supervisory role for activities related to sustainability communication and reporting.

Training dedicated to the highest governance body

[GRI 2-17]

In July 2023, we organised an initial training session for the members of the Board of Directors and the Board of Statutory Auditors of the Group companies. This session, in addition to covering Corporate Governance and risk management topics, encompassed the entire range of activities carried out by CAP Group companies. Subsequently, in September, we offered further training focused on sustainability and ESG issues.
In November, we conducted a survey among the BoD members to gather their training needs in terms of skills and soft skills. This survey guided the drafting of the 'Guidelines for BoD Training,' thereby outlining a specific and personalized training programme for our Board of Directors.

Risk management and integrated management system

We have decided to incorporate sustainability principles into all our operations, ensuring a balance between the company's robustness and the reduction of environmental and social impacts.

To strengthen our integrated risk management and ensure organisational resilience, in 2020 we adopted an **Enterprise Risk Management (ERM)** model, adhering to best national and international practices.

This structured and continuous model allows us to identify and assess the key financial and non-financial risks we are exposed to. We implement mitigation strategies and conduct constant monitoring to support decision-making processes, increase internal awareness and enhance our ability to generate value for all stakeholders. Our ERM Policy, adopted and approved by the Board of Directors in 2020, establishes the ERM Governance Model and Operational Model, clearly outlining roles, responsibilities and key activities.

The methodology we have adopted and the tools developed for risk assessment include ESG considerations and relevant risk scenarios. In the latest **company risk assessment**, completed in November 2023, we identified **84 risks**, of which **19 were assessed as ESG risks**, as they reflected long-term trends related to climate, social and demographic changes impacting our Group.

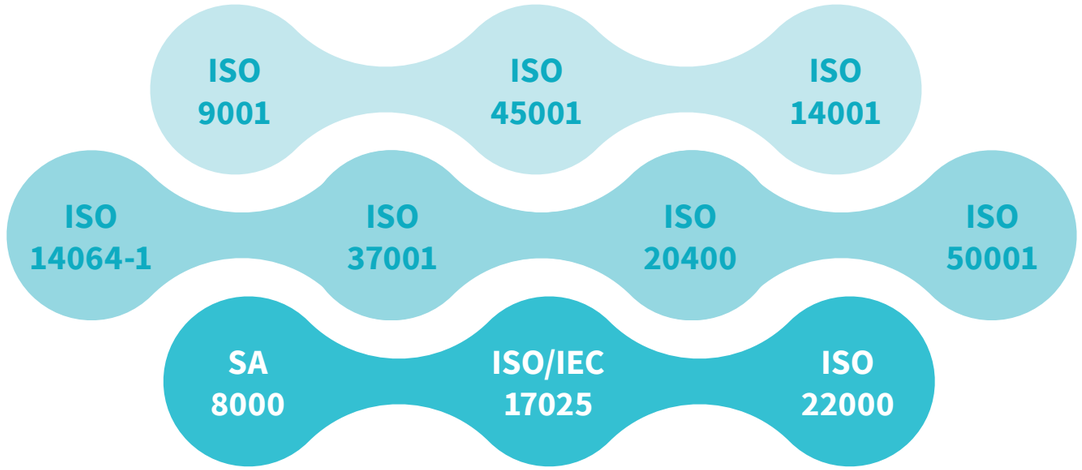
Risk Management Model

[GRI 2-23, 2-24]

The ERM model provides effective control over all potential risks, given the nature of our activities and adopted strategies. This model is essential for supporting the achievement of the goals outlined in our **Industrial Plan and Sustainability Plan**. ERM allows us to identify, assess and manage emerging risks. We implement appropriate prevention and mitigation measures, subject to periodic monitoring, to ensure the resilience and sustainability of our operations.
We adopt a prudent approach to corporate risk management to prevent and mitigate potential hazards. Our Enterprise Risk Management (ERM) model is designed to recognize any type of risk that could hinder the achievement of our strategic goals. This risk assessment is integrated, transversal and dynamic, relying on existing management systems in various business processes, covering areas such as fraud prevention, anti-corruption, occupational health and safety, environment and quality.
The identified risks may originate from internal or external factors. External risks, for instance, are related to the industry and market context, as well as stakeholder perceptions of our operations. Regarding internal risks, the ERM model focuses on managing them through specific prevention and control systems, integrated into our business processes, to eliminate the risk or minimise the likelihood and impact of potential incidents. Regarding external risks, the goal is to monitor them constantly and mitigate their impact should they arise.

The integrated management system and certifications

[GRI 2-24]



For more information, scan the QR code
www.gruppocap.it

We implement our commitments to responsible business conduct through an Integrated Management System. This approach allows us to integrate systems and translate our principles and values into action. Furthermore, identifying processes and interpreting them from a systemic perspective contributes to the assessment and proper management of enterprise risks.
In particular, to prevent and address negative impacts on **human rights**, since 2016 we have implemented a Social Responsibility Management system in accordance with the international SA 8000 standard, aiming to:

- develop a **unique culture of attention, respect, development, enhancement and inclusion of the diversity** of individuals, through a fair **work environment** that promotes individual participation, listening and collaboration and supports the rejection of all forms of violence and harassment in the workplace;
- achieve increasingly higher quality results through **diverse working groups**, with a special focus on age, gender and disability;
- comply with national and international standards (e.g., ILO Conventions; Universal Declaration of Human Rights; UN Guiding Principles on Business and Human Rights), applicable National Collective Labour Agreements, and the principles of the Group's Code of Ethics;
- select and evaluate our suppliers and subcontractors based on their commitment to meeting the SA 8000 standard requirements.

We are the first 37001-certified company in the water sector
In November 2018, we became the first group in Italy's water sector to achieve **ISO 37001:2016 certification for 'Anti-bribery Management Systems,'** the leading international standard for managing anti-corruption procedures.

In October 2023, CAP Holding successfully completed its certification renewal audit. To maintain our ISO 37001 certification, we conduct due diligence activities that involve a detailed analysis of corruption risks associated with specific operations, projects, activities, Business Associates and personnel identified as high-risk by our anti-corruption assessment process. These checks are based on a Due Diligence Programme, prepared annually by the Risk Management & Corporate Compliance department, which includes: (i) continuous controls as outlined in CAP Holding's procedures, and (ii) annual reviews. Following the attainment of ISO 37001, we annually approve the **Integrated Compliance Programme**, which encompasses both the **Due Diligence Programme** and the **Audit Plan**.

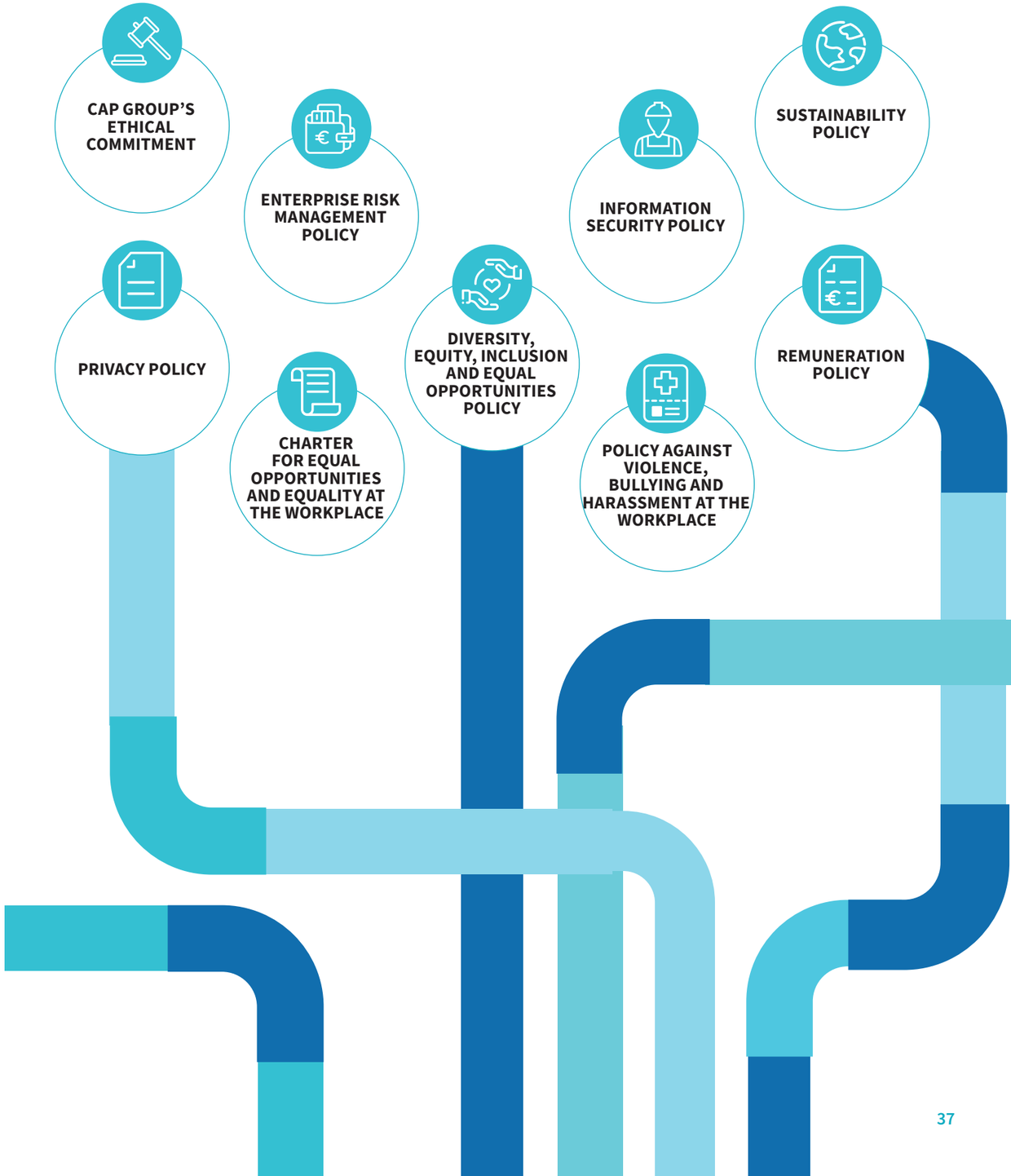
We also promote the adoption of responsible business practices and sustainable industrial policies in our business relationships with suppliers to foster virtuous collaborations with positive impacts throughout the procurement chain. We have initiated a process based on key pillars:

- the new Vendor Rating;
- collaboration agreements;
- implementation of ISO 20400:2017 on sustainable procurement within the Integrated Management System.

For details of these tools, see p. 155

Our policies

Documents that outline the values, principles, commitments and responsibilities of CAP Group and its network.



CAP Group's Ethical Commitment

[GRI 2-23]

We are strongly committed to maintaining high ethical standards and responsible conduct, with a particular emphasis on **protecting human rights, preventing corruption, complying with antitrust regulations and fulfilling tax obligations**. In 2023, our Code of Ethics, ratified by the Board of Directors, underwent a significant revision to strengthen these principles.

Our Code of Ethics applies not only to our employees but also **extends to our entire value chain**, including business partners, suppliers and all entities that work with us, whether on a permanent or occasional basis (consultants, external collaborators, and any party acting on behalf of the CAP Group companies), constituting a fundamental element of contracts with business partners and being essential for establishing relationships with our Group. To ensure widespread dissemination, the document has been made available through our intranet network, published in the 'Transparent Company' section of our website, and provided at the receptions of our offices and facilities, ensuring **full accessibility** to both internal and external collaborators. Our Code of Ethics consists of:

- the CAP Group **Code of Ethics**, which defines the core ethical values that inspire our actions;
- the **Supplier Code of Conduct**, which outlines the principles and values that underpin the relationships between the Group's companies and the economic operators they engage with;
- the **Anti-Corruption Policy**, which defines the values, principles and responsibilities regarding the fight against corruption.

For more information, scan the QR code
www.gruppocap.it

★★★
In 2023, AGCM (the Italian Competition Authority) renewed our lawfulness rating confirming the maximum score.

Reporting mechanisms

[GRI 2-24, 2-25, 2-26]

Thanks to our Ethical Commitment, we are dedicated to addressing reports of illegal activities and regulatory violations. Our Integrated Management System plays a crucial role in identifying, assessing, managing and monitoring risks, allowing us to address potential negative consequences through the adoption of corrective actions in the presence of non-compliance. We ensure the existence of various reporting mechanisms, governed by specific procedures.
Whistleblowing: Reports of any violations or suspected breaches of the ethical system can be made through a single platform, which can also be used anonymously. The whistleblowing process is governed by the procedure 'Reporting of Illegal Activities and Irregularities,' which ensures the protection of the whistleblower from any form of retaliation, while maintaining anonymity. At the same time, protection is provided for the reported individual in the case of 'bad faith' reports. According to the procedure, after receiving a report and provided that it does not hinder the investigation, the information is forwarded to the Chief Executive Officer, the Chair of the Board of Directors and the Area Director of the parent company, as well as to the General Manager of the involved company.

Our employees and anyone who, in various capacities, has had or intends to have employment, collaboration or business relationships with our Group, can report any illegal or public interest-contrary conduct through: (i) the online platform; (ii) an email; (iii) postal mail. Several procedures and channels are also active for reporting non-compliance, including:

- the 'Reporting of Illegal Activities and Violations' section on our website, with dedicated instructions and a direct link to the dedicated platform, through which reports related to breaches of national and European Union regulations can be made, fully respecting the guarantees established by Legislative Decree No 24/2023; the email inbox of the Supervisory Body, which collects reports in case of violations of the OMCM 231.
- the Operational Instruction '**Management of SA8000 Reports and Communications SA8000**,' which also describes how we collect, monitor, and manage reports freely submitted by our stakeholders regarding SA8000.
- the procedure '**Management of Complaints and Dispute Resolution**,' which regulates the complaint management process and includes access methods for dispute resolution.
- The Operational Instruction '**Notification of Personal Data Breach**,' which ensures prompt management of personal data breaches in accordance with EU Regulation 2016/679, including notifications to the relevant authorities and affected individuals. Reports of breaches or suspicions can be sent to privacy@gruppocap.it.

In 2023, the Social Performance Team, which is an example of fair collaboration between management and worker representatives, met **twice** to monitor and assess risks related to working conditions and ensure compliance with SA8000 requirements, as well as to update our reference documentation. During the year, we received a report in December, which is currently under review to ensure proper handling.

Reporting = any communication of unlawful activities that encompass the full range of crimes against public administration, as well as any conduct contrary to the public interest, in violation of the Ethical Commitment, laws, regulations, authority provisions, internal regulations, the Organization, Management and Control Model (OMCM) 231 framework, or anything that could cause damage or harm, even if only to the image, to the Group companies.

In line with the **protocol established with the Municipio 9 unit of the City of Milan and to promote open and transparent communication with citizens**, we have introduced a digital system for reporting odour-related impacts from the **Niguarda-Bresso waste water treatment plant**. Using an online form, citizens can report the perception of **critical olfactory events** near the plant, specifying the exact location via **geolocation**. To ensure the effectiveness of this reporting system, we are committed to providing all relevant information about procedures and updates through appropriate communication channels.
A report is then prepared every four months and shared with the municipality during a review meeting, and subsequently published on both the CAP Group website and the municipality's website. Each year, CAP Group updates stakeholders on activities aimed at managing emission impacts through the annual Non-Financial Report and the institutional website, highlighting all the activities carried out.

During the **Water Entry Training (WET)** programme for new hires, we also provide training on the whistleblowing system, with reference to compliance requirements. Additionally, the annual privacy courses and the introductory training for new hires include training sessions on data breach mechanisms.

In the case non-conformities are identified during audits, we monitor the effectiveness of corrective actions according to the principles of the organisation's integrated management system.

Crisis management

[GRI 2-16]

We have established a Crisis Committee and a Crisis Manual, which outlines the procedures for activating the Group on and provides tools for the rapid management of the situation, with particular focus on high-impact issues, including reputational risks.

Crisis = any event, whether external or internal to the organisation, that represents or could represent a risk to operational continuity and/or have a negative effect on the reputation of the company and the services it provides In the event of an occurrence or a report (alarm) from CAP Group personnel or other stakeholders, the Crisis Committee, chaired by the President and the Chief Executive Officer, initiates the assessment phase for possible subsequent activation of the crisis management process until the crisis is fully resolved.
The phases that make up a crisis are:
1. PREPARATORY PHASE – Information gathering and monitoring
2. EXECUTIVE PHASE – Activation of countermeasures
3. REACTIVE vs PROACTIVE PHASE – Management guidance

In 2023, no issues required the activation of the Crisis Committee.

Ethics and integrity in business

[GRI 3-3]

Our commitment to maintaining a transparent, responsible and ethical business.

At CAP Group, we place a high value on ethical conduct and business integrity, recognising their significant impact on various aspects of our operations, including stakeholder relationships, financial performance and overall sustainability.

Neglecting these aspects can expose us to risks of illegal activities or corruption, with potential repercussions such as damage to our reputation, delays or disruptions in operations, financial losses and legal consequences. Conversely, a strong ethical foundation and integrity support our long-term sustainability. Upholding high ethical standards ensures compliance with the law, reduces the risk of legal issues, and fosters positive relationships with all stakeholders.

Material topic	What it is
Ethics and integrity in business	Ensure a business management model based on the highest standards of ethics, integrity and transparency, particularly with reference to the measures adopted by CAP Group to prevent both active and passive corruption.

Anti-corruption organisational model

[GRI 205-1]

To ensure transparent and proper business management, the Boards of Directors of CAP Group have adopted the 'Organisational, Management and Control Model' pursuant to Legislative Decree No 231/2001 (OMCM 231).

The **Supervisory Body** conducts audits to verify the proper application of the rules we have established and the adequacy of the Model.

In 2023, we updated the OMCM 231 to incorporate legislative changes that introduced or expanded certain categories of offences under Legislative Decree 231/2001. These updates primarily address the management of public funding, relationships with public administration, the IT sector and the protection of cultural and environmental heritage. Additionally, towards the end of the year, we revised OMCM 231 in response to new legislative provisions, including the 'Whistleblowing Decree' and the addition of new categories of offences, aimed at ensuring transparency and fairness in procurement and supplier selection processes, as outlined in Article 24 of Legislative Decree 231.
As a result, the updated OMCM was adopted starting from the beginning of 2024, following approval by the Board of Directors.

The fight against corruption is crucial for us.
In particular, the **Anti-Corruption Policy**, designed in compliance with Law 190/2012, Legislative Decree 231/01, and in accordance with the UNI ISO 37001:2016 Management System, defines the values, principles and responsibilities we adhere to in the fight against corruption.

In addition to these tools, we have developed the **Three-Year Plan for Corruption Prevention and Transparency** (hereinafter referred to as 'Plan 190'), which we have been preparing since 2014 and update annually in full compliance with regulations, highlighting our ongoing commitment to corporate integrity and accountability. Plan 190 is based on identifying areas potentially at risk of corruption, mapped through a specific risk analysis.

The Three-Year Plan for Corruption Prevention and Transparency is approved by the Boards of Directors of the CAP Group Companies, which set the **strategic objectives** in the area of anti-corruption. It is published on the CAP Group website and submitted to the Metropolitan City of Milan as the governance authority of the area.

In 2023, the 190 Plan for the 2024-2026 three-year period, along with its attachments and the mapping of risk areas, was updated through a series of interviews. During these interviews, the corruption risks for each business process were identified.

In 2023, the members of the Boards of Directors of both companies in the Group received specific communication on transparency, integrity and ethics through the presentation, sharing and approval of the Due Diligence Programme and the Three-Year Plan for Corruption Prevention and Transparency.

Anti-corruption auditing and risk assessment

[GRI 205-1, 205-3]

To enhance the effectiveness and efficiency of the organisation, the activities of the Internal Auditing Office have focused on the areas and sectors with the highest risk levels, as outlined by OMCM 231 and the Three-Year Plan for Corruption Prevention and Transparency. With reference to risk assessments, the coverage of new processes, and regulatory developments, an Audit Plan was drafted, according to which 45 internal audits were completed in 2023, including those required by company procedures.

Throughout 2023, the Anti-Corruption Risk Assessment was updated, mapping out areas potentially at risk of corruption, broken down into sub-processes/activities.

45
Internal audits carried out

The following were mapped and evaluated	
for CAP Holding	**for Amiacque**
36 processes at risk for 207 potential corruption risks	11 processes at risk for 67 potential corruption risks

In 2023, we did not record any confirmed cases of corruption, nor were there any legal actions related to corruption initiated against the organisation or its employees.

Communication and training on lawfulness, ethics and anti-corruption

[GRI 205-2]

To promote the principles related to lawfulness, ethics and anti-corruption, communication and training play a crucial role in ensuring that knowledge of the subject and adherence to regulations become integral parts of each employee's and collaborator's **professional culture**.

With this awareness, each year we develop an information/training plan for all CAP people, tailored to their roles.
The goal is to foster widespread **knowledge** and cultivate a **company culture aligned** with the themes of lawfulness, anti-corruption and transparency, thereby mitigating the risk of illegal activities.

Anti-corruption measures	COMMUNICATION TOOLS	Intranet
		Group's website
		Clauses included in contracts
	STAKEHOLDER	CAP people and business partners
Ethical Commitment, Appendices, Amendments and Updates	COMMUNICATION TOOLS	CAP's website, in the 'Transparent Company' section
		Company intranet and news section
		'Ethical Commitment in a Nutshell,' a document used during training events to promote a culture of ethics
		Contractual clauses
		Company newsletter
	STAKEHOLDER	CAP people, collaborators, suppliers, consultants and external parties

At CAP, it is essential for us that our people have the practical and cultural tools necessary to respect fundamental rights in managing interpersonal relationships and throughout the value chain. Therefore, in 2023, **we continued to inform our people about our integrity policies and procedures** and provided specific training on these topics. Our **annual training plan** includes the following internal training activities:

- training in compliance and related requirements for new hires;
- WET programme for new hires covering CAP Group compliance obligations, the Ethical Commitment, the Anti-Corruption Policy, and the Internal Control System – ongoing activity;
- ISO 37001 course for new hires;
- ERM training through induction to the Board of Directors;
- Anti-corruption in a nutshell: about revolving doors and conflict of interest;
- Penalty application and non-conformity management in a nutshell for Procedure Managers.

	2023		2022		2021	
Employees who have been informed about corporate integrity policies and procedures by professional category	**No**	**%**	**No**	**%**	**No**	**%**
Executives	10	100	10	100	11	100
Middle managers	40	100	37	100	37	100
Employees	643	100	635	100	618	100
Workers	229	100	227	100	225	100
Total	922	100	909	100	891	100

By publishing them on the company intranet, we were able to communicate the corporate integrity policies and procedures to all people of CAP Group.

	2023		2022		2021	
Employees who have received anti-corruption training by professional category[9]	**No**	**%**	**No**	**%**	**No**	**%**
Executives	10	100	3	30	4	36.36
Middle managers	28	70	19	51.35	23	62.16
Employees	198	30.79	75	11.81	159	25.73
Workers	19	8.30	13	5.73	33	14.67
Total	255	27.66	110	12.10	219	24.58

Incidents of non-compliance

[GRI 2-27, 206-1]

In 2023, 37 administrative offence notices were received related to the operation of treatment plants, specifically discharge authorisations for agglomerates, currently under review by the Metropolitan City for resolution (either dismissal or confirmation of the sanction).

During 2023, the following was settled:
one €3,100.00 sanction (related to an offence from 2017).

The sanctions concern potential non-compliance with permit provisions related to exceeding the limits set for various analytical parameters.

For the various affected treatment plants, improvements and adjustments have been carried out and are ongoing, which **should reduce the likelihood of future administrative offences**.

Regarding sanctions attributed to CAP Group for non-environmental matters, a total of 9 sanctions (including the €3,100.00 one) were received, amounting to a total of €43,031.56 paid.

Additionally, no legal actions related to anti-competitive conduct or violations of antitrust and monopoly legislation have been recorded.

[9] The data refer to training provided in the areas of anti-corruption, ethics and lawfulness.

Taxation and economic performance

[GRI 207-1]

Our tax strategy is guided by principles of social responsibility and lawfulness, transparency in dealings with the tax authorities, protection of the company's assets and value creation for shareholders.

The strategy is part of the broader design of the internal control and integrated risk management system and is inspired by the principles set out in the documents:

CAP Group's Ethical Commitment

sets general rules of integrity, promoting proper conduct in relations with public administrations, including the treasury.

Organisation, Management and Control Model

adopted pursuant to Legislative Decree No 231 of 8 June 2001, for the prevention of offences that may result in the criminal liability of the company, including tax matters, and which specifies the application of the whistleblowing system.

Tax policy

[GRI 207-1, 207-2, 207-3]

We comply with all applicable tax regulations and manage tax risk responsibly to meet stakeholder interests and protect the Group's reputation.

Since 2021, our Tax Policy has encompassed the principles and guidelines for tax management. This document ensures uniform **tax management** and formalises our tax strategy with the following goals:

- **sustainable growth of company assets** and **protection** of CAP Group's **reputation** and shareholder interests;
- accurate and timely **determination and payment** of legally required **taxes** and fulfilment of tax obligations;
- proper **management of tax risk**, defined as the risk of violating tax regulations or abusing the principles and purposes of the tax system.

The formalisation of this unified tax strategy document has enabled us to build **trust and credibility** with our stakeholders regarding our tax practices. This document allows stakeholders to make informed judgements about the tax approach of CAP Holding S.p.A. and how tax compliance is balanced with business activities and ethical, social and sustainable development expectations. It also provides a way to voice opinions and/or concerns about tax matters.

For more information, scan the QR code
www.gruppocap.it

Within the organisational structure of CAP Group, all company departments responsible for tax matters are tasked with monitoring tax-related activities that are directly relevant to tax management and striving to prevent associated risks.

- **Corporate income taxes** (IRES corporate income tax, IRAP regional business tax) are managed by the Administration and Finance Department;
- **value-added tax** (VAT) is managed by the Administration and Finance Department, with the active cycle (billing) handled by the Sales Department;
- **withholding tax obligations** (IRPEF personal income tax, social security contributions, etc.) are managed by the Human Resources, Organisation and People Development Department;
- **taxes on deeds** (registration, etc.) are managed by the General Counselling and Contracts Department.

The issue of taxation is cross-cutting within the company, as, in addition to tax and accounting management, processes such as purchasing and selling goods and services or inventory management also impact the tax process and may potentially be relevant to violations of tax obligations.

Tax compliance and risk management

Tax compliance is a fundamental aspect of ethical and responsible business management.

Since 2020, we have identified and monitored financial risks through our risk assessment process.

In 2022, we expanded our 'Tax Compliance Management' procedure, establishing clear roles, responsibilities and operational procedures, as well as conduct principles for personnel involved in matters related to corporate income tax (IRES), regional business tax (IRAP) and value-added tax (VAT).

Stakeholder engagement on tax matters

[GRI 207-2]

Transparency and fairness are central to our dealings with tax authorities and influential public entities.

Transparent communication is a core value for CAP, which is why in our Code of Ethics we have documented the procedures for guiding employees on **reporting misconduct and general irregularities**, including those related to tax issues, through the company's internal channels.

Additionally, the 'Organisational, Management and Control Model' outlines the reporting mechanism to the Supervisory Body for alleged commission of the crimes specified by Legislative Decree 231 or conduct that does not align with the conduct rules established in the Model.

Economic performance

[GRI 201-1]

Shared value = refers to the social and environmental benefits produced by the company alongside the pursuit of its objectives, and therefore to the depreciation of investments related to activities that generate social and environmental benefits relative to the total investments made.

13.6%
Shared value 2023

11.9%
Shared value 2022

11.5%
Shared value 2021

Distribution of CAP Group's added value	UoM	2023	2022	2021
Sales revenues	€	413,524,006.67	432,735,320.27	382,297,426.25
Income/expenses from financial activities	€	2,923,061.98	1,967,395.69	1,672,079.12
Other income/expenses	€	106,674.43	- 41,135.89	- 3,792,069.97
Gross total added value	€	416,553,743.08	434,661,580.07	380,177,435.40
Amortisation, depreciation, write-downs and provisions	€	89,072,878.72	93,443,971.68	60,983,213.37
Net total added value	€	327,480,864.36	341,217,608.39	319,194,222.03
Distribution of added value to suppliers	€	238427596.94	266,235,402.45	211,063,434.28
Distribution of added value to employees	€	53,749,930.60	51,413,090.95	48,673,621.30
Distribution of added value to financiers	€	9,136,036.75	4,898,359.95	5,018,945.10
Taxes and contributions to public administration	€	13,576,995.22	12,750,589.13	27,014,341.14
Contributions to the local area	€	105,190	195,524.85	217,107.09
Distributed economic value	€	314,995,749.51	335,492,967.33	291,987,448.91
Balance for the year	€	12,485,114.85	5,724,641.06	27,206,773.12
Economic value to be redirected to investments	€	12,485,114.85	5,724,641.07	27,206,773.12

Green finance and green regulations

A close look at the developments in green finance allows us to direct efforts towards virtuous projects that support sustainable and inclusive development.

Where we stand

Despite regulatory efforts by national and supranational institutions on sustainable finance and reporting, public perception of companies' sustainability statements remains unfavourable.

1 January 2024

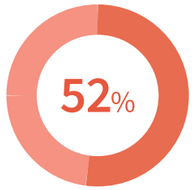
The European criteria defining sustainable economic activities, integrating the 'Taxonomy Regulation', have come into effect[10]

From low (44.5%) to very low (19.5%)

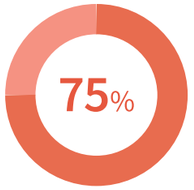
The level of trust in the sustainability statements produced by companies is decidedly critical[11]

What are the risks

A closed governance structure, fearful of change, can hinder sustainable business development, causing tangible damage to compliance and future earnings.



The percentage of managers who state that 'closed' governance structures are among the top three barriers to developing ESG strategies[12]



The percentage of companies globally that believe they are still far behind on ESG matters and in meeting new regulatory requirements[13]

[10] European Commission, https://finance.ec.europa.eu/sustainable-finance/tools-and-standards/eu-taxonomy-sustainable-activities_en
[11] Reputation Management S.r.l., https://creatoridifuturo.it/wp-content/uploads/2023/06/Report-UE-False-ESG-and-greenwashing-may-23-DEF.pdf
[12] ESG LAB report by SDA Bocconi, https://www.sdabocconi.it/upl/entities/attachment/research_report_2023/RR_2023_ESG_Lab.pdf
[13] KPMG, https://assets.kpmg.com/content/dam/kpmg/xx/pdf/2023/09/esg-maturity-report-2023.pdf

The world to come

Increasingly stringent regulations from the EU and the need for a steady flow of investments will require achieving harmony between economic decisions and sustainability goals.

By the end of the year

The proposal for a regulation concerning environmental, social and governance (ESG) rating activities will be approved[14]

10 trillion dollars

The annual investment needed from now until 2050 to mitigate the effects of the climate crisis and build a more efficient, resilient and fair economy[15]

Opportunities to seize

A valuable investment that generates opportunities: there are a number of benefits generated by adopting virtuous and sustainability-oriented business practices.

5 times less risky

Companies that adopt effective ESG policies are the most resilient and have the lowest credit risk[16]

12 trillion

The capital that could be unlocked by 2030 through the adoption of sustainable business models[17]

380 million jobs

The number of jobs that could be created by 2030 through the adoption of of sustainable business models[18]

In connection with stakeholders

"Europe leads the sustainable finance market: in 2023, approximately 45% of sustainable bonds were issued by European companies, with around 40% denominated in euro. In comparison, the United States accounted for 10% of the volume and 25% of the currency. The growth of sustainable finance is driven by market dynamics, as investments increasingly focus on products that address climate change.
This shift has led to the creation of innovative financial instruments designed to meet these needs. Over the past decade, the sustainable finance market has expanded rapidly, offering a diverse range of financial products, including green bonds and thematic investment funds."

We spoke with
Monica Mariani
Head of Rating, ESG and Capital Solutions at Mediobanca

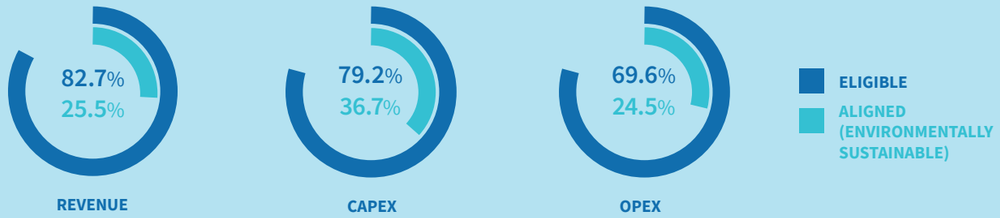
[14] European Commission, https://ec.europa.eu/info/law/better-regulation/have-your-say/initiatives/13330-Sustainable-finance-environmental-social-and-governance-ratings-and-sustainability-risks-in-credit-ratings_en
[15] Climate Policy Initiative, https://www.climatepolicyinitiative.org/publication/global-landscape-of-climate-finance-2023/
[16] Cerved Rating Agency, https://www.cerved.com/community/news/cerved-esg-connect/
[17] World Business Council, https://www.wbcsd.org/
[18] World Business Council, https://www.wbcsd.org/

European taxonomy: transparency and consistency for sustainability

The European Taxonomy requires specifying which economic activities of a company can be considered environmentally sustainable. At CAP Group, we support this initiative to allow our stakeholders to understand our results with complete transparency.

The European Taxonomy is a classification system designed to identify economic activities that are considered to be environmentally sustainable. This tool aims to promote development and investments that contribute to the goals of the Green Deal, Europe's sustainable growth strategy.
The Taxonomy fosters greater transparency regarding the actual environmental sustainability of economic activities.
Since 1 January 2023, CAP Group has committed to reporting its percentage of revenue, capital expenditures (CAPEX), and operational costs (OPEX) that are 'aligned' with the Taxonomy, i.e., coming from activities that meet all the criteria and requirements established by the regulation for climate change mitigation or adaptation thereby classifying them as environmentally sustainable. Starting 1 January 2024, alignment will also be assessed against objectives related to sustainable use and protection of water and marine resources, transition to a circular economy, pollution prevention and control, and protection and restoration of biodiversity. For the year 2023, we have only assessed eligibility for these additional four objectives, i.e., the presence of revenue, investments and operational costs from activities that can make a substantial contribution to these objectives, as required. We have conducted an analysis of the economic activities, with a summary of the results provided below and detailed information in the section '**The European Taxonomy**.'

Our results



The analysis conducted for the 2023 reporting year revealed that 82.7% of revenue, 79.2% of capital expenditures (CAPEX) and 69.6% of operational costs (OPEX) were deemed eligible under the European Taxonomy with respect to all six taxonomy objectives. Additionally, the assessment showed that 25.5% of revenue, 36.7% of capital expenditures (CAPEX), and 24.5% of operational costs (OPEX) were aligned with the European Taxonomy concerning climate change mitigation and adaptation objectives, thus qualifying as environmentally sustainable.

Among the economic activities conducted by CAP Group, the construction, expansion and management of the service for the abstraction, treatment and supply of potable water to the served area are aligned with the EU Taxonomy. Regarding aqueduct services, the EU Taxonomy includes an additional activity: the renewal of aqueduct systems. For this activity, two performance indicators can be used to determine compliance with technical criteria. CAP Group has addressed analyses for both indicators.

Regarding the first indicator, which requires a 20% reduction in network losses compared to the challenging threshold of 1.5 for the Infrastructure Leakage Index, it emerges that the proportion of investments aligned with the EU Taxonomy is 2.6%.

For the second indicator, which demands a 20% reduction in the net energy intensity of the aqueduct system compared to the average of the previous three years, none of the actions meet the required criterion. This objective is, in our opinion, technically and economically difficult to achieve and may not be entirely appropriate given that our aqueduct systems are already energy efficient, fully meeting the 0.5 kWh/m^3 threshold for ready-to-supply water as stipulated by the EU Taxonomy.

Also activities related to the management of sewerage and purification systems, they cannot be aligned due to energy intensity levels net required. Most likely, to determine the levels of performance the best experiences of Northern Europe were taken into account, without taking due account of the different characteristics of wastewater treatment systems of other European countries. In our opinion, this aspect penalizes those States, such as Italy, which have systems of mixed collection of wastewater and rainwater and with greater requirements regulations relating to discharge limits. In our country, for example, more advanced treatments are required to comply with environmental criteria which lead to greater energy consumption.

For this aspect as well, in 2023, the energy consumption of our waste water treatment plants, with the exception of two, exceeds the established thresholds. This is due to the necessary treatments required to ensure the high quality of the treated water returned to the environment.
In response to this situation, we have developed and launched the 'Photovoltaic Master Plan,' a scheme aimed at increasing self-consumption of publish a Non-Financial Report renewable energy, which will lead to a reduction in the net energy intensity of our plants.

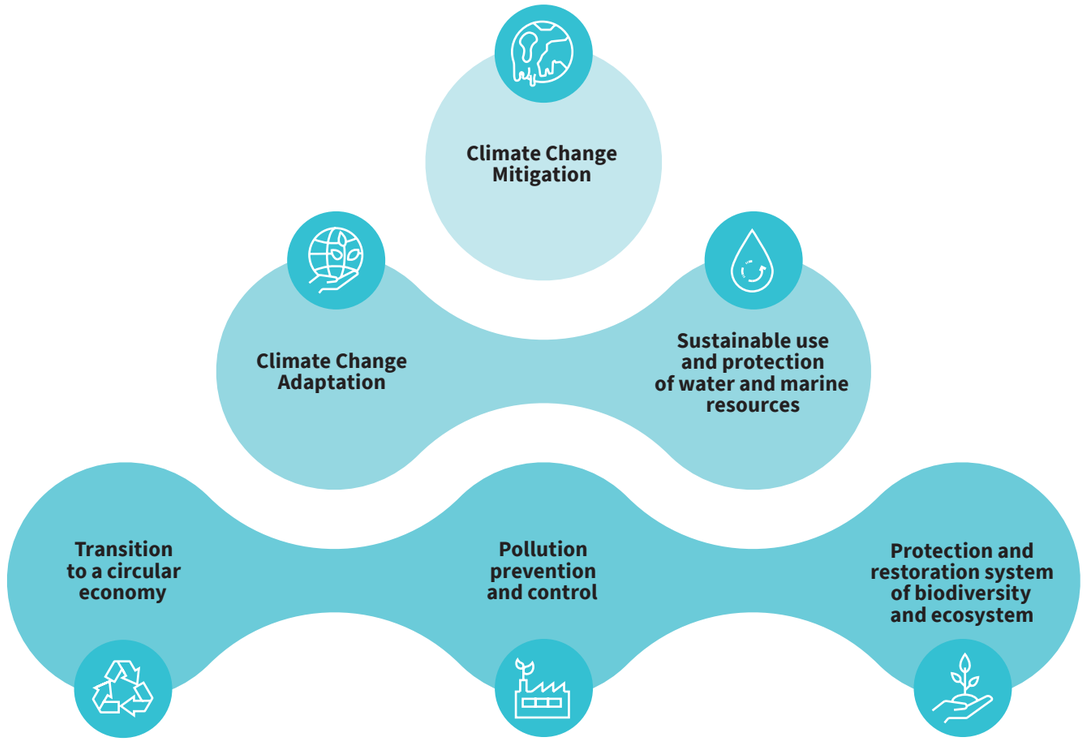
Throughout 2023, building on the climate risk analysis conducted in 2022, we developed an adaptation plan that identifies the investments needed to mitigate the impacts of the climate hazards deemed significant. Among these investments, we have included the project for heat/cooling production from bioenergy, which has secured funding from the National Recovery and Resilience Plan (NRRP). The eligibility for this funding requires compliance with the technical screening criteria and the DNSH (Do No Significant Harm) requirements of the EU Taxonomy.

The European Taxonomy

As part of the European Green Deal, the European Union aims to achieve climate neutrality and reduce greenhouse gases to zero by 2050. Through the 'Sustainable Finance Action Plan,' the European Commission seeks to steer the economic and financial system towards more sustainable technologies and enterprises.

The core of this action plan is the European Taxonomy, a classification system that identifies economic activities that are considered to be environmentally sustainable based on specific criteria related to six environmental and climate goals.

European climate and environmental objectives



According to the EU, increased transparency and comparability of the environmental sustainability of economic activities will promote sustainable finance by limiting the risk of greenwashing and allowing capital flows to be redirected towards projects and activities that contribute to achieving European climate and environmental objectives. Starting from January 1, 2023, companies required to disclose and must report the proportion of revenues, capital expenditures (CAPEX) and operating expenses (OPEX) related to environmentally sustainable activities—those that substantially contribute to at least one environmental objective without negatively impacting others (the 'Do No Significant Harm' principle) and ensuring compliance with minimum social safeguards, thereby aligning with the European Taxonomy.

The requirements that economic activities must meet to be considered environmentally sustainable

1 Contribute substantially to at least one of the six environmental objectives

2 Not cause significant harm to other environmental objectives (Do No Significant Harm)

3 Comply with minimum social safeguards defined by international standards (e.g., OECD Guidelines for Multinational Enterprises, United Nations Guiding Principles, etc.)

With the entry into force of Delegated Regulation 2023/2486 ('Environmental Delegated Act'), which defines the activities and criteria for the remaining four environmental objectives (sustainable use and protection of water and marine resources, transition to a circular economy, pollution prevention and control, and restoration of biodiversity and ecosystems), non-financial companies must, from 1 January 2024, report the portion of revenue, capital expenditures, and operating expenses associated with both eligible and non-eligible economic activities with reference to all six objectives. Starting in 2025, based on fiscal data from 2024, reporting will also include verifying the actual alignment with the criteria related to substantial contribution and Do No Significant Harm (DNSH) for all six environmental objectives. For the analysis and reporting of information required by the Taxonomy, we have considered the regulations and documents that currently constitute the relevant regulatory framework[19] and the interpretative notes published by the European Commission. These documents define the technical criteria and requirements that specific activities must meet to qualify as environmentally sustainable for the first two climate objectives. The analyses conducted have been based on our judgement and the understanding and interpretation of currently available information, with the acknowledgement that potential regulatory developments, interpretative evolutions, and established industry practices could lead to changes in activity evaluations and calculation methods for economic indicators in future reports.

[19] Regulation (EU) 852/2020; the Delegated Regulation on Climate (EU Delegated Regulation 2021/2139) and its annexes; the Delegated Regulation on Reporting (EU Delegated Regulation 2021/2178) and subsequent amendments; the Complementary Delegated Regulation on Climate (EU Delegated Regulation 2022/1214), which includes specific activities from the nuclear and gas sectors among the eligible activities; the Delegated Regulation on the remaining four environmental objectives (EU Delegated Regulation 2023/2486); and the Regulation amending the Delegated Regulation on Climate (EU Delegated Regulation 2021/2139).

Process for defining activities aligned with the Taxonomy

To verify the eligibility and subsequent alignment of our business activities with the Taxonomy, we followed these steps, involving the relevant business departments at each stage:

The assessment process

1 IDENTIFICATION OF ELIGIBLE ACTIVITIES

NO → Non-eligible activities are excluded from subsequent stages of analysis

YES →

2 ASSESSMENT OF SUBSTANTIAL CONTRIBUTION (technical assessment criteria)

If not passed, the activity does not substantially contribute to the reference objective: it is eligible but not aligned

NO →

YES →

3 NO SIGNIFICANT HARM TO OTHER OBJECTIVES (Do No Significant Harm-DNSH criteria)

If not passed, the activity is eligible but not aligned

NO →

YES →

4 COMPLIANCE WITH MINIMUM SOCIAL SAFEGUARDS

If not passed, the activity is eligible but not aligned

YES →

5 CALCULATION OF ECONOMIC-FINANCIAL INDICATORS AND IMPLEMENTATION OF REPORTING SCHEMES

Identification of activities

Identifying activities eligible under the European Taxonomy involved analysing our economic activities performed in 2023 to determine which ones fall within the definitions and descriptions provided in the Annexes to the Delegated Regulations. This analysis allowed us to identify relevant activities related to our core business, as well as additional activities involving investment or operational areas that are not core but are recognised by the Taxonomy as capable of making a substantial contribution to European environmental objectives.
The identified activities were then further examined with the relevant company contacts.

