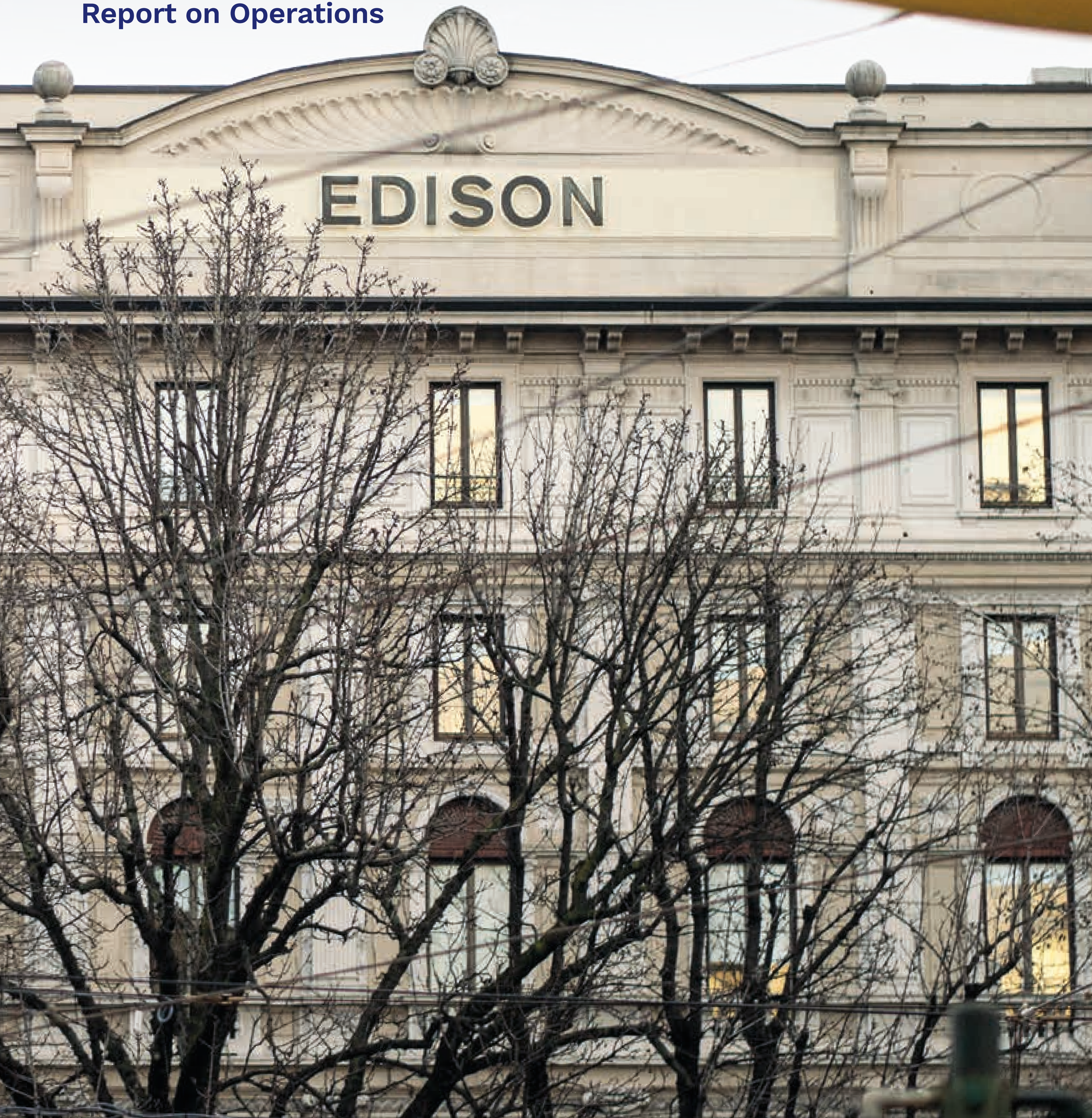
2023
Financial Report

Report on Operations



2023
Financial Report

Report on Operations

This document has been translated into English
for the convenience of readers outside Italy.
The original Italian document published under the Transparency
directive should be considered the authoritative version.

Small Scale LNG Depot in Ravenna

Group Profile

Wind farm in Mazara del Vallo (TR)

Edison is the oldest energy company in Europe, **boasting 140 years of achievements,** and is one of the **sector's leading operators in Italy**. The Group is at the forefront of the energy **transition challenge**, with business activities in **renewable energy**, **energy and environmental services** and **high value-added services for customers**, consistent with the UN Sustainable Development Goals (SDGs) and European decarbonization policies.

With over 7 GW capacity distributed throughout the country, Edison covers 7% of the national electricity production. It is an integrated operator along the entire electricity supply chain: from energy production to the operation and maintenance of generation plants, through to sales to customers. Its production fleet consists of more than **200 sustainable and flexible power plants**, including hydroelectric power plants, wind plants, photovoltaic plants and highly efficient and latest generation gas-fired combined cycles (CCGTs), which balance the intermittency of renewable sources. The Group is committed to implementing a renewable energy development plan that aims to increase installed renewable capacity from the current 2 GW to at least 5 GW by 2030, bringing **green generation to 40%** of its generation mix.

Through Edison Next, the Group is also a key player in the energy and environmental services market, with solutions to increase the efficiency of processes, buildings and resources of large industries, SMEs, hospitals and Public Administrations. **Edison Next** operates in Italy, Spain and Poland, managing more than 65 industrial sites, 2,100 public and private facilities and 280 cities.

In the gas sector, an indispensable energy carrier for accompanying the country's ecological transition, Edison is committed to diversifying sources and supply routes for the security and competitiveness of the national energy system. The Group has a unique position in Italy, thanks to a large and diversified import portfolio, which satisfies about 20% of demand.

The Company is also committed to promoting **liquefied natural gas (LNG) and green gases** (biomethane, Bio-LNG and green hydrogen) to replace fossil fuels in energy-intensive industrial processes and to make heavy and maritime transport sustainable. To this end, it created Italy's **first integrated logistics chain dedicated to LNG**, through a small-scale coastal storage in Ravenna and a dedicated LNG carrier.

Customer care and proximity are the hallmarks of **Edison Energia**, the Group company that sells electricity, natural gas and integrated energy services to households and businesses. The Company offers modular and customisable services to meet the lifestyle needs of its customers, for whom the home is the centre of multiple activities: a smart home with measurable and transparent costs, powered by environmentally friendly energy thanks to self-production and energy storage systems.

Today, Edison operates in Italy and Europe, employing over **5,500 people**.

A letter to Shareholders

Dear Shareholders,

in 2023, we celebrated Edison's 140th anniversary. On the strength of this milestone, we looked ahead and presented our development strategy to 2030 and ambitions to 2040.
Edison has always been committed to contributing responsibly to the future of the country to ensure the security, stability and autonomy of the national energy system for the benefit of all. To continue along this path of economic and environmental sustainability, it is now ready to make innovative choices.
Our ambitions are challenging: invest 10 billion euros between 2023 and 2030; reach an EBITDA level of between 2 and 2.2 billion euros with 70% represented by activities with zero or almost zero direct emissions; have 90% of our energy production decarbonized by 2040 through the use of renewables and new technologies, such as CO_2 capture and new nuclear power, if the conditions for its return to Italy are created.
At the same time, Edison intends to maintain its key role in the country's energy security and autonomy: in terms of electricity production, reaching 5 GW of installed renewable capacity and providing the Italian electricity system with two latest generation thermoelectric plants and 500 MW of storage systems. On the gas supply side, with a flexible and increasingly decarbonized portfolio of long-term gas contracts, thanks to green gases such as hydrogen and biomethane. The goal for 2030 is to continue to meet 20% of Italian gas demand with green gases accounting for about 5% of the portfolio.
In addition, we continue to develop value-added energy services for customers and territories, accompanying them on their decarbonization path. In particular, we want to increase our customer base from 2 to 4 million contracts, continue to develop energy communities, install new photovoltaic plants for self-consumption, promote sustainable mobility and double the number of public lighting points operated.
Our ambitions are reinforced by the brilliant results achieved in the year just ended. In an energy scenario that is normalizing but is still affected by tensions at both geopolitical and macroeconomic levels, we have achieved important industrial milestones.
In electricity generation, the Marghera plant is now operational and the Presenzano plant is being commissioned: two latest generation thermoelectric power plants, among the most efficient in the world, and highly strategic for the flexibility and adequacy of the national electricity system. We consolidated our share of photovoltaic production with six solar plants in Piedmont and Sicily.
In the wake of our great history as hydroelectric producer, we have invested in small diversion plants and recently inaugurated the Quassolo plant as well as acquired ten mini-hydro plants in Piedmont and four in Valle D'Aosta for a total installed capacity of 11 MW and 2 MW respectively.
In addition, in 2023, we signed five Power Purchase Agreements (PPA) with funds and developers for a total of 500 GWh per year, under which Edison will take back all the energy produced by wind and photovoltaic plants at a fixed, long-term price.
With regard to gas activities, despite the non-delivery of LNG from the USA due to the supplier's contractual defaults, we played a decisive role in the country's energy security also in 2023, covering 20% of national gas demand and achieving complete independence from Russian gas. Furthermore, 2023 marks the final exit from E&P activities with the divestment of the interest in a production field in Algeria.
The biomethane production chain is being developed: thanks to Edison Next, we have the goal of installing 10 biogas/biomethane plants by 2030 and, to date, we have 5 projects at an advanced stage of development.

Furthermore, we recognize hydrogen as a key energy carrier for our customers. We are in fact working on numerous projects for the production and use of green hydrogen in the industrial and mobility sectors. For example, as in the case of Iris Ceramica, we have initiated several collaborations with industrial operators aimed at jointly developing initiatives to decarbonize their production activities.

In the end market, thanks to Edison Energia, we have exceeded 2 million contracts among residential, industrial and SME customers, and we are continuing with our development plan, which aims to flank the traditional offer of electricity and gas with value-added services and products for energy efficiency, sustainable mobility and condominium energy communities, the first three of entered into operation in 2023. On the occasion of the end of the protected market in January 2024, we successfully participated in auctions, winning 4 lots, corresponding to approximately 700,000 customers.

Industrial customers are also approached by Edison Next to accompany them on the path to decarbonization by offering both photovoltaic systems and energy optimization measures. Examples are the agreements signed with Michelin, Barilla and Berco. In addition, with the aim of increasing photovoltaic installations, Edison Next entered the capital of Nyox, a company specializing in the construction of this type of plant.

With regard to PA, Edison Next supports cities through public lighting, urban regeneration and smart city projects.

Our commitment to environmental, social and governance issues is amply accounted for in our NFD: in December 2023, we obtained an ESG rating from Sustainalytics that recognizes Edison's commitment to ESG policy. With a score of 24.9 (average exposure index), Edison ranks in the top third of certified utilities worldwide.

Finally, a few numbers on our economic-financial results. In 2023, national demand for electricity fell (-2.7%) as did, to a more significant extent, demand for gas (-8.4%). This, together with the reduction in the price scenario (PUN -58.1%, PSV -65.3%), explains the drop in revenues (18.4 billion euros, -39.2%). In spite of this, the Edison Group's EBITDA increased by 71% to 1,808 million euros thanks to an improved result from the commercial side and the renewables business. The NFP is in credit by 160 million euros.

The Group's net profit of 515 million euros does not fully reflect the industrial result because it was penalized both by the contractual defaults of the US LNG supplier and by the provisions set aside following an agreement with Eni that, putting an end to a long period of litigation, will regulate the equal economic contribution of the two companies to the reclamation of the areas that housed the old chemical activities. In spite of this, I am very pleased that we again achieved important industrial and financial results this year, which will allow us to distribute a dividend of 0.075 euros per savings share and 0.105 euros per ordinary share.

In the year that marks the 140th anniversary of the start of our business, Edison continues to invest in innovation and in the future of our customers and the country to ensure that the transition to the new era is an opportunity for progress for all. The course we have set for the future is ambitious, but it also fully lives up to our history and values.

I would like to thank all the people at Edison and the stakeholders we routinely work with for being part of this journey and for contributing to a new and important moment in this story.

Nicola Monti
CEO Edison

Operational presence


6 Edison locations and offices
2 Officine Edison
9 Operating offices (Edison Energia)
27 Operational sites managed for environmental services (Edison Next)
70+ Managed production sites (Edison Next)
13 Thermoelectric power plants
123 Hydroelectric power plants
53 Wind farms
56 Photovoltaic parks
3 Gas storage facilities
1 LNG storage in operation
3 LNG storages being developed

Value chain

UPSTREAM

MIDSTREAM

Electricity

Power Asset

Management and development of electricity generation plants from renewable sources and high-efficiency gas-fired combined cycles

7,2 GW
Net installed power in Italy

19,5 TWh
Net production

123
Hydroelectric power plants

13
Thermoelectric plants

53
Wind farms

56
Photovoltaic parks

Gas

Gas Assets

Development and management of gas transport infrastructure

2 Pipeline project

1 Pipeline project in operation

Development and operation of Small Scale LNG storage

1 LNG storage in operation

2 LNG storage being developed

1 LNG storages in the authorization phase

Gas storage management

3 Storage centres

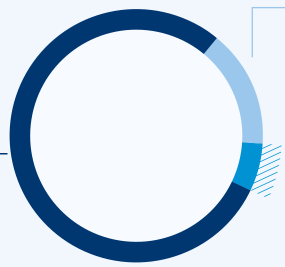
ITALIAN MARKET

2023

Electricity

Total gross demand Italy

308,4 TWh



49,1 TWh
Imports or other

259,4 TWh
Net production

99,7 TWh
Renewable sources

159,7 TWh
Thermoelectric

19,5 TWh
Edison production
(Share of total Italy = **7,5%**)

DOWNSTREAM

Gas & Power Portfolio Management & Optimization

Proprietary and third-party plant dispatching and energy portfolio optimization

37,1 TWh
Managed volumes

Long-term gas supply contracts

12,4 bn mc/a
Contractual quantity

Management of long-term gas supply contracts, logistics, gas sales to the thermoelectric and wholesale markets

14,9 bn mc
Managed volumes

Gas & Power Market

Sale of electricity, natural gas and value-added services to all market segments, from the customer of residential companies to large industry

13,8 TWh
Electricity sold to end customers

5,2 mld mc
Gas sold for civil and industrial use

2 mln
Contracts for electricity, gas points and value-added services

Energy & Environmental Services Market

Platform of services, technologies and skills for decarbonization and energy transition of industry and Public Administration

70+
Production sites managed

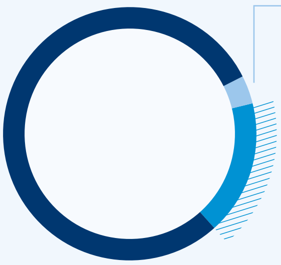
2300+
Public and private facilities managed

300+
Local municipalities with 1,2+ mln lighting points

35
District heating networks

27
Operational sites managed for environmental services

2023
Gas
Total need Italy
63,1 bn mc



2,8 bn mc
Production

60,6 bn mc
Imports

13 bn mc
Import **Edison**
(Share of total Italy = **21%**)

Highlights of the Group

In order to help the reader obtain a better understanding of the Group's operating and financial performance, the tables below contain "alternative performance indicators". The methods used to compute these indicators, consistent with the guidelines of the European Securities and Markets Authority (ESMA), are described in the footnotes to the tables.