ACTIVITIES ELIGIBLE FOR THE CLIMATE CHANGE MITIGATION (CCM) OBJECTIVE		
Type	**Our activities**	**Taxonomic activity**
Energy	Management and installation of photovoltaic systems on building rooftops and IWS plants	4.1. Production of electricity using solar photovoltaic technology
Energy	Management and investment in the biomethane production plant in Bresso	4.13. Production of biogas and biofuels for Transportation and production of bioliquids

ACTIVITIES ELIGIBLE FOR THE CLIMATE CHANGE MITIGATION (CCM) OBJECTIVE		
Type	**Our activities**	**Taxonomic activity**
Energy	Investment in the installation of a heat pump for sludge heating	4.16. Installation and operation of electric heat pumps
Energy	Management and investments in the cogeneration plants at the waste water treatment plants in Peschiera Borromeo, Robecco sul Naviglio and Bresso	4.20. Co-generation of heat/cooling and electricity from bioenergy
Energy	Biogas heat production plant at the Pero waste water treatment plant	4.24. Production of heat/cooling from bioenergy
Integrated Water Service	Management of the water supply system in the in the served municipalities of the Metropolitan City of Milan and investments for expansion and management	5.1. Construction, expansion and management of water abstraction, treatment and supply systems
Integrated Water Service	Investments for the renewal of the aqueduct system in the served municipalities of the Metropolitan City of Milan	5.2. Renewal of water abstraction, treatment and distribution systems
Integrated Water Service	Management of the sewer and waste water treatment plants in the served municipalities of the Metropolitan City of Milan, and investments in expansion and management	5.3. Construction, expansion and operation of waste water collection and treatment systems
Integrated Water Service	Investments in the renewal of the sewer and wastewater treatment systems in the served municipalities of the Metropolitan City of Milan	5.4. Renewal of waste water collection and treatment systems
Integrated Water Service	Management of nine anaerobic digesters for sludge treatment (including 3 with codigestion)	5.6. Anaerobic digestion of sewage sludge
Integrated Water Service	Management and investments related to the anaerobic digester for organic waste at the Sesto San Giovanni Bioplatform	5.7. Anaerobic digestion of organic waste
Asset	Management of the company vehicle fleet	6.5. . Transport by motorbikes, cars and light vehicles
Asset	Construction of CAP Group's new headquarters	7.1. Construction of new buildings

ACTIVITIES ELIGIBLE FOR THE CLIMATE CHANGE ADAPTATION (CCA) OBJECTIVE		
Type	**Our activities**	**Taxonomic activity**
Energy	Installation of photovoltaic systems on rooftops to increase self-generation of energy from renewable sources and to mitigate the risk of power blackouts	4.1. Production of electricity using solar photovoltaic technology
Integrated Water Service	Prevention measures aimed at enhancing the effectiveness of water purification systems, the efficiency and the construction of wells and plants to improve the quality of the supplied water	5.1. Construction, expansion and management of water abstraction, treatment and supply systems
Integrated Water Service	Investments in the renewal of the aqueduct network aimed at reducing water losses in the aqueduct networks	5.2. Renewal of water abstraction, treatment and distribution systems
Integrated Water Service	Measures aimed at enhancing plants and constructing buffer tanks to mitigate the impacts that extreme weather events, such as heavy rainfalls and torrential downpours, can have on sewer systems and the effectiveness of waste water treatment	5.3. Construction, extension and operation of waste water collection and treatment systems
Integrated Water Service	Renewal investments to lighten the sewer network to mitigate the impacts that extreme weather events, such as heavy rainfalls and torrential downpours, can have on sewer systems	5.4. Renewal of waste water collection and treatment systems

ACTIVITIES ELIGIBLE FOR THE SUSTAINABLE USE AND PROTECTION OF WATER AND MARINE RESOURCES (WTR) OBJECTIVE		
Type	**Our activities**	**Taxonomic activity**
Integrated Water Service	Management of the water supply system for the served municipalities of the Metropolitan City of Milan, including investments for its renewal, expansion and management	2.1. Water supply
Integrated Water Service	Management of the sewer and waste water treatment plants for the served municipalities of the Metropolitan City of Milan, including investments in their renewal, expansion and management	2.2. Treatment of urban waste water
Integrated Water Service	Management and investments related to urban drainage systems that reduce pollution and flood risks from urban run-off and improve the quality and quantity of urban waters by leveraging natural processes, including actions related to the 'Milano città spugna' (Milan Sponge City) project	2.3. Sustainable urban drainage systems

ACTIVITIES ELIGIBLE FOR THE TRANSITION TO A CIRCULAR ECONOMY (CE) OBJECTIVE		
Type	**Our activities**	**Taxonomic activity**
Integrated Water Service	Investments in phosphorous recovery from urban waste water treatment plants	2.1. Recovery of phosphorus from waste water
Integrated Water Service	Management of treatment plants with refinement treatments for the reuse of treated waste water and related investments	2.2. Production of alternative water resources for non-human consumption purposes
Integrated Water Service	Management and investment related to the anaerobic digester for organic waste at the Sesto San Giovanni Bioplatform	2.5. Recovery of organic waste through anaerobic digestion or composting
Asset	Construction of CAP Group's new headquarters	3.1. Construction of new buildings

No activities are eligible for the objectives of Pollution Prevention and Control and Protection and Restoration of Biodiversity and Ecosystems.

Analysis of technical screening compliance for substantial contribution and DNSH

Following the identification of eligible activities, we proceeded to analyse their contribution to the Climate Change Mitigation objective by verifying their adherence to the specific technical screening criteria. We also assessed whether our activities cause no significant harm (DNSH) to other European environmental objectives by ensuring compliance with the DNSH criteria for each activity. This assessment was carried out through the collection of qualitative and quantitative information and document analysis for each asset, service perimeter, or investment intervention analysed[20], depending on the requirements of the Taxonomy and the characteristics of the activity.

Compliance with minimum social safeguards

The assessment of compliance with minimum social safeguards has been conducted considering the non-binding guidelines proposed in the 'Final Report on Minimum Safeguards' from the Sustainable Finance Platform, published in October 2022. We are committed to respecting fundamental human rights and adhering to recognised international standards of good business conduct. We have explicitly outlined these commitments in the areas of human rights, anti-corruption, tax compliance and fair competition through various documents and business processes. These include, for example, the Group Ethical Commitment of CAP, which in its January 2024 update added a new section related to the supplier code of conduct; the Organisational, Management and Control Model as per Legislative Decree No. 231/2001; the Integrated Management Policy, which identifies health and safety, social responsibility, environmental protection, energy efficiency, food safety, anti-corruption measures, promotion of the circular economy and climate change mitigation as primary goals; and the ERM Policy, which implements enterprise risk management for proper risk assessment and management. We have established a system of policies and tools aimed at combating and preventing corruption, including the Anti-Corruption Policy and Three-Year Plan, certification according to the international standard ISO 37001 on anti-corruption management systems, the Integrated Compliance Program which includes the due diligence programme and audit plan. Additionally, we provide stakeholders with various grievance mechanisms, including an

[20] In the case of renewal investments in water supply systems across the entire served area, the portion that has made a substantial contribution to climate change mitigation was assessed using specific drivers based on the results of compliance with the thresholds set by the EU taxonomy for individual districts or aqueduct systems.

electronic channel for whistleblowing and managing reports of unlawful activities and irregularities, ensuring anonymity.

To ensure tax compliance, the Group has established a Tax Policy. In the area of fair competition, policies and procedures for awarding contracts and selecting suppliers in accordance with national regulations are emphasised. Specifically concerning the protection of human rights, in addition to adhering to the requirements of the SA 8000 standard, in 2023 we obtained the ISO 20400:2017 certification, which pertains to sustainable procurement. This aims to enhance ongoing dialogue and collaboration with all stakeholders and other economic actors throughout the entire value chain and to prevent the occurrence of negative impacts.

Additionally, in December 2023, CAP Group received the UNI PDR 125:2022 – Gender Equality Certification – in recognition of its numerous actions supporting gender equality, made possible through a combined strategy of awareness initiatives and women's empowerment within the organisation.

Furthermore, we have recently joined the United Nations Global Compact (UNGC), the world's leading initiative supporting a sustainable global economy, with the goal of promoting increasingly responsible business conduct by respecting, adhering to, and promoting the Ten Principles related to human rights and labour, environmental protection and anti-corruption.

Methodology for calculating economic-financial indicators (KPIs)

Economic-financial indicators, which determine the shares of eligible and aligned activities, are based on consolidated financial statement data, prepared in accordance with international IFRS standards. For each activity, we identified the related economic values generated in 2023 concerning revenues, capital expenditures and operating costs recognised by the Taxonomy through an analysis of income statement items and analytical accounting.

KPI – Revenues

1

$$KPI\ Revenues\ (\%) = \frac{Revenues\ from\ activities\ aligned\ with\ the\ EU\ Taxonomy}{Total\ revenues\ from\ the\ sale\ and\ performance\ of\ services}$$

In line with the provisions of Delegated Regulation 2021/2178, we calculated the KPI for revenues as the ratio between revenues derived from economic activities aligned with the European Taxonomy and the total revenues from the sale and performance of services. For this calculation, we only considered the items 'Revenues' and 'Other revenues and income' from the Group's consolidated income statement, excluding capitalised revenues or revenues that are recognised in the balance sheet's fixed assets, including deferred contributions for investments, to avoid double counting with CAPEX. Eligible revenues also include revenues and income from the sale of self-produced electricity through photovoltaic panels and revenues and income from the injection of produced biomethane into the national grid. We identified the proportion of aligned revenues through the linkage with economic activities assessed according to the process described in previous sections. To identify the shares of eligible and aligned revenues for the various activities, we considered the revenues directly attributable to the plants, service areas and projects using analytical accounting. In the absence of direct linkage, we allocated revenues among sewerage and treatment systems based on the equivalent population served by the treatment plants for each system.

KPI – Capital Expenditures (CAPEX)

2

$$KPI\ CAPEX\ (\%) = \frac{CAPEX\ related\ to\ activities\ aligned\ with\ the\ EU\ Taxonomy}{Total\ CAPEX}$$

To identify the eligible and aligned investments according to the EU Taxonomy, we assessed individual intervention projects corresponding to increases in tangible and intangible fixed assets during the financial year for items under IFRIC 12 'Service Concession Arrangements,' IFRS 16 'Leases,' IAS 16 'Property, Plant and Equipment' and IAS 38 'Intangible Assets.' We meticulously associated each project with the taxonomy activities based on the type and purpose of the action and assessed the alignment according to the process described in the previous sections.

KPI – Operating expenses (OPEX)

3

$$KPI\ OPEX\ (\%) = \frac{OPEX\ recognised\ as\ linked\ to\ activities\ aligned\ with\ the\ EU}{OPEX\ recognised\ by\ the\ EU\ Tax}$$

For the analysis of operating costs, we considered only those recognised by the EU Taxonomy, specifically direct non-capitalised costs related to research and development, building renovation measures, short-term leasing, maintenance and repair, as well as any other direct expenses associated with the daily maintenance of real estate, plants and machinery, whether performed by the company or outsourced to third parties. These activities are necessary to ensure the continuous and effective operation of such assets. For the identification and association of eligible costs with taxonomy-related activities, we conducted an analysis of individual operating cost items, refining the assessment where necessary using information related to sector, cost centre, plant description, or sectional description of analytical accounting. Compared to the reporting for the fiscal year 2022, we refined the assessment of operating costs, leading to the exclusion of maintenance costs related to networks and facilities of other Integrated Water Service providers with which we have agreements.
To identify the shares of eligible and aligned operating costs for various activities, in the absence of a direct link with service perimeters, we allocated costs among sewerage and treatment plants based on the equivalent inhabitants treated by the treatment plants serving individual systems. For maintenance costs of the company's vehicle fleet, we used rental fees. For recognised costs associated with shared services and shared operational functions, we applied ARERA's accounting unbundling drivers to allocate them among aqueduct, sewer, wastewater treatment and other activities.

Extended reporting schemes

Portion of turnover from products or services associated with Taxonomy-aligned economic activities – information for the year 2023

				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 marine resources**	**Transition to a circular economy**	**Prevention and reduction of pollution**	**Restoration of biodiversity and ecosystems**	**Climate Change Mitigation**	**Climate Change Adaptation**	**Sustainable use and protection of marine resources**	**Transition to a circular economy**	**Prevention and reduction of pollution**	**Restoration of biodiversity and ecosystems**	**Minimum safeguards**	**Proportion of Taxonomy-aligned (A1) or Taxonomy-eligible (A2) turnover, year 2022**	**Enabling activities**	**Transition activities**
		[euro]	[%]	Y;N;EL; N/EL	Y;N;EL; N/EL	Y;N;EL; N/EL	Y;N;EL; N/EL	Y;N;EL; N/EL	Y;N;EL; N/EL	[Y/ N]	[Y/ N]	[Y/ N]	[Y/ N]	[Y/ N]	[Y/ N]	[Y/ N]	[%]	A	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1 Environmentally sustainable activities (Taxonomy-aligned)																			
Construction, extension and management of water abstraction, treatment and supply systems / Water supply	CCM 5.1./ WTR 2.1.	€ 78,999,194	25.50%	Y	N/EL	EL	N/EL	N/EL	N/EL		Y	Y		Y	Y	Y	27.60%		
Construction, extension, and operation of waste water collection and treatment systems / Treatment WTR 2.2. of urban waste water	CCM 5.3./ WTR 2.2.	€ 48,691	0%	Y	N/EL	EL	N/EL	N/EL	N/EL	Y	Y	Y		Y	Y	Y	0%		
Production of heat/cold from bioenergy	CCM 4.24.	€ 72,717	0%	Y	N/EL	N/EL	N/EL	N/EL	N/EL		Y	Y		Y	Y	Y	0%		
Turnover of environmentally sustainable activities (Taxonomy aligned) (A.1)		**€ 79,120,380**	**25.60%**	**25%**	**0%**	**0%**	**0%**	**0%**	**0%**	**Y**	**Y**	**Y**		**Y**	**Y**	**Y**	**27.60%**		
of which enabling		**€ 0**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**Y**	**Y**	**Y**		**Y**	**Y**	**Y**		**A**	
of which transitional		**€ 0**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**Y**	**Y**	**Y**		**Y**	**Y**	**Y**			**T**
A.2. Taxonomy-eligible but non-environmentally sustainable activities (non-Taxonomy-aligned activities)																			
Production of electricity through photovoltaic solar technology	CCM 4.1.	€ 68,782	0%	Y	N/EL	N/EL	N/EL	N/EL	N/EL		NO		Y		Y	Y	0%		
Production of electricity through photovoltaic solar technology	CCM 4.1.	€ 607	0%	Y	N/EL	N/EL	N/EL	N/EL	N/EL		NO		NO		Y	Y	0%		
Turnover from eligible activities contributing substantially to at least one Taxonomy objective, but not Taxonomy-aligned (A.2.1)		**€ 69,389**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**								**0%**		
Production of biogas and biofuels for transport and bioliquids	CCM 4.13.	€ 457,299	0.10%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.20%		
Construction, extension, and operation of waste water collection and treatment systems / Treatment WTR 2.2. of urban waste water	CCM 5.3./ WTR 2.2.	€ 176,587,643	57%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								60.50%		
Anaerobic digestion of organic waste	CCM 5.7./ CE 2.5.	€ 230,619	0.10%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								-		
Turnover from eligible activities not substantially contributing to Taxonomy objectives (A.2.2)		**€ 177,275,561**	**57.20%**	**57%**	**0%**	**0%**	**0%**	**0%**	**0%**								**60.70%**		
Turnover of Taxonomy-eligible but non- environmentally sustainable (non-Taxonomy-aligned activities) (A.2 = A.2.1 + A.2.2) + A.2.2.)		**€ 177,344,950**	**57.20%**	**57%**	**0%**	**0%**	**0%**	**0%**	**0%**								**60.70%**		
Total eligibility (A.1 + A.2)		**€ 256,465,331**	**82.70%**	**83%**	**0%**	**82%**	**0%**	**0%**	**0%**								**88.30%**		
B. NON-TAXONOMY-ELIGIBLE ACTIVITIES																			
Turnover of non-Taxonomy-eligible activities (B)		**€ 53,557,645**	**17.30%**																
TOTAL (A+B)		**€ 310,022,976**	**100%**																

Proportion of operating expenses associated with economic Taxonomy-aligned activities - information for the year 2023

				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 marine resources**	**Transition to a circular economy**	**Prevention and reduction of pollution**	**Restoration of biodiversity and ecosystems**	**Climate Change Mitigation**	**Climate Change Adaptation**	**Sustainable use and protection of marine resources**	**Transition to a circular economy**	**Prevention and reduction of pollution**	**Restoration of biodiversity and ecosystems**	**Minimum safeguards**	**Proportion of Taxonomy-aligned (A1) or Taxonomy-eligible (A2) turnover, year 2022**	**Enabling activities**	**Transition activities**
		[euro]	[%]	Y;N;EL; N/EL	Y;N;EL; N/EL	Y;N;EL; N/EL	Y;N;EL; N/EL	Y;N;EL; N/EL	Y;N;EL; N/EL	[Y/ N]	[Y/ N]	[Y/ N]	[Y/ N]	[Y/ N]	[Y/ N]	[Y/ N]	[%]	A	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1 Environmentally sustainable activities (Taxonomy-aligned)																			
Construction, extension and management of water abstraction, treatment and supply systems / Water supply	CCM 5.1./ WTR 2.1.	€ 9,114,832	24.40%	Y	N/EL	EL	N/EL	N/EL	N/EL		Y	Y		Y	Y	Y	28.30%		
Construction, extension, and operation of waste water collection and treatment systems / Treatment WTR 2.2. of urban waste water	CCM 5.3./ WTR 2.2.	€ 30,542	0.10%	Y	N/EL	EL	N/EL	N/EL	N/EL	Y	Y	Y		Y	Y	Y	0%		
OPEX of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**€ 9,145,475**	**24.50%**	**25%**	**0%**	**0%**	**0%**	**0%**	**0%**	**Y**	**Y**	**Y**		**Y**	**Y**	**Y**	**28.30%**		
of which enabling		**€ 0**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**Y**	**Y**	**Y**		**Y**	**Y**	**Y**		**A**	
of which transitional		**€ 0**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**Y**	**Y**	**Y**		**Y**	**Y**	**Y**			**T**
A.2. Taxonomy-eligible but non-environmentally sustainable activities (non-Taxonomy-aligned activities)																			
Production of electricity through photovoltaic solar technology	CCM 4.1.	€ 728	0%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	N	Y		Y	Y	-				
Production of electricity through photovoltaic solar technology	CCM 4.1.	€ 139	0%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	N	N		Y	Y	-				
Transport using motorbikes, cars and light commercial vehicles	CCM 6.5.	€ 10,818	0%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	N	Y	N		Y	-				T
Transport using motorcycles, cars and light commercial vehicles	CCM 6.5.	€ 9,270	0%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	N	Y	N		Y	0%				
OPEX of eligible but non-aligned activities substantially contributing to at least one Taxonomy objective (A.2.1)		**€ 20,956**	**0.10%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**								**0%**		
Production of biogas and biofuels for transport and bioliquids	CCM 4.13.	€ 18,941	0.10%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.10%		
CCogeneration of heat/cooling and electricity from bioenergy	CCM 4.20.	€ 1,583	0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								-		
Construction, extension, and operation of waste water collection and treatment systems/Treatment of urban waste water	CCM 5.3./ WTR 2.2.	€ 16,169,242	43.40%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								44.90%		
Anaerobic digestion of organic waste	CCM 5.7./ CE 2.5.	€ 104,821	0.30%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								-		
Transport using motorcycles, cars and light commercial vehicles	CCM 6.5.	€ 277,855	0.70%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.40%		
Sustainable urban drainage systems	WTR 2.3.	€ 220,432	0.60%	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL								-		
OPEX of eligible activities not substantially contributing to the objectives of the Taxonomy (A.2.2)		**€ 16,792,873**	**45%**	**44%**	**0%**	**0%**	**0%**	**0%**	**0%**								**45.40%**		
OPEX of Taxonomy-eligible but non-environmentally sustainable activities (non-Taxonomy aligned activities) (A.2=A.2.1+A.2.2)		**€ 16,813,829**	**45.10%**	**45%**	**0%**	**0%**	**0%**	**0%**	**0%**								**45.40%**		
Total eligibility (A.1 + A.2)		**€ 25,959,305**	**69.60%**	**44%**	**0%**	**68%**	**0%**	**0%**	**0%**								**73.60%**		
B. NON-TAXONOMY-ELIGIBLE ACTIVITIES																			
OPEX of non-Taxonomy -eligible activities(B)		**€ 11,325,089**	**30.40%**																
TOTAL (A+B)		**€ 37,284,393**	**100%**																

Proportion of capital expenditures associated with Taxonomy-aligned economic activities information for the year 2023

				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 marine resources**	**Transition to a circular economy**	**Prevention and reduction of pollution**	**Restoration of biodiversity and ecosystems**	**Climate Change Mitigation**	**Climate Change Adaptation**	**Sustainable use and protection of marine resources**	**Transition to a circular economy**	**Prevention and reduction of pollution**	**Restoration of biodiversity and ecosystems**	**Minimum safeguards**	**Proportion of Taxonomy-aligned (A1) or Taxonomy-eligible (A2) turnover, year 2022**	**Enabling activities**	**Transition activities**
		[euro]	[%]	Y;N;EL; N/EL	Y;N;EL; N/EL	Y;N;EL; N/EL	Y;N;EL; N/EL	Y;N;EL; N/EL	Y;N;EL; N/EL	[Y/ N]	[Y/ N]	[Y/ N]	[Y/ N]	[Y/ N]	[Y/ N]	[Y/ N]	[%]	A	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1 Environmentally sustainable activities (Taxonomy-aligned)																			
Production of electricity through photovoltaic solar technology	CCM 4.1./ CCA 4.1.	€ 1,684,260	1.40%	Y	Y	N/EL	N/EL	N/EL	N/EL		N		Y		Y	Y	-		
Production of heat/cold from bioenergy	CCM 4.24./ CCA 4.24.	€ 632,954	0.50%	Y	Y	N/EL	N/EL	N/EL	N/EL		Y	Y		Y	Y	Y	-		
Construction, extension and management of water abstraction, treatment and supply systems / Water supply	CCM 5.1./ CCA 5.1./ WTR 2.1.	€ 7,399,867	6.30%	Y	Y	EL	N/EL	N/EL	N/EL		Y	Y			Y	Y	-		
Construction, extension and management of water abstraction, treatment and supply systems / Water supply	CCM 5.1./ WTR 2.1.	€ 9,981,396	8.60%	Y	N/EL	EL	N/EL	N/EL	N/EL		Y	Y			Y	Y	13.30%		
Renewal of water collection, treatment and supply systems	CCM 5.2./ CCA 5.2./ WTR 2.1.	€ 712,582	0.60%	Y	Y	EL	N/EL	N/EL	N/EL		Y	Y			Y	Y	-		
Renewal of water collection, treatment and supply systems	CCM 5.2./ WTR 2.1.	€ 2,355,900	2%	Y	N/EL	EL	N/EL	N/EL	N/EL		Y	Y			Y	Y	1.20%		
Renewal of water collection, treatment and supply systems	CCM 5.2./ CCA 5.2./ WTR 2.1.	€ 6,310,196	5.40%	N	Y	EL	N/EL	N/EL	N/EL		Y	Y			Y	Y	-		
Construction, extension, and operation of waste water collection and treatment systems/treatment of waste water	CCM 5.3./ WTR 2.2.	€ 36,485	0%	Y	N/EL	EL	N/EL	N/EL	N/EL	Y	Y	Y		Y	Y	Y	0%		
Construction, extension, and operation of waste water collection and treatment systems / Treatment CCA	CCM 5.3./ CCA 5.3./ WTR 2.2.	€ 13,641,434	11.70%	N	Y	EL	N/EL	N/EL	N/EL	Y	Y	Y		Y	Y	Y	-		
Renovation of waste water collection and treatment systems of urban waste water	CCM 5.4./ WTR 2.2.	€ 3,050	0%	Y	N/EL	EL	N/EL	N/EL	N/EL	Y	Y	Y		Y	Y	Y	-		
CAPEX of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**€ 42,758,125**	**36.70%**	**20%**	**26%**	**0%**	**0%**	**0%**	**0%**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**14.60%**		
of which enabling		**0 €**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**		**A**	
of which transitional		**0 €**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**			**T**
A.2. Taxonomy-eligible but non-environmentally sustainable activities (non-Taxonomy-aligned activities)																			
Production of electricity through photovoltaic solar technology	CCM 4.1./ CCA 4.1.	€ 489,729	0.40%	Y	Y	N/EL	N/EL	N/EL	N/EL		N		N		N	Y	0.40%		
Transport using motorbikes, cars and light commercial vehicles	CCM 6.5.	€ 188,471	0.20%	Y	N/EL	N/EL	N/EL	N/EL	N/EL		N		Y	N		Y	0%		
Construction, extension, and operation of waste water collection and treatment systems / Treatment CCA	CCM 5.3./ CCA 5.3./ WTR 2.2.	€ 3,810.,60	3.30%	N	Y	EL	N/EL	N/EL	N/EL	N	Y	Y		Y	Y	Y			
Rinnovo di sistemi di raccolta e trattamento delle acque reflue	CCM 5.4./ CCA 5.4./ WTR 2.2.	€ 63,212	0.10%	N	Y	EL	N/EL	N/EL	N/EL	N	Y	Y		Y	Y	Y	-		
CAPEX of eligible activities substantially contributing to at least one of the Taxonomy objectives but are not alignet (A.2.1)		**€ 4,551,772**	**3.90%**	**1%**	**4%**	**0%**	**0%**	**0%**	**0%**								**0.50%**		
Production of biogas and biofuels for transport and bioliquids	CCM 4.13.	€ 797,238	0.70%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0%		
Installation and operation of electric heat pumps	CCM 4.16.	€ 7,028	0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0%		

Economic activities	Code	Turnover in absolute terms	Proportion of turnover	Substantial contribution: Climate Change Mitigation	Substantial contribution: Climate Change Adaptation	Substantial contribution: Sustainable use and protection of marine resources	Substantial contribution: Transition to a circular economy	Substantial contribution: Prevention and reduction of pollution	Substantial contribution: Restoration of biodiversity and ecosystems	DNSH Criteria: Climate Change Mitigation	DNSH Criteria: Climate Change Adaptation	DNSH Criteria: Sustainable use and protection of marine resources	DNSH Criteria: Transition to a circular economy	DNSH Criteria: Prevention and reduction of pollution	DNSH Criteria: Restoration of biodiversity and ecosystems	DNSH Criteria: Minimum safeguards	Proportion of Taxonomy-aligned (A1) or Taxonomy-eligible (A2) turnover, year 2022	Enabling activities	Transition activities
		[euro]	[%]	Y;N;EL; N/EL	Y;N;EL; N/EL	Y;N;EL; N/EL	Y;N;EL; N/EL	Y;N;EL; N/EL	Y;N;EL; N/EL	[Y/ N]	[Y/ N]	[Y/ N]	[Y/ N]	[Y/ N]	[Y/ N]	[Y/ N]	[%]	A	T
Cogeneration of heat/cooling and electricity from bioenergy	CCM 4.20.	€ 58,685	0.10%	AM	N/AM	N/AM	N/AM	N/AM	N/AM								0%		
Production of heat/cold from bioenergy	CCM 4.24.	€ 3,640	0%	AM	N/AM	N/AM	N/AM	N/AM	N/AM								0.20%		
Renewal of water collection, treatment and supply systems	CCM 5.2./ WTR 2.1.	€ 8,767,576	7.50%	AM	N/AM	AM	N/AM	N/AM	N/AM								21.10%		
Construction, extension, and operation of waste water collection and treatment systems / Treatment WTR 2.2. of urban waste water	CCM 5.3./ WTR 2.2.	€ 9,478,948	8.10%	AM	N/AM	AM	N/AM	N/AM	N/AM								23.80%		
Renovation of waste water collection and treatment systems	CCM 5.4./ WTR 2.2.	€ 16,965,226	14.60%	AM	N/AM	AM	N/AM	N/AM	N/AM								15.20%		
Anaerobic digestion of sewage sludge	CCM 5.6.	€ 147,249	0.10%	AM	N/AM	N/AM	N/AM	N/AM	N/AM								-		
Anaerobic digestion of organic waste	CCM 5.7./ CE 2.5.	€ 4,082,880	3.50%	AM	N/AM	AM	N/AM	N/AM	N/AM								2.20%		
Transport using motorbikes, cars and light commercial vehicles	CCM 6.5.	€ 2,225,830	1.90%	AM	N/AM	N/AM	N/AM	N/AM	N/AM								-		
Construction of new buildings	CCM 7.1./ CE 3.1.	€ 1,205,579	1%	AM	N/AM	N/AM	AM	N/AM	N/AM								5%		
Sustainable urban drainage systems	WTR 2.3.	€ 508,377	0.40%	N/AM	N/AM	AM	N/AM	N/AM	N/AM								-		
Phosphorous recovery from waste water	CE 2.1.	€ 296,040	0.30%	N/AM	N/AM	N/AM	AM	N/AM	N/AM								-		
Phosphorous recovery from waste water	CE 2.1.	€ 176	0%	N/AM	N/AM	N/AM	AM	N/AM	N/AM								-		
Production of alternative water resources for non-human consumption purposes	CE 2.2.	€ 469,660	0.40%	N/AM	N/AM	N/AM	AM	N/AM	N/AM								-		
CAPEX of eligible activities not substantially contributing to the objectives of the Taxonomy (A.2.2)		**€ 45,014,132**	**38.60%**	**38%**	**0%**	**0%**	**0%**	**0%**	**0%**								**67.50%**		
CAPEX of Taxonomy-eligible but non- environmentally sustainable activities (non-Taxonomy-aligned activities) (A.2=A.2.1+A.2.2)		**€ 49,565,904**	**39.20%**	**38%**	**4%**	**0%**	**0%**	**0%**	**0%**								**68%**		
Total eligibility (A.1 + A.2)		**€ 92,324,028**	**79.20%**	**78%**	**30%**	**72%**	**2%**	**0%**	**0%**								**82.60%**		
B. NON-TAXONOMY-ELIGIBLE ACTIVITIES																			
CAPEX of non-Taxonomy-eligible activities (B)		**€ 24,271,076**	**20.80%**																
TOTAL (A+B)		**€ 116,595,105**	**100%**																

Notes:

CCM: Climate Change Mitigation
CCA: Climate Change Adaptation
WTR: Water and Marine Resources
CE: Circular Economy
PPC: Pollution Prevention and Control
BIO: Biodiversity and Ecosystems
Y: Yes, Taxonomy eligible activity substantially contribution to the relevant environmental objective
N: No, Taxonomy-eligible but not Taxonomy-aligned activity with the relevant environmental objective

N/EL: not eligible, Taxonomy non-eligible activity for the relevant objective
EL: Taxonomy-eligible activity for the relevant objective
N/EL: not eligible, Taxonomy non-eligible activity for the relevant objective
A: Enabling Activities
T: Transition Activities

To include an activity in section A.1, it must meet all DNSH criteria and the related minimum safeguards. Non-financial undertakings can indicate in section A.2 their substantial contribution and the DNSH criteria met or unmet, using Y/N and N/EL or EL and N/EL for the substantial contribution, and Y/N for the DNSH criteria.

Below, the degree of eligibility and alignment for each environmental objective of activities that substantially contribute to various objectives is reported.

	Proportion of turnover/Total turnover		Proportion of CAPEX/Total CAPEX		Proportion of OPEX/Total OPEX	
	Taxonomy-aligned per objective	Taxonomy eligible per objective	Taxonomy-aligned per objective	Taxonomy eligible under per objective	Taxonomy-aligned per objective	Taxonomy eligible per objective
CCM	25.50%	82.70%	24.50%	69%	19.50%	78.10%
CCA	0%	0%	0%	0%	26.10%	29.80%
WTR	0%	82.50%	0%	68.50%	0%	72.10%
CE	0%	0.10%	0%	0.30%	0%	1.70%
PPC	0%	0%	0%	0%	0%	0%
BIO	0%	0%	0%	0%	0%	0%
TOTAL[21]	**25.50%**	**82.70%**	**24.50%**	**69.60%**	**36.70%**	**79.20%**

[21] The total excludes double counting.

With reference to the reporting requirements under Article 8, paragraphs 6 and 7 of Delegated Regulation (EU) 2021/2178, which stipulates the use of the models provided in Annex XII for reporting on nuclear and fossil gas activities, it should be noted that all models have been omitted as they are not representative of our activities.

Sustainable finance

[GRI 3-3]

For us, sustainable finance is a way to integrate sustainability and investments, generating positive impacts for both investors and the community. From the latest benchmark analysis, sustainable finance has emerged as a key theme for the Group. Access to such types of financing, aimed at implementing sustainable activities or infrastructures, helps mitigate impacts on the environment, climate change and people.

Material topic	What it is
Sustainable finance	Ensure the integration of sustainability themes into investment processes to support sustainable finance actions that create a positive impact for investors and the community.

Sustainability-linked bond

On 5 December 2023, we successfully issued a bond worth 105 million euro, reserved for institutional investors and with a duration of 15 years.

This bond, structured as a Sustainability-Linked Bond, is based on our Sustainability-Linked Financial Framework

Sustainability-linked bonds = bonds whose financial characteristics, typically the coupon, are linked to the achievement of pre-defined sustainability goals. Similar to green bonds, these goals are quantified through Key Performance Indicators (KPIs) and assessed against specific Sustainability Performance Targets (SPTs) set in advance.

Sustainability-linked bonds are not tied to the execution of a single sustainability project. The proceeds from the issuance of these securities can be used for general purposes and are oriented towards a global strategy based on the UN Agenda 2030 Sustainable Development Goals, with measurable targets set year by year.

Sustainability-Linked Financial Framework (SLFF)

On 4 December 2023, we published our **Sustainability-Linked Financial Framework** (SLFF), which outlines our sustainable finance commitments and goals. This document, which establishes KPIs and targets applicable to various financial instruments, serves as a guide for future bonds linked to sustainability goals.
Within the SLFF, we have defined three key KPIs that reflect the strategies of our Sustainability Plan and our contribution to the United Nations' 2030 Agenda goals.

KPI 1

Reduce our direct and indirect CO_2 equivalent emissions by 42% by 2030.

KPI 2

Decrease emissions generated by our value chain by 25% by 2030. Both KPIs relate to targets validated by SBTi (Science-Based Targets initiative).

KPI 3

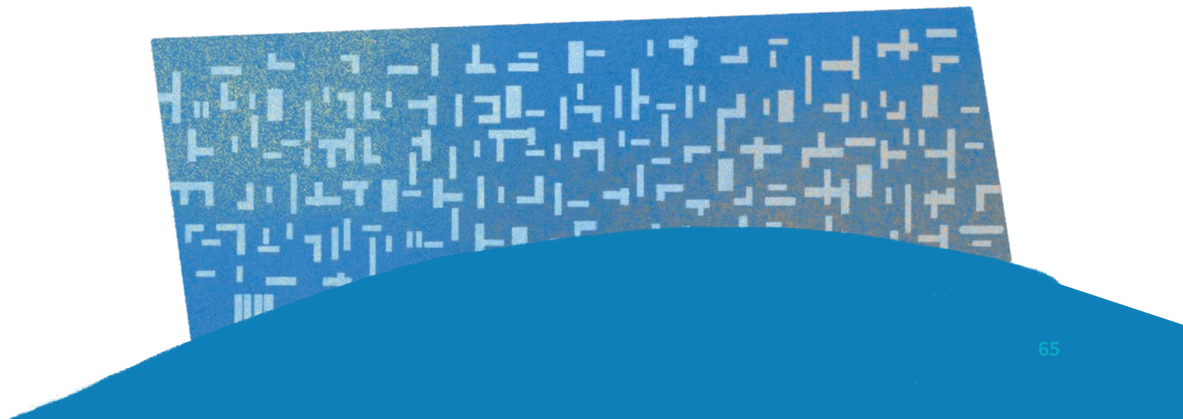
Reduce water losses in aqueducts to 17% by 2027, compared to the 2018 baseline.

The framework, fully integrated with our Sustainability Plan, also includes intermediate targets for achieving the KPIs, which will be reported periodically.
The 2023 reporting of KPIs related to the Sustainability-Linked Bond is conducted by highlighting the results within this Non-Financial Report using the symbol:

SLB

For details, visit
www.gruppocap.it

[22] To find out more about our commitment with the international SBTi network, go to page 95.



ENVIRONMENT

Connected to natural resources

Understanding the interconnectedness between the natural elements

-2.5%

235,962,729 m³ of water fed into the network

+11.6%

310,732,329 m³ of treated waste water

-1.43%*

total energy consumed

*+2% if the same perimeter as 2022 is considered

0%

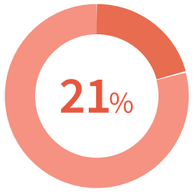
of sludge disposed by landfill

A commitment to the Planet and resources

In a future where water resources and ecosystems are increasingly at risk, the circular economy can be a game-changer

Where we stand

Climate change resulting from current development and consumption patterns are increasing the risk of extreme events, which are putting a strain on water resource availability and intensifying environmental challenges.



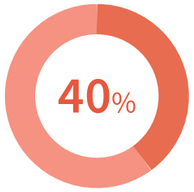
The percentage of Italian territory at risk of desertification.[23]

15 May 2023

The Italian Overshoot Day, the day on which humanity's resource consumption for the year in Italy exceeds exceeds what Earth can regenerate.[24]

What the risks are

Access to water resources is becoming increasingly uncertain for future generations, with growing risks threatening the availability of clean and safe water, which is vital for human survival, development and well-being.



The percentage by which the demand for freshwater will exceed the supply by 2030.[25]

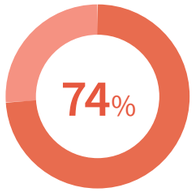
3 billion

The number of people at risk of water stress by 2050.[26]

[23] Joint Research Centre, https://op.europa.eu/webpub/eca/special-reports/desertification-33-2018/it/
[24] Global Footprint netwotk, https://www.footprintnetwork.org/
[25] Cerved Rating Agency, https://www.cerved.com/community/news/cerved-esg-connect/
[26] Wageningen University & Research, del Potsdam Institute for Climate Impact Research (PIK), della Humboldt University e dell'Università di Utrecht, https://www.nature.com/articles/s41467-024-44947-3

The world to come

Growing concerns about resource availability and the disruption of ecosystem balance are raising collective awareness and driving changes in consumer behaviour. This situation calls for a shared commitment to more sustainable practices.



The percentage of Italians who believe it is urgent to build new reservoirs and promote water-saving and efficiency measures.[26]

9 out of 10

The number of citizens who support the reuse of treated water in agriculture.[27]

Opportunities to seize

The protection of water resources through the adoption of circular economy principles not only offers economic benefits by reducing waste and saving costs but also contributes to the protection of the environment and the ecosystems around us, thus promoting sustainable and responsible development.

293 million m³ of water

can be recovered from the volumes of waste water produced annually.[28]

€ 1.8 trillion by 2030

The economic benefit generated from cost savings on raw materials and innovation due to the introduction of circular economy models.[29]

USD 4.5 trillion by 2030

The total savings from implementing circular economy practices and policies.[30]

In connection with stakeholders

"Energy operators and Integrated Water Service managers share the understanding that water is a precious resource.

As a result, they must prioritise the efficient use of water. For Edison, this means opting for treated waste water or air cooling systems, whenever local conditions allow, for process water withdrawals, industrial applications and cooling in thermoelectric production."

We spoke with **Nicola Monti**, CEO of Edison

[27] United Nations World Water Development Report, https://unesdoc.unesco.org/ark:/48223/pf0000389107
[28] REF Research Laboratory, https://laboratorioref.it/riuso-delle-acque-depurate-ladattamento-ad-un-clima-che-cambia/
[29] United Nations World Water Development Report, https://unesdoc.unesco.org/ark:/48223/pf0000384819
[30] World Economic Forum, https://www.weforum.org/agenda/2020/01/how-can-we-accelerate-the-transition-to-a-circular-economy/

Responsible water resource management

[GRI 3-3, 303-1]

Ensuring access to high-quality, safe water, while minimising waste and improving service efficiency, is our top priority.

We are committed to continually optimising the operation of our aqueducts to protect and distribute high-quality water, ensuring it is available to all users across the entire area.

Our goal of **providing safe, high-quality water**—an essential resource—guides the daily, collective efforts of the entire Group. These interconnected efforts are crucial to ensuring that the water supplied to the public is excellent and safe at all times.

Excessive exploitation of water resources, driven in part by increased consumption, poses a major threat to the availability of tap water. Therefore, in our ongoing efforts to improve **service** efficiency and water availability, we continually assess the **best technologies** to implement through infrastructure projects. This includes enhancing and implementing management and remote control systems, upgrading existing water abstraction facilities and improving the efficiency of water infrastructure.

To ensure quality water for citizens, we conduct **meticulous data analysis** to identify key issues in our systems and address them with targeted actions to protect user health and safety.

We also work on **strengthening and renewing the network**, which provides significant benefits both in terms of quality of water supplied and reduction of water losses.

We have increased investments to improve monitoring across the entire drinking water supply chain, achieving excellent results as demonstrated by the technical indicator M3 - quality of water supplied, as identified by ARERA[31]. Additionally, through ongoing collaboration with local authorities, we promote a **culture of sustainability and proper water use** through targeted information and training initiatives.

Furthermore, the implementation of the **Water Safety Plan** provides a comprehensive view of all aqueduct systems in the area, allowing for a thorough risk assessment. This enables us to proactively and precisely address issues at all nodes in the aqueduct.

Material topic	What it is
Responsible water resource management	Implementing and adopting initiatives and measures to address the impacts associated with the progressive scarcity of water resources, to prevent and reduce the effects related to climate change and to safeguard the quality of the water supply provided to citizens.

[31] ARERA (the Italian Regulatory Authority for Energy, Networks and the Environment) carries out regulation and oversight activities in the sectors of electricity, natural gas, water services, waste management and district heating.

Water Safety Plan

SENSITIVE

[GRI 303-1]

We were the first in Italy to implement the Water Safety Plan (WSP), a water safety initiative promoted by the WHO. The Water Safety Plan (WSP) is a **cutting-edge model that provides a thorough analysis of all aspects of the drinking water supply chain**. The development of the project involved key stakeholders such as ATS (Local Health Protection Agency), ISS (Italian National Institute of Health), ATO (Optimal Territorial Area) and ARPA (Regional Environmental Protection Agency), ensuring a detailed understanding of the water supply systems from structural, managerial, qualitative and quantitative perspectives.

The WSP monitors water quality by considering the specific characteristics of each area through a tailored control plan that preserves water resources, protects them from contamination and allows for a critical analysis of their quality attributes.

Risk analysis through the WSP enables us to adjust water quality monitoring activities by establishing standard control frequencies for various points in the aqueduct systems. Thanks to this system, we are working to comply with the provisions of Legislative Decree 18/2023, which implements European Directive 2020/2184 in Italy to strengthen control over distributed water quality. This involves **adopting stricter limits and introducing the monitoring of new emerging contaminants**, including PFAS, Bisphenol A and Uranium, with limits that will be applied starting 12 January 2026.

To ensure water quality that exceeds legal standards, we invest annually in monitoring, infrastructure and resources, reaffirming our commitment to the safety and health of our users.

Aqueduct network controlled with Water Safety Plan	UoM	2023	2022	2021
Percentage of aqueduct network controlled with Water Safety Plan	%	100	100	86.49

Drinking water laboratory

[GRI 416-1, 416-2]

Water quality is verified through a series of rigorous and differentiated tests:

Chemical analyses

We detect various contaminants such as metals, anions, chlorinated solvents, aromatic solvents and pesticides.

Chemical-physical analyses

We measure parameters like pH, conductivity, turbidity, total organic carbon (TOC), bicarbonates and radioactivity.

Microbiological analyses

We test for the presence of Total Coliforms, Escherichia Coli, Enterococci, Bacterial Counts at 22°C and Legionella.

These analyses allow us to continuously monitor the safety and cleanliness of the water we provide, ensuring compliance with quality standards.

Drinking water laboratory data	UoM	2023	2022	2021
Number of samplings	No	21,877	18,813	19,911
Number of analytical determinations	No	866,325	728,865	782,656

No cases of non-compliance requiring non-potability ordinances were recorded across the entire Metropolitan city of Milan. As a result, we have not received, nor do we anticipate receiving, any fines or monetary penalties for the year 2023.

Protecting the water in Milan and surrounding provinces

To maximise the value of existing water sources, we are dedicated to minimising activities that could harm the aquifer, carrying out abstraction and treatment projects only when absolutely necessary, typically in a centralised way that benefits multiple municipalities.
Our analysis laboratory at Idroscalo, certified ISO17025, conducts rigorous daily quality checks on water throughout the aqueduct network. We perform analyses at abstraction points, before and after the drinking water purification process, and at specific points in the distribution network to ensure that the water reaching our customers consistently meets high quality standards.
The quality of the water from our aquifers is generally excellent, with approximately 40% of the extracted water distributed without the need for treatment. The remaining 60% undergoes chemical-physical processes to address various pollutants at our more than 340 production sites.

The water journey

Water extracted from the aquifers is first treated, as needed, to make it drinkable. It is then fed into the distribution network and continuously monitored along its entire route using dedicated systems. After use by consumers, the water is directed through the sewer system to treatment plants. Here, it is treated according to environmental standards, allowing for safe discharge into surface water courses.

1 AQUIFERS where rainwater and water from melting glaciers naturally collect

2 WELLS used to extract water from underground aquifers

3 RESERVOIRS where the water is stored, tested and possibly treated

4 HOME WATER TAPS where drinking water is delivered safely

5 SEWER NETWORK through which waste water is collected for treatment

6 TREATMENT PLANTS after treatment, the water returns to its natural cycle

Objectives to recover and protect the resource

[GRI 303-1]

In our 2033 Sustainability Plan, we have set ambitious goals for safeguarding water resources. One example is increasing the number of people who regularly drink tap water and using non-drinking water for irrigation. We have also redefined the concept of **integrated management**, aiming to **reduce water dispersion to 15% by 2033**. This will offer benefits such as:

- reducing water stress;
- protecting deep aquifers;
- increasing the quality of supplied and treated water;
- improving risk management and maintenance practices.

How to reduce water exploitation

[GRI 3-3]

The actions we have introduced to reduce the exploitation of water resources are:

- implementation of the Water Safety Plan;
- extension and enhancement of online analysis systems for constant and timely monitoring of water parameters (Early Warning Systems);
- increased controls, analyses and monitoring of water, with a greater number of parameters analysed and more sensors installed in wells;
- investment in Research & Development for the detection and removal of new pollutants;
- promotion of a water analysis service on request for users to check their tap water;
- investments in research and high-tech prototypes for the Water Service;
- investments in the construction and maintenance of new treatment plants;
- within the Aqueducts Infrastructure Plan (PIA in the Italian acronym), adoption of tools for predictive analysis of the quantity and quality of drinking water extracted from subsoil;
- development of interconnections between aqueducts to share high-quality water among different municipalities and serviced areas;
- improvement and optimisation of management by selectively activating wells with lower concentrations of nitrates and pollutants;

Early Warning System = a system for real-time monitoring of drinking water quality. This system, including state-of-the-art sensors installed in wells and connected to a remote control system, is crucial for ensuring preventive checks (which differ from laboratory analytical checks, which are performed ex post) and can provide real-time information on water quality across different aqueducts.

Promotion of tap water

[GRI 3-3]

As Water Service operators, we play a crucial role in building users' trust in tap water (see also pages 149 and 150). The promotion and widespread use of tap water, supported by increased quality standards, are objectives set by the European Union and the Ministry of the Environment to help reduce emissions and plastic waste.

We have implemented a series of procedures and action plans for the prevention and resolution of potential quality issues:

1 Water Safety Plans monitored using the ARERA G 3.2 indicator

2 The P. ACQ. 02 procedure: 'PLANNING OF WATER CONTROLS AND MANAGEMENT OF ANALYTICAL NON-CONFORMITIES.'

3 The ARERA M3 macro-indicator.

Transparent information for citizens: the Water Label

[GRI 417-1, 417-2]

We are committed to transparently communicating all necessary information to ensure citizens are informed about the quality of the water supplied. We have established a domestic water quality control service accessible to all residents of the municipalities we serve. We offer residents the possibility of booking online for water sampling and analysis, and provide informational documentation on the legal limits set by World Health Organisation, European and national regulations. Additionally, we produce the **Water Label**, a document that reports the annual averages of the main parameters analysed in the supplied water, ensuring compliance with Decree-Law 18/2023 and guaranteeing the safety of the provided product.
In 2023, no cases of non-compliance with ARERA's RQSII, RQTI, TIMSII, REMSI resolutions or with the Technical Specifications governing the concession agreements with the ATO (Optimal Territorial Area) of the Metropolitan City of Milan were detected. Additionally, there were no cases of non-compliance with regulations and/or self-regulation codes concerning marketing communications, including advertising, promotion and sponsorships.

High-quality withdrawn water: data and monitoring methods

SENSITIVE

[GRI 303-3]

Aqueduct representative data	UoM	2023	2022[32]	2021
Managed aqueducts	No	133	133	133
Reservoirs	No	68	70	67
Booster plants	No	26	27	27
Length of aqueduct network	km	6,531	6,461	6,448
Wells	No	724	722	697
Wells monitored online	No	89	98	84
SACs (Water Quality Self-Control Systems) monitored online[33]	No	36		

Drinking water purification plants	UoM	2023	2022	2021
Total drinking water purification plants	No	301	301	322

Water withdrawal by source[34]	UoM	2023	2022	2021
Water withdrawn	ML	243,845.61	249,731.84	254,078.15
Water withdrawn with no need for treatment	ML	98,035.01	97,350.02	101,093.32
Percentage of untreated water	%	40.20	38.98	39.79
Percentage of treated water	%	59.80	61.02	60.21

CAP Group does not perform water withdrawals from areas experiencing water stress, as our area is not classified as a water-stressed area according to the World Resource Institute (Aqueduct Water Risk Atlas).
All water withdrawals pertain to freshwater (≤1,000 mg/l of total dissolved solids) and groundwater (therefore, the following types of sources are not applicable: surface water, seawater, produced water, third-party water resources).

[32] The 2022 data for booster plants has been adjusted following a recalculation.
[33] First year of reporting.
[34] For the 2022 reporting year, the unit of measurement for the indicators 'water withdrawn' and 'water withdrawn with no need for treatment' was in cubic meters (the unit also used in 2021 for water withdrawn with no need for treatment). This year, we reported the values in megalitres, as required by the GRI.

Water fed into the network	UoM	2023	2022	2021
Total water fed into the network	m^3	235,962,729	242,052,172	245,799,891

Water delivered and measured	UoM	2023	2022	2021
Total	m^3	186,900,186	190,806,906	193,379,540

194.14 l

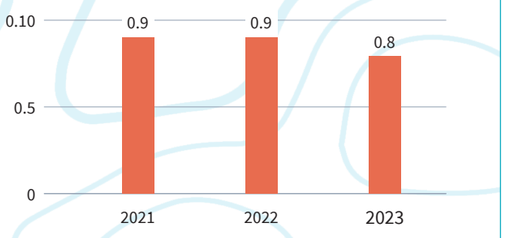
Daily per capita water consumption in 2023

Per capita daily volume for the year	UoM	2023	2022	2021
User volume	m^3	134,011,044	136,931,153	139,554,407
Inhabitants	No	1,886,014	1,845,422	1,847,308
Per capita consumption	l/inhabitant/day	194.14	202.73	206.41

Technical quality focus M2: continuity of water supply

This indicator, relating to service interruptions, is calculated by adding up the durations of both planned and unplanned interruptions that occurred in each year, multiplied by the number of affected end-users, relative to the total number of end-users served.

Service interruption (h)



SENSITIVE

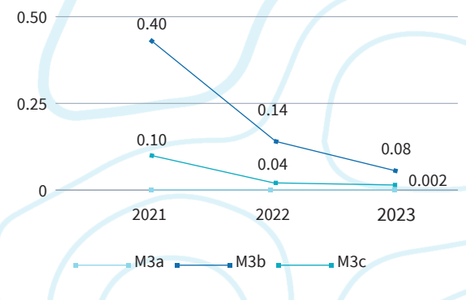
Technical quality focus M3: quality of supplied water

The macro-indicator M3, related to water non-compliance,

- M3a: incidence of non-potability ordinances;
- M3b: rate of non-compliant samples from internal controls;
- M3c: rate of non-compliant parameters from internal controls;

During 2022, we completed the implementation of the WSP (Water Safety Plan) for the entire managed area, achieving 100% for indicator G 3.2.
In 2023, we updated a SAC (Water Quality Self-Control System) following new guidelines for the application of Water Safety Plans.

Quality of supplied water (%)



Reducing water losses

[GRI 3-3, 303-1, 303-3]

Water losses have negative environmental and economic impacts, affecting people, the environment and our business. These impacts are closely linked to the **vulnerability of aqueduct pipelines**. To address this, we have established a comprehensive **water loss reduction programme** that strategically combines various measures. Our prevention or mitigation actions begin with the development of a monitoring programme based on ARERA performance indicators.
The main actions for reducing water losses include:

- replacement and upgrading of user meters (impact on apparent water losses);
- optimisation of operating pressures, i.e., the pressure levels of pipelines, through remote monitoring systems, remote management and the division of distribution networks into homogeneous districts (impact on real water losses);
- upgrading of production plants (impact on reducing breakages, and thus indirectly on real water losses);
- campaign to replace networks with high loss incidence;
- systematic and advanced leak detection using both traditional and innovative methods;
- replacement of process meters (reducing measurement errors);
- increasing the efficiency of plant operations by reducing reactant dosage and activating plants with fewer operating hours.

Water losses have a negative impact on the costs of pumping and treating the volumes lost along the network, which adds to the environmental impact of water dispersion. Therefore, we constantly monitor the network and develop a programme for loss detection and reduction through scheduled actions managed by our personnel and external suppliers.
Apparent losses: these are due to unauthorised water withdrawals (illegal connections) and volumes delivered but not metered due to inaccuracies or malfunctions of the meters.
Real losses: these measure the volume of water that escapes from the distribution system, seeping into the ground due to corrosion, deterioration or breaks in the pipes or defective joints.

The challenges associated with the loss reduction process

Some of the activities necessary for reducing losses require extensive work for replacing the pipelines. These actions involve the development of a number of construction sites across the territory, which in turn generate environmental, social and health impacts.

Our efforts in reducing water losses have allowed us to achieve the targets set for reducing the M1a[35].

[35] ARERA performance indicator that defines total losses in relation to the length of the network

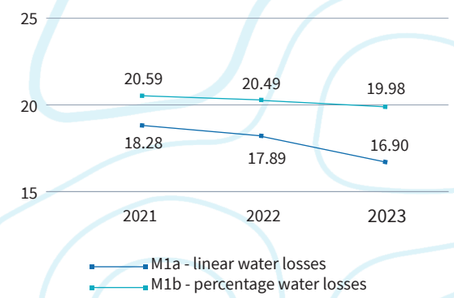
SLB RESILIENT

Technical quality focus M1: water losses

The macro-indicator M1 relates to water resource conservation. It consists of the following indicators.

- M1a: linear water losses;
- M1b: percentage water losses.

Water losses (%)



Hidden leak detection

The performance achieved in 2023 in detecting hidden leaks is similar to that of the previous year, confirming the effectiveness of the methodologies implemented by the Group.

Leaks detected in 2023 = 1 leak every 3.8 km[36]

Hidden leaks: these are non-visible water losses that occur in a water system due to a range of unintentional factors such as corrosion, malfunctions, ageing infrastructure or freezing of the network.

Leak detection and repair	UoM	2023	2022	2021
Km of network monitored	km	701[37]	1,237	2,333[38]
Leaks detected through our service	No	188	432	614
Leaks reported to the emergency services	No	4027	3561	3320
Repaired leaks	No	4197	3920	3884
Percentage of repaired leaks out of total detected/reported leaks	%	99.57	98.17	98.73

Meter replacement	UoM	2023	2022	2021
Number of meters replaced	No	16,085	20,899	26,032

[36] The data in the 2022 NFR contains a transcription error; the detected leaks amount to 1 every 2.86 km, not every 3.8 km.
[37] The length of the monitored network and the number of leaks identified in 2023 are lower than in previous years because the operational teams were engaged in network verification activities in preparation for the NRRP project, which started in the second half of the year.
[38] In 2021, the data is higher compared to the last two years because part of the leak detection activity was outsourced to external companies.

Quality of treated water

[GRI 3-3, 303-2]

Ensuring the quality of treated water is a primary objective for us, not only in our role as Integrated Water Service Operator, but also as a **company deeply committed to applying circular economy principles** and promoting environmental sustainability.

The activities carried out at the treatment plants involve:

- the sub-lacustrine section of the Ticino river;
- the Olona-Lambro Meridionale rivers;
- the Seveso river;
- the Lambro river;
- the sub-lacustrine section of the Adda river;
- the Olona Meridionale river;
- part of the river Po basin.

Treatment plants	UoM	2023	2022	2021
Number of managed treatment plants in operation	No	40	40	40

Treated waste water	UoM	2023	2022	2021
Total	m^3	310,732,329	278,380,274	349,937,579

Treated flow by plant capacity	UoM	2023	2022	2021
PE (population equivalent)≥100,000	m^3	242,072,980	217,517,808	273,797,868
50,000≤ IE< 100,000	m^3	34,156,658	30,936,322	39,066,994
10,000≤ PE< 50,000	m^3	27,647,627	23,429,444	29,483,480
PE<10,000	m^3	6,855,064	6,496,700	7,589,237

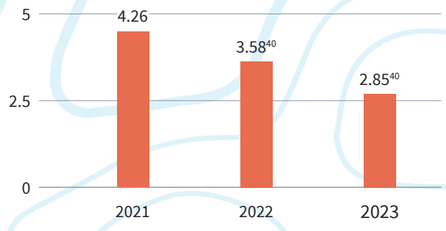
Percentage of treated flow by plant capacity	UoM	2023	2022	2021
PE≥100,000	%	77.90	78.14	78.24
50,000≤ PE< 100,000	%	10.99	11.11	11.16
10,000≤ PE< 50,000	%	8.90	8.42	8.43
PE<10,000	%	2.21	2.33	2.17

Technical quality focus M6: Quality of treated water

The macro-indicator M6 is defined as the percentage of samples that exceed one or more emission limits in terms of pollutant parameter concentrations, out of all samples collected by the operator over the course of the year.

Irrigation and swimming periods were taken into account.

Quality of treated water[39] (%)



Monitoring and assistance for high-quality treated water

[GRI 3-3]

We are committed to continuously improving the **quality of treated water** with processes that are monitored through macro-quality indicators (indicator M6) established by ARERA on a national scale, as well as through specific company and sector objectives. We use periodic reports and analyses to assess annual progress. To promptly handle any emergencies, we have an **on-call service** and a **call centre accessible to citizens**, ready to detect and report any service issues at any time. Received reports are quickly directed to the relevant office, which promptly deploys specialised technicians to address the problem.

Direct reuse of treated water

[GRI 3-3]

The direct reuse of treated water is becoming increasingly important and requires careful attention: the quality must be monitored throughout the entire process through specific health protection plans (Sanitation Safety Plans), regulated at both European and national levels.

Sanitation Safety Plan

At the Peschiera Borromeo plant, a **pilot project** was completed in 2022, in collaboration with the **ISS** (**Istituto Superiore di Sanità**, Italian National Institute of Health) **and CNR (National Research Council)**, for the implementation of the first **Italian Sanitation Safety Plan** for the direct reuse of treated water for irrigation purposes.

Use of non-drinking water

In 2023, we activated **7 new groundwater wells**, bringing the total to 67. We use non-drinking water for the irrigation of green areas, sports centres and municipal vegetable gardens, achieving an annual consumption of 599,351 cubic metres. Additionally, we implemented 11 remote control systems to optimise the distribution of this resource. These actions demonstrate our ongoing commitment to promoting the sustainable use of water, preserving this valuable resource for the future.

7
New groundwater wells

11
New remote control systems

[39] The punctual assessment of emission limit exceedances was performed with reference to the concentrations of only the parameters listed in Table 1 and Table 2 of Annex 5 to Part III of Legislative Decree 152/2006 and subsequent amendments (BOD5, COD, suspended solids, total nitrogen, and total phosphorus). The punctual assessment of emission limit exceedances was based on the most restrictive concentration limits for these five parameters, as specified in Tables 1 and 2 of Legislative Decree 152/06 and any additional requirements included in the respective discharge permits

[40] Data for 2021 and 2022 have been revised following an update to the calculation procedure for indicator M6.

Discharge of water

[GRI 303-2, 303-4]

We are committed to improving the **chemical and physical parameters** of water released at the end of the treatment process, complying with regulations and safeguarding biodiversity. For this reason, we invest in both infrastructure and waste water treatment processes.
To meet the requirements set by European regulations for protecting 'sensitive areas,' such as the river Po basin, we have initiated a plan to progressively reduce levels of nitrogen and phosphorus. Uncontrolled discharge of these substances leads to water eutrophication.

Water eutrophication: is a process induced by excess input of fertilizers (nitrogen, phosphorus and other phytostimulants), which leads to an overproduction of phytoplankton.

Treated water must be **analysed and tested** before being returned to the environment. This is what we do in our company laboratories, which examine the water entering and leaving our treatment plants.

Total water discharge in all areas in megalitres, and breakdown of this total by types of use	UoM	2023	2022	2021
Surface waters	ML	310,732.33	278,380.27	349,937.58

All water discharges refer to freshwater (≤1,000 mg/l of total dissolved solids) and surface waters (therefore, not applicable: groundwater, seawater, third-party water resources).

Number of cases of non-compliance with discharge limits	UoM	2023	2022[41]	2021[41]
Number of cases of non-compliance with discharge limits	No	119	146	105
Number of samples analysed	No	4,169	4,073	2,462

Non-compliances have been calculated as exceeding at least one of the analysed parameters (BOD, COD, TSS, N, P) relative to regulatory limits.

BOD5 (Biochemical Oxygen Demand, 5 days): measures the amount of oxygen consumed by micro-organisms to decompose organic matter in water over 5 days.
COD (Chemical Oxygen Demand): indicates the amount of oxygen required to chemically oxidise the compounds present in a water sample.
TSS (Total Suspended Solids): represents the total amount of suspended solids in a water sample, measured in milligrams per litre.
NTOT (Total Nitrogen): indicates the total amount of nitrogen, including all its chemical forms, present in a sample.
NH4 (Ammonium): measures the concentration of ammonium ions in a water sample, indicative of organic pollution.
PTOT (Total Phosphorus): represents the total amount of phosphorus in all its forms in a water sample.
METALS: quantifies the presence of heavy metals, such as lead and mercury, in a water sample.[43]

[41] Data for 2021 and 2022 regarding the number of non-compliance cases with discharge limits, and for 2022 regarding analysed samples, have been revised following the update to the calculation procedure.

[42] The parameters and their discharge limits are defined in the national regulatory text Legislative Decree 152/2006, Annex V to Part III (Tables 1, 2, and 3) and in Lombardy Regional Regulation No 6/2019.

[43] The main pollutant parameters subject to regulatory discharge limits are: BOD5, COD, TSS, NTOT, NH4, PTOT, METALS. The parameters and their discharge limits are defined in the national regulatory text Legislative Decree 152/2006, Annex V to Part III (Tables 1, 2, and 3) and in Lombardy Regional Regulation No 6/2019.

Waste water analysis

[GRI 3-3, 416-1]

The quality of treated water is monitored by the waste water analysis laboratory, which performs checks on the quality of water entering and leaving the treatment plants. In the case of discharge values exceeding limits, the laboratory alerts all relevant technicians and managers via an automatic email notification system.
CAP Group's waste water analysis laboratories, located in Pero and Peschiera Borromeo, are responsible for analysing the quality of water both entering and leaving our treatment plants.

CHEMICAL PARAMETERS	We monitor pH, conductivity, chemical oxygen demand (COD), biochemical oxygen demand over 5 days (BOD5), total suspended solids, total phosphorus, total nitrogen, ammoniacal nitrogen, anions, metals, surfactants, hydrocarbons, chlorinated solvents, aromatic compounds and nitrogenous compounds.
MICROBIOLOGICAL PARAMETERS	We test for the presence of Escherichia Coli and Salmonella, conduct toxicity tests with Daphnia Magna, and since 2023, we have added analyses for Legionella and the presence of Nematode eggs.

Additionally, in 2023, we conducted a specific sampling and analysis campaign to determine perfluoroalkyl and polyfluoroalkyl substances (PFAS) in waste water. This represents an additional step towards a safer and cleaner environment.

Data from the waste water laboratory	UoM	2023	2022	2021
Number of samplings	No	9,434	9,274	7,465
Number of analytical determinations	No	95,194	95,520	95,543

Industrial user inspections

In 2023, inspections were conducted on **679 companies**, involving the collection of discharge water samples and subsequent analysis.

Inspections carried out	UoM	2023	2022	2021
Controlled companies	No	679	709	792
Discharged flow	m^3	23,674,355	24,848,005	24,362,269
Collected samples	No	748	970	956
Analytical determinations	No	19,210	26,279	27,657

In 2023, we collected a total of 748 samples, divided as follows:

- 686 samples taken from the discharges of businesses within the managed area, specifically from industrial users;
- 62 samples collected from the managed sewer networks.

In 2023, we conducted 240 site inspections at various companies, during which various checks were performed. Despite numerous monitoring efforts, the number of waste water samples collected from the sewer network decreased compared to the previous year. This reduction was due to the use of new instruments with multi-parametric sensors, which allowed for more targeted sampling to detect anomalies. Additionally, specific controls were carried out in areas that had been identified as problematic for waste water discharges into the public sewer network in the previous year, sometimes involving intervention by law enforcement and/or the Milan Public Prosecutor's Office.

Regarding the analyses conducted by the **Pero Laboratory**, in 2023, analytical sets focused on metals and harmful parameters were selected for certain types of discharges or to study anomalies. This approach optimized resources and limited the analysis of irrelevant parameters, aiming to reduce impacts and generated waste.

Geological Supporting System Water Alliance (GSSWA)

GSSWA is the dedicated office of Water Alliance that supports water network managers in deepening their **geological understanding of the subsoil**. Its goal is to implement techniques for the conservation and protection of water quantity and quality.

During 2023, we consulted GSSWA for:

- vulnerability analysis of the subsoil/aquifer block within CAP Group's WSP, which will be incorporated into the risk assessment;
- examining the groundwater levels for each of Group's 133 municipalities;
- developing hydrogeological studies;
- updating thematic mapping to support hydraulic invariance studies;
- creating a 4D model of underground water flow with predictive functions to understand climate change scenarios (in collaboration with the POLIMI PhD programme);
- continuing to update the services/thematic layers of the Geology Portal of the Lombardy Water WebGIS;
- monitoring and verifying data from the probe for continuous monitoring of the iron-oxidizing bacteria at the well on Via Toscanini/ Le Vallette in Paderno Dugnano.

Water Alliance
The Water Alliance - Acque di Lombardia is a joint venture among several water companies in Lombardy, aimed at combining management excellence and local presence to improve the Water Service. Launched in 2015 by the CAP Group and six other in-house entities, it serves over half of the Lombard population, approximately 5 million residents. The Water Alliance is the largest public entity in the Italian Water Service, promoting joint investments in infrastructure and services and proactively addressing the sector's needs for sustainability and innovation.

Protection of ecosystems and safeguarding biodiversity

[GRI 3-3]

Protecting ecosystems and the diverse wealth of the Planet is part of our sustainability commitments.

Biodiversity is a valuable resource, currently threatened by human activities that transform the land and pollute the atmosphere.
CAP Group's activities as a Water Service operator can either generate negative environmental impacts or, conversely, can produce positive effects related to improving water quality.

Biodiversity: the variety and variability of living organisms and the ecological systems in which they live.

Material topic	What it is
Management of ecosystems and safeguarding biodiversity	Promote initiatives aimed at protecting natural habitats and mitigating the Group's potential impacts on the ecosystem.

We ensure environmental protection by adhering to the authorization parameters set for emissions and discharges, in close collaboration with the Provinces and ARPA Lombardia. Through an annual plan of sampling, self-monitoring and inspections, approved by regulatory bodies, we are committed to maintaining and improving environmental quality.

We address every potential impact with care, implementing surveillance and intervention measures based on detailed instructions and procedures to manage any anomalies in emissions. Additionally, we conduct **Environmental Impact Assessments** for assets that require them, ensuring their compatibility with the surrounding ecosystem, considering **Nature 2000 Areas** and **biodiversity**.

Our objective is to continuously improve the chemical and physical quality of treated water, in line with regulations and with a focus on biodiversity. We constantly invest in water and waste water treatment infrastructure and processes to achieve this.

Since 2021, we have obtained certification according to the AFNOR XP standard, which pertains to circular economy projects: each project relevant to the Group is also evaluated based on its impacts on biodiversity.

Protected Areas

[GRI 304-1]

In the process of mapping CAP's assets in relation to Nature 2000 Areas, no cases were identified that require biodiversity impact assessment activities.

Operational site	Geographic area	Biodiversity value[44]	Biodiversity value characterised by the list of protection regimes[45]
ABSTRACTION PLANT - TURBIGO	Turbigaccio, Castelletto Woods and Bernate Oxbow; Ticino Woods	Terrestrial Ecosystem	Special Areas of Conservation and Sites of Community Importance; Special Protection Areas
ABSTRACTION PLANT - LACCHIARELLA	Lacchiarella Oasis	Terrestrial Ecosystem	Special Areas of Conservation and Sites of Community Importance
DISCHARGE-142-MORIMONDO	Lower Course and Banks of the Ticino River	Terrestrial Ecosystem	Special Areas of Conservation and Sites of Community Importance
DISCHARGE-537-BERNATE TICINO	Ticino Woods	Terrestrial Ecosystem	Special Areas of Protection
DISCHARGE-543-BERNATE TICINO	Turbigaccio, Castelletto Woods and Bernate Oxbow; Ticino Woods	Terrestrial Ecosystem	Special Areas of Conservation and Sites of Community Importance
DISCHARGE-188-NOSATE	Ticino Woods	Terrestrial Ecosystem	Special Areas of Conservation and Sites of Community Importance
DISCHARGE-1089-ROBECCO SUL NAVIGLIO	Lower Course and Banks of the Ticino River; Ticino Woods	Terrestrial Ecosystem	Special Areas of Conservation and Sites of Community Importance; Special Protection Areas
DISCHARGE-576-BERNATE TICINO	Ticino Woods	Terrestrial Ecosystem	Special Areas of Protection
Discharge-953-TURBIGO	Turbigaccio, Castelletto Woods and Bernate Oxbow; Ticino Woods	Terrestrial Ecosystem	Special Areas of Conservation and Sites of Community Importance; Special Protection Areas
Discharge-1686-GARBAGNATE MILANESE	Cesate Pine Grove	Terrestrial Ecosystem	Special Areas of Conservation and Sites of Community Importance
Discharge-776-SOLARO	Cesate Pine Grove	Terrestrial Ecosystem	Special Areas of Conservation and Sites of Community Importance
Discharge-155-MORIMONDO	Lower Course and Banks of the Ticino River	Terrestrial Ecosystem	Special Areas of Conservation and Sites of Community Importance
Discharge-156-MORIMONDO	Lower Course and Banks of the Ticino River	Terrestrial Ecosystem	Special Areas of Conservation and Sites of Community Importance
Discharge-157-MORIMONDO	Lower Course and Banks of the Ticino River	Terrestrial Ecosystem	Special Areas of Conservation and Sites of Community Importance
Discharge-258-MORIMONDO	Lower Course and Banks of the Ticino River	Terrestrial Ecosystem	Special Areas of Conservation and Sites of Community Importance
Discharge-274-MORIMONDO	Lower Course and Banks of the Ticino River	Terrestrial Ecosystem	Special Areas of Conservation and Sites of Community Importance
Discharge-344-MORIMONDO	Lower Course and Banks of the Ticino River	Terrestrial Ecosystem	Special Areas of Conservation and Sites of Community Importance
Discharge-885-MOTTA VISCONTI	Lower Course and Banks of the Ticino River; Ticino Woods	Terrestrial Ecosystem	Special Areas of Conservation and Sites of Community Importance; Special Protection Areas
Discharge-892-MOTTA VISCONTI	Ticino Woods	Terrestrial Ecosystem	Special Areas of Protection
Discharge-903-MOTTA VISCONTI	Lower Course and Banks of the Ticino River; Ticino Woods	Terrestrial Ecosystem	Special Areas of Conservation and Sites of Community Importance; Special Protection Areas
Discharge-904-MOTTA VISCONTI	Lower Course and Banks of the Ticino River; Ticino Woods	Terrestrial Ecosystem	Special Areas of Conservation and Sites of Community Importance; Special Protection Areas
Discharge-905-MOTTA VISCONTI	Ticino Woods	Terrestrial Ecosystem	Special Areas of Protection
Discharge-958-MOTTA VISCONTI	Lower Course and Banks of the Ticino River; Ticino Woods	Terrestrial Ecosystem	Special Areas of Conservation and Sites of Community Importance; Special Protection Areas
Lifting Plant-151-NOSATE	Ticino Woods	Terrestrial Ecosystem	Special Areas of Protection
Lifting Plant-720-TURBIGO	Turbigaccio, Castelletto Woods and Bernate Oxbow; Ticino Woods	Terrestrial Ecosystem	Special Areas of Conservation and Sites of Community Importance; Special Protection Areas
Lifting Plant-257-MORIMONDO	Lower Course and Banks of the Ticino River; Ticino Woods	Terrestrial Ecosystem	Special Areas of Conservation and Sites of Community Importance
Lifting Plant-275-MORIMONDO	Lower Course and Banks of the Ticino River; Ticino Woods	Terrestrial Ecosystem	Special Areas of Conservation and Sites of Community Importance
Accumulation tank-570-BERNATE TICINO	Turbigaccio, Castelletto Woods and Bernate Oxbow; Ticino Woods	Terrestrial Ecosystem	Special Areas of Conservation and Sites of Community Importance; Special Protection Areas
Accumulation tank-946-MOTTA VISCONTI	Ticino Woods	Terrestrial Ecosystem	Special Areas of Protection

[44] Determined by the characteristics of the protected area or the area with high biodiversity value outside the protected area.
[45] As per the IUCN protected area management categories, Ramsar Convention and national regulations.

Identifying and monitoring impacts on biodiversity

[GRI 3-3, 304-2]

We have developed structured methodologies to identify, assess and classify significant environmental aspects, enabling us to implement the most appropriate activities to mitigate negative environmental impacts and enhance positive ones.

The activities that could i**mpact the biodiversity** of the reference area include:

- discharge of treated water into surface water bodies;
- atmospheric emissions (from boilers, engines);
- odorous emissions;
- noise from plant equipment.

These aspects are constantly monitored through analyses, monitoring and sampling according to a schedule defined based on the potential impact and regulatory requirements.
Regarding construction activities, elements that could affect biodiversity, such as waste production and noise emissions, are managed and monitored.

We have implemented a series of procedures and operational instructions for managing construction sites and ensuring compliance with environmental permits:

- management of excavation materials and rocks;
- design and construction;
- management of circular economy projects;
- management of permits for water discharges and atmospheric emissions.

Management practices are assessed through:

- **external inspections:** regulatory bodies verify the correct implementation of projects and the proper operation of plants, monitoring compliance with requirements and providing maximum protection and attention to the environment;
- **self-monitoring:** periodic checks on key environmental parameters in relation to permits.

Protection of aquatic ecosystems

[GRI 3-3]

To preserve the health of **aquatic ecosystems**, we have implemented **management and control systems** that minimise risks and enable timely intervention if issues arise:

- installation of **online probes**: these measure key pollutant parameters at treatment plants, allowing real-time monitoring of plant performance;
- **remote monitoring** ensures that, even during night-time hours, appropriate alert systems allow for prompt action to restore proper plant operation;
- establishment of an **office responsible for monitoring** industrial discharges, minimising the risk of illegal sewer discharges.
- activation of the **Kando project, which is based on an Artificial Intelligence system**, for continuous monitoring of waste water quality, enabling us to promptly detect the presence and source of abnormal discharges.

We also participate in technical forums with stakeholders (such as agencies, industry professionals, trade associations, consortia, etc.) for ongoing dialogue with the community. This collaboration aims to share goals and operational tools, identify areas of common interest and gather proposals to jointly address any critical issues.

Energy transition and climate action

[GRI 3-3]

Our commitment to reducing energy consumption and greenhouse gas emissions is part of our efforts to address the climate crisis.

At CAP Group, we lead the way in the **energy transition** by shifting from high-carbon energy sources to low-impact alternatives, as part of our broader goal of fostering a sustainable economy. Our commitment involves using **renewable energy** and implementing **energy-saving strategies**, which not only reduces our dependence on fossil fuels but also enhances energy efficiency across our Integrated Water Service.

In the context of the energy transition, we face the challenge of balancing the positive impacts with potential risks, such as the increased energy consumption needed to improve both waste water and drinking water quality. This challenge arises from new forms of pollution and the necessity of returning higher-quality water to the environment to support its reuse.

Electricity is vital for the water sector, which, although not classified as one of the major energy consumers at the European or national levels, still has a significant demand for electricity.

6.5 TWh
required by the water sector according to Terna

2.2%
Portion of national energy demand required by the water sector

Dedicated to our path toward sustainability, we strive to maximise energy efficiency in our daily water management practices.

Energy

Material topic	What it is
Energy transition and climate action	Reducing and offsetting greenhouse gas emissions as part of a broader international effort to combat the impacts of climate change by formalising policies, strategies and energy efficiency initiatives.

We contribute to reducing environmental impacts by developing **facilities powered** by renewable sources, with a particular focus on **photovoltaic** systems. These are installed on existing buildings, land within our facilities and external spaces provided by third parties.

Our strategies to mitigate environmental impacts include:

- **reversible** ground-mounted systems, which allow for the restoration of the land to its original state at the end of the facility's life;
- agrovoltaic solutions, which enable the **coexistence of energy production with agricultural activities**;
- **responsible management of plant decommissioning** through recovery consortia;
- **energy efficiency** measures to reduce consumption, especially in water treatment;
- implementation of an **energy efficiency plan** and increasing the use of renewable energy sources.

Monitoring activities

[GRI 3-3]

To continuously improve our energy performance and contribute to climate action, we constantly monitor our activities.
The main actions include:

- the adoption of ISO 50001 energy management system which allows us to detect and manage improvements and anomalies in energy performance through business IT tools and to report our energy consumption annually, with subsequent certification by an accredited body;
- the definition of goals and indicators to monitor the reduction of energy consumption and the increase in production from renewable sources.

Energy consumption

[GRI 302-1, 302-3]

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Our direct and indirect consumption is related to the main services we provide, such as aqueduct water supply, waste water treatment, sewer and general services (including administrative, logistics and emergency services activities).

		2023		2022		2021	
Direct consumption	**UoM**	**Value**	**MJ**	**Value**	**MJ**	**Value**	**MJ**
Biogas consumed for water treatment	m^3	4,205,247	96,720,681	3,926,537	90,310,351	4,455,943	102,486,689
Total biogas consumed	m^3	4,205,247	96,720,681	3,926,537	90,310,351	4,455,943	102,486,689
Natural gas treatment	m^3	47,038	1,667,967.48	52,805.89	1,863,044.61	175,240	6,182,642.44
Natural gas drying	m^3	736,945	26,132,069.70	722,221	25,480,679.10	836,765	29,521,905.97
Natural gas general services	m^3	107,664	3,817,765.44	134,339.26	4,739,623.43	133,326	4,703,874.61
Methane (cars)	kg	28,478	1,504,492.74	53,699.80	2,822,928.68	72,121	3,791,307.21
Total natural gas consumption	-		33,122,295.36		34,906,275.81		44,199,730.22
Biomethane (cars purchased in Magenta)	m^3	3,441	79,143				
Petrol for generators	l	232	7,486.64	367.98	11,874.71	207.29	6,689.25
Petrol all sectors	l	149,799	4,834,013.73	146,139.22	4,763,261.74	102,087	3,327,423.68
Total petrol consumption	l	150,031	4,841,500.37	146,139.22	4,763,261.74	102,087	3,327,423.68
Diesel for generators	l	6,288	225,487.68	4,393.05	159,700.55	4,157	151,119.42
Diesel all sectors	l	176,884	6,295,301.56	189,215.62	6,878,555.43	208,398	7,575,892.49
Total diesel consumption	l	183,172	6,520,789.24	193,608.67	7,038,255.98	212,555	7,727,011.92
Total direct consumption	-		141,284,408.97		137,018,144.53		157,740,854.82
of which from renewable sources	-		98,304,316.74		93,133,279.68		106,277,996.21

In our direct consumption of renewable sources, we include the use of methane for CAP Group's vehicle fleet, considering this consumption offset by the production of biomethane generated by the Bresso plant and fed into the SNAM network.

		2023		2022		2021	
Indirect consumption	**UoM**	**Value**	**MJ**	**Value**	**MJ**	**Value**	**MJ**
Water treatment	kWh	96,556,507	347,603,425.20	97,606,039	351,381,740.40	102,953,909	370,634,072.40
Aqueduct	kWh	79,436,826	285,972,573.60	82,379,238	296,565,256.80	83,539,691	300,742,887.60
Sewer	kWh	4,081,619	14,693,828.40	3,615,362	13,015,303.20	4,587,722	16,515,799.20
General services	kWh	2,910,109	10,476,392.40	3,137,543	11,295,154.80	1,871,136	6,736,089.60
Water Kiosks	kWh	827,161	2,977,779.60				
Groundwater wells for the production of non-drinking water	kWh	260,753	938,710.80				
Total indirect consumption	kWh	184,072,975	662,662,710	186,738,182	672,257,455.20	192,952,458	694,628,848.80
of which from renewable sources	kWh	184,072,975	662,662,710	186,738,182	672,257,455.20	192,952,458	694,628,848.80

Among the indirect consumption from renewable sources, we also consider the 13,068,788 kWh of energy acquired from the high-efficiency cogeneration plant at the Pero treatment plant. The cogeneration plants in Pero, Bresso and Sesto San Giovanni have been decommissioned.

Total direct and indirect consumption	**UoM**	**2023**	**2022**	**2021**
	MJ	803,947,118.97	809,275,599.73	852,369,703.62

		2023		2022		2021	
Energy produced by treatment plants	**UoM**	**Value**	**MJ**	**Value**	**MJ**	**Value**	**MJ**
Pero	kWh	0	0	0	0	0	0
Bresso	kWh	0	0	0	0	8,527	30,697.20
Peschiera	kWh	5,528,170	19,901,412	4,934,781	17,765,211.60	5,119,863	18,431,506.80
Robecco	kWh	399,300	1,437,480	144,011	518,439.60	766,267	2,758,561.20
Sesto San Giovanni	kWh	0	0	0	0	247,478	890,920.80
Total	kWh	5,927,470	21,338,892	5,078,792	18,283,651.20	6,142,135	22,111,686
Bresso Upgrading produced energy	kWh	4,409,222	15,873,199.20	5,558,081	20,009,091.60	6,566,733	23,640,238.80
Total thermal energy	kWh	4,409,222	15,873,199.20	5,558,081	20,009,091.60	6,566,733	23,640,238.80
Bresso Upgrading energy transferred to other systems	kWh	3,991,307	14,368,705.20	4,773,934	17,186,162.40	5,513,592.11	19,848,931.60

Renewable energy: refers to energy produced from natural resources that regenerate at a rate faster than they are consumed. Sources include sunlight, wind, water (hydroelectric energy), geothermal heat from the earth and biomass from plants and organic waste. Unlike fossil fuels, these sources do not emit greenhouse gases that contribute to global warming and are essential for sustainable energy development.

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Installed capacity in renewable energy	UoM	2023	2022	2021
	MW	3.50	2.53	2.58

		2023		2022		2021	
Energy produced by photovoltaic plants	UoM	Value	MJ	Value	MJ	Value	MJ
Magenta	kWh	8,172	29,419.20	11,708	42,148.80	7,125	25,650
Vittuone	kWh	5,691	20,487.60	8,833	31,798.80	6,319	22,748.40
Abbiategrasso	kWh	5444	19,598.40	8,143	29,314.80	5,526	19,893.60
Paderno	kWh	11,642	41,911.20	12,193	43,894.80	11,199	40,316.40
Rozzano (Headquarters + Aqued.)	kWh	23,575	84,870	28,520	102,672	22,666	81,597.60
Bareggio (Treatm.)	kWh	163,109	587,192.40	174,288	627,436.80	172,916	622,497.60
Trezzano S/N (Treatm.)	kWh	36,165	130,194	53,395	192,222	54,619	196,628.40
San Vittore Olona (Aqued.)	kWh	4,888	17,596.80	4,733	17,038.80	3,386	12,189.60
Melegnano (Treatm.)	kWh	5,718	20,584.80	6,950	25,020	5,526	19,893.60
Cuggiono (Aqued.)	kWh	4,563	16,426.80	0	0	5,526	19,893.60
Magnago (Aqued.)	kWh	5,804	20,894.40	7,720	27,792	5,526	19,893.60
Canegrate	kWh	20,112	72,403.20	21,383	76,978.80	14,000	50,400
Bresso	kWh	18,114	65,210.40	21,814	78,530.40	22,713	81,766.80
Milan (headquarters)	kWh	222,554	801,194.40	20,618	74,224.80	0	0
Legnano Marcolini (Aqued.)	kWh	6908	24868.80	4216	15177.60		
Parabiago Cadore (Aqued.)	kWh	9592	34531.20	14	50.40		
Giardino (Aqued.)	kWh	2,410	8,676				
Peschiera Borromeo (Treatm.)	kWh	55,417	199,501.20				
Lacchiarella (Treatm.)	kWh	19,186	69,069.60				
Parabiago Via Nievo (Aqued.)	kWh	22,879	82,364.40				
Parabiago Via Borromini (Aqued.)	kWh	11,420	41,112				
Turbigo (Treatm.)	kWh	20,406	73,461.60				
Calvignasco (Treatm.)	kWh	27,855	100,278				
Pozzuolo Martesana Cna Porro (Aqued.)	kWh	47,141	169,707.60				
Settala (Treatm.)	kWh	8689	31280.40				
Trezzo d'Adda Cna Portesana (Aqued.)	kWh	26065	93834				
Truccazzano (Treatm.)	kWh	0	0				
Cassano d'Adda (Treatm.)	kWh	17597	63349.20				
Robecco (Treatm.)	kWh	1138	4096.80				
Total	kWh	812,254	2,924,114.40	384,528	1,384,300.80	337,047	1,213,369.20

Photovoltaic systems: these systems convert solar energy into electricity through the use of solar cells, typically made of silicon. These cells capture sunlight and, through a photovoltaic conversion process, transform solar energy into direct current (DC) electricity, which is then converted into alternating current (AC) electricity that can be used to power buildings or fed into the electrical grid. Photovoltaic systems are a clean renewable energy source, contributing to the reduction of greenhouse gas emissions and decreasing dependence on fossil fuels.

Biogas produced	UoM	2023
Biogas not consumed - used for biomethane production - sold	m^3	689,821
Biogas consumed for water treatment	m^3	4,205,247.43
Biogas used for heat conversion (Pero)	m^3	249,851.57

Biogas: a type of renewable energy produced through the anaerobic fermentation of organic materials such as agricultural waste, food scraps and manure. This process releases a mixture of methane and carbon dioxide which can be used to generate electricity, produce heat, or be converted into biomethane for use as a fuel. Biogas reduces dependence on fossil fuels and contributes to sustainable waste management, lowering greenhouse gas emissions.

Energy intensity rate	UoM	2023	2022	2021
Water fed into the network	m^3	247,302,833	242,052,172	245,799,891
Treated waste water	m^3	346,325,042	278,380,274	349,937,579
Total direct and indirect consumption / Water fed into the network	MJ/m^3	3.41	3.34	3.47
Total direct and indirect consumption / Treated waste water	MJ/m^3	2.59	2.91	2.44

ENPI	UoM	2023	2022	2021
EN PI ssi	kWh/m^3	0.972	0.966	0.985
EN PI A1	kWh/m^3	0.337	0.340	0.340
EN PI A2	kWh/m^3	0.425	0.432	0.432
EN PI F-D 1	kWh/m^3	0.316	0.355	0.300
EN PI F-D 2	kWh/m^3	4.269	4.076	4.294

To calculate the Energy Performance Indicators (ENPIs) used for assessing the energy performance of the Water Service, the energy consumption related to the start-up of the biomethane upgrading plant in Bresso has been excluded. This is because these are consumption related to the production of biomethane that is fed into the SNAM network.

Reducing energy consumption

[GRI 302-4]

In 2023, we recorded a **reduction in energy consumption for aqueduct operation**, aligned with the decrease in both the amount of water introduced into the network and the water lifted. There has been an improvement in energy indicators for both water taken from the environment and water fed to the network, reflecting the energy efficiency measures implemented, such as replacing pumps with more efficient models and optimising pressure levels.

In waste water treatment, we achieved **improved energy consumption** and a **better energy performance indicator** for the specific consumption of treated water. This was due to energy efficiency measures like optimising the operation of the biological treatment section in some plants with alternating cycles, enhancing the efficiency of certain machines, and optimising the waste water treatment process management.

11,361,561 MJ

Avoided consumption due to the efficiency improvements in aqueduct systems and waste water treatment plants

	UoM	2023	2022	2021
Number of white certificates (Titoli di Efficienza Energetica, TEE)	No	0	0	0

	UoM	2023	2022	2021
Number of ISO 50001 energy-saving interventions relative to internal consumption (baseline)	No	26	47	50

Savings have been estimated according to the method required by ENEA for reporting annual savings; this data is not final until the official submission is completed.

Climate action

[GRI 3-3]

Italy, situated in the vulnerable Mediterranean region, one of the hotspots for climate change, is facing more intense warming and greater climatic variability. This scenario **places water resources at the heart of climate challenges**, with predictions of significant impacts on water management, both in terms of quantity and quality, as highlighted by the Euro-Mediterranean Centre on Climate Change.

Climate change hot-spots: areas of the planet experiencing a faster increase in temperatures compared to the global average, leading to impacts on natural and human systems.

Climate change threatens to exacerbate risks to water facilities and infrastructure, increasing the **frequency and severity of damage and service disruptions**. Changes in precipitation, reduced aquifer recharge, rising temperatures, droughts and changes in mountain river regimes put pressure on water management, particularly during the summer months when demand rises and supply dwindles, potentially increasing the costs of water abstraction and distribution.