Income Statement Data (in millions of euros)	Chapter (*)	**2023 financial year**	2022 financial year (**)	Change %
Sales revenues	2	18,436	30,309	*(39.2%)*
EBITDA	2	1,808	1,056	*71.2%*
as a % of sales revenues		*9.8%*	*3.5%*	-
EBIT		796	556	*43.2%*
as a % of sales revenues		*4.3%*	*1.8%*	-
Profit (Loss) from Continuing Operations		582	153	*280.4%*
Profit (Loss) from Discontinued Operations	2; 9	14	29	*(51.7%)*
Minority interest in profit (loss)		81	31	*161.3%*
Group interest in profit (loss)		515	151	*241.1%*

Financial Data (in millions of euros)	Chapter (*)	**12.31.2023**	12.31.2022	Change %
Net invested capital (A + B) (1)		6,735	6,525	*3.2%*
Total financial indebtedness (A) (1)(2)	6	(160)	477	*(133.5%)*
Total shareholders' equity (B) (1)	6	6,895	6,048	*14.0%*
Shareholders' equity attributable to the Parent Company shareholders (1)	6	6,460	5,659	*14.1%*

Rating	**12.31.2023**	12.31.2022
Standard & Poor's		
- Medium/Long-term rating	BBB	BBB
- Medium/Long-term outlook	Stable	Stable
- Short-term rating	A-2	A-2
Moody's		
- Rating	Baa3	Baa3
- Medium/Long-term outlook	Stable	Negative

Key Indicators	**12.31.2023**	12.31.2022	Change %
Debt/Equity (A/B)	(0.02)	0.08	-
Gearing (A/A+B)	(2.4%)	7.3%	-
Number of employees (1)	6,014	5,818	*3.4%*

(1) Period-end data. The changes in these values were calculated compared to December 31, 2022.
(2) This item incorporates the ESMA Guidelines on financial debt, published on March 4, 2021, which CONSOB requested to be adopted as of May 5, 2021. The breakdown of this item is shown in section 6.3 "Total financial debt and cost of debt" of the Notes to the consolidated financial statements.
(*) See the Notes to the consolidated financial statements.
(**) The 2022 figures have been restated in accordance with IFRS 5.

Operating data	**2023 financial year**	2022 financial year	Change %
Net production of electricity (TWh)	18.8	19.0	*(1.4%)*
Sales of electricity to end users (TWh)	13.7	14.2	*(3.1%)*
Gas imports (Bn m^3)	13.0	14.5	*(10.6%)*
Total net gas sales in Italy (Bn m^3)	14.9	21.1	*(29.5%)*
Locations served power and gas (in thousands)	2,015	1,761	*14.4%*

Information about the Edison Shares and Corporate Governance Bodies

Information about the Edison shares

Shares at December 31, 2023		Number	Price
	Common shares	4,626,557,357	(*)
	Savings shares	109,559,893	1.487 (**)

Shareholders with significant holdings at December 31, 2023		% of voting rights	% interest held
	Transalpina di Energia Spa (***)	99.473%	97.172%

(*) Delisted as of September 10, 2012.
(**) Average value for the month of December.
(***) 100% indirectly controlled by EDF Eléctricité de France Sa.

Corporate Governance Bodies

Board of Directors (1)			
	Chairman	Marc Benayoun (2)	
	Chief Executive Officer	Nicola Monti (3)	
	Directors	Béatrice Bigois (4)	
		Paolo Di Benedetto (5)	Independent Director
		Fabio Gallia (6)	Independent Director
		Angela Gamba (7)	Independent Director
		Xavier Girre (8)	
		Nelly Recrosio (9)	
		Florence Schreiber (10)	
		Luc Rémont (11)	
	Secretary to the Board of Directors	Lucrezia Geraci	

Board of Statutory Auditors (12)		
	Chairman	Serenella Rossi
	Statutory Auditors	Lorenzo Pozza
		Gabriele Villa

Independent auditors (13)		
		KPMG Spa

(1) Elected by the Shareholders' Meeting of March 31, 2022 for a three-year period ending with the Shareholders' Meeting convened to approve the 2024 financial statements.
(2) Confirmed as Director and Chair by the Shareholders' Meeting on March 31, 2022.
(3) Confirmed as Director by the Shareholders' Meeting on March 31, 2022 and as Chief Executive Officer by the Board of Directors on the same date.
(4) Confirmed as Director by the Shareholders' Meeting on March 31, 2022. Member of the Control, Risk and Sustainability Committee.
(5) Confirmed as Director by the Shareholders' Meeting on March 31, 2022. Chairperson of the Compensation Committee and the Related Party Transactions Committee. Lead Independent Director and member of the Control, Risk and Sustainability Committee and the Oversight Board.
(6) Confirmed as Director by the Shareholders' Meeting on March 31, 2022. Chair of the Control, Risk and Sustainability Committee and member of the Related Party Transactions Committee.
(7) Confirmed as Director by the Shareholders' Meeting on March 31, 2022. Member of the Compensation Committee, the Related Party Transactions Committee and the Oversight Board.
(8) Confirmed as Director by the Shareholders' Meeting on March 31, 2022.
(9) Elected as Director by the Shareholders' Meeting on March 31, 2022.
(10) Confirmed as Director by the Shareholders' Meeting of March 31, 2022. Member of the Compensation Committee.
(11) Co-opted by the Board of Directors on December 7, 2022 following the resignation of Jean Bernard Lévy. Confirmed as Director by the Shareholders' Meeting on April 5, 2023.
(12) Elected by the Shareholders' Meeting on April 5, 2023 for a three-year period ending with the Shareholders' Meeting convened to approve the 2025 financial statements.
(13) Audit engagement awarded by the Shareholders' Meeting on April 28, 2020 for the nine-year period from 2020 to 2028.

Edison Building – Foro Buonaparte in Milan

Report on Operations

Key Events

Inauguration of the Quassolo (TO) hydroelectric power plant

EDF, Edison, Ansaldo Energia and Ansaldo Nucleare announce they have signed a Letter of Intent (LOI) for the development of new nuclear power

March 6, 2023 – Ansaldo Energia, Ansaldo Nucleare, EDF and Edison announce that they have signed a Letter of Intent (LOI) to collaborate on the development of new nuclear power in Europe and promote its deployment, eventually also in Italy. The aim of the agreement is to make immediate use of the skills of the Italian nuclear industry, of which Ansaldo Nucleare is the leader, to support the development of the EDF Group's new nuclear projects, and at the same time to initiate a reflection on the possible role of new nuclear power in Italy's energy transition.

Edison: 5 billion investment to accelerate renewables plan to 2030

March 21, 2023 – Edison accelerates the construction of new renewable capacity at the service of the country's decarbonization, through 5 billion euro of investments to increase the Group's installed green capacity from the current 2 GW to 6 GW. The aim of the development plan is to increase installed wind power by a further 1 GW, photovoltaics by 2 GW, and to dedicate 1 GW to the development of renewables for the production of green hydrogen and energy storage systems (such as batteries and, in particular, pumped storage), which are indispensable for balancing the grid and ensuring the release of green energy even in the hours of non-operation of renewable plants.

Edison Energia reaches 2 million contracts and presents its strategic plan to 2030

April 18, 2023 – Edison Energia reaches 2 million contracts among residential, SME and industrial customers and consolidates its third position in the national market in terms of volumes of electricity and second position in terms of volumes of gas sold (14.2 TWh and 6.6 bcm of gas respectively in 2022).
Edison Energia's strategic development plan to 2030 envisages a doubling of contracts to 4 million between commodities, services and energy efficiency products (photovoltaic, heat pump, boiler and climate), electric mobility solutions and insurance products for the protection of domestic systems. The attainment of 4 million contracts by 2030 will mainly take place through organic development, but also through non-organic growth opportunities with the acquisition of large and small companies, as has already taken place between 2018 and 2022 with Gas Natural, Attiva, Energia Etica and Gaxa, as well as through participation in end-of-protection tenders.