The risks associated with climate change

Climate change will have an inevitable impact—both qualitatively and quantitatively—on water resource management.

Possible implications and knock-on effects

Variation in precipitation frequency and intensity → **Reduced soil absorption** → **Decreased aquifer recharge**

Increasing temperatures → **Reduced snowpack accumulation and earlier snowmelt** → **Increased winter flow in mountain rivers** → **Lower streamflows in surface water and reservoirs during the warm season**

The impacts of the ongoing climate crisis are numerous and complex. However, at CAP Group, we are continually committed to creating positive impacts and anticipating negative ones in advance, allowing us to adapt effectively. Additionally, it is essential to monitor and manage the risks and opportunities related to climate change that could lead to significant financial impacts.

Increase in operational and production costs

Depreciation of existing assets

Reduction in revenues due to decreased production capacity

New investments in research and development for alternative technologies or new technological solutions for adapting to climate change

To ensure comprehensive and transparent communication, since 2021 we have implemented **a process for identifying Climate-Related Risks**, which was later aligned with the new ERM Risk Assessment methodology. This process follows the **recommendations of the TCFD** (Task Force on Climate-Related Financial Disclosures), which suggests that organisations should consider a range of **different scenarios** to thoroughly assess all risk factors alongside opportunities related to climate change. The procedure has allowed us to identify potential risks incurred or generated through our activities and along the value chain, as well as the main actions implemented in response to these risks. In line with TCFD recommendations, in 2023 the procedure also included updates on **'physical risks' and 'transition risks'** related to the external environmental-climatic context or future regulatory developments.

'Physical risks' are those directly arising from climate change, which can be caused by acute events or long-term changes and may have financial or operational implications for our business. 'Transition risks' are those arising from the shift to a low-carbon economy, which can involve various levels of financial and reputational risk for the organisation, being directly associated with significant political, legal, technological and market changes. Through the analysis, a total of **11 physical and transition scenarios** were identified. The analysis allowed the key business functions involved in the process to **identify risks associated with these scenarios and to assess the impacts and correlated probabilities at 5 and 20 years**. At the same time, it helped identify potential responses and risk mitigation actions.

The major risks identified are:

1. Deterioration of water quality for users due to rising temperatures
2. Scarcity of water resources
3. Failure to meet greenhouse gas (GHG) emission reduction targets
4. Low alignment of assets with EU Taxonomy Regulation criteria
5. Unsustainable supply chain

Compared to last year, some risks have seen an increase in their likelihood due to several factors, including greater awareness of climate change, the rapid pace of technological development and emerging regulatory demands for sustainability. These include:

- increased heat waves leading to electrical blackouts and disruptions to waste water treatment and aqueduct systems; this his scenario has moved from possible-high to certain-medium over a 20-year time frame;
- ineffective and/or delayed technological innovation and digitisation; this scenario was mapped as plausible-medium over a 5-year time frame while at 20 years it went from plausible-medium to certain-medium;
- unsustainable supply chain; this scenario has moved from possible-high to certain-high over a 5-year time frame;
- ineffective development/update of Sustainability Governance and business model; this has shifted from plausible-medium to possible-medium over a 5-year time frame.

Conversely, the risk of 'Intensification of extreme weather events (cloudbursts) affecting waste water treatment operations and limited parts of the sewer system' has recorded a reduction in impact intensity due to the successful implementation of mitigation actions. Additionally, two risks are no longer considered relevant following updates to the Industrial Plan and more careful strategic planning for climate change scenarios: 'Ineffective analysis and planning of scenarios' and 'Scarcity of available waste'. In 2023, a new risk was mapped: 'Contamination of groundwater and/or network water', which considers how anthropogenic and industrial activities can progressively pollute aquifers and how acid rains might exacerbate this problem.
The Climate-Related Risk analysis, approved by the Board of Directors, is subject to periodic updates and serves as a crucial tool for the Group in identifying sustainable and resilient business strategies.
For more details on the identified risks, please refer to the 'Climate Change Risk Table' on page 192.

Towards emission reduction

To address this scenario, we continue, as outlined in our Sustainability Plan, on the path to **reducing our carbon footprint** to mitigate the negative environmental and health impacts that can arise from increased emissions and intensifying climate change phenomena.

We identify and assess the environmental impact of our activities in terms of greenhouse gas emissions through carbon footprint reporting, using the Life Cycle Assessment (LCA) methodology.

Life Cycle Assessment (LCA): this methodology quantifies and evaluates the environmental impacts associated with a product, organisation or service throughout the entire life cycle of the system being analysed.

Since 2016, we have been measuring our GHG emissions using both the calculation model recommended by the UNI EN ISO 14064-1 standard and the GHG Protocol.

We have adopted an internal **procedure for managing the greenhouse gas emissions inventory** to define operational methods and responsibilities in the process of collecting, verifying, selecting and archiving data related to greenhouse gas emissions.

The GHG inventories developed over the years have been subject to verification and validation by a third party, resulting in the issuance of a statement.

All suggestions and recommendations from the audit phase are incorporated into the calculation of the following year's inventory, and the internal procedure 'GHG Inventory Management' is updated as needed.

Also in 2024, we also calculated the GHG emissions produced by CAP in 2023 and obtained the corresponding verification statement.

Carbon footprint: the amount of greenhouse gas emissions associated (either directly or indirectly) with any product, activity, organisation, event or individual.[46]

Science Based Target initiative

The **Science Based Targets initiative (SBTi)** is the international guide for businesses in combating climate change through **verifiable emission reduction targets**.

SLB

RESILIENT

In December 2023, SBTi approved our emission reduction targets to be achieved by 2030:

-42%
of Scope 1 and 2 emissions compared to 2021 by 2030

-25%
of Scope 3[47] emissions compared to 2021 by 2030

1.5°C
is the temperature increase limit as set by the 6th Assessment Report of the Intergovernmental Panel on Climate Change (IPCC), referenced by the Paris Agreement and the EU Green Deal

[46] Within the scope of the carbon footprint, Category 6 (Category 15 for the GHG Protocol breakdown) also includes the emissions from CAP Group's investee companies, namely PAVIA ACQUE S.c.a.r.l., Neutalia S.r.l., and ZeroC S.p.A. These emissions are reported based on CAP Group's ownership share in each of these companies.
[47] It should be noted that the target approved by SBTi for Scope 3 does not include all the emissions reported for Scope 3 and listed in the GRI 305-3 indicator of this document, but only the following categories (according to the classification proposed by the GHG Protocol): Category 1: Purchased Goods and Services, Category 3: Fuel- and Energy-Related Activities (includes the extraction, production, transportation and distribution of fuels consumed), Category 5: Third-Party Disposal and Treatment of Waste Generated in Operations, and Category 11: Use of Sold Products, which for CAP Group includes the sale of biomethane for vehicle fuel. As described in the SBTi document, Getting Started Guide, March 2024, the target defined for Scope 3 must cover at least 67% of the total emissions for that Scope.

2023 Results

Scope 1 + 2 Detail[48]	UoM	2023	2022	Baseline (2021)	Percentage variation between 2023 and 2021 (baseline) [%]
Direct Emissions / Scope 1	tCO2eq	65,613.20	58,908.60	65,634.40	0.03
Indirect Emissions / Scope 2	tCO2eq	48,328.90	57,944.10	55,203.70	-12.45
Total Scope 1+2	tCO2eq	113,942.10	116,852.70	120,838.10	-5.70

	2023		2022		2021	
Scope 3 detail - GHG PROTOCOL	Location-Based GHG Emissions [tCO_2eq]	Market-Based GHG Emissions [tCO_2eq]	Location-Based GHG Emissions [tCO_2eq]	Market-Based GHG Emissions [tCO_2eq]	Location-Based GHG Emissions [tCO_2eq]	Market-Based GHG Emissions [tCO_2eq]
Cat. 1	27,078.90	27,078.90	32,002.60	32,002.60	22,786.50	22,786.50
Cat. 2	42,659.20	42,659.20	0	0	0	0
Cat. 3	28,978	6,723.50	26,454.60	792.90	23,985.90	1,615.30
Cat. 4	22	22	10.10	10.10	0	0
Cat. 5	10,625.20	10,625.20	11,294.20	11,294.20	6,784.20	6,784.20
Cat. 7	809.80	809.80	768.30	768.30	591.90	591.90
Cat. 9	1,466	1,466	1,548.50	1,548.50	316.60	316.60
Cat. 11	2	2	2.10	2.10	0.90	0.90
Cat. 15	19,046.80	19,046.80	18,394.80	18,394.80	15,659	15,659
Total	130,687.90	108,433.40	90,475.20	64,813.50	70,124.90	47,754.40
OUT OF SCOPE	912.50	912.50	1,085.80	1,085.80	824.60	824.60
Total considered for SBTi	56,780.10 (+13.80% compared to 2021)		57,857.70		49,913.10	

Thanks to our commitment to the SBT initiative, our dedication to combating climate change is becoming increasingly binding.

Emissions

Scope 1: direct emissions from sources attributable to company assets.
Scope 2: indirect emissions from the generation of electricity, heat and steam purchased from third parties and consumed on company assets.
Scope 3: indirect emissions that occur in the value chain both upstream and downstream of the company's operations (e.g., from suppliers and customers).

[48] The Scope 1 values differ from those in the GRI 305-5 tables because SBTi also considers out-of-scope emissions.

Scope 1
[GRI 305-1]

Direct GHG emissions (Scope 1)	UoM	2023	2022	2021
Water treatment	tCO_2eq	1,702	1,687.60	2,169.19
Aqueduct	tCO_2eq	354.70	371.10	523.15
Sewer	tCO_2eq	124.80	133.80	118.68
General services	tCO_2eq	619	711.80	653.20
Other[49]	tCO_2eq	57,465.60	51,011.30	56,504.39
Total	tCO_2eq	60,266.10	53,915.60	59,968.60

Direct OUT OF SCOPE emissions (Scope 1)	UoM	2023	2022	2021
Total	tCO_2eq	5,347.10	4,993	5,665.80

GWP used in reporting	Formula	2023	2022	2021
Carbon dioxide	kg CO_2eq/kg gas	1	1	1
Methane	kg CO_2eq/kg gas	29.80	27.90	27.90
Nitrous oxide	kg CO_2eq/kg gas	273	273	273

In the Scope 1 emissions calculation for the 2023 carbon footprint inventory, biogenic emissions for the waste water treatment sector have been included, as required by the UNI EN ISO 14064-1:2019 standard, using the 2019 IPCC Guidelines for National Greenhouse Gas Inventories, Chapter 6: Wastewater Treatment and Discharge.

We also note the update to the Global Warming Potentials (GWP) for methane as indicated by the IPCC in the Sixth Assessment Report (AR6) WG1 Climate Change 2021: The Physical Science Basis, Chapter 7, Table 7.15.

Scope 2
[GRI 305-2]

Market-Based Indirect GHG Emissions (Scope 2)	UoM	2023	2022	2021
Water treatment	tCO_2eq	6,384.90	8,422	1,415
Aqueduct	tCO_2eq	0	0	0
Sewer	tCO_2eq	0	0	0
General services	tCO_2eq	0	0	0
Other[49]	tCO_2eq	0	0	0
Total	tCO_2eq	6,384.90	8,422	1,415

Location-Based Indirect GHG Emissions (Scope 2)	UoM	2023	2022	2021
Water treatment	tCO_2eq	25,351.20	30,286.80	29,455.11
Aqueduct	tCO_2eq	20,856.40	25,562	23,900.71
Sewer	tCO_2eq	1,071.60	1,121.80	1,312.55
General services	tCO_2eq	1,049.70	973.60	535.33
Other[49]	tCO_2eq	0	0	0
Total	tCO_2eq	48,328.90	57,944.20	55,203.70

[49] Biogenic emissions from water treatment processes.

GWP used in reporting	Formula	2023	2022	2021
Carbon dioxide	kg CO_2eq/kg gas	1	1	1
Methane	kg CO_2eq/kg gas	29.80	27.90	27.90
Nitrous oxide	kg CO_2eq/kg gas	273	273	273

It should be noted that, also for 2023, most of the emissions contribution from electricity use is offset by purchasing **electricity from certified renewable energy sources**.
For Scope 2 emissions for 2021 and 2022, we have reported the emissions contributions from the water treatment sector due to the use of a portion of self-generated energy through cogeneration at the Pero plant, covered by the 'CAR' (Cogenerazione ad Alto Rendimento, high-efficiency cogeneration) certificate issued by GSE (Italian Energy Services Manager) for 2021 and 2022. The CAR qualification process initiated by GSE in 2024 for 2023 data is still ongoing.

We also note the update to the Global Warming Potentials (GWP) for methane as indicated by the IPCC in the Sixth Assessment Report (AR6) WG1 Climate Change 2021: The Physical Science Basis, Chapter 7, Table 7.15.

Cogeneration: the combined production of electricity and thermal energy from a single primary energy source. A cogeneration plant thus provides both electricity and heat, ensuring better energy efficiency compared to separate production of these two outputs.

Scope 3
[GRI 305-3, 305-4]

Other indirect GHG emissions (Scope 3) Market-based	UoM	2023	2022	2021
Water treatment	tCO_2eq	33,504.50	29,309.40	25,309.45
Aqueduct	tCO_2eq	5,259.20	6,570.50	1,726.08
Sewer	tCO_2eq	1,695.70	2,279.50	1,896.32
General services	tCO_2eq	25,314.80	26,654.10	18,822.08
Other[50]	tCO_2eq	42,659.20	0	0
Total	tCO_2eq	108,433.40	64,813.50	47,753.93

Other indirect GHG emissions (Scope 3) Location-based	UoM	2023	2022	2021
Water treatment	tCO_2eq	43,905.70	37,412.90	37,105.33
Aqueduct	tCO_2eq	16,018.10	17,999.40	11,542.30
Sewer	tCO_2eq	2,248.50	2,154.60	2,435.39
General services	tCO_2eq	25,856.30	27,089.30	19,041.95
Other[50]	tCO_2eq	42,659.20	54,015.80	0
Total	tCO_2eq	130,687.80	90,475.20	70,124.97

OUT OF SCOPE emissions (Scope 3)	UoM	2023	2022	2021
Totals	tCO_2eq	912.54	1,086	824.60

[50] Emissions due to the construction of the new Gruppo CAP headquarters at Via Rimini 38 in Milan and the construction of the OFMSW line at the Bioplatform facility in Sesto San Giovanni

GWP used in reporting	Formula	2023	2022	2021
Carbon dioxide	kg CO_2eq/kg gas	1	1	1
Methane	kg CO_2eq/kg gas	29.80	27.90	27.90
Nitrous oxide	kg CO_2eq/kg gas	273	273	273

For the 2023 reporting, emission factors from Ecoinvent 3.9.1 Cut-Off, ISPRA 2023 and DEFRA 2023 were used. The calculation of the emission factor for residual emissions according to the market-based method was based on the national energy mix evaluated by the Association of Issuing Bodies (AIB) for the year 2022.
Throughout the three-year period, the calculation for ISO 14064-1 Category 6 (indirect GHG emissions from other sources, or Scope 3 Category 15 Investments according to the GHG Protocol classification) was included.

This category encompasses the calculation of the emissions impact of CAP Group's investee companies (Neutalia, ZeroC and Pavia Acque) proportionate to the ownership shares; their specific contributions over the three-year period were:

- 2021: 15,659 tCO_2eq
- 2022: 18,395 tCO_2eq
- 2023: 19,038 tCO_2eq

Emission intensity rate	UoM	2023	2022	2021
Total emissions	kg CO_2eq	175,084,400	127,151,100	109,137,540
Water taken from the environment	m^3	243,845,610	249,731,843	254,078,151
Treated waste water	m^3	310,732,329	278,380,274	349,937,579
Total emissions / Water taken from the environment	kg CO_2eq /m^3	0.72	0.51	0.43
Total emissions / Treated waste water	kg CO_2eq /m^3	0.56	0.46	0.31

Reducing emissions and climate action
[GRI 305-5]

GHG emission reductions Market-Based method	UoM	2023	2022	Baseline (2021)	Percentage variation between 2023 and 2021 (baseline) [%]
Direct emissions / Scope 1	tCO_2eq	60,266.10	53,915.60	59,968.60	0.50
Indirect Emissions / Scope 2	tCO_2eq	6,384.90	8,422	1,415	351.23
Other indirect emissions /Scope 3	tCO_2eq	108,433.40	64,813.50	47,753.93	127.07
Total	tCO_2eq	175,084.40	127,151.10	109,137.53	60.43

GHG emission reductions Location-Based method	UoM	2023	2022	Baseline (2021)	Percentage variation between 2023 and 2021 (baseline) [%]
Direct Emissions / Scope 1	tCO_2eq	60,266.10	53,915.60	59,968.60	0.50
Indirect Emissions / Scope 2	tCO_2eq	48,328.90	57,944.10	55,203.70	-12.45
Other indirect emissions /Scope 3	tCO_2eq	130,687.80	72,080.40	70,124.95	86.36
Total	tCO_2eq	239,282.80	183,940.10	185,297.25	29.13

We also assessed the reduction of CO_2 equivalent, excluding emissions from the entire construction site of the new headquarters on Via Rimini and considering the construction of the new headquarters and the OFMSW (Organic Fraction of Municipal Solid Waste) line.

Specifically, for Scope 3, emissions generated from the Bioplatform construction site (for the year 2023) were included. These emissions resulted in a peak in Scope 3 compared to previous years.

Reductions in GHG emissions Market-Based method (excluding new headquarters and OFMSW line)	UoM	2023	2022	Baseline (2021)	Percentage variation between 2023 and 2021 (baseline) [%]
Direct emissions / Scope 1	tCO_2eq	60,266.20	53,915.60	59,968.60	0.50
Indirect emissions / Scope 2	tCO_2eq	6,384.90	8,422	1,415.20	351.23
Other indirect emissions / Scope 3	tCO_2eq	65,774.20	64,813.50	47,753.93	37.70
Total	tCO_2eq	132,425.30	127,151.10	109,137.53	21.30

Reductions in GHG emissions Location-Based method (excluding new headquarters and OFMSW line)	UoM	2023	2022	Baseline (2021)	Percentage variation between 2023 and 2021 (baseline) [%]
Direct emissions / Scope 1	tCO_2eq	60,266,.0	53,915.60	59,968.60	0.50
Indirect emissions / Scope 2	tCO_2eq	48,328.90	57,944.10	55,203.70	-12.45
Other indirect emissions / Scope 3	tCO_2eq	88,028.70	90,475.20	70,124.90	25.53
Total	tCO_2eq	196,623.70	202,335	185,297.30	6.10

Total emissions[51]

Total GHG emissions Market-Based method	UoM	2023	2022	2021
Water treatment	tCO_2eq	41,591.40	39,419	28,893.64
Aqueduct	tCO_2eq	5,613.90	6,941.60	2,249.23
Sewer	tCO_2eq	1,820.50	2,413.30	2,015
General services	tCO_2eq	25,933.80	27,365.90	19,475.28
Other	tCO_2eq	100,124.80	51,011.30	56,504.39
Total	tCO_2eq	175,084.40	127,151.10	109,137.54

[51] In 2023, we updated the calculation methods for greenhouse gas emissions related to the 2022 calendar year, with a particular focus on Scope 3 indirect emissions. This led to the identification of **specific emission factors for each activity**, primarily based on the latest versions of the Ecoinvent and DEFRA databases. We conducted an in-depth analysis of the emissions impact of materials used in our activities, both on-site and those purchased.
This examination led to an increase in the total value of Scope 3 emissions. Consequently, the 2023 NFR reports a rise in total emissions compared to the data presented for 2022.

Total GHG emissions Location-Based method	UoM	2023	2022	2021
Water treatment	tCO_2eq	70,958.90	74,579.80	68,729.63
Aqueduct	tCO_2eq	37,229.20	43,932.50	35,966.16
Sewer	tCO_2eq	3,444.90	4,036.70	3,866.62
General services	tCO_2eq	27,525	28,774.70	20,230.48
Other	tCO_2eq	100,124 80	51,011.30	56,504.39
Total	tCO_2eq	239,282.80	202,335	185,297.28

Offsetting emissions

Emissions for 2022 (the offsetting process occurs the year following the inventory) were offset through an investment in a hydroelectric development project in India. Specifically, this project, located in the villages of Mangan and Halan II in the Himachal Pradesh State of India, utilised the waters of the Nalla Sanjoin and Bijara rivers to generate electricity.
The project's general objectives are:

- generation of clean electricity and contributing to addressing the country's energy shortage;
- reduction of dependence on fossil fuels and consequently a decrease in greenhouse gas emissions;
- creation of jobs at all levels during both the construction and operational phases, thereby contributing to the local economy.

	UoM	2022	2021	2020
CO_2eq offset (Market-Based calculation)[52]	tCO_2eq	127,151	93,479	20,579

Additionally, we aimed to undertake targeted voluntary climate actions by directly engaging in the areas within our jurisdiction.

Through a collaboration with Fondazione Cariplo, we have joined the Join Nature project, supporting two initiatives that will be implemented in 2024:

Involved public/local entity	Parco Nord Milano	Parco Nord Milano
Action name	**Apistrade per insetti impollinatori (Apistrade for pollinating insects)**	**Valorizzazione naturalistica torrente Seveso (Natural recovery of the Seveso stream)**
Action site	Parco Nord Milano (within the municipalities of Cinisello Balsamo, Sesto San Giovanni, Bresso, Milan, Cormano, Novate Milanese and Cusano Milanino)	Municipalities of Bresso, Cormano and Cusano Milanino (the area affected by the action is located north of the Bresso treatment plant)
Description	The 'Apistrade' project aims to create a linear or patchy green infrastructure made up of both annual and perennial herbaceous plants that are beneficial for the survival and spread of pollinating insects within Parco Nord Milano. The project plans to develop approximately 1.5 km of linear apistrade (literally, 'bee roads').	The project involves the redevelopment of 4.4 km of riverbed through: • planting trees and shrubs; • manual waste collection; • cutting and controlling the shoots and regrowth of black locust, tree of heaven and similar invasive species; • removal and trimming of roots, concrete blocks and • metal or other waste protruding from the riverbanks; • mowing grass, removing brambles, Canadian vine and all invasive and pest species present on the riverbanks; • felling dead, deteriorating or hazardous trees.

[52] The table shows the emissions for the production year and the corresponding compensations.

Air quality and pollution

[GRI 3-3, 305-7]

We are committed to continuously assessing the pollutants released during our activities to ensure compliance with the emission limits set by law.

Air pollution is one of the major global environmental challenges, primarily caused by emissions from industries, transportation and agricultural activities. This issue not only degrades the quality of the environment but also significantly affects public health, contributing to respiratory and cardiovascular diseases among the population.

We are aware of the crucial role that service companies can play in environmental protection and therefore we adopt sustainable solutions and practices to minimise harmful emissions. This commitment is reflected in our operational policies and innovative projects aimed at improving air quality, thereby contributing to the health of the communities we serve and the protection of the natural environment.

Material topic	What it is
Air quality and pollution	Effectively monitor pollutant gas emissions in the air and promote initiatives aimed at reducing impacts on the environment and the surrounding community.

We are committed to continuously monitoring compliance with regulatory limits for various pollutants.

We have also implemented strategies to mitigate these impacts, such **making our company fleet electric**.

Relevant air emissions	UoM	2023[53]
NOx	Kg	3,650.98
Particulate Matter (PM)	Kg	186.24

Sustainable mobility

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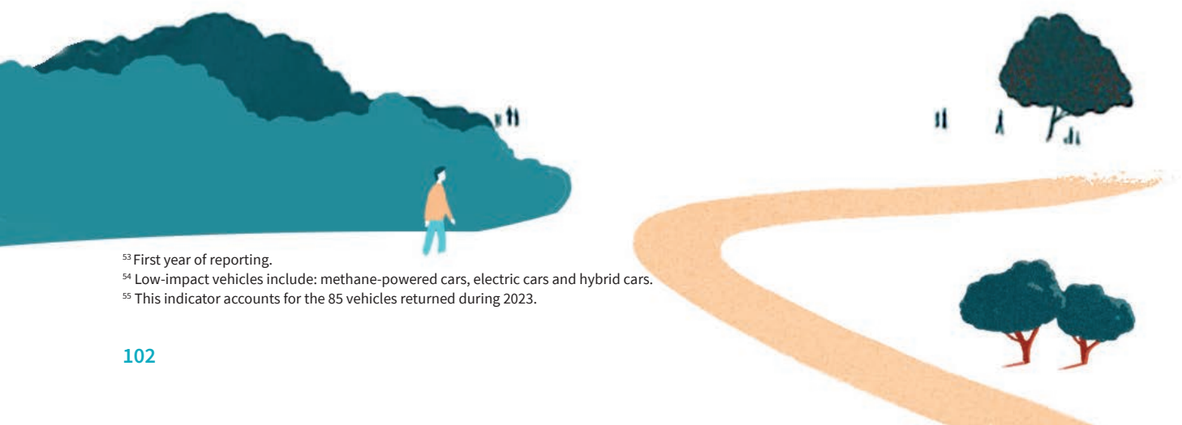
In 2023, we added **10 new fully electric vehicles** to our fleet, which emit no CO_2 or particulates during use, three of these vehicles will be operational starting in 2024.

Low-impact vehicles as a percentage of the total fleet	UoM	2023	2022	2021
Number of low-impact vehicles[54]	No	274	188	187
Total number of vehicles[55]	No	458	351	350
Low-impact vehicles/ Total vehicles	%	59.83	53.56	53.43



[53] First year of reporting.
[54] Low-impact vehicles include: methane-powered cars, electric cars and hybrid cars.
[55] This indicator accounts for the 85 vehicles returned during 2023.

Responsible waste management and circular economy

[GRI 3-3]

In recent years, we have focused our efforts, resources and energy on an area we strongly believe in the circular economy.

We aim to transform what was once considered waste into valuable resources, in order to preserve the environment and tackle the challenge of ecological transition. Adopting a circular approach involves a **comprehensive review of the entire operation of the supply chain involved in the production cycle**, from network design to water resource management, through consumption and finally to the disposal of waste. The adoption of circular production practices is strategically important in the current context, where raw materials are limited and increasingly scarce.

Material topic	What it is
Responsible waste management and circular economy	Promoting a policy for waste containment and reduction aimed at optimising collection, transportation and disposal, as well as encouraging reuse and recovery, thereby contributing to the advancement of the circular economy and the creation of value.

Circular economy: is a production and consumption model that aims to extend the lifecycle of products, thereby minimising waste.

Responsible waste management

Every day, we focus on responsible waste management, with the primary goal of protecting and preserving the environment, while also recognising the economic significance that this management can have for the area.

We view efficient and sustainable waste management, transforming waste into resources and new products where possible, as a fundamental strategy to create a virtuous cycle and foster positive synergies with the area.

1. Daily reports to track individual movements
2. Monthly reports with key information on waste disposal status and waste production
3. Annual sector and group objectives, measured and reported every three months
4. Annual non-financial reports with waste management process indicators
5. Completion of monthly and annual environmental compliance requirements as stipulated by regulations

Waste production and associated impacts

[GRI 306-1, 306-2]

If not managed properly, the production and management of waste generated by our activities can have a significant environmental impact. Therefore, we aim for sustainable management across the entire chain, from waste produced directly by our operations to waste managed on behalf of third parties at our plants. This includes reducing landfill disposal, decreasing the volume of waste produced and improving upstream treatment processes. We continuously monitor the **environmental impact** of waste management to ensure the efficiency and sustainability of our operations.

This is particularly relevant in the **water treatment** sector, from which most of the waste is derived. We are actively involved in optimising treatment processes, which, while increasing the quantity of waste produced, allows us to make significant progress in circular economy initiatives. These initiatives promote the recovery of specific waste fractions and, through centralised management, optimise flows at the corporate level, exploring potential synergies.

Most of the waste generated is entrusted to third parties for transportation and disposal or recovery. However, a growing portion is managed directly by us, thanks to infrastructure such as the dryer at the San Giuliano Ovest treatment plant and the sand treatment facility in Robecco sul Naviglio, as well as the plants in Turbigo, Robecco sul Naviglio and San Giuliano Ovest that handle liquid sludge. Although transportation remains outsourced, we select suppliers through public tender procedures, ensuring they meet both national regulations and our quality standards.

During the performance of services, we conduct random audits on suppliers and monitor their permits and compliance with environmental regulations. We periodically record all waste movements in compliance with the law using dedicated software, and each movement is tracked by an identification form, currently in paper format.
Each year, we fill out the **'MUD'** (Modello Unico di Dichiarazione ambientale, Single Environmental Declaration Form) and, for facilities with specific authorisation, we register the quantities of waste produced and received on the **O.R.SO.** (Super-regional waste observatory) platform monthly. In 2023, we nearly completed the **activation of the OFMSW** line at the Bioplatform in Sesto San Giovanni, which processes organic waste to produce biogas and biomethane for reintroduction into the grid, with the parallel goal of reducing residual waste.

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Waste generated

[GRI 306-3]

		2023			2022			2021		
Total weight in tonnes of main waste produced by sector	**UoM**	**Hazardous Waste**	**Non-hazardous Waste**	**Total**	**Hazardous Waste**	**Non-hazardous Waste**	**Total**	**Hazardous Waste**	**Non-hazardous Waste**	**Total**
Total weight in tonnes of waste produced by the aqueduct	t	0	2,180.64	2,180.64	6.75	2657.82	2,664.57	0	3,206.25	3,206.25
Total weight in tonnes of waste produced by sewer	t	0	18,86	18,86	0	12,98	12,98	0	12,65	12,65
Total weight in tonnes of waste produced by laboratory	t	1,15	0	1.15	1.53	0.02	1.55	1.72	0.47	2.18
Total weight in tonnes waste produced by general services	t	6.93	113.79	120.72	3.11	247.96	251.07	0.73	299.52	300.25
Total weight in tonnes of waste produced by water treatment sector	t	18.22	98,613.61	98,631.83	28.43	114,420.55	114,448.98	70.98	101,562.41	101,633.39
Total weight in tonnes of waste produced by treatment plant waste	t	0	2,100.33	2,100.33	0	303.83	303.83	0	449.33	449.33

The data is collected in monthly reports for the control and monitoring of environmental performance. The initial data are obtained from transport documents (FIR or delivery notes) and processed using Excel files and dedicated management software (ECOS). Each year, the Single Environmental Declaration Form (MUD) is prepared and submitted to the Chamber of Commerce for the monitoring of waste disposal flows.

Composition of waste generated in different sectors

Aqueduct:
used activated carbons

Sewer and water treatment:
screening, sand and sludge

Laboratories:
various CERs related to analysis activities (e.g., microbiological waste and water analysis kits)

General services:
mixed waste (e.g., plastic, packaging, metal) produced by warehouses

The 'waste treatment plants' sector includes waste produced by facilities that receive and treat waste (Robecco sul Naviglio, San Giuliano Milanese, Canegrate, Bioplatform in Sesto San Giovanni).

Total weight in tonnes of waste produced by the water treatment sector and breakdown of the total weight based	**UoM**	**2023**	**2022**	**2021**
Sludge	t	74,608.77	81,030.30	70,780.74
Sand	t	693.67	743.90	618.71
Screening	t	2,932.80	2,842.47	3,197.75
Other waste	t	20,396.59	29,832.31	27,036.19
Total	t	98,631.83	114,448.98	101,633.39

Final destination of sludge	**UoM**	**2023**	**2022**	**2021**
Agriculture	t	33,761.26	32,459.59	27,633.64
Landfill[56]	t	0	0	3,257.29
Waste-to-energy plant	t	25,057.57	37,004.23	27,685.38
Cement plant	t	1,764.30	1,479.55	2,406.66
Treatment	t	0	0	0
Fertilisers	t	14,025.64	10,086.93	9,797.77
Total	t	74,608.77	81,030.30	70,780.74
Input to the San Giuliano Ovest dryer (dewatered sludge)	t	8,650.21	9,364.46	10,960.69
Output (dried sludge)	t	2,255.52	2,485.61	2,815.89

[56] Including dried sludge (output from dryer).

In 2023, we significantly reduced the amount of waste disposed of compared to the previous year, which had recorded an increase in production. We maintain a strong commitment to material recovery, both in the agricultural sector and through the use of waste-to-energy plants, and we are proud to announce that we have completely eliminated disposal in landfills.

Organic matter, other than sludge, processed for material and energy recovery	UoM	2023	2022	2021
Tonnes of organic material other than sludge treated for material and energy recovery per year	t	29,634.14	4,416.56	2,383.94

Organic chemicals produced	UoM	2023	2022	2021
Tonnes of organic chemicals produced annually (tonnes COD)	t	90	56	76

Recovered organic sulphur.	UoM	2023	2022	2021
Amount of sulphur recovered	kg	30	25	30

Our commitment to eliminating disposal in landfills continues, prioritising recovery in agriculture, conversion into fertilisers and thermal utilisation. In 2023, we continued with significant projects:

- at the San Giuliano Est treatment plant, we continued work to improve the fertiliser production facility on site, which began in 2022;
- at the Robecco sul Naviglio treatment plant, we implemented six new modules for bio-drying, which were activated in the first half of 2023;
- for the organic matter processed, new authorisations obtained in 2023 allowed us to increase the reception of food waste. Additionally, Sesto San Giovanni Bioplatform reached full operational capacity, significantly contributing to our treatment process.

Our waste reports continue to follow the methodology established in previous years, ensuring consistency and transparency in our reporting.

Waste not destined for disposal

[GRI 306-4]

Total weight in tons of hazardous and non-hazardous waste not destined or disposal	UoM	2023	2022	2021
Total weight in tonnes of waste not destined for disposal	t	61,090.56	52,658.71	46,391.44

Total weight in tonnes of hazardous waste not destined for disposal and broken down by recovery operations	UoM	2023	2022	2021
Preparation for re-use	t	21.67	29.80	41.81
Recycling	t	0	0	0
Other recovery operations	t	0	0	0
Fertilisers	t	0	0	0
Total	t	21.67	29.80	41.81

Total weight in tonnes of non-hazardous waste not destined for disposal and broken down by recovery operations	u.m.	2023	2022	2021
Preparation for reuse	t	59.239,72	52.628,91	36.551,86
Recycling	t	0	0	0
Other recovery operations	t	1.829,17	1.829,17	1.829,17
Fertilizers	t	1.829,17	0	9.797,77
Total	t	61.068,89	52.628,91	46.349,63

Weight of hazardous and non-hazardous waste not destined for disposal (recovery method: preparation for re-use[57])	u.m.	2023	2022	2021
On site	t	559,62	517,40	547,56
At an external site	t	58.701,77	52.141,31	36.046,11
Total	t	59.261,39	52.658,71	36.593,67

Weight of hazardous and non-hazardous waste not destined for disposal (recovery method: other recovery operations)	u.m.	2023	2022	2021
On site[58]	t	0	0	0
At an external site	t	1.829,17	0	9.797,77
Total	t	1.829,17	0	9.797,77

Waste for disposal

[GRI 306-5]

Total weight in tonnes of waste destined for disposal	UoM	2023	2022	2021
Total weight in tonnes of waste intended for disposal	t	41.962,97	65.024,28	59.212,61

Total weight in tonnes of hazardouswaste destined for disposal, broken down by disposal methods	UoM	2023	2022	2021
Other disposal operations, including:				
On-site storage	t	4,63	10,03	4,98
Biological and mechanical treatments	t	0	0	26,64
Total	t	4,63	10,03	31,62

Total weight in tonnes of non-hazardous waste destined for disposal, broken down by disposal methods	UoM	2023	2022	2021
Incineration (with energy recovery)	t	20.969,36	33.747,88	27.431,76
Incineration (without energy recovery)	t	0	0	0
Disposal by landfilling	t	0	148,07	2.755,72
Other disposal operations, including:	t			
On-site storage	t	789,12	1.468,59	2.261,86
Biological and mechanical treatments	t	20.199,86	29.649,71	26.731,65
Total	t	41.958,34	65.014,25	59.180,99

[57] 'Preparation for reuse' on site = sands recovered in Robecco sul Naviglio.
[58] On site = at another CAP plant

Weight of hazardous and non-hazardous waste destined for disposal (disposal method: incineration (with energy recovery))	UoM	2023	2022	2021
On site	t	0	0	72.25
At the external site	t	20,969.36	33,747.88	27,359.51
Total	t	20,969.36	33,747.88	27,431.76

Total weight in tonnes of hazardous and non-hazardous waste destined for disposal (disposal method: landfilling)	UoM	2023	2022	2021
On site	t	0	0	0
At the external site	t	0	148.07	2,755.72
Total	t	0	148.07	2,755.72

Total weight in tonnes of hazardous and non-hazardous waste destined for disposal (disposal method: other disposal operations)	UoM	2023	2022	2021
On site	t	19,639.36	28,125.69	26,731.65
At the external site	t	1,354.25	3,002.64	2,293.48
Total	t	20,993.61	31,128.33	29,025.13

Other on-site disposal operations = liquid sludge to internal treatment plants + dewatered sludge to the dryer

Treatment plants

[GRI 3-3]

Our goal is to transform the treatment plants into true biorefineries focused on recovering materials, such as:

Biomethane | Fertilisers | Sulphur | Chemicals | Sands

Through the recovery of materials in the waste water treatment process, we are transforming treatment plants into resource recovery centres while continuing to ensure the return of high-quality water to the environment. We add value to recovered materials, such as cellulose, which can be reused in various production sectors, for example, as a component in asphalt. However, we are aware of the risks associated with a circular strategy, particularly potential regulatory changes related to sludge treatment and end-of-waste status.

End-of-waste: the process through which a waste ceases to be considered as such, thanks to recovery procedures, and instead acquires the status of a product.

Reused water

The reuse of treated water is one of the main drivers of circular economy development in the water sector, as it helps reduce the use **of drinking water** and promotes virtuous circular dynamics.
Following these principles, we aim to allocate non-drinking water for **non-domestic uses,** such as irrigation of crops and green areas, street cleaning in urban centres and supplying industrial heating or cooling systems.

The reuse of treated water for irrigation can be implemented through two methods:

- **direct reuse**: treated water is taken from the Circular Economy projects plant's discharge and directly conveyed to the final user's field;
- **indirect reuse**: treated water is discharged into a surface water body within a hydrological network designated for irrigation use.

The amount of water destined for reuse is based on the flow rate that, due to its characteristics at the time of discharge, is suitable for irrigation use throughout the year. However, actual reuse varies: for indirect reuse systems, it is limited to specific periods, while for direct reuse systems, it depends on the actual needs of the user.

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115,473,502 m³
Volume of water reused by authorised plants

26
Number of authorised facilities as of 2023, with the addition of the Besate plant (there were 25 in 2022)

44.95%
Percentage of water reused out of the total treated water

Circular Economy

2019
- start of full-scale production of biomethane;
- sulphur recovery at pilot scale at the Bresso treatment plant;
- initiation of sludge fermentation with the production of VFAs (volatile fatty acids) at the Sesto San Giovanni treatment plant.

2020
- successful completion of the authorisation process for the sand recovery plant in Robecco sul Naviglio;
- authorisation for the treatment of agri-food liquid waste in Robecco sul Naviglio for the energy recovery of biogas produced by anaerobic digestion;
- subsequent energy recovery of biogas produced from the anaerobic digestion of this waste through turbines for the production of electricity and heat.

2021
- extension of agrifood waste treatment to the San Giuliano Ovest plant, increasing biogas production and reducing the use of fossil methane.

2022
- completion of work on a VFA production system in Robecco sul Naviglio, with startup expected in the second half of 2024;
- authorisation for the Canegrate plant and initiation of projects for the treatment of liquid waste and the energy recovery of biogas;
- installation of electronic noses for monitoring of odorous element limits at the Canegrate plant.

2023
- start-up of the new treatment plant in Canegrate.
- continuation of fertiliser production: compost from Abbiategrasso and gypsum from San Giuliano Est, with revamping for a new plant expected in the first half of 2024.

2024
- start-up of the VFA plant in Robecco sul Naviglio and completion of the authorisation process for the Rozzano treatment plant by December.

Collaboration and research

[GRI 3-3]

We collaborate synergistically with prestigious universities, research centres, and major companies to promote circular resource management and reduce our ecological footprint.
This commitment is reflected in several projects:

- **DWC (Digital Water City) Project:** aims for the direct reuse of treated water from the Peschiera treatment plant, exemplifying the integration of technology and sustainable water resource management.
- **Circular Bio-Carbon**: focused on recovering bioplastics from sewage sludge at the Sesto San Giovanni plant, this project is at the forefront of waste treatment and by-product recovery.
- **Cellulose Recovery**: a pilot initiative at the Truccazzano treatment plant for extracting cellulose from sewage, highlighting our commitment to material recovery and environmental impact reduction.

Monitoring circular economy projects

[GRI 3-3]

We have integrated circular economy goals into our corporate objectives, including the **production of biogas, biomethane, sands and reusable water.**

We conduct quarterly reviews of production performance against annual targets. This includes biogas-biomethane, sand, sulphur, reusable water and VFAs, with weekly or monthly mini-technical reports on their production, developed in collaboration with Università Politecnica delle Marche and Università di Verona.

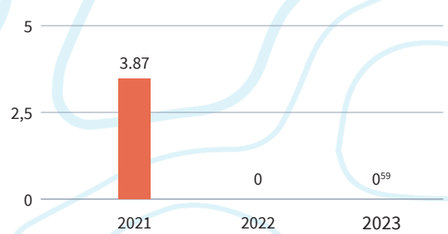
Biomethane production management at Bresso is entrusted to Suez, which ensures comprehensive service by interfacing with the plant manager for periodic inspections.

To ensure the effective exchange of information, we organise regular update meetings and receive monthly service reports, which are crucial for monitoring system performance, potential downtime or anomalies. The biomethane upgrading station is continuously monitored via a remote control system.

Technical Quality Focus M5: Sludge

Indicator M5 is defined as the percentage ratio between the amount of sewage sludge measured in Dry Matter (DM) that is disposed of in landfills in the reference year, and the total amount of sewage sludge measured in DM produced across all treatment plants within the operator's local area in the same year.

Sludge quality (%)



[59] In 2023, the indicator is 0 since no amount of sludge was disposed of in landfills.

Biomethane project

Since 2019, the Bresso-Niguarda treatment plant has hosted Italy's first biomethane production plant, which feeds fuel made from sewage into the grid.

In 2023, the plant underwent an upgrade with the installation of new membranes, increasing its production capacity to 155 Sm^3/h of biomethane. Additionally, in collaboration with Kyoto Club[60], simulations were conducted to enhance existing anaerobic digestion assets, applying them to industrial symbiosis projects for the treatment of various organic matrices. On 31 July 2023, the first cubic meter of purified biomethane from the Sesto San Giovanni Bioplatform was fed into the network, derived from the anaerobic digestion of OFMSW from neighbouring municipalities.

Biomethane project	u.m.	2023	2022	2021
Biogas and biomethane products	smc	662,541	548,831	648,529

Biorefineries project

Evolving treatment plants into biorefineries means developing production chains focused on the recovery of secondary raw materials.

These activities are being implemented across different treatment plants and have yielded significant results:

- **Bresso treatment plant:** biomethane production from anaerobic digestion of sewage sludge is underway, as well as sulphur production from biogas pretreatment. By the end of 2023, the plant's production capacity has been expanded;
- **San Giuliano Milanese treatment plants:** San Giuliano Milanese treatment plants: in 2023, modernisation work was completed on the fertiliser productionplant (dewatering gypsum) from the sludge produced. Testing and start-up are scheduled for the first quarter of 2024;
- **Robecco sul Naviglio treatment plant:** the sand production plant (secondary raw material) from the treatment of sewer cleaning waste and degritting waste from treatment plants is operational;
- **Sesto San Giovanni treatment plant:**: the production of VFAs (volatile fatty acids) from the fermentation of sewage sludge is in operation.
- **Assago and Basiglio plants:** the reuse of treated water for civil and agricultural purposes is in operation.

Additionally, the San Giuliano Milanese Ovest, Robecco sul Naviglio and Canegrate treatment plants are authorised to receive agri-food liquid waste for recovery and energy recovery, utilising the residual capacity of the plants.

Sesto San Giovanni Bioplatform

The Sesto San Giovanni Bioplatform is an **industrial symbiosis project that integrates a waste-to-energy plant and a treatment plant into a Bioplatform** dedicated to the circular economy. The facility features two production lines:

- Sludge Line: treatment of sludge from water purification for the production of thermal energy and fertilisers.
- OFMSW Line: treatment of organic waste (OFMSW) through anaerobic digestion for the production of biomethane.

Industrial symbiosis: an innovative form of collaboration between different companies aimed at maximizing the reuse of resources typically considered waste by integrating them into another production cycle.

[60] Kyoto Club is a non-profit organisation comprised of businesses, entities, associations and local administrations committed to reducing greenhouse gas emissions as outlined by the Kyoto Protocol and the European 2030 targets.