Edison Next alongside Berco for the sustainability of the Copparo (FE) site thanks to a new 7.1 MWp photovoltaic plant

May 4, 2023 – Edison Next launches a path to sustainability for Berco, a Thyssenkrupp Group company specializing in the manufacture of undercarriage components and systems for tracked earthmoving machinery and equipment for the overhaul and maintenance of such components. In particular, Edison Next, thanks to the 20-year on site PPA (Power Purchase Agreement) signed with Berco, will be responsible for the design, construction, management and maintenance of a ground-mounted photovoltaic plant with a capacity of about 7.1 MWp for the Copparo (FE) site, Berco's historical and main plant, considered one of the world's largest production centers in its sector, which covers an area of 550,000 square meters and employs about 1,400 people.

Initiation of arbitration proceedings against Venture Global

May 15, 2023 – Edison initiated an arbitration procedure at the LCIA in London against Venture Global for the failure to start Liquefied Natural Gas (LNG) deliveries from the USA.

Edison: Moody's confirms Baa3 rating and changes outlook to stable

June 5, 2023 – Edison announces that, on June 2, Moody's agency confirmed the Company's long-term rating at Baa3 and changed the outlook from negative to stable, following an equivalent change in the outlook of the rating of EDF (long-term rating Baa1).
The confirmation of the rating Baa3 and the change of outlook of Edison reflect the strong improvement in the Company's credit profile following the complete exit from E&P activities and the strategic focus on gas and the development of renewable capacity in Italy.
The rating also takes into account the company's solidity of the financial statements, which is improving; favorable profit dynamics and higher cash generation, thanks to increased electricity generation capacity; optimized flexibility and appropriate indexation of gas contracts; and long-term exposure to wholesale electricity prices in Italy.

Edison inaugurates Italy's most efficient thermoelectric power plant: industrial excellence at the service of the country's energy transition

June 16, 2023 – Edison inaugurates in Porto Marghera (VE) the most efficient thermoelectric power plant in Italy and among the most efficient in the world, the first of the latest generation contributing to the country's energy transition. An important milestone in the security of the Italian energy system thanks to low carbon highly flexible production that compensates for the intermittency of renewables, thus contributing to the achievement of the decarbonization targets set by the PNIEC. The new plant in Marghera is the result of a modernization of the existing thermoelectric power plant, built in 1964 and constantly renewed in terms of technology, so much so that in 1992, it became the first natural gas-fired combined cycle power plant built in Italy. The construction work lasted a total of 4 years, employing up to 1,000 workers during the peak phases and 250 contractors, for a total investment of around 400 million euro. The plant has an installed capacity of 780 MW and energy efficiency of 63%, the highest made available by technology today, capable of ensuring a reduction of specific emissions of nitrogen oxides (mg Nox/kWh) by up to 70% and of carbon dioxide (mg CO_2/kWh) by up to 30% compared to the average of the current Italian thermoelectric park, meeting the equivalent annual needs of about 2,000,000 households.

Edison: 1 billion euro credit line with SACE guarantee

June 21, 2023 – Edison announces that on June 20, 2023, the new revolving credit line of 1 billion euro became effective dedicated to the coverage of working capital, subscribed on March 13, 2023 with a pool of banks comprised of BNL BNP Paribas, BPER Banca Spa, Intesa Sanpaolo Spa and UniCredit Spa.
The credit line is backed by a guarantee from the national export credit agency SACE Spa ("SACE") for 70% of the amount. The SACE guarantee was issued as part of the interventions to protect the national energy system in line with the Support Italy instrument under the "Aiuti" Decree and became effective following the issuance of a specific decree by the Ministry of Economy and Finance.

Edison and SPP sign Memorandum for cooperation in security of gas supply of the Slovak Republic

June 26, 2023 – Edison and SPP announce that they have signed a Memorandum of Understanding (MoU) for cooperation in the gas and LNG sector in order to increase Slovakia's diversification and security of supply. The signing took place at the Embassy of Slovakia in Rome, during the visit of the President of the National Council of the Slovak Republic Boris Kollar, in the presence of Ambassador H.E Karla Wursterova, SPP Executive Vice President Peter Kučera and Fabio Dubini, Executive Vice President Gas&Power Portfolio of Edison.

Edison Next alongside Barilla in the energy transition: a new 10-year contract for the revamping of the Marcianise factory's self-production plant

June 29, 2023 – Edison Next continues its commitment to support companies on their path to energy transition, consolidating its partnership with Barilla, among the leaders of the Italian agrifood industry, which has long been active in achieving the UN Sustainable Development Goals signed in the 2030 Agenda.
Specifically, Edison Next, under the new 10-year contract signed with Barilla, has initiated a project involving the revamping (modernization with latest-generation technology) of the trigeneration plant, on which the production of Barilla's entire Campania hub in Marcianise is based. According to the project, the installed equipment (supplying electrical, thermal and cooling energy) will be modernized, mainly by working on the recovery boiler and the alternator. The modernized plant is scheduled to be commissioned in March 2024.

Edison Next alongside Iris Ceramica Group for H2 Factory™, the first green hydrogen industry for ceramic slabs

July 11, 2023 – Iris Ceramica Group, world leader in innovative solutions and large, high-end technical ceramic slabs for the design, furnishing and architecture sectors, and Edison Next, an Edison Group company that accompanies customers and territories on their path to decarbonization and ecological transition, announce the signing of an agreement for the development of H2 Factory™, the new production plant in Castellarano (in the province of Reggio Emilia) that will use green hydrogen - i.e. fuelled by renewable energy - produced thanks to a cutting-edge customized system.

Gabetti Lab and Edison Energia announce the commissioning of the first three condominium energy communities

July 17, 2023 – Gabetti Lab and Edison Energia announce the commissioning of the first three condominium energy communities in Bergamo, San Lazzaro di Savena (BO) and Dalmine (BG). The agreement, started in 2021, includes an ambitious plan to develop condominium energy communities in Italy. The two partners to date have more than 40 agreements in place for more than 2 MW of photovoltaic capacity in Veneto, Emilia Romagna, Lombardy, Calabria and Piedmont. Edison Energia recently announced its goal of building 2,200 energy communities in the condominium sector for more than 120 MW of total photovoltaic capacity by 2030. The success of the partnership is demonstrated by the size of the existing portfolio, which is larger than the installed capacity at the end of 2022 of all energy communities in Italy.

Eni and Edison sign cooperation agreement for environmental work on historic former Montedison plants

August 1, 2023 – Eni and Edison communicated to have signed an agreement sanctioning cooperation between the two companies for the management of environmental remediation projects at all the industrial sites that Montedison transferred to Enichem in 1989. The agreement will regulate the equal economic competition for the reclamation works, which have already been underway for some time by Eni companies, Eni Rewind and Versalis, in execution of the projects decreed by the Ministry of the Environment, inaugurating a new season of cooperation between Eni and Edison that will make use of the experience and technologies acquired by Eni Rewind and Edison Next Environment. Remediation activities will continue.

Edison Next joins Nyox, a Polytec company, leader in the design and construction of photovoltaic systems for the decarbonization of Italian industry

September 13, 2023 – Edison Next and Polytec, an Italian company leader in industrial automation, artificial intelligence and the construction of plants for the production of energy from renewable sources, announce the establishment of a partnership that sees the entry of Edison Next in Nyox Srl.
The joint venture owned 51% by Polytec and 49% by Edison Next, focuses on turnkey construction (engineering procurement and construction) of photovoltaic plants. The new company's mission is to make new photovoltaic capacity available to Edison Next, enabling the latter to offer its industrial customers competitive solutions to decarbonize production processes and reduce energy costs. Nyox may, for a residual part, also offer the same services to third-party operators. The industrial objective is to build 500 MW of new photovoltaic capacity over a five-year period, at the end of which Edison Next will be able to exercise its option to purchase the entire capital of Nyox.