HUMAN RESOURCES

Connected to our people

Enhancing the richness and diversity of relationships

922
people at CAP

87
new hires

30,295
total training hours

100%
of CAP Group people covered by an occupational health and safety management system

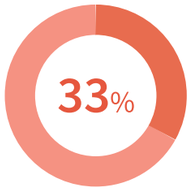
Sustainability that appeals to young talent

Where we stand

The European labour market is undergoing a critical phase, marked by an unprecedented phenomenon dubbed the 'great disappearance' of candidates. In this complex scenario, the importance of adopting new strategies to attract and retain talent (known as employer branding) is becoming increasingly evident.

300,000

Resignations recorded in the first quarter of 2023 in Italy.[61]



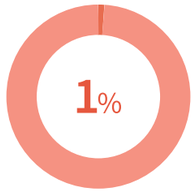
Proportion of workers in Europe who are considering leaving their job within a year due to dissatisfaction.[62]

What the risks are

Our country is facing the daunting challenge of retaining talent, especially among the youngest generation, with a gradual increase in 'brain drain' leading to impacts on productivity, competitiveness and the entire economic fabric.

36,000

Young people who have chosen to move from Italy abroad, a figure that is steadily increasing.[63]

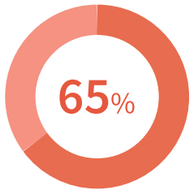


The reduction in GDP due to brain drain, which negatively impacts the national economy.[64]

[61] Inps, https://www.google.com/url?sa=t&source=web&rct=j&opi=89978449&url=https://www.inps.it/content/dam/inps-site/pdf/dati-analisi-bilanci/osservatori-statistici/osservatorio-precariato/Osservatorio_Precariato_GEN_MAR_2023.xls&ved=2ahUKEwjA0PHm_biFAxWp8QIHHXlcBmMQFnoECBYQAQ&usg=AOvVaw3AWsVhe0s18XaVXhQXEUeV
[62] Kelly Global Re:work Report 2024, https://www.kellyservices.com/news-insights/2024-rework-report/
[63] Censis, https://www.censis.it/rapporto-annuale/57%C2%B0-rapporto-sulla-situazione-sociale-del-paese2023
[64] Università di Pisa, https://finanza.repubblica.it/Pages/News/Item.aspx?ID=21_2024-01-08_TLB

The world to come

Emerging talents, particularly Millennials and Generation Z, are increasingly attentive, aware and focused on issues such as climate change, social justice and corporate responsibility. Companies that choose to adopt a sustainability strategy are more attractive to potential collaborators.



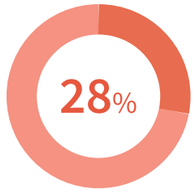
The percentage of people worldwide who want to work for a company with social and environmental consciousness.[65]

55% of Gen Z and 54% of Millennials

assess a company's environmental impact and policies before accepting a job offer.[66]

Opportunities to seize

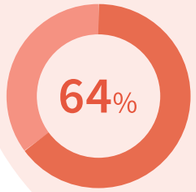
A tangible commitment by companies towards sustainability can prove to be the key to engaging their people, enhancing performance and building reputation.



Share of companies with a strong Sustainability Policy that views it as a distinguishing factor to attract and retain top talent.[67]

+23% of profitability

Companies that actively engage their employees are more profitable than those with lower levels of engagement.[68]



The percentage of employees who feel happier and more engaged working in organisations with a positive environmental impact.[69]

In connection with stakeholders

"We believe that sustainability is becoming more of a guiding factor in choosing an employer rather than just an achievement: it is a victory, because the young people who are sensitive to sustainable development will be the managers of tomorrow. This means they will integrate sustainability strategy into operations"

We spoke with
Daniela Bernacchi
Executive Director, UN Global Compact Network Italia

[65] PWC, https://www.pwc.com/gx/en/services/workforce/publications/workforce-of-the-future.html
[66] Deloitte, 2023 Gen Z and Millennial Survey, https://www.deloitte.com/global/en/issues/work/content/genzmillennialsurvey.html
[67] Deloitte, https://www2.deloitte.com/content/dam/Deloitte/at/Documents/sustainability/at-sustainability-report-2022.pdf
[68] Gallup, https://www.gallup.com/workplace/285674/improve-employee-engagement-workplace.aspx#ite-285782
[69] Deloitte, https://www2.deloitte.com/it/it/pages/about-deloitte/articles/cittadino-consapevole-report-lavoro.html

The importance of people

[GRI 405-1, 2-7, 2-8]

Our constant commitment to valuing our people has led to an increase in human capital, even amidst the challenges of retaining and recruiting new talent that marked 2023.

As of 31 December 2023, **the number of people at CAP Group is 922**.

	2023					2022				2021			
Employees by category and gender[70]	**UoM**	**M**	**F**	**Total**	**%**	**M**	**F**	**Total**	**%**	**M**	**F**	**Total**	**%**
Executives	No	8	2	10	1.10	8	2	10	1.10	9	2	11	1.20
Managers	No	25	15	40	4.30	23	14	37	4.10	22	15	37	4.20
Non-manual workers	No	392	251	643	69.70	393	242	635	69.90	379	239	618	69.40
Manual workers	No	228	1	229	24.80	226	1	227	25	224	1	225	25.30
Total	No	653	269	922	100	650	259	909	100	634	257	891	100

	2023					2022				2021			
Employees by age group and gender[70]	**UoM**	**M**	**F**	**Total**	**%**	**M**	**F**	**Total**	**%**	**M**	**F**	**Total**	**%**
<30	No	23	12	35	3.80	18	13	31	3.40	16	18	34	3.80
30-50	No	362	157	519	56.30	413	155	568	62.50	391	145	536	60.20
>50	No	268	100	368	39.90	219	91	310	34.10	227	94	321	36
Total	No	653	269	922	100	650	259	909	100	634	257	891	100

		2023		2022		2021	
Employees belonging to protected categories by job category[70]	**UoM**	**Value**	**%**	**Value**	**%**	**Value**	**%**
Executives	No	0	0	0	0	0	0
Managers	No	2	5	2	5.41	1	2.70
Non-manual workers	No	37	5.75	38	5.98	37	5.99
Manual workers	No	11	4.80	11	4.85	10	4.44
Total	No	50	5.42	51	5.61	48	5.39

[70] In the 2023 NFR, the percentages for the tables 'Employees by category and gender' and 'Employees by age group and gender' for the years 2021 and 2022 have been included, and the percentages in the table 'Employees in protected categories by professional category' have been corrected due to a compilation error for the years 2021 and 2022.

	2023			2022			2021		
Number of employees by contract type and gender	**UoM**	**M**	**F**	**Total**	**M**	**F**	**Total**	**M**	**F**	**Total**
Number of full-time employees permanent employees	No	640	247	887	635	238	873	612	237	849
Number of full-time fixed-term employees	No	10	4	14	12	3	15	20	5	25
Number of part-time permanent employees	No	3	18	21	3	18	21	2	15	17
Number of part-time employees fixed-term employees	No	0	0	0	0	0	0	0	0	0
Number of employees with non-guaranteed hours (e.g., casual workers; on-call workers)	No	0	0	0	0	0	0	0	0	0
Total number of employees	No	653	269	922	650	259	909	634	257	891

All CAP people operate in Italy, specifically in the Metropolitan City of Milan.

	2023			2022			2021		
Number of non-employee workers by contract type and gender	**UoM**	**M**	**F**	**Total**	**M**	**F**	**Total**	**M**	**F**	**Total**
Number of temporary agency workers	No	1	0	1	0	1	1	0	0	0
Number of trainees/interns	No	6	1	7	4	6	10	4	5	9
Total	No	7	1	8	4	7	11	4	5	9

New hires and turnover

[GRI 2-30, 401-1]

SENSITIVE

	2023			2022			2021		
Turnover by gender: incoming, outgoing and total	**UoM**	**M**	**F**	**Total**	**M**	**F**	**Total**	**M**	**F**	**Total**
Employees hired	No	58	29	87	53	18	71	47	23	70
Employees at the end of the financial year	No	653	269	922	650	259	909	634	257	891
Employee turnover rate	%	8.88	10.78	9.44	8.15	6.95	7.81	7.41	8.95	7.86
Employees who have left the company	No	55	19	74	36	16	52	38	28	66
Turnover rate of employees who have left the company	%	8.42	7.06	8.03	5.54	6.18	5.72	5.99	10.89	7.41
Total turnover rate	%	17.30	17.84	17.46	13.69	13.13	13.53	13.41	19.84	15.26

Turnover by gender: incoming, outgoing, and total divided by age group		2023				2022				2021			
	UoM	<30	30-50	>50	Total	<30	30-50	>50	Total	<30	30-50	>50	Total
Employees hired	No	24	56	7	87	14	50	7	71	13	53	4	70
Employees at the end of the financial year	No	35	519	368	922	31	568	310	909	34	536	321	891
Turnover rate of hired employees	%	68.57	10.79	1.90	9.44	45.16	8.80	2.26	7.81	38.24	9.89	1.25	7.86
Employees who have left the company	No	3	54	17	74	4	33	15	52	13	22	31	66
Employees at the end of the financial year	No	35	519	368	922	31	568	310	909	34	536	321	891
Turnover rate of employees who have left the company	%	8.57	10.40	4.62	8.03	12.90	5.81	4.84	5.72	38.24	4.10	9.66	7.41
Total turnover rate	%	77	21	7	17	58	15	7	14	76	14	11	15

100% of people at CAP Group are covered by the CCNL GAS ACQUA collective bargaining agreement.

Inclusion, diversity and corporate welfare

[GRI 3-3]

We are actively committed to ensuring a healthy, inclusive environment that has a positive impact on our people.

Material topic	What it is
Inclusion, diversity and corporate welfare	Promoting and enhancing corporate welfare, diversity and multiculturalism in the workplace, rejecting all forms of discrimination, harassment and violence.

Our policies for welfare in the workplace

In 2023, we introduced two policies to create an increasingly inclusive work environment that addresses the needs of our people:

Policy on diversity, equity, inclusion and equal opportunities.

A policy that reinforces our ongoing commitment to promoting a work environment that values diversity and inclusion. We adopt unbiased practices to prevent all forms of discrimination, whether based on gender, age, geographic origin, sexual orientation, etc.

Policy against harassment and violence in the workplace

The introduction of this policy complements our zero-tolerance approach towards violence. Specifically, the document outlines various forms of violence, with a particular focus on sexual harassment, and details the actions the company will take to prevent and combat them.

We have actively promoted these policies by implementing mandatory courses for all our employees. In addition to the policies, **CAP Group's Code of Ethics** conveys the fundamental principles and values of our philosophy. The document establishes clear behavioural norms and responsibilities that the Group acknowledges, respects and promotes as essential values.

Additionally, we have signed an agreement protocol with **Consulta Femminile di Milano** (Milan women council) committing to combat all forms of harassment and violence and to promote a culture free from sexism and unconscious bias.

Unconscious bias: are attitudes held at an unconscious level that influence how individuals perceive and interact with others.

We are actively committed to combating all forms of discrimination, collaborating with both internal stakeholders, our employees and external public entities. In 2023, we did not receive any reports of incidents of discrimination.

Diversity and Inclusion

[GRI 3-3]

Our commitment to diversity and inclusion projects stems from the understanding that the strength and growth of the Group rely not only on professional skills but also on the contribution and engagement of our people. For this reason, our personnel management policies are based on respect, integration and the recognition of the value of every person.

CAP Group Diversity, equity and inclusion initiatives

In 2023, we made significant strides to strengthen our commitment to an inclusive and equitable work environment through:

- **Gender Equality Certification, UNI PDR 125:2022**, consolidating our commitment to gender equality.
- Renewal of the **SA8000 certification**, which includes specific guidelines for managing cases of discrimination within the company.
  The **Social Performance Team (SPT)** is responsible for reviewing and implementing necessary corrective actions.

To further strengthen our inclusive culture, we have implemented various preventive and awareness-raising actions:

- the project 'Fin da bambina' (Since Childhood), developed at the CAP daycare, challenges gender stereotypes from an early age;
- 'Inclusion,' a pilot project presented at Utilitalia's event 'D&I Dynamics in Italian Utilities,' to raise awareness on neurodivergence;
- 'Eva and War – Dispatches from the Front,' a seminar focused on raising awareness about gender-based violence;
- 2023 survey on harassment, violence, bullying, and mobbing: the results and subsequent actions is ongoing;
- highlighting 'The Guide Project' on the International Day of Persons with Disabilities and organising 'Conscious Ethology' to promote proper behaviour towards guide dogs. Alongside Deloitte Digital and Salesforce, we collaborated with Barbara Contini, a blind colleague and archery
- champion, to create an accessible version of a digital platform. This project, documented in a film, aims to break down the barriers and prejudices that exclude people with disabilities from the workforce;
- with AGPD Onlus to expand activities assigned to two colleagues with Down's syndrome, supporting our corporate library (such as archiving, data entry and creating jingles for RadioCAP);
- female mentoring programme by the Municipality of Milan, introducing two young minds;
- la giornata "Bimbi in Ufficio" con focus sull'inclusione attraverso attività che promuovono la diversità e l'empowerment femminile;
- proseguo della collaborazione con la Commissione Utilitalia su D&I;
- 'Kids in the Office' day, focusing on inclusion through activities promoting diversity and female empowerment;
- continuation of collaboration with the Utilitalia Commission on D&I;
- video interview to celebrate the linguistic and cultural diversity of our people;
- support for Gay Pride by joining Valore D's #ValoreD4Pride initiative;
- signing of a memorandum of understanding with Consulta Femminile di Milano to combat gender-based violence in the workplace;
- dissemination of information on parenting rights;
- launch of the 'Everyone in Shape' column to share useful health information and raise awareness on D&I topics among CAP people;
- We have also extended training on D&I and the PDR 125:2022 to all our suppliers, rewarding those who actively promote gender equality and inclusion. The effectiveness of our actions, both preventive and proactive, is measured through qualitative and quantitative KPIs.

Work Life Balance

[GRI 3-3, 402-1]

To support work-life balance, we have introduced:

- coworking spaces dedicated to parents;
- the option to request part-time work;
- an extension of paternity leave to 20 days;
- two-hour leave for parents to accompany their children on the first day of primary school and during the first five days of preschool or kindergarten;
- up to 30 hours of leave per year for medical visits and check-ups;
- addition of five days of unpaid leave, in addition to the five to care for sick children;
- medical leave with paid time off for up to 30 days;
- enhanced smart working options for employees with specific health conditions and parents of children under 12;
- up to five days of smart working for parents of children under three.

Regulations, contracts and company agreements establish notice periods in cases of employee transfers due to operational changes, organisational shifts, or contract succession. To manage potential conflicts, we maintain an ongoing dialogue with trade unions, focusing on listening and seeking common agreements. This practice is a regular company procedure, even though it is not explicitly detailed in collective agreements.

Well-being and corporate welfare initiatives

[GRI 401-2]

At CAP Group, our actions for personnel well-being extend to everyone. Our welfare system offers a wide range of benefits, including insurance, leave and time off for personal and family needs, supplementary pension plans, and a **flexible benefits** platform. This offer continuously evolves, thanks in part to the input from a permanent welfare committee with the RSU (Rappresentanza Sindacale Unitaria, unified trade unions' representation body). We invest in projects to create a better work environment that promotes personal development. With this in mind, we have transformed the concept of welfare into **Wellbeing**—an holistic approach that integrates a wide range of products and services to meet the needs of our people.

The Wellbeing concept fosters holistic, complete wellness. This approach represents a new frontier, providing a wide range of products and services designed based on careful listening to people's needs and feedback.

Among the innovations introduced in 2023, we launched the **Employee Assistance Programme**, a free service available 24/7 that offers professional support for personal or work-related issues, ensuring confidentiality and anonymity.
Our **'People Caring, Diversity & Inclusion'** division manages Wellbeing and develops inclusive projects. In 2023, we continued our project for the inclusion of individuals with cognitive disabilities, transforming the concept of 'protected categories under Law 68/99' into a new and significant opportunity for both the company and its people. The people at CAP Group continue to benefit from a number of services, including an on-site nursery to improve work-life balance, the telemedicine service 'DOC24', paediatric first aid courses, and smart working and coworking options that address family and personal needs.
We also promote sustainable behaviours through corporate volunteering and by allocating a portion of the performance bonus to individual goals that support our Sustainability Plan 2033.

Parental leave		2023			2022			2021		
	UoM	M	F	Total	M	F	Totale	M	F	Total
Number of parental leave requests	No	7	18	25	1	14	15	2	12	14
Number of parental leaves taken	No	7	18	25	1	14	15	2	12	14
Total number of workers who returned to work after the end of parental leave	No	7	17	24	1	13	14	2	11	13
Workers who have returned from parental leave[71]	No	7	17	24	1	13	14	2	13	15
Total number of workers still employed 12 months after returning from parental leave[72]	No	1	13	14	1	7	8	3	18	21

Maternity leave		2023			2022			2021		
	UoM	M	F	Total	M	F	Totale	M	F	Total
Number of maternity leave requests	No	0	8	8	0	8	8	0	6	6
Number of maternity leaves taken	No	0	8	8	0	8	8	0	6	6
Total number of workers who returned to work following the end of parental leave	No	0	4	4	0	4	4	0	2	2
Workers who have returned from parental leave[71]	No	0	8	8	0	7	7	0	3	3
Workers still employed 12 months after the end of parental leave (assessed from the previous year)[72]	No	0	7	7	0	6	6	0	6	6

Total leaves		2023			2022			2021		
	UoM	M	F	Total	M	F	Totale	M	F	Total
Total number of leaves requested	No	7	26	33	1	22	23	2	18	20
Total number of leaves taken	No	7	26	33	1	22	23	2	18	20
Total number of workers returned to work following the end of parental leave	No	7	21	28	1	17	18	2	13	15
Total number of workers who have completed parental leave[71]	No	7	25	32	1	20	21	2	16	18
Total number of workers still employed 12 months after returning from parental leave[72]	No	1	20	21	1	13	14	3	24	27

Rate of return to work	UoM	2023	2022	2021
Total number of workers who returned to work after parental leave	No	28	18	15
Total number of leaves taken	No	33	23	20
Rate of return to work	%	84.85	75	75

Retention rate	UoM	2023	2022	2021
Total number of workers still employed 12 months after the end of parental leave[72]	No	21	14	27
Total number of workers who returned from parental leave in previous reporting periods7[1]	No	28	21	18
Retention rate	%	100	77.78	96.43

In 2023, we provided 20 days of paternity leave, offering new fathers 10 additional days beyond the legal requirements to support family well-being.

[71] This refers to all employees who have completed their parental leave during the year. This includes parental leaves that may have started in the previous year but ended during the reporting year.
[72] This includes all employees who are still employed 12 months after the end of parental leave (assessed against the previous year).

Salary

[GRI 405-2]

Ratio of women's to men's annual base salary	UoM	2023	2022	2021
Executives	%	72.21	91.35	82.49
Managers	%	96.55	98.41	93.54
Management (Executives + Managers)	%	82.05	85.06	77.36
Non-manual workers	%	95.89	92.13	95.46
Manual workers	%	80.88	81.30	81.53

Ratio of women's pay to men's pay by professional category [73]	UoM	2023	2022	2021
Executives	%	70.02	85.75	80.74
Managers	%	96.88	98.08	93.18
Management (Executives+ Managers)	%	78.17	79.23	71.11
Non-manual workers	%	95.40	95.03	94.15
Manual workers	%	81.21	81.21	81.81

It should be noted that the gender pay ratio by professional category considers, for calculation purposes, both the base salary and the variable component of the salary.

Gender Pay Gap

SENSITIVE

In the spirit of transparency and as an exercise in open reporting, we have chosen to report the ESRS S1-16 indicator from the EFRAG standards related to the Gender Pay Gap. This indicator reflects our commitment to salary equity and CAP's progress towards eliminating any gender pay disparities.

Gender Pay Gap: the gender pay gap refers to the average difference between the gross hourly wages received by men and women within an organisation.

Gender Pay Gap (Gross Annual Salary) [74]	UoM	2023	2022	2021
Executives	%	27.79	11.87	17.51
Managers	%	3.44	3.17	6.03
Non-manual workers	%	4.12	4.21	4.66
Manual workers	%	19.15	19.10	18.57

[73] The ratio of women's pay to men's pay by professional category for the years 2022 and 2021 was revised following an update to the calculation methodology.

Gender pay gap (Annual Global Salary) [74]	UoM	2023	2022	2021
Executives	%	29.98	14.25	19.76
Managers	%	3.13	1.93	4.53
Non-manual workers	%	4.56	4.95	4.76
Manual workers	%	18.81	18.76	18.31

Report on total annual salary

[GRI 2-21]

For 2023, the ratio of the total annual salary of the highest-paid individual to the median total annual salary of all CAP employees was 6.05.
In 2022, it was 6.63. The ratio of the annual percentage increase in the salary of the highest-paid individual compared to the annual percentage increase of all employees has decreased by 182%.
This is due to the fact that the highest-paid individual changed. Specifically, in 2023, the person with the highest salary received a lower total annual salary compared to their predecessor.

These assessments considered all individuals in the Group, none excluded. The total salary was adjusted based on the percentage of part-time work, if applicable, and included:

- Gross Annual Salary;
- one-time payments;
- Performance Bonus;
- any allowances, if applicable;
- MBO (Management By Objectives) if applicable, depending on the level;
- Profit Sharing, if applicable, depending on the level;
- LTI (Long-Term Incentive Plans) if applicable, depending on the level.

Retirement plans and end of employment

[GRI 201-3, 404-2]

In 2023, we fully met our pension obligations for our employees, in compliance with regulatory and contractual provisions, by contributing approximately 9 million euro, which represents 17% of the total personnel costs.
There are no separate funds for pension plans, but there is an active sector-specific supplementary pension fund, Fondo Pegaso, to which 510 employees have subscribed, with total contributions amounting to around 250,000 euro.

We adhere to the administrative and regulatory requirements for the termination of employment relationships, ensuring the proper management of company assets.

Active Ageing policies

[GRI 413-1]

In 2023, we implemented targeted strategies aimed at the well-being and inclusion of our **senior employees**. We initiated discussions with trade unions to identify measures that value the experience of our colleagues, such as the introduction of a **mentoring programme** that promotes the exchange of skills across different generations.

During the year, we recorded **14 retirements**, all of which were replaced by new hires, without the need for extraordinary measures.

This demonstrates our commitment to maintaining balance between generations within our teams.

Recognising the importance of adapting work to individual needs, especially in relation to age, we offer collaborators the opportunity to transition into roles better suited to their current capabilities, ensuring that everyone can continue to contribute effectively to the company's mission.

[74] The pay gap is calculated as [(Average gross hourly wage of male employees – Average gross hourly wage of female employees) / Average gross hourly wage of male employees] *100.

Development and training of our people

[GRI 3-3, 404-3]

We view continuous, open training that covers the topics we care about most as a driver of innovation for our Group.

At CAP Group, we recognise training as a crucial tool not only for preventing negative dynamics but also for raising our team's awareness of key topics that reflect our company values and meet regulatory standards. It is in this approach that we have committed to obtaining relevant certifications such as **ISO 9001** and **ISO 45001**, which demonstrate our commitment to occupational health and safety management systems, SA 8000, which emphasises the quality of work and respect for human dignity, and **UNI PDR 125**, dedicated combating gender inequality.

The training activities resulting from these certifications are numerous and include: safety courses, which are essential for reducing work-related accidents and injuries and increasing awareness of workplace safety; diversity training, aimed at shaping an inclusive corporate culture that promotes acceptance and respect for differences; job-specific training courses, tailored to the individual work needs of each person.

Material topic	What it is
Development and training of our people	Listening to and engaging with CAP people to ensure they feel part of a meritocratic work environment. Creating a positive impact on the lives of the Group's employees by fostering a sense of belonging, offering welfare solutions to promote their well-being, protecting workers from discriminatory behaviour, respecting moral integrity, supporting professional growth and establishing a productive dialogue with trade unions.

We ensure that our training initiatives meet their intended goals and are well-received by our teams through a programme that includes activities such as annual surveys, half-yearly reports and the identification of specific KPIs for performance evaluation. These strategies allow us to gather valuable insights to refine our training activities.

Training and occupational health and safety

[GRI 404-3]

Percentage of employees who received a periodic performance assessment and professional development review during the reporting period, by gender and employee category [75]	2023				2022			2021		
	UoM	M	F	Total	M	F	Totale	M	F	Total
Executives	%	100	100	100	100	100	100	100	100	100
Managers	%	92	93.33	92.50	100	100	100	95.45	86.67	91.89
Non-manual workers	%	88.52	87.65	88.18	94.26	94.24	94.25	92.08	94.98	93.20
Manual workers	%	90.35	100	90.39	96.90	100	96.92	100	100	100
Total	%	89.43	88.10	89.05	95.38	94.64	95.16	95.11	94.55	94.95

Workers who have received promotions, broken down by gender[76]	2023			
	UoM	M	F	Total
Executives	No	0	1	1
Managers	No	3	2	5
Non-manual workers	No	54	28	82
Manual workers	No	18	0	18
Total	No	75	31	106

[75] Revised figures for 2021 and 2022 following recalculation.
[76] First year of reporting.

Personnel policies

In 2023, we further strengthened our commitment to our people by providing advanced tools to enhance their interactions, with a focus on sensitivity and efficiency.

To achieve this, we launched targeted training programmes:

- **'Personal Leadership':** a programme aimed at enhancing the awareness of responsibility within our company, improving people and relationship management and developing individual leadership skills. This programme involved 33 participants.
- **'Personnel Management':** a course focused on deepening knowledge of labour regulations and additional company provisions, offering practical tools for the correct application of these norms and addressing collaborators' questions. This course had 51 participants;
- **'Effective Communication'** and **'Time Management':** these courses, with 47 and 46 participants respectively, were launched in response to needs identified during performance assessments.

Through these initiatives, we continuously strengthen the skills of our teams, ensuring a more qualified approach that is attentive to the needs of our people and stakeholders.

Training and updating of skills

SENSITIVE

[GRI 404-1, 404-2]

Average training hours by gender and professional category	2023				2022			2021		
	UoM	M	F	Totale	M	F	Totale	M	F	Totale
Executives	Average hours	31.59	29.83	31.24	39.15	30.75	37.47	46	32.50	43.55
Managers	Average hours	29.58	31.97	30.48	46.49	59.44	51.39	71.68	53.47	64.30
Non-manual workers	Average hours	34.16	28.16	31.82	28.04	24.34	26.63	39.89	32.61	37.08
Manual workers	Average hours	36.36	18.25	36.28	23.46	3.90	23.37	26.88	2	26.77
Total	Average hours	34.72	28.34	32.86	27.24	26.21	26.95	36.48	33.71	35.68

In 2023, we stepped up our efforts to complete workplace safety training.
The goal of updating all compliance requirements has almost been achieved

Training hours by sector	UoM	2023	2022	2021
Environment	h	371.90	363.50	365
Administration	h	3,740.05	2,848.50	6,830
Communication	h	479	491	480
IT	h	3,228.36	1,982.50	3,929
Operations	h	84	0	0
People Management	h	3,223.05	4,379.80	5,414
Safety	h	13,981.35	11,957.10	97,80
Technical	h	2,210.30	1,911.40	4,031
Top Management	h	207	407.50	865
Sustainability	h	2,770.85	152	100
Total	h	30,295.86	24,493.30	31,794

In 2023, we undertook targeted actions to strengthen and expand our training offerings, with a particular focus on **occupational health and safety** and **cross-functional skills**. We increased our efforts to address training delays accumulated in previous years due to the health emergency. Through **medium-term** planning and collaborative work with operational sectors, we conducted regular alignment meetings to reinforce commitment and set priorities.

Most of the backlog in occupational health and safety training was completed, with only a few exceptions due to extended periods of absence. Additionally, we conducted training on:

- **cross-functional skills** such as effective communication and time management, as well as modules on effective and inclusive leadership, involving numerous participants;
- **resource management,** aimed at the heads of organisational units;
- **an IFTS programme in collaboration with Fondazione Green,** which engaged the training team and instructors for approximately 5 months, including focus groups with our internal teams and around 70 hours of classroom and on-site training aimed at young individuals who later entered extracurricular internship programmes;
- **Diversity & Inclusion policies,** specifically new DEIPO policies and gender harassment prevention, as part of the UNI PDR125 certification;
- **language teaching** through the GOfluent platform;
- **Cyber security and digitisation**, through the CyberGuru platform;
- **professional development with Valore D** for young managers, company management and executives (Digital Academy, Young Talent, Middle Manager and Senior Manager), as well as a Mentorship D-Plus programme;
- **technical training** at CAP, MM and Alfa plants.

Additionally, all engineers had access to the continuous training required to maintain credits for their professional registration. They also received specific technical training relevant to their roles, including updates onincreasingly innovative topics and applications. Digital training was also provided on the use of key business tools and applications.

In 2023, we launched the **Blue Academy**, a training initiative involving collaboration from all companies within the Water Alliance in terms of instruction and content.

4

Funded training programmes

Several training initiatives have also been launched or reintroduced, made available through the **LMS (Learning Management System) module of SAP Success Factors** and open to all people at the Group:

- 'in a nuthsell' courses on sustainability topics, initiated together with the Sustainability Department;
- 'in a nuthsell' courses on Unconscious Bias, which has become a dedicated training path on the stereotypes and biases we are all unconsciously subject to, available to all new hires and mandatory;
- 'in a nuthsell' courses on soft skills;
- 'in a nuthsell' courses on Microsoft Office;
- SAP course on Privacy and Compliance;
- SAP course on SA8000.

Virtual learning

[GRI 404-2]

In 2023, remote working was not only established as a daily operational mode but also as a key tool for accessing training, which was delivered through a hybrid approach combining classroom sessions, webinars and e-learning. This approach was highly appreciated by personnel, as highlighted by feedback gathered through the annual survey.

Most of the training initiatives, including nearly the entire CAP Academy catalogue, were delivered via virtual learning using Microsoft Teams or the LMS portal. This allowed all of us to continue our professional development journey.

In addition to the CAP Academy, in 2023 we promoted the Blue Academy, a training initiative in which all Water Alliance companies collaborated in terms of teaching and content.

Our people development strategy

[GRI 404-2]

As part of our people development strategy, we have implemented various actions to enhance communication and interpersonal skills, promote inclusion and develop best practices and innovative solutions. Among the key initiatives, we improved competency mapping and succession planning for leadership roles, assessed staff potential using the 9-box method, and organised team-building events and personal leadership programs to strengthen communication and leadership skills in alignment with the company's values.

9Box Method: this is a tool used in human resource management to map and assess the potential and performance of employees. It is used to identify talent, plan careers and develop skills, the grid helps create personalised development plans.

Internal communication and active participation

[GRI 413-1]

Developing a work environment that fosters collaboration and inclusion, while improving relationships among colleagues, is a fundamental goal for our company.

NOIDICAP

NOIDICAP is an interactive online platform designed for internal communication, allowing our team members to share experiences and information, thereby strengthening and enhancing internal relationships.

On the platform, our team members become editors, contributing articles, interviews and updates that cover everything from company news to insights on current and common-interest topics.

The NoidiCAP areas

Sustainability | Health & Safety | Digital | Diversity and well-being | Research and innovation

Continuing our commitment to enhancing colleagues' communication skills, in 2023 we relaunched the **NoidiCAP Academy** in collaboration with **Wired Italia**, focusing on journalism and digital communication. The course aims to provide the fundamentals of journalism, covering article structure and online journalism tools such as photo galleries, video interviews, infographics and podcasts. The goal is to help participants turn facts into engaging, clear and concise news.

46
NEWSLETTERS

10
ACTIVE AUTHORS

4
AREAS

As part of our communication innovation efforts, the **RadioCAP** initiative continues, developed by colleagues from various departments.

This initiative has also offered training courses for aspiring radio hosts and has recorded an average of **450 hours of listening** per month.

NoidiCAP and RadioCAP are tools through which we keep our community active, fostering a sense of belonging and collaboration.

LinkingWater

In 2023, the NoidiCAP LinkingWater events continued, an initiative focused on people empowerment that enhances the culture of sustainability within the company. On 27 November, in our Auditorium on Via Rimini, the theatrical performance 'An Idea of Happiness,' loosely inspired by the book by Luis Sepúlveda and Carlo Petrini, was held.

BiblioCAP: a place of culture, inclusion and community

In 2022, we launched BiblioCAP, the company library open to both the public and CAP people. This space is part of Consorzio Sistema Bibliotecario Nord Ovest Milano (CSBNO) library consortium and offers nearly 1,300 volumes on topics ranging from environment, water, sustainability and circular economy to science and technology. The collection also includes a wide selection of fiction, non-fiction, comics and children's books. Using the CSBNO interlibrary loan system, you can request volumes from other libraries and have them delivered directly to BiblioCAP or to the nearest library.

The BiblioCAP project was also developed with the support of AGPD (Association of Parents and Individuals with Down's syndrome). This collaboration represents a social inclusion initiative, providing job opportunities for young people with Down's syndrome and allowing them to work as librarians.

People's health and safety

[GRI 3-3]

Occupational health and safety and the protection of physical well-being are among our top priorities and guide us in every daily action.

We are committed to ensuring the health and safety of everyone involved in our activities, both directly and indirectly, throughout the entire value chain. We are aware that safety is never a once-and-for-all achievement but requires constant surveillance, careful management and thorough monitoring. Therefore, we adopt a proactive approach in inspections and preventive maintenance to safeguard the health of those who work with and for our Group.

Material topic	What it is
People's health and safety	Adopting practices and management systems for the health and safety of employees and all parties involved in CAP Group's activities (e.g., suppliers) that aim to minimise and protect individuals from impacts on their mental and physical health.

Occupational health and safety management system

[GRI 3-3, 403-1, 403-8]

Building a **robust safety culture** within the company and throughout the supply chain is supported by **ISO 45001** and **SA 8000** standards within our Integrated Management System. These standards focus on risk analysis, specifically identifying roles, workplaces and activities to accurately assess risks for each position and ensure regulatory compliance.
Through the adoption of the Management System, we are committed to:

- ensuring safe and healthy work environments by preventing injuries and occupational diseases through continuous risk assessment and appropriate preventive measures, including necessary health regulations;
- encouraging the reporting of risky behaviours and Near Miss incidents by employees to continuously improve working conditions and prevent occupational injuries, accidents and diseases;
- complying with national and international workplace safety laws, respecting collective labour agreements, and adhering to the principles of our Code of Ethics.

Additionally, to ensure effective monitoring of our actions and safety objectives:

- we use the **Sinergest software** to track actions and responsibilities, highlighting deadlines and analytical processes, and verifying the effectiveness of implemented actions through the 'effectiveness verification' field;
- we set annual goals and evaluate them quarterly using the **R software**;
- we adopt and integrate best practices into company procedures.
- we promote **Toolbox Meetings**, informational sessions on health and safety in the workplace open to all Group employees, conducted directly at our plants.

The **ISO 45001:2018** standard, focused on a 'Risk-Based Thinking' approach, emphasises the importance of considering the organisational context in risk and opportunity management to achieve business objectives. Through key documents such as the Context of the Organisation, Policy, Risk and Opportunity Assessment (DVRO in the Italian acronym), Objectives and Review, it accurately defines the scope of the management system. The activities covered range from the design and maintenance of water infrastructure to the management of the Integrated Water Service, highlighting CAP Group's commitment to ensuring a safe and healthy work environment, in line with social responsibility principles and legislative compliance.

The activities covered by the Group's management

Design, coordination, and supervision of construction, renovation and maintenance activities for aqueducts, sewers, drinking water purification plants

Analytical control of water quality

Abstraction, purification and distribution of drinking water through the operation and maintenance of networks and plants

Collection and purification of waste water through the operation and maintenance of networks and plants

Call-centre services and customer management, coordination and supervision of activities related to water and sewer connections and network extensions

Chemical, physical and biological treatment of non-hazardous solid and liquid waste from urban waste water treatment plants

Biomethane production through the upgrading of biogas

100%

of 922 Group CAP people covered by an occupational health and safety management system

Identification of hazards, risk assessment and incident investigations Incident management

[GRI 403-2]

To ensure and safeguard the health and safety of all individuals, whether employees or not, who interact with the Group's sites and activities for any reason, we have implemented a set of processes aimed at:

- identifying risk/hazard factors arising from the use of substances, equipment, activities and work locations, and evaluating their extent;
- identifying individuals potentially exposed to these risks;
- determining prevention and protection measures to eliminate, where possible, or reduce/control these risks;
- monitoring the effectiveness of these measures with a view to continuous improvement.

To ensure the continuity and effectiveness of this process, we rely on a specialised internal technical team supported by external consultants, including an occupational physician and external certification organisations.

Collaborative strategies for occupational health and safety

[GRI 403-4]

Our commitment to training and occupational health and safety is the result of close collaboration with key figures such as the Head of the Prevention and Protection Service (RSPP in the Italian acronym) and the operational departments. These departments, which maintain direct and daily contact with field personnel, are essential in identifying specific needs and risks.
Thanks to their experience, we can accurately define the training requirements related to each role.

This process includes:

- accurate definition of **training needs**;
- detailed planning of **training activities**;
- organisation of **regular discussion meetings**.

This approach allows us to manage our personnel training proactively and effectively, minimising occupational risks and promoting a safer and more aware work environment.

Reporting risks at the workplace

[GRI 403-2]

Group people are involved through a consultation and participation process, as stipulated by **Legislative Decree 81/08** and **UNI 45001 standards** for the Integrated Management System, as well as the SA8000 standard.

Accurate risk identification and assessment must include consultation with all workers involved in the company's processes.

For this reason, we have developed an accessible system for all people, including an option for anonymous reporting, to report unsafe behaviours, risk situations, **near misses** (events that could potentially cause workplace accidents or health damage), as well as injuries and incidents. This system is constantly monitored to ensure prompt corrective actions are taken.
All evaluation results, along with reports submitted by Group staff, are managed promptly using software tools such as Sinergest.

CAP Group upholds a policy of openness, categorically excluding any form of retaliation against those who make reports. We are committed to protecting privacy and, if desired, ensuring the anonymity of the reporter by implementing strict measures against anyone who attempts or threatens acts of retaliation towards the reporter.

Social Performance Team (SPT)

[GRI 403-2]

To ensure this commitment, we maintain a management system compliant with the SA 8000 standard, which includes the formation of a Social Performance Team (SPT). This team, composed of employees from various departments and union representatives, serves as the point of contact for individuals who believe they have been discriminated against following a report. Detailed cases of discrimination can be reported to the SPT, which will assess the situation and determine appropriate corrective actions.

Managing accidents

[GRI 403-2]

We have a specific procedure for managing and analysing accidents to identify root causes and define intervention measures. For each incident, an investigation is conducted involving all safety staff (the worker, supervisor and executive), which concludes with the determination of preventive measures to prevent recurrence.
The analysis stages include:

- identifying losses, including injuries and damage to property and/or the environment;
- listing contacts with equipment, plants and substances;
- determining the immediate factors and causes that contributed to the incident;
- evaluating the behaviour of those involved;
- conducting technical assessments of the workplace, equipment and systems involved;
- verifying the effectiveness of personal protective equipment;
- assessing the adequacy of the training provided.

The approach adopted for these investigations follows the 'Learning from Mistakes' methodology proposed by INAIL (the Italian National Institute for Insurance against Accidents at Work), highlighting our group's commitment to promoting a safe work environment and preventing accidents.

Occupational health services

[GRI 403-3]

Through the **health monitoring** process, utilising an external facility with four occupational physicians (including one coordinator), we constantly monitor the health of our people in relation to the specific risks associated with the different tasks/roles identified by the risk assessment. The occupational physician drafts the **Health Monitoring Protocol**, which outlines the clinical tests and/or instrumental exams required for each job role/activity and their frequency.

The Health Monitoring Protocol encompasses medical examinations, specialist and lab tests, health information and measures adopted by the physician to ensure the health protection of workers against occupational risks. It serves as a fundamental tool for occupational health and safety practitioners.

The protocol is a key preventive measure that forms an integral part of risk assessment. The health monitoring process is completed by conducting inspections in the workplace.
In addition to regular health monitoring activities, we have implemented additional services to promote the health of all people of the Group, which include:

- a psychological support service offering listening and analysis of the causes of discomfort in work and non-work contexts;
- training sessions conducted by the occupational physician on various topics, such as paediatric first aid, nutrition and lifestyle;
- days dedicated to preventive check-ups and screenings.

CAP people's participation in health and safety initiatives

[GRI 403-4]

CAP people, including through their representatives (RLS), are involved and consulted as required by **Legislative Decree 81/08** and **UNI 45001** standards for the Integrated Management System, as well as by SA8000 standards, to provide adequate support on health, safety and environmental issues.
The participation and consultation activities are carried out through:

- regular consultation meetings between Safety Representatives, the Head of the Prevention and Protection Service and the Occupational Physician (RLS, RSPP and MC in the Italian acronyms, respectively) on health and safety topics;
- workplace inspections with RLS, RSPP and MC;
- management reviews;
- a reporting system via an IT application for near misses, unsafe behaviours (including anonymous reports) and non compliances accessible to all personnel;
- investigative surveys (training needs questionnaires, environmental topic questionnaires, etc.);
- The LinkingWater programme (meetings and workshops on sustainability, health and safety, environment, legality and diversity).

Every year, we rely on tools such as:

- Safety Talks in the field;
- Campaigns to disseminate the Risk Assessment Document (DVR in the Italian acronym) following new revisions;
- the internal communication site 'NoidiCAP' with insights and information on various topics, including safety, health and well-being;
- Workplace Health Promotion (WHP).

Safety Talks: a moment for sharing and information on health and safety where feedback or reports can be gathered to help improve performance.

Training of CAP people in occupational health and safety

[GRI 403-5]

In 2023, a total of **12,222 hours** of training on occupational health and safety were provided, divided among the various courses required by Legislative Decree 81/08 and/or the relevant State-Regions Agreement. We organised on-site training sessions on Health, Safety and Environment (HSE) topics, during which our operational teams had the opportunity to come together and, guided by the Head of the Prevention and Protection Service (RSPP), closely examine the health and safety issues related to the various tasks they perform.

Promoting worker's health

[GRI 403-6]

We value the well-being of our people by offering a wide range of services, including a supplementary health insurance policy accessible to all, which is also reviewed by the RSU. This policy includes preventive packages for cardiology and oncology, customised based on gender and age. We provide free flu vaccinations and thyroid prevention, and in 2023, we introduced the **Employee Assistance Programme** to offer additional psychological support. We expand our health promotion programmes with webinars on nutrition, skin diseases and addiction prevention as part of the **Workplace Health Promotion** initiative, in which we actively participate. Our **flexible benefits** platform complements a comprehensive wellness offering, communicated through the **NoidiCAP** website with dedicated columns and via Radio CAP. The **WELLCAP** corporate welfare plan is thoroughly detailed on our intranet and presented to new hires. We also implement monthly newsletter campaigns to promote the physical and psychological health of our collaborators.
For the fourth consecutive year, we reaffirm our participation in the Workplace Health Promotion (WHP) programme by the Local Health Protection Agency (ATS), promoting healthy lifestyles and a holistic approach to well-being—from nutrition and physical activity to addiction management and work-life balance—encouraging companies to develop services and activities dedicated to employee well-being.

Employees engaged in well-being promotion programmes	UoM	2023	2022	2021
CAP people involved in well-being promotion programmes[77]	No	1,964	1,531	659

Health and safety throughout the value chain

[GRI 403-7]

We ensure safety not only internally but also for external suppliers working on our sites. We use a selection criterion that values companies aligned with our health and safety goals, integrating specific **rewarding criteria** related to these aspects into our **calls for tenders**. This helps to strengthen our supplier assessment system. To ensure the actual implementation of safe practices, we conduct regular site inspections and audits, verifying compliance with the required standards in the field.

In 2023, we carried out **440 inspections** dedicated to evaluating the safety practices adopted by our suppliers.

Workers covered by an occupational health and safety management system

[GRI 403-8]

We have implemented and maintain a health and safety management system certified in accordance with **ISO 45001:2018**, which applies to all individuals, employees and non-employee workers, who, for any reason, interact with the Group's locations and activities.

[77] It should be noted that the reporting reflects the total number of employee participations in each initiative.

Work-related injuries

SENSITIVE

[GRI 403-9, 403-10]

Work-related injuries for all employees[78]	UoM	2023	2022	2021
Number of fatalities as a result of work-related injuries	No	0	0	0
Rate of fatalities due to work-related injuries	%	0	0	0
Number of work-related injuries with severe consequences[79] (excluding fatalities)	No	0	0	0
Rate of work-related injuries with serious consequences[79] (excluding fatalities)	%	0	0	0
Number of recordable work-related injuries[80]	No	7	6	11
Frequency rate of recordable work-related injuries[80] (FI)	No	5.24	4.34	7.80
Number of hours worked	No	1,334,998.92	1,383,994	1,410,623

Employee days of absence, severity index, work hours	UoM	2023	2022	2021
Total days of absence	No	205	225	302
Severity Index[81] (SI)	No	0.15	0.16	0.21
Total workable hours (millions of hours)	No	1,627,900.85	1,383,944	1,410,623
Total absenteeism rate	%	0.10	0.12	0.16

During 2023, we organised a series of training and informational events for our employees, including **Safety Talks**, which focused on prevention and **Toolbox Meetings**, which were dedicated to discussing specific risks faced by workers. These events aimed to raise awareness about occupational health and safety issues.

Work-related injuries for all non-employee workers	UoM	2023	2022
Number of fatalities as a result of work-related injuries	No	0	0
Rate of fatalities due to work-related injuries	%	0	0
Number of work-related injuries with serious consequences[79] (excluding fatalities)	No	0	0
Rate of work-related injuries with serious consequences[79] (excluding fatalities)	%	0	0
Number of recordable work-related injuries[80]	No	2	2
Recordable work-related injuries frequency index[80] (FI)	No	7.48	9.74
Number of hours worked	No	267,313,50	205,354

[78] The worked hours and the severity and frequency indices for employees from 2021 and 2022 have been revised following an update of the worked hours by the Human Resources Department.
[79] A work-related injury resulting in fatality or injury from which the worker cannot recover, does not recover or where it is unrealistic to expect a full recovery to the pre-accident health status within 6 months
[80] Work-related injuries that cause one of the following situations: fatality, days of absence from work, restriction of job duties or reassignment to a different role, medical treatment beyond first aid, or unconsciousness, significant injuries or illness diagnosed by a doctor or other authorised healthcare provider, even if not resulting in fatality, days of absence from work, restriction of job duties or reassignment to a different role, medical treatment beyond first aid, or unconsciousness.
[81] When calculating the accident indices (FI and SI), accidents that occur during the worker's commute are not considered. The methodology used for recording work-related injuries involving non-employee workers considers only those accidents that occur at CAP Groups construction sites. For reporting purposes, a representative sample of suppliers operating at various Group sites was considered. Specifically, 120 requests were sent to suppliers that were known to have worked on or provided services (with construction sites) in the year 2023.

Days of absence, severity index, workable hours and absenteeism rate of non-employees[82]	UoM	2023	2022
Total days of absence	No	13	21
Severity Index (SI)	No	0.05	0.10
Total workable hours (millions of hours)	No	249,853.50	205,354
Total absenteeism rate	%	0.04	0.08

During 2023, no occupational disease claims were submitted.

Near miss	UoM	2023	2022	2021
Near misses recorded	No	25	21	15
Injuries	No	10	12	12
Ratio of recorded near misses to the number of injuries	%	250	175	125

[82] Second year of reporting.

SHARED VALUE

Connected to the local area and the community

Engage with the local area to strengthen the value chain

3,795,900.47

of water and supplementary allowances disbursed

97.1%

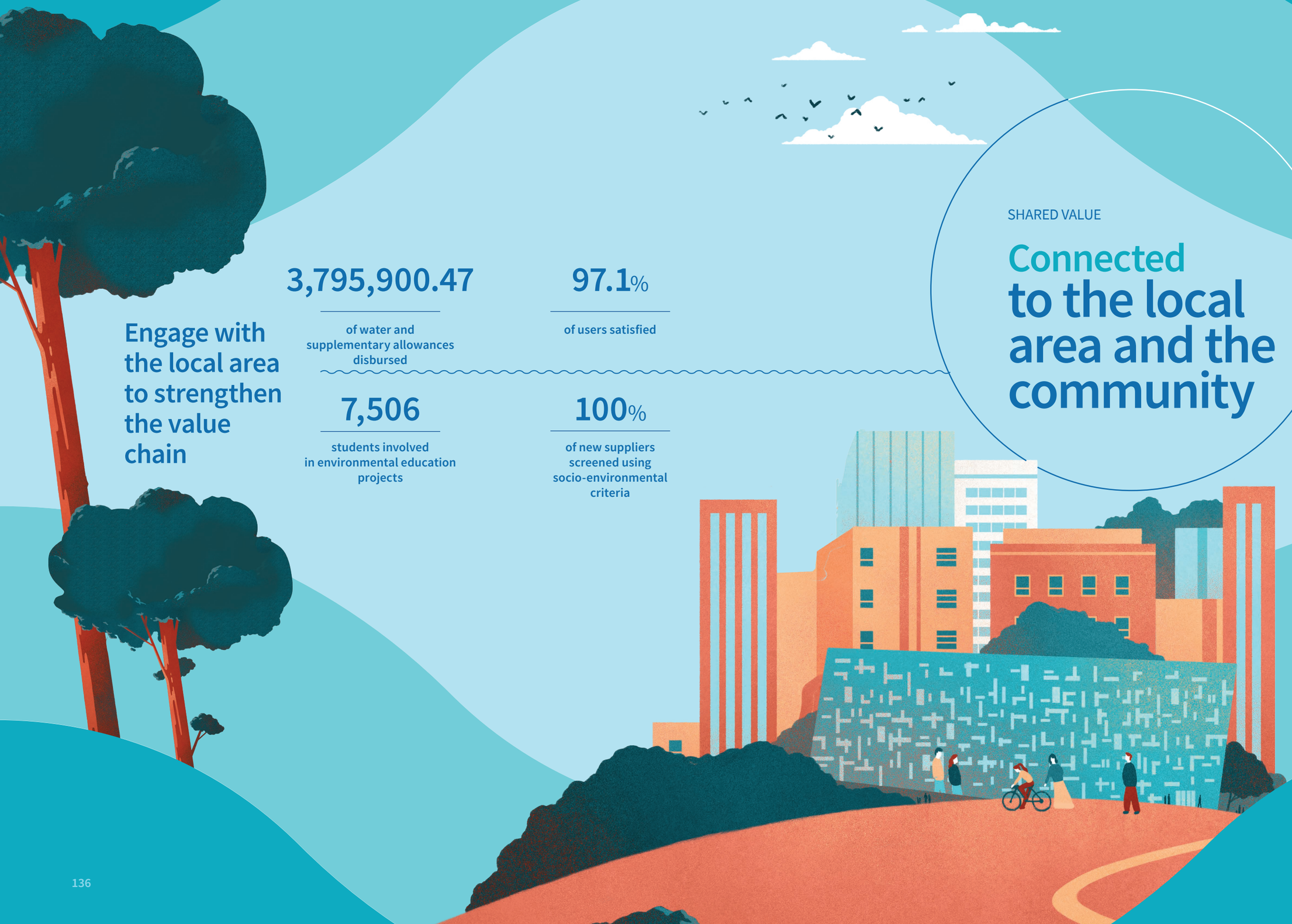
of users satisfied

7,506

students involved in environmental education projects

100%

of new suppliers screened using socio-environmental criteria



Dialogue and cooperation are essential for protecting water resources

Where we stand

Water is one of the most critical resources of our time. It is essential to use it more responsibly while ensuring that the most vulnerable communities are not left behind.

1.8 billion

the number of people worldwide forced to drink contaminated water.[83]

236 litres per day

the average water consumption of Italians, the highest in Europe.[84]

What the risks are

A scenario of emergency is increasingly approaching, where water, a primary resource, risks becoming unavailable for entire communities.

100

countries in the world are still far from achieving the sixth United Nations Sustainable Development Goal: the sustainable management. [85]

1,385

the number of conflicts between 2000 and 2023 for which water resources have been a trigger.

The world to come

A planet increasingly polluted and depleted, where access to water resources will create an additional social divide.

72 kg

the amount of plastic produced in a year by an average household of four that drinks bottled water daily.[86]

30 billion euro

the portion of GDP that could be impacted by water scarcity by 2050.[87]

Opportunities to seize

The key to change course and ensure access to quality resources will be networking and accelerating change by involving citizens, businesses and institutions in reducing waste and recovering water in all its forms.

3 billion dollars

the amount earned globally each year if countries around the world decided to invest in cooperative agreements for water resources.[88]

Engagement and dialogue

These are the themes at the heart of World Water Day 2023: 'Accelerating change to solve the water and sanitation crisis.'[89]

8 out of 10 Italians

find tap water good, affordable and convenient.[90]

[83] United Nations Regional Information Centre, https://unric.org/it/obiettivo-6-garantire-a-tutti-la-disponibilita-e-la-gestione-sostenibile-dellacqua-e-delle- facilities-hygiene/
[84] Istat, https://www.istat.it/it/files/2022/03/REPORTACQUA2022.pdf
[85] United Nations Global Compact, https://unglobalcompact.org/take-action/events/2102-raising-our-ambitions-for-water-resilience-in-100-basins-by-2030 Pacific Institute, https://pacinst.org/water-conflict-chronology/
[86] IImpact Simulator Culligan, https://www.infobuildenergia.it/aziende/culligan/
[87] Bank of America Institute, https://institute.bankofamerica.com/content/dam/bank-of-america-institute/sustainability/global-water-scarcity.pdf
[88] United Nations, https://www.un.org/waterforlifedecade/water_cooperation.shtml
[89] Water Nations Europe, https://www.waternewseurope.com/accelerating-change-theme-of-world-water-day/
[90] Utilitalia, https://www.utilitalia.it/notizia/de6e3812-8c62-4c28-bc0a-6ee8ae8ddffd

Creating value for the local area and engagement to the community

[GRI 3-3]

Our aim is to create a virtuous cycle that adds value to both the environment and the community by protecting resources, encouraging dialogue and undertaking collaborative projects aimed at shared innovation.

Managing the water service means operating within a complex system that includes thousands of kilometres of aqueducts and sewer systems, as well as state-of-the-art drinking water purification and treatment plants.

Material topic	What it is
Creating value for the local area and engagement to the community	Managing the Group's economic and financial results transparently and ethically to ensure high performance that enhances the value chain; serving an increasing percentage of families in need while upholding the principle of universal access to water; and developing efficient, tailored solutions to prevent and reduce the impacts of potential service inefficiencies.

Documents that lay down our commitment to high-quality service:

Service Charter
This document establishes the quality standards we are committed to maintaining in our activities and in the management of aqueduct, sewer and treatment services. It has been approved by the Ufficio d'Ambito (ATO Office) of the Metropolitan City of Milan and is an essential tool for ensuring customer satisfaction.

Integrated Water Service regulation
Outlines our responsibilities and duties and specifies the technical standards for service operation and management, thereby ensuring clarity and transparency in our interactions with users.

Associations and strategic collaborations

[GRI 2-28]

The exchange of ideas and active collaboration are essential tools for innovation and staying current.
In 2023, we joined 24 associations, initiatives and observatories.
Below are the networks we joined in 2023, categorised by macro areas.

Environmental sustainability and governance initiatives

United Nations Global Compact
The world's largest initiative for corporate sustainability, requiring companies to adhere to universal principles on human rights, labour, environment and anti-corruption.

ASPEN Institute Italia
A private, independent, international, non-partisan, non-profit association focused on in-depth analysis, discussion and knowledge exchange.

Kyoto Club
A non-profit organisation dedicated to reducing greenhouse gas emissions through environmental sustainability initiatives.

Etica News - ESG Governance LAB
The first learning network in Italy focused on integrated governance for sustainable enterprises.

SUSTAINABILITY MAKERS
An Italian association that brings together professionals dedicated to developing and implementing sustainability strategies and projects.

Sector associations and category

Assolombarda
Association of companies operating in the metropolitan city of Milan and in the provinces of Lodi, Monza and Brianza, Pavia. It's a body representing the interests of the industrial sector and services in these areas.

Utilitalia
Italian Federation of companies operating in public services of water, the environment, electricity and gas. Alessandro Russo, General Director and CEO of Gruppo CAP, holds the role of vice president.

Confservizi Lombardia
Association of companies operating in public service management in Lombardy. As of January 2024 the role of president is held by the President of the CAP Group, Yuri Santagostino.

Aqua Publica Europea (APE)
European Association of Public Water Managers, founded in 2009 with the main objective of representing at European level the public water management model, it is present in more than ten European countries and serves more than 60 million citizens.

SGI Europe
European association representing companies operating in public services; CAP Group carries out the coordination function of water task force.

AGICI CORPORATE FINANCE - OSWI
Observatory on the dynamics of the Italian water sector, analyses the best practices and strategies of the most important companies in the water sector.

CONFINDUSTRIA ALTO MILANESE
Confederation representing the companies of the North Milan area supporting its growth and competitiveness on the markets.

Technology clusters

Lombardy Energy Cleantech Cluster
A Lombardy-based cluster dedicated to promoting innovation and growth in the region's energy and environmental sectors.

LGCA, Lombardy Green Chemistry Cluster
A Lombardy-based cluster focused on Green Chemistry.

Cluster SPRING (coordinated by Federchimica)
A national cluster for the bioeconomy, promoting initiatives related to innovation and sustainability in the chemical sector.

Initiatives for Diversity & Inclusion

Valore D
First association of companies in Italy that promotes an inclusive culture for the growth of the country's organizations, supporting gender equality and integration at work.

Initiatives for lawfulness and compliance

AIIA
A key reference point in Italy for topics related to Internal Control, Corporate Governance, Compliance and Risk Management.

AITRA
An association bringing together civil servants, professionals and business leaders who directly experience the responsibilities and challenges associated with the roles of Corruption Prevention Officer and/or Transparency Officer, in accordance with anti-corruption legislation (Law 190/2012 and subsequent amendments and additions).

AODV
A non-profit association that brings together professionals and corporate representatives involved in Supervisory Bodies, to exchange experiences and best practices related to corporate compliance.

ANRA
National association for enterprise risk management, a reference point for creating and developing a risk management culture in Italy.

Initiatives for digital transformation and smart cities

IATT (Italian Association for Trenchless Technology)
An association that promotes the advancement of scientific and technical knowledge in trenchless (no-dig) technologies, through working groups and research activities.

Fondazione per la Sostenibilità Digitale - Digital Transformation Institute
The first foundation in Italy dedicated to digital sustainability, focused on studying the dynamics of digital transformation and its contribution to sustainability.

Osservatorio Smart Cities - Università Bocconi
Addresses policies and legal issues related to the development and governance of Smart Cities.

Artificial Intelligence and Blockchain & Distributed Ledger Observatories 2022 - Politecnico di Milano
Research programmes aimed at producing and disseminating knowledge about the opportunities and impacts of Artificial Intelligence and Blockchain technologies.

Environmental education in schools

SENSITIVE

[GRI 413-1]

For years, we have been promoting environmental education projects in schools to raise awareness and foster a culture of responsible use of water and natural resources. In 2023, we launched a number of initiatives for schools of all levels, including the **'Gocce sostenibili' (Sustainable Drops)** project: a modular educational programme that includes both in-person and remote lessons, as well as guided tours of key CAP water management sites.

To further enrich the educational experience, we developed **'ecap'**, an interactive online platform that supports teaching activities with digital tools usable both in the classroom and at home.
This provides an in-depth learning experience accessible to students and teachers in preschools, primary schools and both lower and upper secondary schools, focusing on environmental sustainability, particularly on water and circular economy.

Environmental education projects	UoM	2023	2022	2021
Schools involved	No	147	132	54
Students	No	7506	6085	4428
Teachers	No	344	477	390

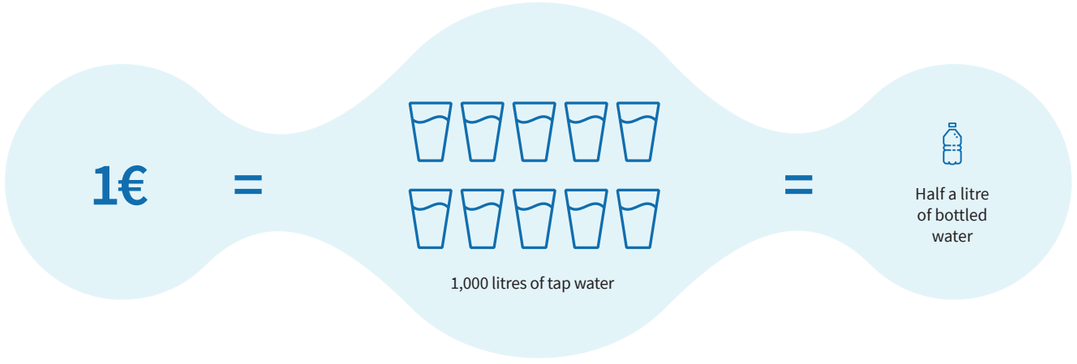
Structures for raising awareness among municipalities and citizens

[GRI 413-1]

Since we launched our Sustainability Plan, we have been promoting it through communication activities, aligning our strategies with the three fundamental pillars of the Plan: Sensitive, Resilient, Innovative.
The 'Sensitive' pillar reflects our commitment to raising awareness among citizens about essential needs and the responsible use of water.

This includes a series of targeted communication initiatives aimed at promoting tap water consumption and reducing waste.

Water Kiosks: are public water dispensers provided for citizens, offering numerous benefits both environmentally, by reducing plastic consumption, and economically, by ensuring savings for users.



Water Kiosks

6
New Water Kiosks (in the municipalities of Cuggiono, Cormano, Albairate, Rescaldina, Cassano d'Adda, Cologno Monzese)

194
Water Kiosks located throughout the Metropolitan City of Milan and managed with an HACCP Self-Monitoring Plan

133
Municipalities involved

37,542 m³
of water delivered

+7.2%
of water delivered compared to 2022

193.5 m³
of water delivered per Water Kiosk

This increase in consumption compared to 2022 is attributable both to the higher number of Water Kiosks available and to the reduction in maintenance-related closures, both in terms of frequency and total days of service disruption.

During 2023, **three Water Drop dispensers** were installed at two schools: two at **Liceo Falcone and Borsellino in Arese** and one at Istituto Comprensivo A. Strobino in Cerro Maggiore.

Water Drop dispensers: technological 'drinking fountains' for distributing mains water.

Transparent work sites

[GRI 413-2]

In 2023, we continued to closely monitor the most complex work sites which have the potential to attract public attention. To assess their impact on the community, we developed checklists that enable our technicians to preliminarily analyse the effects of our work sites on traffic, noise, and possible inconveniences for residents and businesses, including an environmental impact assessment.

When a work site has significant impacts, we work closely with municipalities and local stakeholders to develop and implement mitigation plans. These plans include technical solutions and communication initiatives to inform and engage the community, highlighting the benefits of the project and thereby facilitating acceptance of any temporary disruptions.

11
Work sites for which impact mitigation measures are in place

For each work site evaluated as 'high impact,' we used banners, posters, public meetings and a website updated with progress reports. We also provided an email address for questions and suggestions from citizens, facilitating open and ongoing dialogue.

A particularly notable project was the extraordinary maintenance of the **Assago wastewater treatment plant**. Several months before the work began, we actively engaged stakeholders such as ARPA, the Metropolitan City of Milan, neighbouring municipalities and environmental associations. Through plenary meetings and continuous collaboration, we minimised plant downtime and mitigated environmental impact with various measures, including diluting waste water with surface water.

Additionally, we initiated a collaboration with a spin-off from **Politecnico di Milano** to study the ecosystem services of the **Olona river**. The high level of interest from local authorities and citizens prompted renewed commitment in this area. We decided to actively contribute to the public debate by launching a detailed study on the river environment, which will be presented to stakeholders at a public event in 2024.

Ongoing dialogue with the community

[GRI 413-1]

We continue to build an active dialogue with users and residents of the area through direct communication, aiming to establish a relationship of trust and ongoing engagement.

'Diventare Smart ti premia': a competition rewarding users that 'go smart'

From October to December, we offered citizens the opportunity to participate in the 'Becoming Smart Rewards You' contest, designed to increase users' level of digital engagement. This competition rewards four online activities related to service provision: website registration, activation of online billing, bank direct debit for bills and meter reading.

120,000
Informational letters sent to households to explain how to participate in the competition

1
Social media campaign

850
Customers registered for the competition

268
Actual conversions

LASERWALL

In 2023, we implemented 'Laserwall,' the first interactive notice board for condominiums in the Metropolitan City of Milan. This technology allows users to view the chemical analysis of their domestic water, report anomalies in real time, and receive continuous updates on interventions and construction projects within the water and sewage networks. In 2023, these spaces were used to convey company communications, particularly on topics related to water, responsible resource use, climate change, and to promote our podcasts **'Capirci un Tubo'** and **'Tempi Sbagliati 2',** which focus on the climate crisis and the impacts on water resources from the **'Save the Water'** campaign.

2,730
Laserwall notice boards used to convey our informational campaigns throughout the Metropolitan City of Milan

WASQ

WASQ (Workshop, Ambiente, Spettacolo e Quartiere) is a cultural and environmental initiative that livens up the neighbourhoods of Barona, Abbiategrasso, Stadera, Chiesa Rossa and San Cristoforo in Milan. It is a widespread festival aimed at reinvigorating local life through a series of events that promote interaction and environmental awareness. The initiative is carried out in partnership with Legambiente and Teatro Menotti, with valuable support from Fondazione Comunità Milano. In 2023, the following activities were successfully completed:

- 2 walking tours in the neighbourhood;
- 3 horticulture seminars;
- 2 book presentations;
- 1 musical concert;
- 4 theatrical performances;
- 3 workshops with associations;
- 3 thematic meetings.

Missione 2033

To support biodiversity, reduce the ecological impact of digital technology, and promote diversity and inclusion within the company, we have implemented the winning projects from the NOIDICAP Missione 2033 competition. This co-design programme focuses on three fundamental areas of sustainability: People, Planet and Partnership.

In 2023, we completed the three initiatives selected from the competition launched in 2022, which saw participation of 67 people from CAP Group, organised into 11 working teams.

Mission PEOPLE - Winning Project: 'Acqua in CAPsule' by the Innovatori ma non troppo team
This project involves the installation of multimedia screens in several primary schools in the Metropolitan City of Milan to educate students on the responsible use of water resources, engage them in learning about the integrated water cycle, raise awareness about waste and reassure them about the quality of tap water. The reference school was chosen through a competition.

Mission PLANET - Winning Project: 'TecnoGrabber' by the Spring-Clean team
This project involves the installation of TecnoGrabber systems designed to capture solid waste during stormwater runoff. Due to their versatility, they can be installed on pipes of any shape and size.

Mission PARTNERSHIP - Winning project: 'Un mondo migliore per un risparmio assoluto' by the Green Bresso team
This is a feasibility study for the development of microturbines that recover energy from hydraulic drops. These systems have a low environmental impact and do not impose limitations or modifications on the primary use of the watercourse. The generated electricity could be used to power the lighting systems of CAP's treatment plants or charging stations for a potential fleet of electric vehicles.

Corporate volunteering

[GRI 413-1]

Corporate volunteering is a strategic partnership between the company and the community through which the company encourages the active and tangible participation of its employees in local community life and support for non-profit organisations. In 2023, we promoted a structured corporate volunteering programme, highlighting our commitment to social responsibility and strengthening our ties with the community.

National Centre for Audiobooks

A group of 56 people from CAP Group created 7 audiobooks for children and young people with severe visual impairments, covering genres from fiction to non-fiction, making literature accessible to everyone.

Polisportiva Cassina Nuova

We dedicated two days to sports volunteering, participating in soccer activities organised for young people with disabilities. Our volunteers played alongside and assisted the 'Special Athletes,' sharing moments of sports and integration.

CBC Basket Corbetta

For another two days, we supported CBC Basket Corbetta. The association promotes 'baskin,' a variant of basketball that includes both players with and without disabilities. Our volunteers worked as assistant coaches and players, reflecting our team spirit and commitment to inclusion.

As an extension of the corporate volunteering programme, a registry of associations was established, allowing all our people to recommend non-profit organisations they are familiar with.

Sponsorships, donations and contributions to the community

SENSITIVE

[GRI 413-1]

We support local government bodies and associations to enhance the community, fostering social promotion opportunities aligned with the company's goals. In 2023, approximately **€160,000** was allocated as follows:

25% Memberships and partnerships

20% Cultural initiatives and events

55% Institutional and local initiatives

€160 thousand
invested in 2023

€12 thousand
in donations and contributions

Approximately **€ 12,000 were also provided in donations** and contributions to non-profit associations and foundations.

'Valori in campo': when values take the field

In 2023, we continued our commitment with the project 'Valori in campo: la sostenibilità in gioco', with a two-year investment (2022-2024) of €240,000 to support clubs and associations in the Metropolitan City of Milan that engage young people in sports activities while promoting environmental awareness, gender equality and social inclusion.

In the new edition, four categories were awarded:

- **women's sports:** to promote sports for women at all levels and support gender equality;
- **special projects:** to support integration and combat discrimination, with a particular focus on at-risk groups;
- **other sports:** to explore various types of sports activities, including those less well-known;
- **soccer:** which included a project dedicated to women's football among others.

12
Sports included

14
Selected sports organisations

21
Municipalities involved in the Metropolitan City of Milan

FORESTAMI

Through our collaboration with Parco Nord Milano, we are committed to supporting various reforestation and environmental sustainability activities through the following actions:

- planting 1,350 forest trees provided to Parco Nord Milano;
- planting 60 instant trees, including their purchase and transport;
- completion of the 'Apistrada' project planned for Via Branca in Dairago;
- compensation for failures of forest, ornamental and instant species in 'Let's Green' project winning municipalities;
- preparation and implementation of reforestation projects to offset CO_2 emissions.

Inclusion, satisfaction and responsibility of users

[GRI 3-3]

From digitisation initiatives to service personalisation, we are committed to building a relationship of trust and transparency with our users, acknowledging their crucial role in guiding our policies and practices towards a sustainable and inclusive future.

The values of inclusion, satisfaction and responsibility of our users are fundamental to our company's mission. We emphasise our commitment to delivering quality service while adhering to the principles of transparency, fairness and innovation. Customer satisfaction is at the heart of every initiative, while social responsibility guides our daily actions.

Material topic	What it is
Inclusion, satisfaction and responsibility of users	Developing initiatives to prevent and reduce potential impacts related to user health and implement a customer relationship management system capable of providing guidance for the development and improvement of satisfaction, responsibility and inclusion.

We are continuously committed to screening and improving the quality of our services. We use advanced monitoring systems to gauge **customer satisfaction** through surveys, including **mystery client** surveys.

Additionally, all technical and contractual quality indicators are consistently monitored, with quarterly reports shared both with external control bodies and internally.

Mystery Client surveys: an evaluation technique that employs individuals, known as mystery clients, to measure the quality of service or compliance with standards. Posing as ordinary customers, they gather detailed information about the customer experience, such as interactions with personnel and service quality, to provide objective feedback to companies.

Additionally, we implement an annual **plan of targeted** to support broad business actions. This includes a dedicated research observatory that systematically and dynamically measures a range of important indicators.
Through continuous monitoring of our interactions with stakeholders, we ensure effective management of relevant issues and implement **targeted improvements** such as:

- expanding our methods of contact;
- increasing online service options;
- enhancing communication regarding rates, consumption and
- responsible consumption practices.

Our users

Number of users	UoM	2023	2022	2021
Number of household users	No	232,937	229,670	229,338
Number of public users	No	10,163	9,622	9,436
Number of agro-livestock users	No	883	868	879
Number of utilities for other non-residential uses (business, commercial, professional, etc.)	No	37,252	36,552	36,900
Number of connections for firefighting and work site use	No	12,274	12,070	12,215
Total number of connections	No	293,509	288,782	288,768

Customer services

We strive to continuously improve the services we offer to customers by making communication channels more accessible and intuitive to effectively meet the needs of digital evolution.

Activation in self-care mode
Customers can now activate their supply independently through the secure area of our website, using remote digital signatures. This process eliminates the need to print and physically send documents, greatly simplifying the procedures.

Web portal
In 2023, the CAP Group website recorded over 1.3 million views, with nearly 50% concentrated in the customer area. This is double the previous year's figures, demonstrating an increasing use of the portal for managing utilities.

Social media
Social media sites, particularly Facebook, are effective tools for providing quick support to customer inquiries.

Online bill
We promote the adoption of online billing to reduce paper consumption and environmental impact. By the end of 2023, 52.17% of active accounts (153,121) had adopted this service.

Customer experience
We place the customer experience at the heart of our strategy, paying attention to every detail of the relationship, from the initial request to the fulfilment of the service.

NEMO and SAFO
Two centralised systems, continuously updated to ensure increasingly efficient service. NEMO manages the scheduling and execution of appointments and work, while SAFO monitors customer needs and requests in real-time.

An automatic post-service questionnaire allows us to assess customer satisfaction and identify areas for improvement.

Satisfied customers

We assess the quality of our services and customer satisfaction annually through a survey that uses an internationally recognised methodology. This helps us identify areas for continuous improvement.

In keeping with previous years, the survey was conducted via telephone using the CATI (Computer Aided Telephone Interviews) methodology, with quotas established to ensure that the sample was representative of CAP's customer base.

The results of the 2023 survey confirm an increase in overall satisfaction, with an index of **97.1%**, slightly higher than the 94.6% in 2022. All areas of the service assessed showed a high level of satisfaction.

Customer satisfaction data	UoM	2023	2022	2021
Customer satisfaction index	%	97.1	94.60	97.70

Perception of water quality assessed through user surveys	UoM	2023	2022	2021
Percentage of satisfaction with water quality	%	92.5	89.50	93.90

Overall perception index

In 2023, the overall perception index shows a high level of satisfaction with the service provided, with a result of 89.55.

Customer satisfaction data	UoM	2023	202291	2021
Overall service perception index[92]	%	89.55	88.91	85.20

Commercial policies

We pay close attention to the requests of the community in which we operate and are committed to understanding the growing needs and new requirements arising from ongoing demographic and social changes.

In providing increasingly efficient and high-quality service to our customers, we aim to address emerging social vulnerabilities.

In 2023, we continued to promote water conservation through a series of significant initiatives:

- **distribution of water-saving kits:** we delivered 1,561 kits to households to help them reduce water consumption;
- **sub-metering:** this measure increased awareness of individual water usage.

This year, we implemented 480 sub-meterings, including 4 in large apartment buildings, thereby improving water management and responsibility.

- **activation of new individual accounts:** with 729 new individual accounts activated, we encouraged greater accountability in water consumption among people.

Tariff management and commitment to sustainability in water services

We operate with a clear responsibility towards our customers, managing risks and impacts related to inclusion and satisfaction through contractual agreements with ATO and adhering to ARERA's directives. These requirements, updated periodically and mandatory, include:

- Technical quality standards;
- Contractual quality standards and the Service Charter;
- Tools and procedures for consumer dispute resolution;
- Detailed tariff mechanisms and regulations.

This system enables us to ensure a fair and accessible service, monitoring and adjusting our practices to best meet community needs and comply with regulatory standards.

Accessibility and digitisation of services

We have made significant strides in enhancing the accessibility and digitisation of services for our users with new tools:

- **chatbots** to efficiently respond to user inquiries;
- **SPID digital identity access** to the customer reserved area of the CAP Group website;
- **digital signatures** for contract signing, making the process faster and more secure;
- **PagoPA payments** to simplify and secure bill payments;
- a virtual assistant for greater interactivity and immediate support;
- **more language options** with website translations into various languages, including English, Arabic and Chinese;
- **inclusion of people with disabilities** with tools dedicated to blind and deaf individuals, including Braille contracts and telephone transcription systems, to ensure our services are accessible to all users.

[91] The data from 2022 has been revised following the annual recalculation.
[92] The index was calculated based on quantitative evaluations determined by the percentage of compliance with the main standards of the Service Charter and qualitative evaluations from the Customer Satisfaction survey, as outlined in the Technical Guidelines governing the relationship between ATO Metropolitan City of Milan and CAP Group.

Support for vulnerable users

The increasing economic and social instability has exacerbated inequalities and vulnerabilities, leading to a rise in payment delays from users. To ensure that everyone has access to water under economically sustainable conditions and to address the diverse needs of individuals, we have adopted specific support measures for users most exposed to economic risks in the municipalities of the Metropolitan City of Milan.

These measures complement the 'social bonus' allowance established by ARERA:

- **supplementary water allowance:** an additional financial support to ARERA's 'social bonus' allowance;
- **bill instalments:** we offer the option to spread out the payment of bills starting from a minimum amount of € 80.

CAP Group is actively committed to promoting the universal right to access water and water services.

In order to support the most vulnerable users, in 2023 we distributed the following amounts:

€ 2,117,296.26
'Social bonus'

€ 1,678,604.21
Supplementary allowance

€ 3,795,900.47
Total amount

In 2023, we handled **5,927 requests for instalment plans**, agreeing on a repayment plan with the interested parties on average within 3 days of receiving the request.

The total amount of instalments reached €23,733,775, marking an approximately 27% increase compared to 2022. This significant rise was particularly evident for residential and condominium accounts.

Number of bills on instalment plans by type of service	UoM	2023	2022	2021
Residential	No	13,254	13,086	10,421
Public	No	360	330	409
Agro-livestock	No	100	61	97
Other non-residential uses	No	1,772	1,903	1,871
Fire-fighting and work site use	No	357	369	321
Total	No	15,843	15,749	13,119

Economic value of bills on instalment plans by type of user	UoM	2023	2022	2021
Residential	€	19,677,210.32	15,971,567	8,284,423.27
Public	€	560,806.10	124,718	425,637.03
Agro-livestock	€	84,100.62	33,878	79,229.01
Other non-residential uses	€	3,009,358.59	2,087,788	1,446,239.05
Fire-fighting and work site use	€	402,299.32	445,017	322,702.57
Total	€	23,733,774.95	18,662,968	10,558,230.93

Tools for saving delivered to families	UoM	2023	2022	2021
Number of tools delivered (cumulative from 2019)	No	5,156	3,595	2,155

[93] In addition to the national 'social bonus' provided by ARERA, the Ufficio d'Ambito (ATO Office) of the Metropolitan City of Milan made use of the option under Article 8 of the TIBSI (Consolidated Act on the Social Water Bonus) and established a local-level supplementary allowance for water bills, with Resolution No 5 of 11/06/2018. With Resolution 26/2022/CdA of 26 June 2022, the same office confirmed the amount of the said supplementary water allowance, set at 15 €/year for each member of a household in economic hardship, and also confirmed the new mechanism for automatic recognition of beneficiaries.

Hidden Leaks Fund

The Hidden Leaks Fund is a **minimum protection** tool established by Regulatory Authority ARERA **to mitigate the risk of facing burdensome bills** due to hidden water leaks. This fund is available to all customers in the event of undetectable water leakage that occurs in the plumbing system beyond the meter. This service complements the minimum protection guaranteed by ARERA, providing more effective support and contributing to a further reduction in the bill amount. All individuals holding a drinking water supply contract with CAP Holding can enroll in the Fund, provided they have a water meter installed. In addition to assisting customers with bill payments, the initiative promotes awareness of water consumption and the reduction of waste.

As of 31 December 2023, **157,449 users**, i.e., **53.64%** of managed users, benefit from the coverage provided by the Hidden Leaks Fund.

Our external communication strategy

In 2023, we focused on strengthening our established positioning in the water sector. This effort involved a renewed emphasis on water, exploring its multiple facets, consolidating the themes traditionally at the core of our communication, and identifying new opportunities to grow and improve our reputation.

We integrated themes such as infrastructure innovation and technological improvement of our plants into our narrative. These were complemented by relational efforts focused on economic impacts, such as job creation, the supply chain and local economic contributions,as well as environmental impacts like biodiversity and watercourse protection, and social impacts like work projects and odour management.

The communication plan developed for 2023 revolves around three main macro-themes, with specific actions for each area:

- water as technologically advanced infrastructure;
- water as an element affected by, and capable of influencing, the climate crisis and anthropic and social pressures;
- water as a builder of relationships and a generator of tangible impacts.

The corporate campaign

'Futuro Presente' is the guiding theme of our corporate campaign. We continue our journey through the circular economy and towards the ecological transition to become a true "green utility building today the world of tomorrow," as our tagline emphasises.
This year, the campaign highlighted specific areas of action, including sustainability, rewaste and local engagement, through various initiatives:

- Online and offline advertising campaign;
- Digital adverts;
- Digital TV.

These efforts produced approximately 430,000 impressions[94].

Ecomondo 2023

In 2023, Gruppo CAP participated in the Ecomondo Expo through a strategic sponsorship. This approach allowed the company to gain visibility in discussion panels and through the display of its logo and an institutional video. During the event, we took an active role by participating in various initiatives:

- 7 calls for paper;
- 2 contributions to the Green Economy General Assembly;
- 11 conferences, one of which was sponsored.

[94] An 'impression' is the number of times a text, video, webpage, banner or any other web content has been viewed by users.

Podcasts

After the success of 'The Source,' our first podcast, and the initial seasons of 'Tempi Sbagliati' and 'Capirci un Tubo', in 2023 we decided to launch a new season of both podcasts. These podcasts explore urgent topics like climate change, water waste and mindful water usage, reaching a total of 27,000 unique listeners during their broadcast period.

'Capirci un Tubo 2'
This podcast delves into the present and future of our planet through the lens of science. Hosted by science communicator Alberto Agliotti, 'Capirci un Tubo' is a daily podcast series with ten episodes available on all platforms. It offers a fun, simple and accessible journey through the most critical challenge facing our planet: understanding ongoing phenomena, attempting to contain them and possibly even reversing the trend.

'Tempi Sbagliati'
'Tempi Sbagliati: alle prese con la fine del mondo' (The wrong time: dealing with the end of the world) gathers testimonies from young people who are acutely aware that time is running out to change our course. This investigation into Generations Z and Alpha is led by Sofia Pasotto, a young environmental communicator and TikToker. Over six episodes (plus a special one), she highlights the different ways her peers confront the present and look towards the future.

27,000
Total unique listeners

FAST Ambiente Academy

The collaboration with FAST Ambiente Academy - Federation of Scientific and Technical Associations, involved the engagement of technical experts from CAP Group in **three technical webinars** and two guided tours of waste water treatment plants, reinforcing our commitment to sharing knowledge and sustainable practices.

Water treatment has a new future

On 10 October, we organised the international conference 'Sanitation Safety Plan: Innovation and Sustainability in the Reuse of Treated Water.' This event served as an important platform for discussion and exchange with international experts from research, institutions and water management sectors. Participants discussed achievements and future opportunities provided by Regulation (EU) 741/2020, which establishes various possibilities for the reuse of treated water, from irrigation of raw food crops to industrial and environmental reuse, with tailored quality requirements and controls.
The conference featured:

- 19 renowned international speakers;
- 150 attendees in person;
- 279 participants connected remotely.

Editorial partnerships

Editorial collaborations play a crucial role in strengthening our institutional positioning. Among the key initiatives:

- collaboration with Il Sole 24 Ore financial newspaper to promote themes of innovation and sustainability to a specialized audience and to connect with the Confindustria network;
- partnership with the RCS network, focusing on 'Pianeta 2030' and sustainability;
- involvement in national newspaper Repubblica's Green & Blue circuit, dedicated to environmentalism and the circular economy.

Social media presence and communication

CAP Group's presence on social media platforms continues to be essential for strengthening brand awareness and fostering direct dialogue with citizens. LinkedIn, in particular, experienced significant growth due to dedicated content that highlights the company, its talents and its managers. In 2023, CAP's social media presence recorded an **overall increase of 18.7%**, reaching **43,457 active contacts**.

20,450
followers (+15%)

946
followers (+0.42%)

19,114
followers (+17.4%)

1,947
followers (+18.7%)

Results of digital communication

'Ricomincia da CAP'

The employer branding social campaign communicated through memes reached over 179,000 people in December alone, generating 12,188 unique clicks.

Promotion of commercial services

Campaigns for services such as the Online Bill and the My CAP app reached 3.5 million citizens.

My CAP

Our app recorded a 23% increase in active users, reaching a total of 35,600, thanks to the support of social media campaigns.

Tap water

Our blog garnered over 450,000 views in 2023, demonstrating strong reader interest in water and sustainability topics.

Website

Our portal has surpassed 170,000 unique users with over 1.3 million views, including the Chinese language version and the new CAP Evolution website.

Google My Business and online visibility

The 231 Google My Business listings, including water cases and treatment plants, totalled nearly 500,000 views and an average rating of 4.2 stars, demonstrating the effectiveness of our online presence.

Digital platforms' users and visitors[95]	UoM	2023	2022	2021
Followers on social media	No	43,457	36,618	28,223
Number of website views	No	1,362,166	1,751,632	2,565,402
Number of views of Acqua del rubinetto (Tap water) website	No	452,980	792,374	1,157,319

[95] The transition in 2023 from Universal Analytics (UA) to Google Analytics 4 (GA4) for data analysis and mining has caused discrepancies in the comparison of 2023 vs. 2022, as the two systems use metrics with different definitions, which can vary from one activity to another based on various factors. The discrepancies can range from 10% to 20%.

Sustainable supply chain management

[GRI 3-3]

Responsible supply chain management makes a significant contribution to sustainable development by supporting the circular economy, environmental sustainability initiatives, energy efficiency, gender equality and the reduction of inequalities, while also fostering innovation and research.

In 2023, we made substantial changes to our procurement procedures to strengthen the adoption of best practices, in line with our Sustainability Plan.

Material topic	What it is
Sustainable supply chain management	Encouraging the development of responsible practices among suppliers to mitigate negative impacts along the value chain, ensuring respect for human rights and promoting initiatives that consider social and environmental dimensions. This approach aims to create an inclusive environment, enhance reliability and safety, encourage emission reductions, and stimulate the development of innovative approaches in support of circular economy growth.

In the special services sector, we rigorously apply the Public Procurement Regulations. We share the values of our Integrated Management System with suppliers, requiring them to sign our Integrated Policy and related procurement information. This occurs both when participating in a tender and at the time of registration in the Supplier Register, ensuring their full awareness and acceptance of our policies. Additionally, suppliers commit to adhering to our **'Diversity, Equity, Inclusion and Equal Opportunity Policy'** and to being informed about the provisions of Legislative Decree No 231/2001, and specifically the **'Ethical Commitment of CAP Group'** document.

ISO 20400:2017

In 2023, with the adoption of the ISO 20400 standard for sustainable procurement, we strengthened the integration of sustainability into our purchasing policies, committing to:

- **enhance procurement** by using sustainable purchasing as a strategic tool to positively influence the external environment and seize new opportunities;
- **adopt a structured approach** based on the **ISO 20400** standard, promoting consistency, sharing, and collaboration in relationships with suppliers and stakeholders;
- **encourage synergy between company departments on sustainability issues**, integrating processes and harmonising purchasing policies and strategies to foster continuous improvement and monitor performance.

The new Vendor Rating

[GRI 3-3]

Through Vendor Rating, we monitor the sustainability levels of our suppliers, assigning scores based on sustainability KPIs. This allows us to select the most virtuous and sustainable suppliers, ensuring transparency and promoting virtuous behaviours along the entire production chain, while respecting market opportunities.

Since January 2023, Vendor Rating has evolved from an anti-bribery tool into a driver of sustainability policies, aligning with regulatory developments and continuous improvement in ESG matters, both for our Group and our suppliers. Over the course of the year, we enriched Vendor Rating with new KPIs from our **Sustainability Plan**, linked to the **17 United Nations Sustainable Development Goals**.
This new system evaluates suppliers not only based on their certifications but also based on their operational practices that promote sustainability within their companies and in their performance. This also includes the assessment of any non-compliances and penalties assigned by the RUP in case of poor performance, fostering continuous improvement and encouraging the adoption of sustainable practices.

Anti-bribery: the term refers to the practices and strategies implemented to prevent, detect and combat acts of corruption and bribery within an organisation. It includes compliance with laws and regulations that ensure transparency and integrity in business operations.

The new Vendor Rating system, launched in January 2023, is designed to strengthen sustainability in our supply chain through two main objectives:

- raising awareness among suppliers, guiding them on a progressive journey towards sustainable growth;
- promoting sustainability policies through procurement.

The Vendor Rating encourages suppliers to improve their performance in six key areas:

Environment | Innovation | Sustainability | Human Rights | Lawfulness | Security

Assigning a specific score in the assessment questionnaire increases the likelihood that suppliers will be selected for public procurement procedures, allowing the integration of sustainability considerations with the principles of transparency and market access defined by the Public Procurement Code. The value of this tool extends beyond merely assigning a score; it demonstrates our commitment, as well as that of our suppliers, to greater sustainability. This approach encourages virtuous behaviour along the entire supply chain and strengthens the synergies developed over the years with suppliers, who are key players in this change.

Collaboration agreements

[GRI 3-3]

As part of our commitment to sustainable and responsible procurement management, we have adopted Collaboration Agreements as a strategic tool within our five main Framework Agreements on a voluntary basis. Through these agreements, we finance the sustainable actions implemented by suppliers, encouraging virtuous behaviour along the entire production chain. This initiative, aligned with our Sustainability Plan, aims to strengthen cooperation among participants, increase contractual efficiency, prevent conflicts, and maximize the public value of contracts.

We have set **ten specific goals** to promote sustainability practices, social inclusion, environmental protection, lawfulness and workplace safety, as well as to encourage the participation of small and medium-sized enterprises and the adoption of sustainable procurement approaches. Successfully achieving these goals within three years of signing the agreements will allow contractors to benefit from specific rewards, including **reputational advantages, contract expansion** through options for additional work, and an **improvement in their rating within our Supplier Register.**

10
Collaboration agreement objectives

ESG criteria used in supplier selection

LAWFULNESS
Promoting good practices such as initiatives related to the fight against organised crime, mafia and corruption.