Edison inaugurates the new hydroelectric power plant in Quassolo (TO) built with the participation of local communities

September 15, 2023 – Edison inaugurates its new hydroelectric power plant in Quassolo, in the province of Turin, confirming its role as a responsible operator committed to the energy transition and taking a further step forward in the development of renewable energy plants and the achievement of decarbonization targets set at national and European level.
The Quassolo power plant, located along the left bank of the Dora Baltea river, is a small run-of-river plant with an installed capacity of 2,700 kW and a production capacity of 8,300,000 kWh per year, capable of satisfying the energy needs of about 3,000 households and avoiding the emission into the atmosphere of 3,300 tons of CO_2 per year.
Residents of the municipalities of Quassolo, Borgofranco di Ivrea, Quincinetto, Tavagnasco, Montalto Dora and Settimo Vittone, as well as Edison Energia customers from all over Italy, participated in the construction of the power plant by joining the crowdfunding campaign Edison Crowd for Quassolo launched by the Group in 2022, and thus choosing to become protagonists in the energy transition of their territory. Participants in the initiative are paid a fixed annual gross interest (6% for citizens of the six municipalities and 5% for Edison customers) on the sums invested, every six months from April 30, 2022 until April 30, 2025.

Edison will be Permanent Founder of La Scala Foundation

October 2, 2023 – Edison, already a Supporting Founder from 2020, will become a Permanent Founder of La Scala. The commitment will be formalized in November 2023 with the co-option by the Assembly of the Teatro alla Scala Foundation, chaired by Milan Mayor Giuseppe Sala.
The bond between Edison and La Scala has deep roots. It was Edison, exactly 140 years ago, that first illuminated La Scala Theatre, thanks to the electricity generated by the first thermoelectric power plant in continental Europe, in Via Santa Radegonda, just a few steps from Milan Cathedral. Edison also confirms its commitment to the Teatro alla Scala by supporting for the thirteenth consecutive year the opening night on December 7 with Giuseppe Verdi's opera Don Carlo.

Edison turns 140 and announces a goal to double EBITDA to 2030 by accelerating activities in the energy transition

October 4, 2023 – On the 140th anniversary of the start of operations, Edison looks ahead and presents its development strategy to 2030 and ambitions to 2040, aimed at consolidating its commitment to the ecological transition to support customers and the security and autonomy of the national energy system.

Edison accelerates Italy's path in the energy transition through a plan that envisages investments of 10 billion euro between 2023 and 2030, 85% of which will be in line with the Sustainable Development Goals (SDG) of the United Nations Organization.
With this plan, the Group aims to double its EBITDA to a range of 2 to 2.2 billion euro in 2030 from 1.1 billion euro in 2022. This will be achieved through a significant change in the industrial portfolio, which will result in direct zero or near-zero emission activities accounting for 70% of EBITDA compared to the average of 35% over the last three years. This development will be financed through operating cash flows and a debt level in line with investment grade ratings.
The business portfolio to 2030 will see renewable electricity generation accounting for more than 45% of the Group's profitability, services to industrial, domestic and public administration customers will contribute about a quarter, and gas and thermoelectric generation will account for 30%.

Edison and Kgal sign agreement for the development of a 150 MW photovoltaic plant

October 10, 2023 – Edison and the German renewable energy fund manager KGAL, KGAL ESPF 4, announce that they have signed a Power Purchase Agreement (PPA) for the construction of a photovoltaic plant in Lazio. With an installed capacity of around 150 MW, the plant will be one of the largest photovoltaic plants in Italy. The agreement has a ten-year term and provides for the collection by Edison of all the renewable energy produced (certified by the relevant guarantees of origin), while KGAL will take care of the construction and subsequent operational management of the asset. According to estimates, the plant will produce around 240 GWh per year, avoiding the emission into the atmosphere of more than 100,000 tons of CO_2 equivalent per year.

Edison: completed the sale of the stake in Reggane Nord to Repsol and Wintershall Dea

October 13, 2023 – Edison announces that following the approval by the Algerian authorities - by means of a decree published in the Official Journal on October 12, 2023 - of the agreements signed on May 4 and June 29, 2022, the sale of the 11.25% stake held in the Reggane Nord licence in Algeria to Repsol (6.75%) and Wintershall Dea (4.50%) has become effective.

Edison signs a new PPA for the development of a new 87 MW photovoltaic plant in Lazio and the subsequent purchase of green energy

October 24, 2023 – Edison announced the signing of a PPA in preparation for the construction of a photovoltaic plant with an installed capacity of 87 MW in Lazio, in the province of Viterbo. The agreement has a ten-year term and provides for Edison to take back all renewable energy produced, to be made available to its customers.

Edison Next acquires a biomass district heating plant in Cesano Boscone with the aim of expanding the network, reducing emissions and introducing smart services

October 30, 2023 – Edison Next takes over, through the acquisition of 100% of Prometheus Energia Srl, the Cesano Boscone district heating plant with the aim of optimizing its production and with the expectation of expanding it, bringing significant benefits to the community and the territory, thanks to the reduction of emissions, the valorization of local resources and the development of smart services for the community.
In particular, the current configuration of the Cesano Boscone plant envisages a cogeneration plant with a power output of 1 MW electrical and about 13 MW thermal, fuelled entirely by biomass from the local supply chain, a distribution network with an extension of 2 km that supplies heat to about 1,600 households with an annual thermal demand of 14 GWh.

Edison and the joint venture between the GR Value Group and Swiss Life Asset Managers sign a PPA agreement for the development of two plants: a 22 MW wind farm in Sicily and a 7 MW photovoltaic plant in Emilia Romagna

November 27, 2023 – Edison announces that it has signed two PPA for the construction of a wind farm in Sicily, in Partanna in the province of Trapani, and a photovoltaic plant in Emilia Romagna, in Bondeno in the province of Ferrara, owned by the Joint Venture between the GR Value Group and the partner Swiss Life Asset Managers.
The agreement has a ten-year term and provides for the collection by Edison of all the renewable energy produced by the plants (certified by the relevant guarantees of origin), while GR Value will take care of the realization, construction and subsequent operational management of the asset. Thanks to the PPA signed between the two operators, the plants will be realized entirely through private investment, without taking advantage of the incentive mechanism provided for renewables. The wind farm in Sicily will have an installed capacity of about 22 MW and will be one of the first to be built in Italy through the PPA instrument. According to estimates, the two plants will produce in total around 60 GWh per year, avoiding the emission into the atmosphere of more than 24 thousand tons of CO_2 equivalent per year.

Arcese and Edison Energia together for more sustainable road transport fuelled by biomethane and bio LNG

December 14, 2023 – The Arcese Group, a global logistics operator, and Edison Energia announce an agreement in favour of increasingly sustainable mobility: the Arcese Group's fleet of trucks will be fuelled by liquid biomethane (bio LNG) from the Edison Energia network of distributors. Today, the Arcese Group fleet includes 59 LNG-fuelled vehicles which, thanks to this strategic agreement, will from now on be able to travel using biomethane.
Bio LNG is a gas produced from agricultural waste or organic waste that is able to generate a very low emission balance. In other words, a vehicle using this fuel contributes to a significant reduction in greenhouse gas emissions, as well as halving the amount of nitrogen dioxide, compared to the use of diesel.

Edison buys ten hydroelectric plants in Piedmont and confirms its commitment to the decarbonization of the country

December 19, 2023 – Edison announced today that it has signed an agreement with Idronord for the purchase of a portfolio of 10 run-of-river mini-hydroelectric power plants in Piedmont. Through this transaction, the Group acquires 100% of three special-purpose companies – Nuove Iniziative Energetiche Srl (NIE), Cuorgnè Srl and IdroRessia Srl – held by Idronord, increasing its presence in a region with high potential in the hydroelectric sector.
The plants located in Val di Susa and Valle dell'Orco have a total installed capacity of about 11 MW and an expected total output of about 44 GWh per year. In particular, six of the power plants in question are fed by the Dora Riparia river and four by the Orco stream. Fully integrated into the surrounding landscape, they are able to satisfy the energy needs of 16,400 families and avoid the emission into the atmosphere of approximately 18 thousand tons CO_2 per year. The control panels are highly automated and their functionality can be adjusted remotely.

Edison completes construction of 8 photovoltaic plants totalling 80 MW in Piedmont and Sicily

December 21, 2023 – Edison announced that in December 2023, through its subsidiary Edison Rinnovabili, it completed the construction of eight new photovoltaic plants totalling 80 MW in Piedmont and Sicily. Specifically, Edison built 6 new photovoltaic plants in the provinces of Turin and Alessandria with a total capacity of 34 MW and 2 new plants in the province of Enna with a total capacity of 46 MW. Furthermore, in the first quarter of 2024, the Group will commence construction sites for new renewable energy projects (wind and photovoltaic) for 210 MW already authorised throughout the country.

Edison signs new PPA agreement with the FERA Group for a 20 MW wind farm in Liguria

December 28, 2023 – Edison announces that it has signed a long-term PPA with the FERA Group (Fabbrica Energie Rinnovabili Alternative) for the management of the energy produced by a wind farm with an installed capacity of 20 MW, in the province of Savona, Liguria.
The five-year agreement provides for the withdrawal by Edison of all the renewable energy generated (certified by the relevant guarantees of origin), which the Group will manage on the market and resell to its customers interested in a renewable supply contract, while FERA maintains the operational management and maintenance of the asset. The plant, which is already in operation, does not benefit from the incentive mechanism for renewables thanks to the agreement reached. According to estimates, the wind farm covered by the agreement has an average production of 55 GWh per year, equivalent to the energy needs of about 23,000 households, avoiding the emission of more than 22,000 tons of CO_2 equivalent per year.

Edison Energia: a convenient offer for gas customers who are not vulnerable and have not yet switched to the free market

January 11, 2024 – With the end of the protected gas market, Edison Energia presented the benefits of its free market offer, Edison Dynamic Gas, as part of the announcements scheduled for September 2023 by Arera and sent to end customers. For customers who have not yet opted for the free market and who are not vulnerable, from January 2024, Edison Energia will apply a Placet offer with Derogations that is among the most convenient, and that is the second best on the market for domestic customers and the first for condominiums, according to the ranking published by Arera.

Edison admitted by the Italian Revenue Agency to the cooperative compliance system

January 18, 2024 – Edison announces that it has been admitted to the Cooperative Compliance Tax System promoted by the Italian Revenue Agency. In line with the OECD's call for Cooperative Compliance, the institute allows for the establishment of forms of prior notification and cooperation between the tax authority and taxpayers, aimed at reducing the level of uncertainty in situations which may generate tax risks and thus prevent disputes.

Edison Energia wins four lots in the territories of Central and Southern Italy and increases its customer base by 700,000 units

February 6, 2024 – Edison Energia was awarded four lots in the auctions called by the AU for the transition of customers from the enhanced protection to the gradual protection system, for a total of 700,000 unique users.

External Context

Call center in Milan

Economic Framework

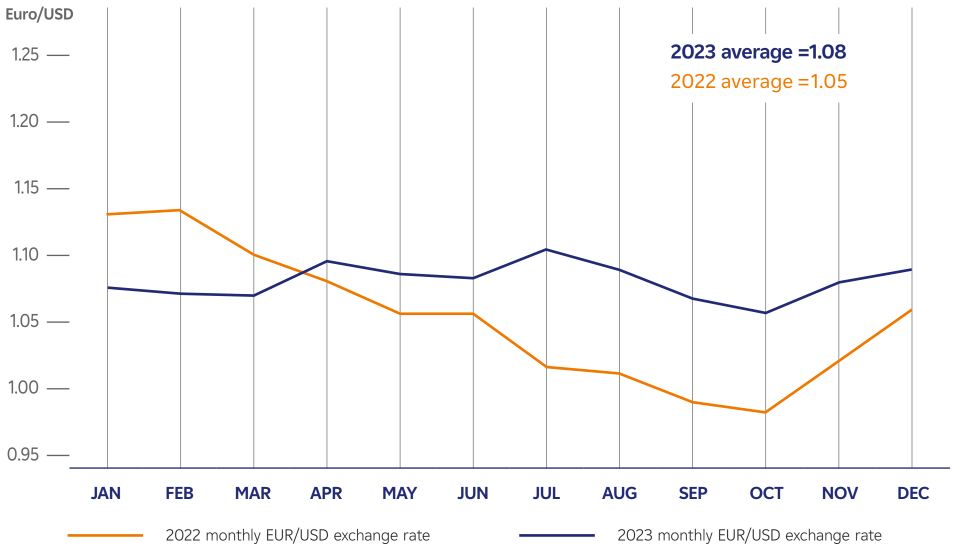
The year 2023 was a year of slowdown for the world economy and especially for international trade. Prometeia estimates that the former will grow by 3.1% (after 3.3% in 2022 and 6.2% in 2021), while the latter will drop by 0.6% (after 3.0% growth in 2022 and 9.5% in 2021).
Several factors, geopolitical as well as economic, have influenced the economic dynamics: unresolved conflicts, still far from being resolved, such as primarily the Russian-Ukrainian one, and 'new' conflicts, such as the one that dramatically re-exploded in October with the Hamas attack on Israel. On the economic side, the supply-side bottlenecks in the goods market, generated first by the pandemic crisis and then by the Russian invasion of Ukraine, the sharp rise in the prices of raw materials, especially energy, and the support to demand provided by highly expansive monetary and fiscal policies were at the origin of an inflationary surge that forced the central banks of numerous countries to initiate monetary tightening such as had not been seen in decades. In 2023, the FED rate thus reached 5.5%; the ECB rate 4.5%: for both central banks, this is the highest value touched since 2001.
Now, after the shocks of the last few years, the global economy is, however, normalizing, most of the imbalances are receding, with the easing of bottlenecks on the supply side of goods, the reduction of commodity prices, although still above pre-crisis levels, and the improvement of the labor market in both Europe and the US, which is supporting household income and thus consumption and economic activity. The latter also benefits from falling inflation, which, in turn, paves the way for the reduction in interest rates, expected from mid-2024 onwards, due to global economic weakness. In fact, the Federal Reserve and the European Central Bank kept monetary policy rates unchanged again in December, consistent with the ongoing disinflationary process, although inflation remains the 'special watch' given its influence on the growth prospects of the US and Europe and the world economy in general.
However, the easing of imbalances does not mean that 2024 will be free of problems; fragility factors remain, leading to a forecast of weak growth in 2024 as well, which Prometeia estimates at 2.6%. These include the slowdown of the US economy observed in the latter part of 2023 due to the slowdown in consumption: here, the depletion of excess savings accumulated during the pandemic is in fact taking away from the demand of American households. The Eurozone has been in the doldrums for a year now, with Germany, once the strongest economy in the area, now appearing to be among those in greatest difficulty. Added to this are the Chinese difficulties related to tensions in the real estate market and the limited effectiveness of the measures put in place to relaunch economic activity. The uncertainty associated with next year's political elections, from the US presidential elections to those for the renewal of the European Parliament to those, again, in India and Taiwan, will also influence the decisions of traders.
Other clouds on the horizon are those hanging over the commodities markets: while the international price of Brent crude remained unexpectedly around 80 USD per barrel, thanks to Saudi Arabia's substantial supply and copious US production, an eventual intensification of the bombardment of ships in the Red Sea could make their passage through the Suez Canal riskier, with possible upward effects on transport costs and oil prices. As for the price of gas in Europe, high stocks and abundant supply have kept it around 40 euro per megawatt-hour. However, the risk remains that a harsh winter and especially the possible involvement or deployment of other countries in the conflict in the Middle East could temporarily increase supply difficulties and/or create price tensions. With regard to international agricultural commodity prices (essentially stable since the summer), the effects of the Niňo on harvests in Latin America, India and some African countries will have to be assessed. On the other hand, metal prices in USD, although rising slightly since the summer, are not of great concern given the slowdown in the Chinese economy, although an acceleration in demand, e.g. related to investments for the energy transition, could again push up the prices of some metals.
However, it is above all the dynamics of world trade that highlight the widespread weakness of the economy, and specifically the fragility of domestic demand in the various regions. Projected