INCLUSION AND SECURITY
Protecting the most vulnerable and fragile groups, such as young people, women, disadvantaged individuals, people with disabilities and refugees, as well as defending workers and the communities in which they live. Promoting safe workplaces.

MITIGATION AND ADAPTATION
Combating climate change by strengthening resilience and the capacity to adapt to climate-related risks and changes. Promoting more sustainable and less polluting supply chains, also by working with suppliers who are committed to environmental efficiency through sustainable resource consumption.

INNOVATION
Enhancing scientific research through suppliers capable of promoting eco-innovation in partnership with CAP Group and creating shared value within the social and territorial context.

Compliance management and supplier assessment

[GRI 3-3, 308-2]

Any non-compliance actions by suppliers during the management of a contract, such as violations of **SA 8000, ISO 14001, ISO 45001, ISO 20400 or Model 231** standards, may lead to the issuance of a non-compliance notice. Serious non-compliance issues can result in the suspension or removal from the Supplier Register. Supplier improvements in sustainability are monitored through the Vendor Rating system, which involves a dual evaluation:

- during registration: evaluation of reputational criteria that can be continuously updated throughout the registration validity period;
- contractual phase: evaluation following the issuance of the Certificate of Regular Execution (CRE).

In major Framework Agreements, a **six-monthly review** of progress towards achieving set targets is required. To support suppliers in this process, a collaboration manager has been established to ensure continuous monitoring and assistance in meeting sustainability goals. Throughout 2023, no significant negative impacts were reported for any supplier in the year under review.

Procurement management

At CAP Group, we select suppliers not only based on economic offers but also by considering whether the quality-price ratio ensures high-quality standards. In 2023, we adopted the economically most advantageous offer procedure for **63 of the 104 published calls for tenders**, thus prioritizing the best balance between cost and quality of services and products purchased.

We manage purchase requests through advanced **ERP** (Enterprise Resource Planning) **systems**, ensuring the tracking and monitoring of all stages of the process. The various departments or facilities within the Group identify the need, while the buyers from the General Counselling and Procurement Management, in coordination with project managers from the Management Department, conduct a compliance review. This process identifies the best available economic operator on the market, in line with the specified needs, regulations and company procedures.

A key element is the clear separation between those who request the procurement and those who select the supplier, an important safeguard under Legislative Decree 231/01 and transparency and anti-corruption regulations.

Furthermore, the new organization of the General Counselling and Procurement Management has led to the consolidation of the Execution Office, which now aims to provide constant administrative and legal support to the **Sole Project Managers, Work Directors** and **Executive Directors** of various contracts. This organisational evolution strengthens our commitment to continuously improving procurement management.

Also in 2023, we maintained contract management practices inspired by the principles of effectiveness, efficiency and sustainability.

Synergies and network agreements

2023 was a significant year for CAP Group in activities managed on behalf of third parties. For several years, our Group has been actively involved in extended collaborations, especially through tenders carried out in synergy with other companies within the Water Alliance - Acque di Lombardia. We continue to maintain an open and coordinated dialogue with them through the publication of joint calls for tenders and constant updates on legislative and market developments.

Since October 2021, we have intensified these efforts by signing a network contract with Alfa S.r.l., a company within the Integrated Water Service of the Varese province, leading to the creation of a unified network office for the General Counselling and Procurement Management. Additionally, we formalised a service contract for the management of tenders and the qualification system with Neutalia S.r.l., a new company in which CAP holds a 33% share of the capital.

Subcontracting activities

We limit the use of subcontracting, as it is inherently a tool at risk of mafia infiltration. In 2023, the total value of subcontracting reached 6.4% of the value of supplies.

These are managed with the utmost commitment to ensure transparency and traceability in all activities carried out by the network of companies.

Subcontracting	UoM	2023	2022	2021	2020	2019
Value of subcontracting	millions of €	18.10	14.30	12	7.30	10
Percentage on the total of awarded contracts	%	6.4	5.6	7	4.50	17

Our suppliers

[GRI 204-1]

Suppliers registered in the qualification system	UoM	2023	2022	2021
Total	No	1334	1372	1170

Value of supplies

[GRI 204-1]

		2023		2022		2021	
Active suppliers by geographical area[96]	UoM	Value	%	Value	%	Value	%
Milan	No	433	88.01	342	83.62	335	83.54
Monza and Brianza	No	34	6.91	40	9.78	38	9.48
Pavia	No	13	2.64	12	2.93	14	3.49
Varese	No	12	2.44	15	3.67	14	3.49
Total active suppliers in the served provinces	No	492	84.54	409	91.91	401	86.05
Active suppliers from other provinces in Lombardy	No	90	15.46	36	8.09	65	13.95
Total active local suppliers[97]	No	582	79.73	445	64.21	466	66.57
Other regions (outside Lombardy)	No	123	16.85	221	31.89	215	30.71
Outside of Italy	No	25	3.42	27	3.90	19	2.71
Total	No	730	100	693	100	700	100

[96] 'Active suppliers' are suppliers who had at least one active contract during the reference year.
[97] 'Local suppliers' are suppliers with a commercial headquarters in Lombardy.

		2023		2022		2021	
Active suppliers by product class	UoM	Value	%	Value	%	Value	%
Goods and Services	No	652	89.32	577	83.26	568	81.14
Labour	No	24	3.29	27	3.90	47	6.71
Professionals	No	50	6.85	85	12.27	82	11.71
Gas and energy	No	4	0.55	4	0.58	3	0.43
Total	No	730	100	693	100	700	100

		2023		2022		2021	
Value of supplies by geographical area	UoM	Value	%	Value	%	Value	%
Milan	millions of €	140.41	90.25	164.86	89.78	69.30	79.75
Monza and Brianza	millions of €	5.81	3.73	5.33	2.90	8.70	10.01
Pavia	millions of €	6.55	4.21	1.65	0.90	0.50	0.58
Varese	millions of €	2.81	1.81	11.79	6.42	8.40	9.67
Total value of local supplies	millions of €	155.58	70.68	183.63	91.31	86.90	65.58
Active suppliers from other provinces in Lombardy	millions of €	64.55	29.32	17.47	8.69	45.60	34.42
Total local active suppliers	millions of €	220.13	78.05	201.10	78.83	132.50	76.15
Other regions (outside Lombardy)	millions of €	60.55	21.47	53.36	20.92	41	23.56
Outside of Italy	millions of €	1.35	0.48	0.64	0.25	0.50	0.29
Total	millions of €	282.03	100	255.10	100	174	100

		2023		2022		2021	
Value of supplies by product category	UoM	Value	%	Value	%	Value	%
Goods and services	millions of €	156.57	55.52	85.70	33.59	104.40	60
Labour	millions of €	68.10	24.15	66.30	25.99	59.60	34.25
Professionals	millions of €	6.68	2.37	6.30	2.47	4.50	2.59
Gas and energy	millions of €	50.68	17.97	96.80	37.95	5.50	3.16
Total value of supplies	millions of €	282.03	100	255.10	100	174	100

Assessing our suppliers

INNOVATIVE

[GRI 308-1, 414-1, 414-2]

In assessing suppliers, we continue to use criteria related to Gender Procurement (i.e., the proportion of women employed in an organisation) and the holding of SA8000 certification.

Gender procurement: a procurement practice that promotes gender equality by encouraging the inclusion of women and gender minorities in situations such as participating in tenders and providing goods and services, urging companies and organisations to support gender equity through their purchasing policies.

100%
New suppliers screened using environmental and social criteria

559
Suppliers in CAP Register who hold UNI EN ISO 14001 certification out of a total of 1,334

Supplier expenditure	UoM	2023	2022
Total expenditure on relevant suppliers	thousands of €	57,186.78	17,7758.25
Expenditure on relevant active suppliers assessed with social criteria	thousands of €	34,307.72	75,706.58
Suppliers assessed using social criteria	%	59.99	42.59

Suppliers qualified as meeting sustainability requirements[98]	UoM	2023	2022	2021
Number of suppliers qualified as meeting sustainability requirements	No	626	658	573
Total number of suppliers	No	1,334	1,410	1,170
Suppliers qualified as meeting sustainability requirements	%	46.93	46.67	48.97

Contracts managed according to Green Public Procurement standards	UoM	2023	2022	2021
Number of contracts managed according to GPP standards	No	53	53	70
Total number of contracts with MEAT (Most Economically Advantageous Tender)	No	63	91	112
Contracts managed according to GPP standards	%	84.13	58.24	62.5

[98] Suppliers holding ISO 14001, ISO 45001, SA 8000 certifications.

Disadvantaged individuals employed through social cooperatives	UoM	2023	2022	2021
Disadvantaged individuals employed through social cooperatives	No	16	10	10

In 2023, 2 contracts were signed with Type B social cooperatives, in line with the objectives of the General Counselling and Procurement Sector, for a total amount of €2,848,281.90.

Type B social cooperative: focuses on the employment integration of socially disadvantaged individuals through professionalisation paths, with the goal of developing marketable skills in the industrial, commercial, service and agricultural sectors.

The Quality Department conducted 2 audits on suppliers, verifying the **absence of significant negative social impacts**.
The audits aimed to verify the activities entrusted to suppliers, with the goal of assessing not only the quality of the services provided but also compliance with environmental protection principles, attention to health and safety at work, social responsibility, legality, and transparency—principles that CAP Group shares with its suppliers as part of its integrated management system.

Inspections

In 2023, **440 supplier audits** were conducted at CAP Group work sites, focusing on health and safety, environmental aspects and SA 8000 standards:

- 351 with positive results;
- 89 with room for improvement;
- 0 with negative results.

In addition, 46 workplace inspections were carried out.

INNOVATION

Connected with sustainable technologies

Relating the data and creating protective networks

174,804

smart meters installed

10

active research and development projects

over **15** mln €

invested in reducing water losses

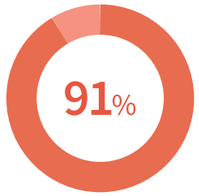
100%

sensors installed protected with cybersecurity techniques

Towards smart utility companies

Where we stand

Technological innovation continues to transform the water sector, driving towards increasingly sustainable and smart solutions. The integration of predictive intelligence into infrastructure is radically changing the way resources and economies are managed. These advanced technologies not only enhance efficiency and reduce waste but also provide a proactive response to climate change, making cities more resilient to environmental shocks.



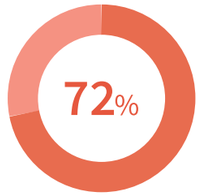
The percentage of companies intending to adopt AI in some form.[99]

300 million euro

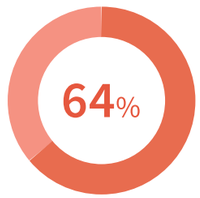
The expenditure of Italian utility companies in 2023 on technologies such as smart meters, business process digitisation, remote control, and hardware and software development for network management.[100]

What are the risks

The transition to a digital and interconnected future brings new challenges: firstly, the importance of protecting critical infrastructures from cyberattacks; secondly, scepticism towards artificial intelligence exposes us to the risk of falling behind in technological innovation.



The percentage increase in compromised data in 2023 due to the ever-growing volume of information being fed into the network.[101]

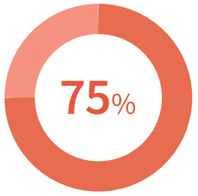


The percentage of IT managers who fear that concerns about cybersecurity might hinder investments in innovative technologies like generative AI.[102]

[99] Colt, https://www.colt.net/go/digital-infrastructure-report-2023/
[100] Utilitalia, https://www.utilitalia.it/notizia/47020551-a681-4fdb-afcb-6035350258d5
[101] World Economic Forum, https://www.weforum.org/agenda/2024/02/what-does-2024-have-in-store-for-the-world-of-cybersecurity/
[102] HPE Aruba Networking, https://www.arubanetworks.com/it/resource/innovation-vs-risk-conundrum-report/

The world to come

Emerging technologies like predictive intelligence and advanced sensing are paving the way for a revolution.



Insurance executives who believe that AI is the key to preventing security breaches.[103]

515.8 billion dollars

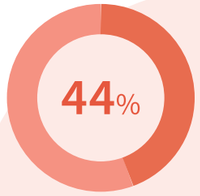
The projected increase in the global market for water and wastewater treatment technologies by 2028.[104]

Opportunities to seize

The adoption of advanced and sustainable technologies will not only enhance resilience and efficiency but also bring substantial economic and social benefits.

900 million euro

Allocated in Italy to address losses due to water leakage in the Italian water network, with the goal of modernising and improving the efficiency of the existing infrastructure.[105]



The percentage growth rate for smart meters from now until 2027, which are crucial for increasing network efficiency through data analysis.[106]

1.8 billion

The global connections to smart meters expected by 2027.[107]

In connection with stakeholders

" Digitisation and sustainability are inherently linked and form a crucial part of any company's forward-looking strategy. A business that does not integrate sustainability and digitisation into its strategy is missing a fundamental element of modern success. Digital technology enhances sustainability by driving operational efficiency. For a company to be genuinely sustainable, it must also address the strategic significance of its supply chain; without a sustainable supply chain, a true sustainability strategy cannot be claimed. Business networks can facilitate this process, enabling organizations to collaborate with their supply chains to systematically and accurately monitor carbon emissions associated with their products. As companies increasingly adopt the Zero Emissions and Zero Waste goals, I firmly believe that achieving these targets is possible through the smart application of technology."

We spoke with
Carla Masperi
CEO of SAP Italia

[103] Capgemini, https://www.capgemini.com/ch-en/news/press-releases/insurance-leaders-optimistic-about-ais-impact-on-underwriting-quality-and-fraud-reduction-but-underwriter-confidence-lags/
[104] BCC Research, https://www.bccresearch.com/market-research/environment/water-and-wastewater-treatment-technologies-global-markets.html
[105] Ministry of Infrastructure and Transport, https://www.mit.gov.it/comunication/news/pnrr-the-mit-allocates-293-mln-to-reduce-potable-water-losses
[106] Juniper Research, https://img.corrierecomunicazioni.it/wp-content/uploads/2023/03/21131525/Combatting-the-Energy-Crisis-with-Smart-Grids-whitepaper.pdf
[107] Juniper Research, https://img.corrierecomunicazioni.it/wp-content/uploads/2023/03/21131525/Combatting-the-Energy-Crisis-with-Smart-Grids-whitepaper.pdf

Digitisation and cybersecurity

[GRI 3-3]

We adopt innovative solutions to enhance our services and facilitate interaction between users and the company.

The exponential growth of digitisation represents one of the most significant challenges of our time, accelerated by recent pandemic and geopolitical events. This evolution also presents an opportunity to guide businesses and society towards a sustainable development model.

Material topic	What it is
Digitisation and cybersecurity	Promoting the digitisation and innovation of water services by identifying key infrastructure to enhance performance. Strengthening the security infrastructure to minimise potential data breaches, ensuring the advancement of technologically advanced infrastructures and their integration with IT networks essential for the efficient and effective management of water services.

In 2023, we undertook significant initiatives to **digitise our business processes**, always keeping transparency and reliability at the core-key pillars of our customer experience.
We continue to invest in technological innovation by adopting cutting-edge systems such as artificial intelligence and predictive analysis tools across various areas, including leak detection and fault analysis. This year, we have developed use cases that will contribute to a comprehensive project for creating a **data base to be processed with big data technologies**. This repository will be fed by diverse data sources and will be used to store significant events in a file to train our artificial intelligence and predictive analysis algorithms.

We have achieved a series of objectives in this area through a detailed set of initiatives outlined in our investment plan:

- **Smart Metering Project:** Aimed at real-time consumption monitoring of utility companies;
- installation of **measurement systems** for the permanent monitoring of quantitative parameters to control leaks in water networks and extraneous water in sewer systems.
- installation of **measurement systems** on aqueduct and treatment plants for the continuous monitoring of **qualitative parameters** to control the quality of the delivered water, the status of aquifers, and the water returned to the environment and entering treatment plants;
- creation of **data networks** in treatment plants: transition to 4G and 5G systems for unmanned plants to enable complex machinery connections, remote management, and process monitoring;
- integration of **ChatBot** on www.gruppocap.it;
- digitization of the **Hidden Leaks Fund Management** Process.

New smart networks and systems

Our goal is to transition the Integrated Water Service towards the dynamics of **Industry 4.0**. To meet this challenge, we have identified a series of infrastructures whose technological evolution, combined with the integration of IT networks, will significantly enhance performance in managing the Water Service. This progress will have positive environmental and economic impacts for all our stakeholders.

To make networks and systems smarter, we need to integrate information from various sources such as:

- **external environmental conditions**, such as weather and hydraulic conditions of watercourses, to prevent potential issues in managing sewer networks and treatment plants.
- **water transport networks**, to timely manage water leaks and infiltration of extraneous water.
- **plants**, to enhance remote management of processes and continuous monitoring of drinking water quality and waste water released into the environment;
- **supplier**s, allowing them, through maintenance contracts and advanced equipment, to monitor water conditions in real-time.

Digitisation of business processes

To optimise our processes, we have introduced several initiatives such as ChatBots, a software that has significantly improved our ability to handle user information requests, allowing us to focus our efforts on more complex issues. At the same time, we have launched additional communication campaigns to encourage users to adopt solutions like:

- online billing;
- joining the Hidden Leaks Fund;
- banking direct debit for bills.

These initiatives have helped reduce paper usage and the sending of printed documents.

The ongoing digitisation process is bringing significant transformations across all sectors, while also providing one of the greatest opportunities to develop a sustainable economic model.

In 2023, we made significant progress in this direction through the **Smart Metering** project and the **Unified Reading Acquisition System (SUAL** in the Italian Acronym), which includes both remote readings and photographic readings.

This system enables the automatic collection of daily readings from:

- meters connected to a **fixed network** through concentrators;
- meters with transmitters on a **mobile network** using specific protocols;
- meters read remotely via **TrashBy** technology.

SENSITIVE

Smart Metering Project

The digitisation project of CAP Group aims to transform the management of the water network, making it more efficient through the modernisation of the consumption monitoring system. We use smart meters, which enable remote reading and control, facilitating the rapid identification and resolution of leaks and significantly reducing resource wastage.

Our goal is to enhance the efficiency of our water network by upgrading the consumption monitoring system with smart meters. These intelligent meters, capable of remote reading and management, allow us to promptly identify and address any leaks, significantly reducing waste.
Since 2017, we have been replacing outdated meters with new smart meters.

2023 Results

- **101,492** households equipped with smart meters
- **60.5%** of total meters are smart meters
- **174,804** total devices installed

Households that have installed a smart meter	UoM	2023	2022	2021
Residential users with a smart meter	No	101,492	98,056	87,390

Trashby Project

To tackle the challenge of implementing and maintaining a data collection network in areas with widely distributed measurement points, we have opted to use technologies that require physical proximity between the reading device and the meters. This means that the remote reading device must be physically close to the smart meter to function correctly.

To make this process more efficient, we decided to leverage waste collection vehicles, which already travel regularly and frequently throughout the area. By integrating automatic reading devices onto these vehicles, we can collect meter readings without needing a dedicated service solely for this purpose.

This mechanism, which we named TrashBy, involves installing automated reading devices on each waste collection vehicle operating in the municipality. These devices are managed by a central system, optimizing the vehicle's coverage and adding value to its primary function. We have protected this innovation with an Italian patent.

In 2024, we plan to install additional devices to expand the installed base, with the goal of collecting more data more frequently. This will help us consolidate the effectiveness of our project. Additionally, we are working to form agreements with new partners and to extend the network to more municipalities. At the same time, we are developing a more industrialized version of our TrashBy blackbox, which will facilitate installation and maintenance, making the system even more efficient.

44

Operational vehicles performing smart meter readings

83%

of drive-by reading activities saved in the respective municipalities

Drive-by reading: a system that allows operators to collect data from a vehicle simply by driving near the meters.

IT security

[GRI 3-3]

At CAP Group, we recognise the vital role of cybersecurity in safeguarding both our digital infrastructure and the sensitive information of our users. To **achieve** this, we have assembled a **dedicated team** focused on these priorities. Our event management and continuous system monitoring are managed by an external provider and supported by a Security Operations Centre (SOC) that operates around the clock, every day of the year.

Additionally, we have enhanced the security of the devices protecting our Corporate Data Centre. We monitor the resilience of our IT systems by performing vulnerability assessments and penetration tests (VAPT) on the most critical applications in our application map. Lastly, to ensure widespread awareness of cybersecurity among our people, we provide all employees with virtual training on the secure use of company devices, managing credentials and defending against fraudulent emails.

In 2023, no cyberattacks were detected.

Security Policy

[GRI 3-3]

We have introduced the **Information Security Policy**, a reference document outlining the principles, guidelines and rules to be adopted for the security of the company's IT assets, in full compliance with current laws and regulations.

The document is drafted in accordance with industry best practices, particularly the NIST Cybersecurity Framework and **ISO 27001:2013**, from which it draws inspiration for defining the Information Security Management System (ISMS).

The policy is linked to the following procedures:

ASSET MANAGEMENT AND INVENTORY
aimed to describe the lifecycle and the methods by which CAP Group's business assets are inventoried.

OPERATIONAL CONTINUITY AND DISASTER RECOVERY (DR)
to describe the technological solutions adopted to ensure the resilience of the ICT (Information and Communication Technology) infrastructure in the event of severe and/or catastrophic incidents that may significantly impair the proper functioning of the infrastructure, as well as the necessary tests and checks to ensure the functioning and improvement of the solutions.

MANAGEMENT OF ACCESS TO LOGICAL RESOURCES
regulates access to business resources by outlining the phases of assignment, review and revocation of user accounts and their associated privileges for Group people, external collaborators or technical users.

SECURITY INCIDENT MANAGEMENT
describes the activities and methods for detecting and managing security events affecting the ICT and OT (Operational Technology) infrastructure monitored by the SOC (Security Operations Centre) or reported by internal or external sources, in order to promptly and effectively respond to harmful events impacting the services provided.

SECURITY ASSESSMENT
describes the methods through which CAP manages the detection and handling of security vulnerabilities in systems and infrastructure owned by CAP, used directly or indirectly for service delivery.

Actions to safeguard the security system

INNOVATIVE

[GRI 3-3]

We have identified a series of advanced technological infrastructures that, through their connection to IT networks, will significantly enhance performance in the management of the Water Service, with positive economic and environmental impacts.

The identified interventions are the following:

- **proprietary fibre project:** to utilise the water system as a conduit for laying fibre optic cables, creating a private network between Group locations;
- **increased permanent monitoring,** expanding security monitoring systems, including additional firewall devices to protect the network;
- **increase of monitoring systems** to protect incoming e-mails against possible phishing activities, ransomware, automatic patching systems for the Server and Client side;
- **increase of systems to correlate security data** in order to predict possible critical issues and to monitor operations in real time;

The positive impacts of these interventions result from the secure integration of information from:

- **end-users:** to understand the needs and behaviour to provide information that promotes virtuous behaviour for resource conservation;
- **water transport networks:** to ensure the development of a private network;
- **suppliers:** to enable more efficient maintenance of highly complex machinery and equipment through real-time maintenance status monitoring.

Implementation of cybersecurity on all existing sensors and installed in area [108]	UoM	2023	2022	2021
Number of installed sensors protected with cybersecurity	No	42	365	3,000
Number of sensors installed	No	42	365	3,000
Percentage of cybersecurity implementation	%	100	100	100

[108] We have implemented a dedicated VRF (Virtual Routing and Forwarding) network. This network is specifically designed for the telemetry sensors located at our sites. We are currently evaluating market products to further enhance the security of IoT devices in the field.

Remote control and control room

INNOVATIVE

Technical data aggregator dashboards - real-time analytics	UoM	2023	2022	2021
Number of dashboards	No	43	41	9
Number of remote-controlled points[109]	No	2,193		

Verified privacy violations and customer data loss reports

[GRI 418-1]

In 2023, we saw a slight decrease in complaints compared to 2022, thanks to the activation of more services and informational campaigns. This improvement is partly due to our data cleansing and updating procedures, which enable us to work with increasingly accurate information.

Number of complaints	UoM	2023	2022	2021
Verified complaints received regarding customer privacy violations	No	6	7	2

All complaints were received from external parties and were related to organizational issues; no complaints were received from regulatory bodies. The six complaints received in 2023 did not involve privacy violations in the form of data breaches and were resolved without formal complaints. Additionally, in 2023, no reports of customer privacy violations or data loss were recorded.

Generative Artificial Intelligence applications

INNOVATIVE

In 2023, we began using OpenAI's **ChatGPT** for:

- developing and testing AI instruction prompts for the project of integrating this technology into the Ameter application, aimed at the immediate identification of critical tickets to prioritise in management (currently not operational);
- creating prototypes of GPT for analysing documents related to resolutions 655, TIMSII, REMSI, and for the Group CAP Service Charter.

Prompt: in the context of Artificial Intelligence and programming, a prompt is a command given to a system to make it perform a specific operation or generate a response. In AI systems like ChatGPT, a prompt is typically a sentence or question entered by the user that directs the AI on how to respond or what information to produce based on the provided text.

Installed Generative Artificial Intelligence applications	UoM	2023	2022	2021
Number of applications	No	1	0	0

[109] We have started the reporting for remote-controlled points in 2023.

Unified Reading Acquisition System (SUAL)

The SUAL solution integrates technical data from meters in the **Infor EAM asset management system** with contract and utility information managed by the **Billing** (COM) and **CRM** (SAFO) systems. This integration also includes the **workforce management system** (NEMO), which coordinates field operations and related updates such as connections, disconnections, transitions and meter replacements

Thanks to SUAL and the updates made in meter management within asset management, we have been able to create an accurate inventory of assets (meters and radios), automate the collection of readings, effectively manage alarms from smart meters, and plan the replacement of older devices with new smart meters.

The benefits of SUAL

- monitor the performance of readings;
- provide timely services to users for any anomalous consumption;
- verify the operation of remote-read meters;
- schedule preventive or failure-related replacements.

The system also provides reports and dashboards to manage alerts from remote-read meters and successfully completed readings, and to distinguish between types of read users, contributing to more accurate and responsible management of water resources.

Webgis

In 2020, we launched the new Webgis – Acque di Lombardia system, which combines GIS (Geographic Information System) with web capabilities to map the Integrated Water Service structures in real-time. The platform is now shared with Acque Bresciane, Alfa, BrianzAcque, Lario Reti Holding, Padania Acque, Pavia Acque, SAL and Uniacque.

Webgis: an advanced technological system based on the ESRI (Environmental Systems Research Institute) platform, which enables transparent and effective dissemination of information related to water service networks. This system allows for the acquisition, mining and management of georeferenced data, facilitating intuitive and accessible access to and interpretation of geographic information.

Webgis Acque di Lombardia	UoM	2023	2022	2021
Km of sewer network covered by the system	km	33,160	36,080	32,429
Km of aqueduct network covered by the system	km	36,826	40,081	35,615
Manholes in the sewer network covered by the system	No	686,166	735,529	649,276
Wells – aqueduct network	No	5,393	5,713	4,766

Focus: Webgis CAP Group[110]	UoM	2023	2022	2021
Investments recorded on Webgis	No	90	118	139
Sewer network effluents recorded on WebGIS	No	943	904	885
Industrial effluents recorded on WebGIS	No	1,734	1,481	1,662
Extraordinary maintenance actions recorded on Webgis	No	48	109	37
Breakdown maintenance actions recorded on Webgis	No	2	5	3
As-built from third parties recorded on Webgis	No	67	97	48
Km of aqueduct and sewer network covered by Webgis	km	13,061	12,989	12,997
Well monographs recorded on Webgis	No	718	695	655
Video inspections recorded on Webgis	No	3	30	73
Drain maintenance service recorded on Webgis	No	4,856	4,861	4,328
Discharge authorisations recorded on Webgis	No	943	904	885
Sewer network manhole monographs available for query on Webgis	No	165,781	165,704	165,477

[110] ATO request - TECHNICAL REGULATIONS - ART. 26. Structure of the Annual Information Report.

Investments and innovation in inclusive, sustainable and resilient infrastructure

[GRI 3-3]

We adopt innovative and sustainable strategies that not only enhance the resilience of infrastructure but also ensure balanced and environmentally respectful urban development.

Material topic	What it is
Investments and innovation in inclusive, sustainable and resilient infrastructure	Promoting the development and creation of increasingly technologically advanced infrastructures to protect and enhance the resilience of territories against adverse weather events.

We are committed to implementing a series of strategic initiatives to make our areas better equipped to handle the impacts of climate change. In 2023, we accomplished the following:

- adjustments to sewer infrastructure according to the Investment Plan;
- scheduled maintenance of infrastructure (drain cleaning and inspection and cleaning of critical areas)
- modelling and calibration of the sewer network to identify areas requiring action;
- monitoring of the flows in the managed sewer network.

Our measures are part of a holistic approach to managing urban and water infrastructures, enhancing our ability to address the challenges posed by climate change and improving the quality of life in the communities we serve.

To track the effectiveness of actions to protect the areas, we have developed a plan that includes specific indicators in two distinct areas:

- **sewer and treatment management:** includes activities such as cleaning of leaking wells, inspection and cleaning of networks, ARERA compliance, census of white water networks, optimisation and upgrading of managed assets and early warning systems;
- **design and implementation of sewers and hydraulic invariance[111]:** involves design, execution and increasing drainage capacity.

Additionally, our Sustainability Plan aims to **increase the cities' water resilience**, with the goal of increasing the amount of water that can be drained in the areas where we operate, reaching 2.56 million cubic metres by 2033.

2.56 mln m^3

Goal to increase drainable water by 2033

[111] See the definition on p. 175.

Sewer infrastructure

We manage a complex system of sewer and white drainage infrastructure in the Metropolitan City of Milan, an activity that directly exposes us to the negative impacts associated with managing such structures. These infrastructures are highly interconnected, making it essential to have a deep understanding of their interactions. This knowledge is crucial for gaining a comprehensive perspective aimed at managing climate-related risks that affect the area.

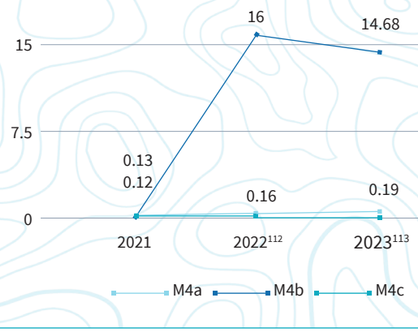
RESILIENT

Technical quality focus M4: adequacy of the sewer system

The M4 indicator monitors the adequacy of the sewer system. Specifically, it analyses:

- M4a – frequency of flooding and/or spills;
- M4b – Regulatory adequacy of sewage overflows;
- M4c – Sewage overflows control.

Adequacy of the sewer system (%)



The sewer system

Length of sewer network	UoM	2023	2022	2021
Milan	km	6,403	6,399	6,421.10
Monza and Brianza	km	55	55	55.20
Como and Varese	km	73	74	73.50
Total	km	6,531	6,528	6,549.80

[112] Effective retroactively from 1/1/2022, and therefore not affecting the RQTI classification for 2020-2021. ARERA, after consulting hearing the ATO of the Metropolitan City of Milan, contested the reason provided in the 'Accompanying Report – Technical Quality Objectives for the 2022-2023 two-year period, Intervention Programme and Strategic Works Plan (POS)' for CAP Holding S.p.A.'s maintaining class A status. ARERA deemed the interpretation of ANEA – Utilitalia guidelines (which allowed all overflow systems to be considered as compliant with current regulations) to be inapplicable since 2022, due to the subsequent drafting and approval of the Restructuring Programme, as incorporated in the Intervention Programme approved by the Assembly of Municipalities on 11/10/2022.
On 22/11/2022, ARERA issued a resolution titled "Approval of the Update to the Tariff Provisions for the Integrated Water Service for 2022 and 2023, proposed by the Metropolitan City of Milan's ATO Office for Cap Holding S.p.A. operator' This resolution, as detailed in Appendix A, modified the two-year target for macro-indicator M4, while maintaining the results achieved for the 2020-2021 two-year period. Additionally, it changed the judgement on the 2021 result of indicator M4b - Overflow Systems to be Aligned with Current Regulations, passing it from 0% to 17.63% and thus positioning CAP Holding S.p.A. in Class C.
[113] The 2022 data for M4b was corrected following the revision by ATO.

Details of the intermunicipal network and collectors	UoM	2023 Network	2023 Intermunicipal collectors	2022 Network	2022 Intermunicipal collectors	2021 Network	2021 Intermunicipal collectors
Milan	km	5,965	438	5,962	437	5,983.80	437.30
Monza and Brianza	km	0	55	0	55	0	55.20
Como and Varese	km	73	0	74	0	73.50	0
Total	km	6,038	493	6,036	492	6,057.30	492.50

Modelled and calibrated sewer projects

In 2022, we completed the calibration of mathematical models for the sewer networks in the 133 municipalities we manage. This process employs advanced hydraulic modelling software to ensure optimal management of the hydrogeological risk associated with our sewer system. The aim of the calibration is to make the models as representative as possible of the operational reality, refining them based on data collected in the field through the installation of meters at strategic points. In 2023, we continued working on the implementation and calibration of these mathematical models for the sewer networks at the agglomerate scale.

2023 Results

- 5 new models;
- 37 calibrated agglomerations out of 42;
- 88% of the target achieved.

Agglomerate scale: refers to the analysis or management of a set of infrastructures within a specific geographic area. In contexts such as sewer networks, it indicates the collective assessment and management of all interconnected structures within a given urban agglomerate through an integrated approach.

Hydraulic invariance

Throughout 2023, we continued the activities started in 2019 for the drafting of Simplified Hydraulic Risk Documents, in accordance with regional regulations governing the principles of hydraulic and hydrological invariance.[114]
Simplified documents were drafted as of 31 December 2023 and submitted for all 128 partner municipalities.

Hydraulic invariance: a principle stating that the runoff resulting from the drainage of an area must remain unchanged after construction and urbanization works that transform the land. In simpler terms, if permeable surfaces are reduced by building roads and buildings, the amount of water absorbed by the ground decreases.

We continue to provide support to external professionals appointed by municipalities to draft the Municipal Hydraulic Risk Management Studies, following the 'Guidelines for the Drafting of Municipal Hydraulic Risk Studies.' These guidelines were developed and published in 2019 on our webpage dedicated to Hydraulic Invariance.

In 2023, we initiated the drafting of these studies for 76 municipalities, with 25 already approved by their respective Municipal Councils. The data obtained from the simplified documents, along with mapped interventions, have allowed us to participate in regional calls for applications for funding focused on urban regeneration and territory de-impermeabilisation, thus laying the foundation for our ambitious project of urban area transformation and regeneration in the Metropolitan Sponge City.

Other activities carried out include:

- design services on behalf of third parties (municipal authorities or other entities) for hydraulic invariance and sustainable urban drainage works;
- integration of the SiRIC database (Information System for Hydrological Invariance and Municipal Hydraulic Risk Management) for data analysis related to design activities;
- uploading the SiRIC database to the WebGIS Acque di Lombardia platform;
- development of calculation software for designing sustainable urban drainage and hydraulic invariance works.

[114] The document is required by Article 58-bis of Regional Law No 12 of 11 March 2005.

SiRIC: a platform for the consultation and analysis of data collected during the drafting phase of the Simplified Municipal Hydraulic Risk Documents. The information contained within is the result of a process of analysis, homogenization, and completion of the data present in individual documents. It is therefore a common database that provides an overview of critical issues in the area, proposed operational solutions, and possible optimisation strategies.

Protection of areas with hydraulic risk

We have completed the necessary protection measures for all managed **drinking** water purification plants, except for the Turbigo plant. Interventions on Turbigo are scheduled for 2024.

For **treatment plants**, we have achieved positive results and completed the required upgrades. Some works are still ongoing or planned for the future:

- at the Truccazzano plant, construction of a protective wall around the facility is underway, with completion expected in 2024.
- at the Parabiago-Nerviano plant, work is scheduled to begin in the 2026-2027 period.

We conducted compatibility checks on 29 plants in accordance with regional regulations and performed a hydraulic assessment at the Rozzano treatment plant, even though it is not subject to the directive.

Hydraulic risk: in hydrology, this refers to the likelihood that very heavy or excessive rainfall, combined with the specific conditions of a given area, could contribute to causing a landslide or flood.

Plants with protected areas of hydraulic risk	UoM	2023	2022	2021
Number of plants with protected areas of hydraulic risk[115]	No	0	2	2

Green solutions and urban innovation

[GRI 413-1]

Metropolitan Sponge City

As part of the 'Metropolitan Sponge City' project, we are collaborating with the Metropolitan City of Milan to implement a comprehensive plan covering 32 municipalities, supported by NRRP funding. Through various **Sustainable Urban Drainage** actions, the project aims to enable cities to absorb rainfall, particularly during intense events, without clogging sewer systems and preventing flooding.
In 2023, we began actively engaging local administrations and residents by sharing key project details through three public presentations in Cinisello Balsamo, Arluno and Solaro, as well as an informational session at the Rho City Council.

First rainwater tanks

To tackle the challenges associated with managing precipitation, we have inaugurated the first rainwater tanks in Abbiategrasso and Paullo. These new plants , introduced in collaboration with local administrations, help manage rainfall events sustainably, mitigating the effects of climate change.

[115] The values pertain to the reference year and are not in absolute terms.

Overflow tanks

RESILIENT

In recent decades, the expansion of urbanised areas in many cities, combined with climate change and the intensification of extreme weather events both in frequency and intensity, has led to a significant increase in hydraulic risk. As a result, the need for effective solutions has emerged. Overflowing actions are positioned in this scenario as measures to mitigate frequent urban flooding.

Overflow tanks: temporary storage facilities designed to hold significant volumes of water during major weather events and release it gradually over time to manage effluents from the drainage system.

In 2023, we progressed with the design phase for:

- Novate Milanese, Via Beltrame;
- Paderno Dugnano 'Seveso River Park';
- Vanzago, Via I Maggio;
- Cambiago;
- Canegrate;
- Legnano.

Additionally, construction is underway for the tanks at:

- Parabiago, via Foscolo;
- Parabiago, cemetery area;
- Trezzano sul Naviglio, via Da Vinci.

Volume of overflowing	UoM	2023	2022	2021
Total m^3 of overflow	m^3	1,907,407	1,907,407	1,889,419

Improvement measures

INNOVATIVE

[GRI 3-3]

We have initiated significant collaborations with several municipalities in the metropolitan area of Milan, establishing **technical working groups** dedicated to **addressing issues related to urban flooding**. These meetings have led to the planning of specific actions to mitigate the identified criticalities.

In the municipalities of Canegrate, Legnano, Trezzano sul Naviglio, Sedriano, Parabiago, Busto Garolfo and Vanzago, significant design and execution works are underway to reduce the risk of flooding during significant weather events and to improve the quality of effluents into surface water bodies. These actions include the construction of overflow tanks and first rainwater tanks for flow regulation and the upgrading of sewer overflow structures, as well as enhancements to the sewer networks.

Our investments

[GRI 203-1]

CAP Group Investments	UoM	2023	2022	2021
CAP Group Investments	€	112,747,173.87	129,277,873.66	127,242,516.21

Investments with an environmental impact	UoM	2023	2022	2021
M1: Water losses	€	15,710,489.78	24,003,314.48	23,309,038.42
M2: Service interruptions	€	5,162,180.73	8,075,603.48	9,371,582.29
M3: Quality of supplied water	€	12,564,804.09	12,477,836.61	9,846,880.51
M4a: Frequency of flooding and/or spills	€	19,279,378.47	14,664,994.52	10,743,012.32
M4b: Regulatory compliance of overflow systems	€	5,084,369.59	10,365,618.31	21,665,214.15
M4c: Control of overflow systems	€	165,795.23	651,889.31	535,655.09
M5: Disposal of sludge in landfills	€	12,529,627.38	9,705,761.96	4,386,411.07
M6: Quality of treated water	€	17,513,404.57	20,581,921.10	18,646,921.10
Other/Various	€	2,388,780.21	3,435,077.63	3,918,503.73
Complementary Circular Economy (Green New Deal)	€	4,601,778.48	2,872,562.49	870,092.38
Total	€	95,000,608.53	106,834,579.89	103,293,311.06

Investment Plan	UoM	2023	2024	2025	2026	2027	Total
M1: Water losses	€	20,934,467.26	32,828,240.78	35,019,418.76	15,572,725.88	16,768,851.64	121,123,704.32
M2: Service interruptions	€	4,352,122.09	3,592,701.39	2,449,307.11	1,776,905.70	2,901,068.40	15,072,104.69
M3: Quality of supplied water	€	9,586,027.09	14,128,772.49	16,393,529.99	8,483,253.48	9,608,547.30	58,200,130.35
M4: Adequacy of the sewer system	€	21,749,179.95	31,464,115.34	40,244,996.17	30,200,469.12	40,423,437.36	164,082,197.94
M4a: Frequency of flooding and/or spills	€	15,497,596.74	20,092,373.61	18,102,942.95	6,035,444.46	7,171,932.64	66,900,290.40
M4b: Regulatory compliance overflow	€	6,063,739.16	10,762,227.83	21,783,453.69	24,165,024.66	33,251,504.72	96,025,950.06
M4c: Control of overflow systems	€	187,844.05	609,513.90	358,599.53	0	0	1,155,957.48
M5: Disposal of sludge in landfills system	€	10,872,722.12	15,447,168.20	18,983,444.60	4,181,988.38	94,949	49,580,272.30
M6: Quality of treated water	€	21,326,704.38	22,542,714.36	19,602,310.23	9,199,852.31	7,965,316.03	80,636,897.31
Other	€	15,280,634.30	12,298,016.78	10,682,004.96	11,882,848.47	9,846,953.66	59,990,458.17
Total IWS investments	€	104,101,857.19	132,301,729.34	143,375,011.82	81,298,043.34	87,609,123.39	548,685,765.08
Complementary Circular Economy	€	5,676,577	10,352,997.14	5,764,000	11,064,140	1,000,000	33,857,714.14
Grand total	€	109,778,434.19	142,654,726.48	149,139,011.82	92,362,183.34	88,609,123.39	582,543,479.22

Incidence of investments made on those planned	UoM	2023	2022	2021
Investments made as a percentage of those planned (total value plus sector value)	%	88.70	116	113.80

Research and development

Our Research and Development (R&D) policy aligns seamlessly with the pillars of the Sustainability Plan, as it identifies the following strategic objectives:

SENSITIVE

Being sensitive to both the environment and people, we focus on research topics aimed at protecting natural resources such as aquifers, as well as the environmental ecosystems of receiving water bodies, canal systems and ditches that form the surface water network.
We also promote living labs and initiatives to communicate water sector innovations to local communities, in order to address people's needs and enhance the well-being and trust of increasingly aware and demanding communities.

RESILIENT

Being resilient through the development of research projects that introduce technologies designed for 'circular processes' and tailored to our plants. These technologies enable us, for example, to reduce drinking water consumption by reusing increasing amounts of treated water from waste water treatment plants, recover valuable nutrients such as phosphorus and nitrogen, and reduce CO_2 emissions while producing greater amounts of energy.

INNOVATIVE

Being innovators through an integrated process of scouting, field validation and pre-industrialisation of new technological solutions that can enhance and optimise established processes, including within the framework of Industry 4.0.

Our project actions are designed to:

- Promote scientific and technological growth by encouraging the exchange of opportunities, information and best practices through Open Innovation, collaborating with universities, foundations, research centres and internal and external companies;
- expand operational standards across all our technical departments;
- embed innovative processes in all our activities, pushing the boundaries of what is possible today;
- foster strategic industrial collaborations with other companies through industrial symbiosis pathways;
- accelerate projects related to the circular economy, particularly in the field of water treatment, to reduce the carbon footprint;
- introduce research themes aligned with the ARERA Strategic Framework 2022-2025.

Open Innovation: a paradigm where businesses can and should leverage external resources and expertise to drive technological advancement.

Industrial Symbiosis: a form of innovative collaboration between different companies that maximises the reuse of resources typically regarded as waste in another production cycle.