to contract by 0.6% in 2023, world trade is expected to return to growth at a rate of 2.2% in 2024, with large differences between the world's major economic areas.
Turning to the latter, the aforementioned slowdown in the US economy observed in the latter part of the year can be attributed to weaknesses identifiable both in the growth pattern of household consumption and in the difficulties still afflicting the residential market, although the low point seems to have been passed. On the consumption front, it is mainly the lower income classes that suffer from the loss of purchasing power resulting from high inflation triggered by rising energy and food prices. If, on the one hand, the resilience of the labor market can continue to support household income, as has been the case up to now, on the other hand, the depletion of the hoard accumulated during the pandemic that had allowed a continuous reduction in the propensity to save, and thus supported demand, is bound to affect consumption in the year to come, leading to less favorable conditions for the growth of this expenditure item. On the residential property market front, home sales are at rock bottom due to the increased cost of mortgages, linked to the rising cost of money. The combined effect of a more balanced labor market (less unbalanced on the supply side) and a slowdown in consumption will contribute to the gradual return of inflation, which in 2024, in the absence of new shocks in Prometeia forecasts, is expected to stop at 2.5%, compared to 4.1% estimated for 2023. As for GDP, a growth of 2.4% is expected in 2023, which will decrease to 1.4% in 2024.
With regard to China, the growth recorded in 2023 (+5.5% in the estimates) is largely attributable to household consumption, but also to the statistical effect of weakness in 2022 (+3.0%). In the country, there remains little confidence in a forthcoming recovery, which is evident in the growth of household bank deposits at a higher rate than the average pre-pandemic rate. Both the persistently high unemployment and the uncertainty over the development of the real estate market, which has absorbed part of the present and prospective savings, are worrying, combined with the ineffectiveness of economic policy, which, in order to revive growth, relies on sectors that are already heavily indebted: investment stimuli are in fact directed at local governments and publicly owned companies, players already called upon in the past to behave more cautiously in order to ensure the sustainability of their debts. By 2024, China's growth is expected to be 4.5%, while inflation is expected to rise to +1.7% from +0.9% in 2023. Internationally, the slowdown of the Chinese economy results in a rebalancing of balances in favor of the United States, which reasserts its strength in the global economy: the strengthening of the dollar against the major currencies reflects significant capital inflows. In fact, the sources of funding for the US current account deficit come from all areas of the planet, from China to oil-producing countries and countries with traditional trade surpluses, Japan and Europe *in primis*.
Finally, as far as the Eurozone is concerned, the weakness that until mid-2023 seemed to characterize Germany in particular, has since spread to other countries in the area, further worsening the already bleak growth prospects. In Prometeia forecasts, EMU growth in 2023 will not go beyond 0.5% and in 2024, it will fall further, to +0.4%. The expiry of the measures taken to tackle the energy crisis and combat household impoverishment, together with the need to put public finances back on a more sustainable path - barring new shocks - leaves little room for fiscal policy initiatives to support economic activity, not to mention that the effects of monetary tightening on private consumption and investment will continue to manifest themselves, and are likely to intensify. Also in Europe, as in the US, the resilience of the labor market will make a positive contribution to household income formation. However, unlike in the US, European households are characterized by a greater propensity to save than pre-pandemic households, suggesting the possibility of relatively weak private consumption even in the first half of 2024, with two consequences: less upward pressure on prices on the demand side, but also expectations of a lower pace of growth. This, together with the weak growth of the other trade partners, will result in greater caution in capacity expansion decisions by companies and thus in a brake on growth. As for price dynamics, lower consumption suggests a faster decline in inflation, which will be 2.2% in 2024, compared to +5.4% in 2023.

As regards Italy, in particular, the economy is experiencing a year-long stalemate: Prometeia estimates show a slight contraction in GDP in the fourth quarter of 2023 (-0.1%), mainly due to the slowdown in consumption (crushed by inflation) and investments (slowed down by uncertainty and high financing costs), while on an annual basis, growth of 0.7% is confirmed.
Assuming there are no further international shocks, Prometeia forecasts a GDP increase of +0.4% in 2024, more pessimistic than the estimates of Istat (+0.7%) and the Bank of Italy (+0.6%) for the same period.
In our view, these forecasts, in particular those of Prometeia, may turn out to be far too pessimistic, in view of the fact that Italy could take advantage of the PNRR (National Recovery and Resilience Plan) boost. However, in order for economic growth to be balanced, the problem of public debt will have to be tackled, which has risen by about 6 percentage points since 2019; over the same period of time, debt, which in 2019 was 1.5% of GDP, is likely to be 5.3% in 2023. Our public accounts will therefore have to face a forced path of debt reduction, and from this perspective, the experts point out that the Budget Law for 2024, approved at the end of December, presents several problematic aspects, having chosen to allocate the resources freed up by the disappearance of support for the high energy price to expansionary measures, financing them mostly in deficit. If the deficit and a decision on how to find permanent resources to finance cuts in the tax wedge in favor of lower and middle income earners is postponed until the end of 2024, the situation for Italy could degenerate, with the risk of also incurring warnings from the European Commission.
Our country's potential growth will also be affected by the return profile of inflation, which has been very steep in Italy in recent months, falling from over 5% in the summer months to 0.7% in November. However, this decline should not be misleading, as it is largely due to so-called base effects, i.e. the fact that the sharp increases in energy prices in the autumn of 2022 now make the year-on-year comparison favorable; in addition, the rise in energy costs at the end of the year has fuelled fears that the disinflationary impulse may be coming to an end. Added to this is the problem of the permanently higher price of many fresh food products, which has severely affected households with the lowest incomes, especially now that the various support instruments have come to an end.
It is therefore to inflation core, which is estimated at 2.5% in 2024, that more attention will have to be paid in the coming months to see whether it will actually converge steadily to the target of 2% in 2025. This will allow an easing of monetary policy, which will have a positive impact on the financial conditions of households and businesses: bank lending rates will fall from the 5.5% peaks reached in the winter months to the 4.7% expected by the end of 2024; the strong reallocation of financial portfolios towards bonds will also end, favoring again consumption and investment in real assets.
Finally, the positive trend in the labor market continued: on a monthly basis, the employment and unemployment rates rose to 61.8% and 7.8% respectively in October (last available), while the inactivity rate fell to 32.9%. However, experts draw attention to the now chronic demographic problem in our country, with a population that is ageing and exiting the labor market without being replaced by new employees: this is a very large imbalance that Prometeia estimates will generate a 'hole' of more than 100,000 jobs per year by 2030. It is important to address this problem with a set of coordinated measures (family support, housing, education, wage policies) in order not to risk undermining our country's capacity for future economic growth.
In such a context, the PNRR continues to play a crucial role. Its new definition provides for an increase of 2.9 billion euro and a partial redistribution of resources from direct investments to contributions and towards climate transition. If the Plan is properly implemented, concentrating resources on areas of traditional weakness in our economy, it is estimated that our country's actual GDP growth in the two-year period 2025-2026 will be +0.8%, taking into account the expansionary effects of the measures financed.