Research and development projects

INNOVATIVE

Project name	Description
Circular Biocarbon	The project is co-financed by the Bio-Based Industries Joint Undertaking (BBI JU) consortium, a public-private partnership composed of the Bio-Based Industry Consortium and the European Commission. The project involves the construction of an integrated biorefinery powered by the organic fraction of municipal solid waste and sewage sludge, aimed at producing various materials for different industrial uses. Specifically, we will test field technologies for producing biodegradable polymers from the PHA family. These will then be validated by Novamont for the production of shopping bags and mulch films.
LIFE Freedom	The project is co-funded by the European Commission under the LIFE programme. It involves the construction of a plant to demonstrate hydrothermal transformation technology for sewage sludge, with potential applications in various industrial sectors. We are hosting the plant at our Cassano d'Adda waste water treatment plant and supporting the validation of the technology.
Biomethaverse	The project is co-funded by the European Commission under the Horizon Europe framework programme. It involves the development of new technologies to increase biogas production across various processes. Together with partners Politecnico di Milano, SIAD S.p.A. and Consorzio Italiano Compostatori, we will develop a case study at the Bresso-Niguarda waste water treatment plant. Here, a pilot-scale integrated system of technologies based on biomethanation and ozonolysis will be validated to enhance biogas yield from the anaerobic digestion of sewage sludge.
Biorecer	The project is co-funded by the European Commission under the Horizon Europe framework programme. Biorecer aims to develop digital tools to promote the bio-based industry by supporting the traceability and certification of secondary raw material supply chains. The case study involving us focuses on materials that can potentially be valorised through waste water treatment processes, as well as on agri-food waste that can be utilized in the same waste water treatment processes.
MicoDEP	The project is self-funded by CAP Group, in collaboration with A2A Ciclo Idrico and with scientific support from Università di Pavia and Galatea Biotech, to develop processes that use fungal strains to enhance various aspects of the municipal water purification process.
Cellulose recovery	A self-funded project aimed at evaluating a pilot technology for recovering a cellulose-rich sludge from municipal waste water, and subsequently recovering it in the fields of biopolymers, asphalt, packaging and construction insulation materials.
Sanitation Safety Plan	We have financed this project to develop a risk assessment approach for the irrigation reuse of treated waste water, integrating risk mitigation and monitoring aspects into the plant management operational procedures.
Upstream	Project co-funded by the European Commission under the Horizon Europe framework programme. It involves the effective monitoring of waste, plastics and microplastics from various pollution sources, and the experimentation with innovative solutions to prevent, collect, reuse and treat plastics and microplastics.
Rinnova	Project co-funded by the Lombardy Region under the 'Filiere' call for strengthening symbiosis in the area capable of promoting circular economy processes and the spread of renewable energy.
Award	The project is co-funded by the European Commission under the Horizon Europe framework programme. AWARD aims to develop evidence-based knowledge on how to integrate alternative, reliable and acceptable water resources within the framework of water supply planning. CAP participates in the project alongside other Italian partners, Metropolitan City of Milan and Iridra, for the case study on the low-cost monitoring of the impact of sustainable drainage interventions implemented during the LIFE Metro Adapt project.

Collaboration with universities and research center

INNOVATIVE

The main research contracts ongoing or initiated in 2023 are:

Politecnico di Milano
Research contract for funding a PhD scholarship on the project titled 'Optimising the integration of waste sludge fermentation within the biological wastewater treatment chain'.

Politecnico di Milano
Research contract titled 'Study for the definition of design, construction and management criteria for temporary ash storage intended for phosphorus extraction and recovery operations.'

The innovative SME GALATEA from Università Bicocca
Focuses on studies related to the effectiveness of fungal treatments in reducing at least 30% of the total solids content in slurries, corresponding to the phases of biological treatment on the water line and pre-thickening and post-thickening (after anaerobic digestion) on the sludge line.

Traces of unsustainability

At CAP, we understand that sustainability is an endless journey. We see the progress, but we also acknowledge the challenges. This is where we aim to do more.

Consume less, consume better

In 2023, our goal was to achieve a consumption of 185.4 litres per day per capita. Unfortunately, we did not reach this target, ending up at 194.67 litres per day per capita.

We are engaged in awareness-raising campaigns to promote the responsible use of water and reduce water waste.

Influencing people's behaviours and lifestyles remains our greatest challenge.

Water reuse in agriculture

Although we currently allocate 139,668,383 m^3 of water for agricultural irrigation reuse, which is about 45% of the total treated water, we are still far from the more exemplary cases of 90% reuse.

We are constantly working to create new collaborations and synergies that promote the reuse of water for irrigation purposes.

The drought emergency requires close collaboration between the Integrated Water System operator and the agricultural sector.

Water losses

Although we are aligned with the objectives for reducing water losses, we are still far from the most exemplary countries, such as Germany, which recorded losses of 7% in 2001, compared to approximately 20% in the Metropolitan City of Milan.

We are committed to reducing losses in water distribution networks through digitisation and monitoring actions, supported by NRRP funds.

Reducing water losses is a complex task that requires significant investments and strategic collaborations.

Emissions

Despite our goals for reducing greenhouse gas emissions (Scope 1, Scope 2, Scope 3), we are still far from achieving them.

Year after year, we commit to reporting Scope 1, 2 and 3 emissions in an increasingly comprehensive manner and according to the highest standards.
Additionally, we have joined the Science Based Targets initiative, adopting a strategy based on the latest scientific evidence to reduce greenhouse gas emissions.

The Integrated Water Service is an energy-intensive activity, consuming up to 3% of the total global energy production and contributing to more than 1.5% of global greenhouse gas emissions.
We are aware of this and achieving emission reduction goals is of fundamental importance.

Sustainable mobility

Even today, less than 60% of our vehicle fleet consists of low environmental impact vehicles.

We are focusing on optimising the movements of our operators by increasing the fleet of low-environmental-impact vehicles. We are also developing advanced remote-control monitoring systems to prevent and reduce the need for on-site activities.

Managing the Integrated Water Service requires numerous trips and site inspections. Therefore, transitioning to more sustainable mobility is of great importance.

Tap water

One of our goals is to increase the percentage of CAP users who report drinking only (or almost only) tap water. In 2023, unfortunately, only 25.3% fit this profile, compared to the 44% target we had set.

We have undertaken numerous awareness-raising initiatives to build users' trust in tap water and encourage its consumption, such as the domestic water quality monitoring service.

Despite our communication and awareness-raising efforts, the indicator was not achieved. Influencing individual behaviours is a very complex challenge that we will continue to address.

Pay gap

Despite the policies adopted to promote pay equity and gender equality, there is still work to be done both in terms of compensation and to increase the presence of women in leadership roles.

This year, we have launched a series of actions and ongoing monitoring to reduce the gender disparities still present in the company.
Adhering to the PDR 125 standard is a concrete sign of this commitment.

Traditionally, the water sector has a predominantly male workforce. This legacy needs to be overcome, and we are working seriously and concretely to achieve this goal.

Injuries and near misses

In 2023, we recorded 10 injuries and 25 near misses. The number of injuries decreased compared to the previous year, while near misses increased. This is a positive sign but still not sufficient: the number of injuries is still far from zero.

Throughout 2023, we conducted several Safety Talks at our offices and facilities to raise awareness among staff about injuries and near misses.

Making safety culture permeate throughout the company is one of our priorities.

List of annexes

- Quality Standards 2023
- Water Users by Municipality 2023
- Water Labels 2023
- Tariffs 2023
- Economic and Financial Indices 2023
- Emission Factors Sources 2023

For more information,
scan the QR code
www.gruppocap.it

GRI Contents Table

Declaration of use	CAP Group has provided a report in accordance with the GRI Standards for the period from 1 January 2023, to 31 December 2023.
GRI 1 was used	GRI 1 - Foundation - 2021 version

GRI STANDARDS	DISCLOSURE	LOCATION/NOTES	OMISSION REQUIREMENTS OMISSIONS	OMISSION REASON FOR	OMISSION EXPLANATION
General Disclosures					
GRI 2 - General Disclosures - 2021 version	2-1 | Organisational details	- Reading guide; - Our reach; - Company profile.			
	2-2 | Entities included in the organisation's sustainability reporting	- Reading guide.			
	2-3 | Reporting period, frequency and contact point	- Reading guide.			
	2-4 | Restatement of information	- High-quality extracted water: data and monitoring methods - Hidden leak detection; - Technical quality focus M6: Quality of treated water; - Discharge of water; - Total emissions; - The importance of people; - Remuneration; - Training and occupational health and safety; - Work-related injuries; - Satisfied customers; - Technical quality focus M4: adequacy of the sewer system.			
	2-5 | External Assurance	- Reading guide.			
	2-6 | Activities, value chain and other business relationships	- Our network.			
	2-7 | Employees	- The importance of people.			
	2-8 | Workers who are not employees	- The importance of people.			
	2-9 | Governance structure and composition	- Company profile; - CAP Group's Governance of Sustainability.			
	2-10 | Nomination and selection of the highest governance body	- Company profile.			
	2-11 | Chair of the highest governance body	***The chair of the highest governance body is not a senior executive of the Group.***			
	2-12 | Role of the highest governance body	- CAP Group's Sustainability Governance; - The Sustainability Policy.			
	2-13 | Delegation of responsibility for managing impacts	- The Sustainability Policy.			
	2-14 | Role of the highest governance body in sustainability reporting	- Role of governance bodies in non-financial reporting.			
	2-15 | Conflicts of interest	- Conflict of interest.			
	2-16 | Communication of critical concerns	- Crisis management.			
	2-17 | Collective knowledge of the highest governance body	- Training dedicated to the highest governance body.			
	2-18 | Evaluation of the performance of the highest governance body	***Currently, there are no processes in place for evaluating the performance of the Board of Directors.***			
	2-19 | Remuneration policies	- Remuneration policies.			
	2-20 | Process to determine remuneration	- Remuneration policies.			
	2-21 | Annual total compensation ratio	- Report on total annual compensation.			
	2-22 | Sustainable Statement on sustainable development strategy	- Letter to stakeholders.			
	2-23 | Policy commitments	- Our values; - Risk management model; - CAP Group's Ethical Commitment.			
	2-24 | Embedding policy commitments	- Risk management model; - The Integrated Management System and certifications.			
	2-25 | Processes to remediate negative impacts	- Reporting mechanisms			
	2-26 | Mechanisms for seeking advice and raising concerns	- Reporting mechanisms			

	2-27 | Compliance with laws and regulations	- Incidents of non-compliance.
	2-28 | Membership associations	- Strategic associations and collaborations.
	2-29 | Approach to stakeholder engagement	- Materiality analysis.
	2-30 | Collective bargaining agreements	- New hires and turnover.
Material issues		
GRI 3 - Material topics - 2021 version	3-1 | Process to determine material topics	- Materiality Analysis.
	3-2 | List of material topics	- Materiality Analysis.
Material topic: Ethics and integrity in business		
GRI 3 - Material topics 2021	3-3 | Management of material topics	- Ethics and integrity in business.
GRI 205: Anti-corruption (2016)	205-1 | Operations assessed for risks related to corruption	- Anti-corruption organisational model; - Anti-corruption audit and risk assessment.
	205-2 | Communication and training about anti-corruption policies and procedures	- Communication and training on lawfulness, ethics and anti-corruption.
	205-3 | Confirmed incidents of corruption and actions taken	- Anti-corruption audit and risk assessment.
GRI 206: Anti- competitive behaviour (2016)	206-1 | Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	- Incidents of non-compliance.
GRI 207: Tax (2019)	207-1 | Approach to tax	- Taxation and economic performance; - Tax policy.
	207-2 | Tax governance, control and risk management	- Tax policy; - Stakeholder engagement on concerns related to tax.
	207-3 | Stakeholder engagement and management of concerns related to tax	- Tax policy.
	207-4 | Country-by-country reporting	- Tax management - country-by-country reporting. **Sustainability Report | CAP Group**
Material topic: Sustainable finance		
GRI 3 - Material topics 2021	3-3 | Management of material topics	- Sustainable Finance.
Material topic: Responsible water resource management		
GRI 3 - Material topics 2021	3-3 | Management of material topics	- Responsible water resource management.
GRI 303: Water and effluents (2018)	303-1 | Interactions with water as a shared resource	- Responsible water resource management; - Water Safety Plan; - Objectives to recover and protect the resource; - Reducing water losses.
	303-2 | Management of water discharge-related impacts	- Quality of treated water; - Discharge of water.
	303-3 | Water withdrawal	- High-quality withdrawn water: data and monitoring methods; - Reducing water leaks.
	303-4 | Water discharge	- Water discharge.
Material topic: Protection of ecosystems and safeguarding biodiversity		
GRI 3 - Material topics 2021	3-3 | Management of material topics	- Protection of ecosystems and safeguarding biodiversity.
GRI 304: Biodiversity (2016)	304-1 | Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	- Protected areas.
	304-2 | Significant impacts of activities, products and services on biodiversity	- Identifying and monitoring impacts on biodiversity.
Material topic: Energy transition and climate action		
GRI 3 - Material topics 2021	3-3 | Management of material topics	- Energy transition and climate action.
GRI 302: Energy (2016)	302-1 | Energy consumption within the organisation	- Energy consumption.
	302-3 | Energy intensity	- Energy consumption.
	302-4 | Reduction of energy consumption.	- Reduction of energy consumption.
GRI 305: Emissions (2016)	305-1 | Direct (Scope 1) GHG emissions	- Emissions, Scope 1.
	305-2 | Energy indirect (Scope 2) GHG emissions	- Emissions, Scope 2.
	305-3 | Other indirect (Scope 3) GHG emissions	- Emissions, Scope 3.
	305-4 | GHG emissions intensity	- Emissions, Scope 3.
	305-5 | Reduction of GHG emissions	- Reducing emissions and climate action.
Material topic: Air quality and pollution		
GRI 3 - Material topics 2021	3-3 | Management of material topics	- Air quality and pollution.
GRI 305: Emissions (2016)	305-7 | Nitrogen oxides (NOx), sulphur oxides (SOx) and other significant air emissions	- Air quality and pollution.

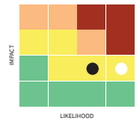
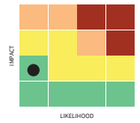
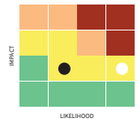
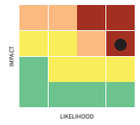
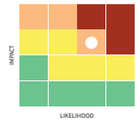
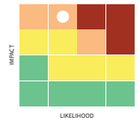
Material topic: Responsible waste management and circular economy		
GRI 3 - Material topics 2021	3-3 | Management of material topics	- Responsible waste management
306: Waste (2020)	306-1 | Waste generation and significant waste-related impacts	- Waste production and associated impacts.
	306-2 | Management of significant waste related impacts	- Waste production and associated impacts.
	306-3 | Waste generated	- Waste generated.
	306-4 | Waste diverted from disposal	- Waste diverted from disposal.
	306-5 | Waste directed to disposal	- Waste directed to disposal.
Material topic: Inclusion, diversity and corporate welfare		
GRI 3 - Material topics 2021	3-3 | Management of material topics	- Inclusion, diversity and corporate welfare.
GRI 201: Economic performance (2016)	201-3 | Defined benefit plan obligations and other retirement plans	- Pension plans and end of employment.
GRI 401: Employment (2016)	401-1 | New employee hires and employee turnover	- New employee hires and employee turnover.
	401-2 | Benefits for provided to full-time employees that are not provided to temporary or part-time employees	- Well-being and corporate welfare initiatives.
	401-3 | Parental leave	- Parental leave.
GRI 402: Labour/ management relations (2016)	402-1 | Minimum notice periods regarding operational changes.	- Worklife Balance.
GRI 405: Diversity and equal Opportunity (2016)	405-1 | Diversity of governance bodies and employees	- Diversity in governance bodies; - The importance of people.
	405-2 | Ratio of basic salary and remuneration of women to men	- Salary.
GRI 406: Non-discrimination (2016)	406-1 | Incidents of discrimination and corrective actions taken.	- Inclusion, diversity and corporate welfare.
Material topic: Development and training of people		
GRI 3 - Material topics 2021	3-3 | Management of material topics	- Development and training of people.
GRI 404: Training and education (2016)	404-1 | Average number of hours of training per year per employee	- Training and updating of skills.
	404-2 | Programmes for upgrading employee skills and transition assistance programmes	- Pension plans and end of employment; - Training and updating of skills; - Virtual learning; - Our people development strategy.
	404-3 | Percentage of employees receiving regular performance and career development reviews	- Development and training of our people; - Training and occupational health and safety.
Material topic: Health and safety of people		
GRI 3 - Material topics 2021	3-3 | Management of material topics	- Health and safety of people.
GRI 403: Occupational health and safety (2018)	403-1 | Occupational health and safety management system	- Occupational health and safety management system.
	403-2 | Hazard identification, risk assessment and incident investigation	- Hazard identification, risk assessment and accident investigation; - Reporting risks at the workplace; - Social Performance Team (SPT); - Management of work-related injuries.
	403-3 | Occupational health services	- Occupational health services.
	403-4 | Worker participation, consultation and communication on occupational health and safety	- Collaborative strategies for occupational safety; - Participation of CAP people in health and safety matters.
	403-5 | Worker training on occupational health and safety.	- Training of CAP people on occupational health and safety.
	403-6 | Promotion of worker health	- Promoting workers' health.
	403-7 | Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	- Health and safety along the work chain; - Workers covered by an occupational health and safety management system.
	403-8 | Workers covered by an occupational health and safety management system	- Occupational health and safety management system; - Workers covered by an occupational health and safety management system
	403-9 | Work-related injuries	- Work-related injuries.
	403-10 | Work-related ill health	- Work-related injuries.

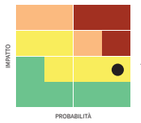
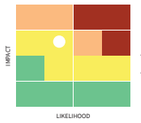
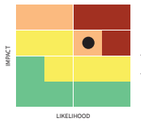
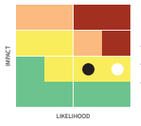
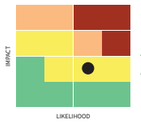
Material topic: Creating value for the local area and engagement to the community		
GRI 3 - Material topics 2021	3-3 | Management of material topics	- Creating value for the local area and engagement to the community.
GRI 201: Economic performance (2016)	201-1 | Direct economic value generated and distributed	- Economic performance.
	201-4 | Financial assistance received from government	- Financial assistance received from government. **Sustainability Report | CAP Group**
GRI 413: Local communities (2020)	413-1 | Operations with local community engagement, impact assessments and development programmes	- Active Ageing policies; - Internal communication and active participation; - Environmental education in schools; - Structures for raising awareness among municipalities and citizens; - Constant dialogue with the community: - Corporate volunteering; - Sponsorships, donations and contributions to the community; - Green solutions and urban innovation.
	413-2 | Operations with significant actual and potential negative impacts on local communities	- Transparent construction sites.
Material topic: Inclusion, satisfaction and responsibility of users		
GRI 3 - Material topics 2021	3-3 | Management of material topics	- Inclusion, satisfaction and responsibility of users
GRI 416: Customer health and safety (2016)	416-1 | Assessment of the health and safety impacts of product and service categories	- Drinking water laboratory; - Analyses of waste water.
	416-2 | Incidents of non-compliance concerning the health and safety impacts of products and services	- Drinking water laboratory.
GRI 417: Marketing and labelling (2016)	417-1 | Requirements for product and service information and labelling	- Transparent information for citizens: the water label.
	417-2 | Incidents of non-compliance concerning product and service information and labelling	- Transparent information for citizens: the water label.
Material topic: Sustainable supply chain management		
GRI 3 - Material topics 2021	3-3 | Management of material topics	- Sustainable supply chain management.
GRI 204: Procurement practices (2016)	204-1 | Proportion of spending on local suppliers	- Our suppliers and value of supplies.
GRI 308: Supplier environmental assessment (2016)	308-1 | New suppliers that were screened using environmental criteria	- Assessment of our suppliers.
	308-2 | Negative environmental impacts in the supply chain and actions taken	- Management of supplier compliance and supplier enhancement.
GRI 414: Supplier social assessment (2016)	414-1 | New suppliers that were screened using social criteria	- Assessment of our suppliers.
	414-2 | Negative social impacts on the supply chain and actions taken	- Assessment of our suppliers.
Material topic: Digitisation and cybersecurity		
GRI 3 - Material topics 2021	3-3 | Management of material topics	- Digitisation and cybersecurity.
GRI 418: Customer privacy (2016)	418-1 | Substantiated complaints concerning breaches of customer privacy and losses of customer data	- Verified privacy breach and customer data loss reports.
Material topic: Investments and innovation in inclusive, sustainable and resilient infrastructure		
GRI 3 - Material topics 2021	3-3 | Management of material topics	- Investments and innovation in inclusive, sustainable and resilient infrastructure.
GRI-203: Indirect economic impacts (2016)	203-1 | Infrastructure investments and services supported	- Our investments.

TCFD Content Table

Climate change risk table

● 5 years ○ 20 years

Risk	Risk description	Risk type	Time frame 5 years	Time frame 20 years	Impact - probability	Impact type	Opportunity and mitigation
Intensification of extreme weather events (cloudbursts) with impacts on the operation of treatment plants and limited sections of the sewer system	The increase in extreme weather events could lead to issues with waste water treatment and sewer systems, causing electrical blackouts, untreated waste water discharges into watercourses and flooding within the community.	Physical	Yes	Yes		- Economical - Reputational - Operational - Environmental - Social	- Hydraulic risk analysis - Actions for first rainwater overflowing and treatment - Investments in new technologies, monitoring systems and maintenance.
Inadequate sustainability reporting	Inadequate sustainability reporting and failure to disclose information required by environmental and social regulations could result in a lack of transparency, ineffective communication with stakeholders and potential reputational consequences and penalties.	Transition	Yes	No		- Reputational	- Update on sustainability legislation
Intensification of heatwaves leading to electrical blackouts and shutdowns of treatment plants and aqueduct systems	Climate change and heatwaves could lead to electrical blackouts, halting waste water treatment and/or aqueduct systems, which would compromise the functionality of community services and have environmental repercussions.	Physical	Yes	Yes		- Reputational - Operational - Environmental - Social	- Investment in new technologies and plant maintenance
Unsustainable supply chain	The lack of sustainable procurement initiatives encouraging suppliers/partners to incorporate sustainability into their operations, the inability to select suppliers based on environmental and social criteria, and the absence of sustainability monitoring programmes could result in long-term negative consequences for reputation, legal standing and environmental compliance, especially with the forthcoming Corporate Sustainability Due Diligence Directive.	Transition	Yes	No		- Reputational - Operational - Environmental - Social	- Implementation of KPIs within the Vendor Rating during the selection and qualification phases to screening all suppliers, both in the special sector and the ordinary sector, according to sustainability criteria (ESG, DSNH), legality, safety and innovation.
Deterioration of water quality due to increased temperatures in the distribution network	Rising temperatures might lead to bacterial growth and increased microbiological contamination in the water within distribution pipelines, causing loss of user trust and potential legal issues.	Transition	No	Yes		- Economical - Reputational - Operational - Social	- Investments in water monitoring, maintenance, treatment and sanitation technologies
Scarcity of water resources	The progressive scarcity of water resources could necessitate greater investments to upgrade water capture, treatment and purification plants, impacting the Group's operations due to increasing difficulties in meeting water demand.	Physical	No	Yes		- Economical - Reputational - Operational	- Investment in new water treatment and purification technologies and systems - Maintenance of wells and resource recovery to improve the efficiency of existing wells - Increase risk monitoring in order to implement preventive measures to prevent potential disruptions to normal service operation

Risk	Risk description	Risk type	Time frame 5 years	Time frame 20 years	Impact - probability	Impact type	Opportunity and mitigation
Increase in the price of CO_2 credits	The Group has adopted a policy of 100% CO2 emissions offset through the acquisition of carbon credits. However, rising prices for carbon credits could result in increasing costs for the Group over time.	Transition	Yes	No		- Economical	- GHG reduction policy - Monitoring the carbon credit market - Pressure actions for the recognition of national reforestation or national projects for offsetting purposes
Failure to meet GHG emission reduction targets	Expansion into new sectors with higher emissions and increasing international attention (such as the EU's Net Zero targets by 2050) increase the risk of not meeting emission reduction targets.	Transition	Yes	Yes		- Economical - Reputational - Environmental	- Definition of the scope and monitoring of emissions - Definition of decarbonisation actions and targets in line with international frameworks
Inclusion of CAP Group in the ETS	If the Group's waste treatment plants were to fall under the ETS mechanism, then CAP Group could face an increase in carbon emission allowance prices in the coming years.	Transition	No	Yes		- Economical - Reputational	- Optimisation of the energy mix - Investment in new technologies
Low percentage of asset alignment with the EU Taxonomy Regulation criteria	The Group must declare the degree to which sustainable assets comply with the EU Taxonomy as of 2022. Non-alignment could damage the Group's reputation and its ability to obtain long-term financing (NRRP).	Transition	Yes	No		- Economical - Reputational	- Constant updates on sustainability legislation - Investment in new technologies
Ineffective and/or delayed technological innovation and digitisation	Technological innovation will be crucial for the company's operations in the future, to meet new regulations and market demands, and to maintain competitiveness. Investments in sustainable technologies such as waste processing or renewable energy production will be key to achieving these goals.	Transition	Yes	Yes		- Economical - Reputational - Operational	- Changes in the Business Model - Changes to the portfolio mix - Investment in new technologies and skills
neffective development/ update of sustainability governance and business model	An immature sustainability governance structure and a business model that does not consider sustainability topics as central to defining its strategies could lead to reputational consequences and penalties.	Transition	Yes	No		- Reputationa - Governance	- Centrality of sustainability topics in business operations
Contamination of groundwater and/or network water	Human and industrial activities can progressively contaminate aquifers through the percolation of pollutants into the ground, including those that are not regulated. Acid rain can exacerbate this problem by causing further absorption of pollutants into the soil, leading to a decline in service quality due to excessive contamination.	Physical	Yes	Yes		- Economical - Reputational - Operational - Environmental - Social	- Frequent water quality checks - Monitoring of emerging pollutants at laboratories - Investment in new technologies and water purification/treatment systems

Climate change scenario analysis

Scenario title	Physical/ Transition	Scenario assumption	Source	Associated risk
Carbon Pricing	Transition	In the scenario of limiting global temperature rise to below 2°C, mandatory Carbon Market mechanisms cover multiple countries and production sectors. In Europe, since 2005, the Emission Trading System (ETS) has required that high-emission plants cannot operate without authorisation to emit greenhouse gases: each authorised plant must annually monitor its emissions and purchase emission allowances on the market according to the 'Cap and Trade' mechanism. Additionally, the purchase prices for CO2 allowances are expected to increase. In the current decarbonisation scenario, many sectors are participating in voluntary Carbon Market mechanisms, allowing emitters to offset their emissions by purchasing carbon credits. S&P Global Platts' assessments predict future increases in carbon credit prices, in line with the anticipated rise in CO2 allowance prices traded under mandatory mechanisms. In the context of voluntary initiatives, the trend of companies setting science-based targets is growing exponentially in order to define reduction strategies across the entire value chain, in line with the temperature increase limitation scenario outlined in the Paris Agreement.	- Legislative Decree No 47 9 June 2020 - Bloomberg, EU's Carbon Markets, April 2021 - S&P Global Platts, Voluntary carbon markets, June 2021	- Failure to meet GHG emission reduction targets - Increase in the price of CO2 credits - Inclusion of CAP Group in the ETS system
Increase in temperature	Physical	The Intergovernmental Panel on Climate Change (IPCC) has provided an overview of the current state of knowledge on phenomena related to rising temperatures, projecting different climate outcomes depending on the scenario analysed. The RCP4.5 and RCP8.5 scenarios show seasonal climate projections of temperature anomaly increases for the period 2021-2050, compared to the reference period 1981-2010. Both scenarios predict an increase in average temperature of up to 2°C in the coming years, affecting all seasons. The rise in temperature has serious consequences for global ecosystems and human well-being. The higher the temperature increase, the greater the risk of severe weather events. Over the past decade, with an average temperature rise of 1.1°C above pre-industrial levels, extreme heat events have occurred almost three times as often as in the pre-industrial era.	- IPCC, AR5 - Fifth Assessment Report, 2014 - MiTE, Piano Nazionale di Adattamento ai Cambiamenti Climatici - allegato I, 2018	- Intensification of heatwaves leading to electrical blackouts and shutdowns of treatment plants and water supply systems - Deterioration of water quality due to increased temperatures in the distribution network
Adverse weather events - Precipitation	Physical	The Intergovernmental Panel on Climate Change (IPCC) has provided an overview of the current state of knowledge on phenomena related to rising temperatures, projecting different climate outcomes depending on the scenario analysed. The RCP4.5 and RCP8.5 scenarios show seasonal climate projections of temperature anomaly increases for the period 2021-2050, compared to the reference period 1981-2010. Both the RCP4.5 and RCP8.5 scenarios show a significant increase in winter and autumn precipitation in northern Italy and the Po Valley, the area where CAP operates. It is clear that, regardless of the reference scenario, in the coming years we will experience increasingly frequent extreme weather events, such as cloudbursts.	- IPCC, AR5 - Fifth Assessment Report, 2014 - MiTE, Piano Nazionale di Adattamento ai Cambiamenti Climatici – allegato I, 2018	- Intensification of extreme weather events (cloudbursts) with impacts on the operation of treatment plants and limited sections of the sewer system
Adverse weather events - Floods	Physical	According to the European Environment Agency (EEA), climate change will increase the magnitude and frequency of river flooding. In the long-term horizon (by 2100), the following is projected: · an increase in the magnitude and frequency of river flooding in Italy by up to 10-15%, according to the 1.5°C scenario; · an increase in the magnitude and frequency of river flooding in Italy by up to 25-30%, according to the 3°C scenario. Accurate simulations for 2030 are not available; however, the results from a longer-term horizon provide a better understanding of the extent of this phenomenon in the long run.	- European Environment Agency, River Floods Assessment, 2019 - EURO-CORDEX simulations	- Intensification of extreme weather events (cloudbursts) with impacts on the operation of treatment plants and limited sections of the sewer system
Adverse weather events - Acid rain	Physical	The formation of acid rain is caused by an increase in substances such as carbon dioxide, sulphur dioxide and nitrogen oxides in the atmosphere, often due to natural sources. However, human activities, which also contribute to the greenhouse effect and increase in global average temperatures, are additional triggers. In a Business as Usual scenario, the heightened use of fossil fuel combustion will further exacerbate this phenomenon. Acid rain has severe consequences for the ecosystem: in particular, soil may sometimes be unable to neutralize the acidity of precipitation, leading to contamination of groundwater. This is not currently the case in the areas where CAP Group operates. However, northern Italy is characterized by a high level of acid deposits that could still have significant effects on surface waters and rivers.	- US Environmental Protection Agency, Effects of Acid Rain	- Deterioration of water quality due to increased temperatures in the distribution network - Contamination of groundwater and/or network water
Availability of water resources	Physical	The Intergovernmental Panel on Climate Change has provided an overview of the current state of knowledge of phenomena related to rising temperatures and their potential impacts on water resource availability. According to the proposed future scenarios, a reduction in renewable water resources, both surface and groundwater, is expected in nearly all semi-arid regions. In many areas, changes in precipitation or melting glaciers are altering hydrological systems, impacting water resources in terms of both quantity and quality. Using the Aqueduct Water Risk Atlas tool, it has been identified that the Lombardy region, where the Group mainly operates, faces a medium-to-high risk of water scarcity in all the analysed scenarios, with a time horizon extending to 2030.	- IPCC, Fifth AR5 Report, 2014 - Tool Aqueduct Water Risk Atlas	- Scarcity of water resources
Trends and reference frameworks in supply chain	Transition	In the current decarbonisation scenario, companies are increasingly focused on evaluating, monitoring and setting reduction targets concerning the environmental and social impacts of their indirect emissions and supply chains. They hold a decisive role in climate change, deforestation and the availability of water resources. Greenhouse gas (GHG) emissions associated with the supply chain are on average 11.4 times higher than those related to company operations, and it is projected that, within 5 years, companies may face an increase of over 100 billion USD in costs related to environmental risks in their supply chains. In a scenario that requires growing awareness of the supply chain, more than 15,000 suppliers are currently required to complete the Carbon Disclosure Project (CDP) Supply Chain questionnaire. At the same time, the trend of companies setting science-based targets is growing exponentially. These targets help define a strategy for emission reductions across the entire value chain in line with the global temperature increase limitation scenario outlined by the Paris Agreement. As of now, companies adhering to the Science Based Targets initiative (SBTi) represent almost 20% of the total global companies in terms of market capitalisation. Additionally, 94% of companies whose targets have been approved by the SBTi have set goals related to their value chain. Among these, some targets require suppliers to reduce emissions according to a science-based approach.	- CDP Supply Chain (https://www.cdp.net/en/supply-chain) - Science Based Targets initiative annual progress report, 2020	- Unsustainable supply chain
Evolution of the regulatory landscape in Sustainability Reporting	Transition	The world of sustainability reporting is continuously evolving, and changes in standards and reporting structures are expected in the coming years. Among these developments is the convergence of currently fragmented standards and frameworks. In 2020, the main sustainability reporting standards (CDP, CDSB, GRI, IIRC, and SASB) released a joint statement about their potential future collaboration towards a more coherent global sustainability reporting system. Another key development is the announcement by the International Sustainability Standards Board (ISSB), which stated that it will develop a new, comprehensive set of global standards. The goal is to promote a 'high-quality sustainability reporting model that meets the growing informational needs of investors. Among other developments expected in the coming years are mandatory disclosure of specific information, a form of integrated reporting, and the digitisation of reporting methods. Additionally, in 2023, the Corporate Sustainability Reporting Directive (CSRD) was approved to strengthen the nature and scope of sustainability reporting in the EU over the coming years. The CSRD effectively expands the scope of the existing NFRD regulations to cover all large enterprises and those listed on regulated EU markets.	- IFRS, IFRS Foundation announces ISSB, consolidation with CDSB and VRF, & prototype publication, 2021 - European Commission, Corporate Sustainability Reporting, 2021	- Inadequate sustainability reporting

Scenario title	Physical/ Transition	Scenario assumption	Source	Associated risk
EU Taxonomy	Transition	In the transition scenario towards a low-carbon economy, in December 2019, the European Commission defined a tool to help companies plan their strategy in line with the EU's environmental goals: the Taxonomy. The Taxonomy established a classification system that defines specific criteria for companies to be considered environmentally sustainable and access preferential financing channels. The EU's aim is to promote the use of the Taxonomy as a global standard for defining sustainable investment and the risks related to climate change. Regulation (EU) 2020/852, published by the European Commission in June 2020, specifies the obligations, the information to be disclosed and the criteria for defining an economic activity as environmentally sustainable. The Regulation requires that, starting from 2022, non-financial organisations provide disclosure on the proportion of economic activities that are 'Taxonomy-eligible' and non-Taxonomy-eligible' relative to total turnover, capital expenditures and operating expenses, as well as qualitative information. Non-financial companies must also report KPIs in the manner specified by the Regulation starting from 2023.	- Taxonomy: Final report of the Technical Expert Group on Sustainable Finance, EU Technical Expert Group on Sustainable Finance, March 2020 - Delegated Act Art. 8, EU Regulation 2020/852, European Commission, 2020	- Low percentage of asset alignment with the criteria of the EU Taxonomy Regulation
Trends and regulations in Sustainability Governance	Transition	In line with market trends, regulatory pressures and best practices, for members of the Board of Directors and its Committees, as well as for Top Management, it will be necessary, in the near future and in the coming years, to acquire an increasingly comprehensive understanding of sustainability. This includes current and future sustainability trends, possible developments, risks and opportunities related to sustainability, climate change, its impact on business and sustainability reporting. The growing importance of Corporate Sustainability Governance is further emphasized by the recommendations of the TCFD.	- World Economic Forum, How to Set Up Effective Climate Governance on Corporate Boards, 2019 - Recommendations of the Task Force on Climate – related Financial Disclosures – June 2017	- Ineffective development/ updating of Sustainability Governance and business model
Trends in low-carbon technological innovation	Transition	In its Net Zero Emission scenario, the IEA highlights the importance of transitioning to innovative low-emission models in both the energy and water sectors. This scenario is based on a pace of technological innovation for low-carbon solutions that is significantly faster than past trends. In the context of water utility companies, a substantial change in urban water management is needed, driven by research, technology and innovation. The success of the transition to low-carbon technologies extends beyond the optimization of existing infrastructure: it requires ensuring that urban water systems are fully regenerative, using the smallest amount of resources possible and overflowing into the environment only what can be absorbed, while simultaneously reducing carbon emissions. Although many patents in recent years have been closely related to specific end-use sectors, the IEA reports a general trend of growth since 2017 driven by the invention of cross-sector technologies that enable higher levels of clean energy.	- IEA, World Energy Outlook 2021 - WaCCliM, The Roadmap to a lowcarbon urban water utility, 2018	- Ineffective and/ or delayed technological innovation and digitisation

TCFD to CDSB Reconciliation Table

To facilitate the reading of this document, the following table reports the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and their associated disclosures, also providing a correlation with the disclosures required by the CDSB framework. For each disclosure, the reference to the section of the Non-Financial Report is provided.

TCFD		CDSB	
Areas	**Recommendations**	**Areas**	**Location**
GOVERNANCE Disclose the corporate governance regarding climate-related risks and opportunities	a) Describe the Board of Directors' oversight of climate-related risks and opportunities	REQ-01 Governance	- CAP Group's Governance of Sustainability
	b) Describe the role of management in assessing and managing climate-related risks and opportunities	REQ-01 Governance REQ-02 Management's environmental policies, strategies and targets REQ-03 Risks and Opportunities	- CAP Group's Governance of Sustainability - Climate-related risks
STRATEGY Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's activities, strategy and financial planning, where such information is relevant	a) Describe the climate-related risks and opportunities in the short, medium and long term identified by the organisation	REQ-03 Risks and Opportunities REQ-06 Outlook	- Climate-related risks Climate change risk table
	b) Describe the actual and prospective impacts of climate-related risks and opportunities on the organisation's business, strategy and planning	REQ-02 Management's environmental policies, strategies and targets REQ-03 Risks and Opportunities REQ-06 Outlook	- Climate-related risks
	c) Describe the resilience of the organisation's strategy taking into account different climate scenarios including those of 2°C or less	REQ-03 Rischi e Opportunità REQ-06 Outlook	- Science Based Target initiative
RISK MANAGEMENT Disclose the ways the organisation identifies, assesses and manages climate-related risks.	a) Describe the processes for identifying and assessing climate-related risks	REQ-01 Governance REQ-02 Management's environmental policies, strategies and targets REQ-03 Risks and Opportunities	- The risks associated with climate change
	b) Describing climate-related risk management processes	REQ-01 Governance REQ-02 Management's environmental policies, strategies and targets REQ-03 Risks and Opportunities	- Climate-related risks
	c) Describe how the processes of identifying, assessing and managing climate-related risks are integrated into the overall risk management processes	REQ-01 Governance REQ-02 Management's environmental policies, strategy and targets REQ-03 Risks and Opportunities REQ-06 Outlook	- Climate-related risks
METRICS AND TARGETS Disclose the metrics and targets used to assess and manage climate-related risks and opportunities, where such information is material	a) Communicate the metrics used to evaluate, in alignment with the strategy and risk management process, climate-related risks and opportunities.	REQ-02 Management's environmental policies, strategy and targets REQ-04 Sources of environmental impact REQ-05 Performance and comparative analysis REQ-06 Outlook	- Emissions
	b) Communicate Scope 1, Scope 2, and Scope 3 greenhouse gas emissions and associated risks	REQ-04 Sources of environmental impact REQ-05 Performance and comparative analysis	- Emissions
	c) Describe the objectives identified to manage climate-related risks and opportunities and evaluate performance against these objectives	REQ-02 Management's environmental policies, strategies and targets	- Offsetting emissions - Science Based Target initiative

Letter from the auditing firm

Independent Auditing Firm's Report on the Consolidated Non-Financial Statement

pursuant to Article 3, paragraph 10, Legislative Decree 254/2016 and Article 5 of the CONSOB Regulation adopted with resolution No 20267 of January 2018

To the Board of Directors of CAP Holding SpA

Pursuant to Article 3, paragraph 10, of Legislative Decree No 254 of 30 December 2016 (hereinafter the 'Decree') and Article 5, paragraph 1, letter g) of CONSOB Regulation No 20267/2018, we have been engaged to perform a limited assurance engagement on the Consolidated Non-Financial Statement of CAP Holding SpA and its subsidiaries (hereinafter the 'Group') for the financial year ended 31 December 2023, prepared pursuant to Article 4 of the Decree and approved by the Board of Directors on 23 May 2024 (hereinafter the "NFR").

Our review does not extend to the information contained in the section 'European Taxonomy: Transparency and Consistency for Sustainability' of the Group's Non-Financial Report, as required by Article 8 of Regulation (EU) 2020/852.

Responsibilities of the Directors and the Board of Statutory Auditors for the Non-Financial Report

The Directors are responsible for preparing the Non-Financial Report (NFR) in accordance with the requirements of Articles 3 and 4 of the Decree and the Global Reporting Initiative Sustainability Reporting Standards defined by GRI - Global Reporting Initiative (hereinafter 'GRI Standards'), which they have identified as the reporting standard.

The Directors are also responsible, as required by law, for that part of the internal control deemed necessary to ensure that the Non-Financial Report is free from material misstatements due to fraud or unintentional behaviours or events.

Furthermore, the Directors are responsible for determining the content of the Non-Financial Report within the topics mentioned in Article 3, paragraph 1, of the Decree, considering the activities and characteristics of the Group and to the extent necessary to ensure an understanding of the Group's activities, performance, results and impact.

Finally, the Directors are responsible for defining the corporate model of management and organisation of the Group's activities, and, with respect to the issues identified and reported in the Non-Financial Report, for the policies practised by the Group and for identifying and managing the risks generated by or affecting the Group.

The Board of Statutory Auditors is responsible for overseeing, as required by law, compliance with the provisions established in the Decree.

PricewaterhouseCoopers SpA

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Independence of the Auditing Firm and Quality Control

We are independent in accordance with the principles of ethics and independence set forth in the International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) issued by the International Ethics Standards Board for Accountants. This code is based on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. During the period covered by this engagement, our auditing firm has applied the International Standard on Quality Control 1 (ISQC Italia 1) and, consequently, has maintained a quality control system that includes documented policies and procedures for compliance with ethical principles, professional standards and applicable legal and regulatory requirements.

Responsibility of the Auditing Firm

It is our responsibility to express, based on the procedures performed, a conclusion regarding the compliance of the Non-Financial Report with the requirements of the Decree and the GRI Standards. We conducted our work in accordance with the principle set out in International Standard on Assurance Engagements ISAE 3000 (Revised) - Assurance Engagements Other than Audits or Reviews of Historical Financial Information (hereinafter 'ISAE 3000 Revised'), issued by the International Auditing and Assurance Standards Board (IAASB) for limited assurance engagements. This principle requires the planning and performance of procedures to obtain a limited level of assurance that the Non-Financial Report does not contain material misstatements. Therefore, our examination involved a scope of work less extensive than that required for a reasonable assurance engagement under ISAE 3000 Revised, and consequently, we cannot be certain that we have identified all significant facts and circumstances that could be detected through such an examination.

The procedures performed on the Non-Financial Report were based on our professional judgement and included interviews, primarily with the company personnel responsible for preparing the information presented in the non-financial report, as well as analysis of documents, recalculations and other procedures aimed at obtaining useful evidence.

In particular, we performed the following procedures:

1. analysis of the relevant issues in relation to the Group's activities and characteristics reported in the Non-Financial Report, to assess the reasonableness of the selection process in light of Article 3 of the Decree and considering the reporting standard used.

2. analysis and evaluation of the criteria for identifying the scope of consolidation, in order to verify its compliance with the provisions of the Decree;

3. understanding the following aspects:

   - the business model for managing and organising the Group's activities, concerning the management of the topics mentioned in Article 3 of the Decree;

   - the policies practised by the company related to the topics mentioned in Article 3 of the Decree, the results achieved and the relevant key performance indicators;

   - the main risks, generated or experienced, related to the topics mentioned in Article 3 of the Decree. We also compared these aspects with the information contained in the Non-Financial Report and performed the checks described in point 4, letter a);

4. understanding the processes underlying the production, detection and management of significant qualitative and quantitative information included in the Non-Financial Report.

   Specifically, we conducted interviews and discussions with CAP Holding SpA's management and performed limited documentary checks to gather information about the processes and procedures supporting the collection, aggregation, processing and reporting of non-financial data and information to the function responsible for preparing the NFR.

   Moreover, for significant information, considering the activities and characteristics of the Group:

   - at the group level,

     a) regarding qualitative information in the NFR, particularly the business model, the policies practised and the main risks, we conducted interviews and acquired supporting documentation to verify its consistency with the available evidence;
     b) regarding quantitative information, we performed both analytical procedures and limited checks to ascertain, on a sample basis, the correct aggregation of data.

   - for the following companies: CAP Holding SpA, Amiacque Srl and the Pero waste water treatment plant (selected based on their activities, their contribution to consolidated performance indicators and their location), we held meetings and conducted an on-site visit to the plant. During these meetings, we interacted with the relevant managers and acquired documentation to verify the proper application of procedures and calculation methods used for the indicators.

Conclusions

Based on the work performed, we have not identified any elements that would lead us to believe that the Group's Non-Financial Report for the year ended 31 December 2023, is not, in all material respects, prepared in accordance with the requirements of Articles 3 and 4 of the Decree and the GRI Standards.

Our conclusions do not extend to the information contained in the section 'European Taxonomy: Transparency and Consistency for Sustainability' of the Group's Non-Financial Report, as required by Article 8 of the European Regulation 2020/852.

Milan, 7 June 2024 PricewaterhouseCoopers

SpA

Andrea Alessandri
(Statutory Auditor)

Paolo Bersani
(Legal Representative)

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