During 2023, the average EUR/USD exchange rate stood at 1.08, an increase of 2.6% compared to 2022. The European currency thus appreciated against the US currency, in a context, during 2023, in which the ECB monetary policy was more restrictive than that of the Fed, which was the first to break the cycle of interest rate hikes.
Analysing the monthly trend, it can be seen that the exchange rate declined in the first three months of the year, although remaining at higher levels than in the fourth quarter of 2022. The value of the euro/dollar exchange rate then increased in April, rising for all the following months above the previous year's levels. In the US, the Federal Reserve continued the cycle of rate hikes, which started in 2022, with three consecutive hikes of 25 basis points each in the first five months of the year. These measures helped to contain year-on-year inflation, which moved from 6.4% in January to 3% in June. On the other hand, the European Central Bank, in the presence of very high inflation, implemented larger rate increases, totalling 150 basis points during the first half of the year. Inflation also slowed down, falling to 5.5% in June, also in the wake of declines in energy commodity prices.
In the third quarter of 2023, the exchange rate declined on a cyclical basis following the different performance of the US and European economies. The US economy showed greater signs of resilience, increasing the chances of a soft landing of restrictive monetary policy and dispelling concerns about a possible recession, which had characterized the first part of the year. Against this backdrop, the Fed raised 25 basis points again in July, signalling the possibility of further increases by the end of the year. However, these increases were not realized in the presence of a continued easing of inflationary pressure and some slowing economic indicators in the fourth quarter. This has fuelled expectations that the US central bank has ended the cycle of interest rate hikes, which have been stuck in the 5.25-5.5% range since July. The dollar therefore weakened in the latter part of the year, which led to a rise in the euro/dollar exchange rate. In the Eurozone, on the other hand, the European Central Bank made two further hikes of 25 basis points each in July and September, bringing the main refinancing rate to 4.5%, the highest level since 2001. The European cost of money remained unchanged in the fourth quarter amid a slowdown in economic activity and a gradual decrease in inflation, which stood at 2.9% in December. The ECB has indicated that the level reached by rates is such that, if maintained for a sufficiently long period of time, it will have a substantial contribution in bringing inflation back within the 2% target.
Overall, during 2023, the interest rate differential between the two sides of the ocean was therefore reduced by 100 basis points, going from 2% at the end of 2022 to 1% in December, and therefore supporting the appreciation on an annual basis of the euro.

The monthly development of the exchange rate for this year and the previous year is depicted in the following graph:



As far as the oil markets are concerned, the average Brent price decreased by 16.8% year-on-year from 98.8 USD/bbl in 2022 to 82.2 USD/bbl in 2023. The reduction in quotations from 2022 levels occurred against a backdrop of uncertainty about the outlook for global demand, as well as the reduced impact on markets of the international sanctions imposed on Russia, in light of the reorganization of global oil market flows. Moreover, the growth in supply from countries not participating in the OPEC+ alliance almost entirely met the increase in world demand.

Brent prices declined in the first quarter, impacted by an uncertain global macroeconomic environment characterized by persistently high inflationary pressures and the restrictive monetary policies of the major central banks. The import ban on refined products from Russia, which came into force in February in addition to the one already in place on crude oil, did not have a significant bullish effect on the European market, thanks to the growth of imports from the US and the Middle East. In March, concerns about tensions in the financial system further contributed to negative expectations about the economic recovery and demand developments. Oil prices then showed a significant recovery in April, following the OPEC+ announcement of production cuts of 1.16 million barrels per day, in addition to the more than 2 million already in place. The policy of production restrictions was then extended at the summit in early June to the end of 2024.

In the second half of the year, prices were supported by the voluntary cuts announced by Saudi Arabia and Russia of one million barrels per day and 300 thousand, respectively. In September, the extension of these voluntary reductions until the end of the year further supported upward oil prices, which reached their highest level of the year, exceeding 90 USD per barrel. Prices also rose in those months as a result of an improved economic outlook in China, where the government took several fiscal and monetary stimulus measures.

In October, the outbreak of the conflict between Israel and Hamas caused an initial jump in prices, mainly driven by fears that the conflict would spread to involve Iran. In fact, although Israel is not a significant oil producer, the entire Middle East region is responsible for about one third of the global supply, and the Strait of Hormuz, which divides Iran and the Arabian Peninsula, is a crucial point for international trade in oil products. In the following weeks, however, the bullish trend lost momentum following the realization that the war in the Middle East did not lead to a reduction in oil flows, as well as the prevailing of demand concerns.

In the latter part of the year, prices therefore fell back to below 80 USD per barrel. Instead, the OPEC+ meeting at the end of November, expected to bring new cuts, revealed signs of fragility within the organization. In fact, the summit only agreed on more voluntary production cuts by some alliance member countries, totalling 2.2 million barrels per day for the first quarter of 2024, of which 1.3 million correspond to the voluntary cuts by Saudi Arabia and Russia already in place. However, doubts arose as to whether the component countries would actually implement the cuts, with Angola announcing in December that it would leave OPEC+ due to diverging interests from those of the Organization. Moreover, the effects of OPEC+ restrictions were countered by the significant growth in production by non-alliance countries, and in particular the United States. In fact, the American country exceeded the production level of 13 million barrels per day in the last months of the year, reaching new all-time highs, which led to a significant increase in oil exports. Brazil, South America's largest crude oil producer, also saw its production increase year-on-year, reaching a record 3.7 million barrels per day in September. As of January 2024, the Brazilian country joined OPEC+, but did not adhere to the agreement on production cuts.

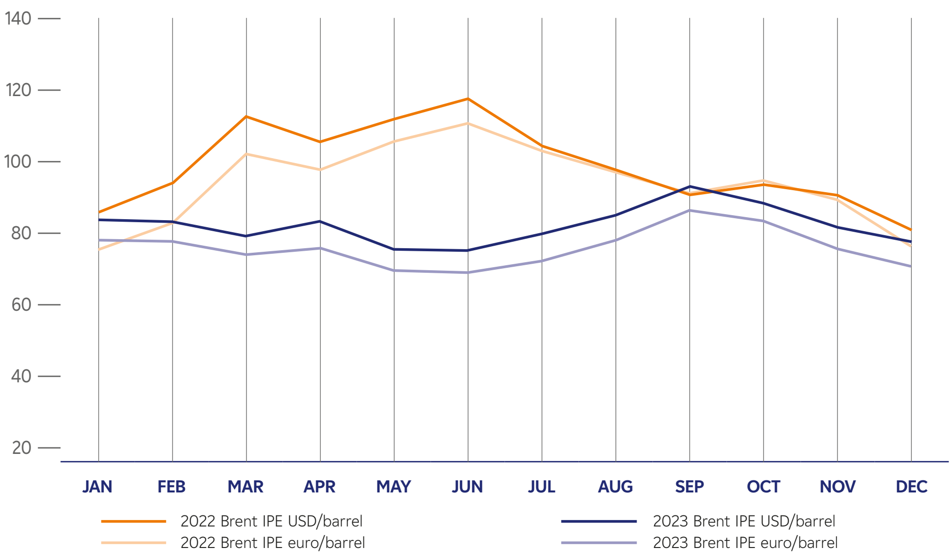
Brent price declines were, on the other hand, limited in December by rising geopolitical tensions in the Middle East following the escalation of attacks against commercial vessels transiting the Red Sea by the Iranian-backed Yemeni military group Houthi.

Crude oil prices in euro followed the annual trend of US prices, signalling a stronger decrease as a result of the appreciation of the single currency. At 76.0 euro/barrel, the average price for 2023 was 19.0% higher than the average for 2022.

The table and the chart below show the average annual values and the monthly trend, during this and the previous year:

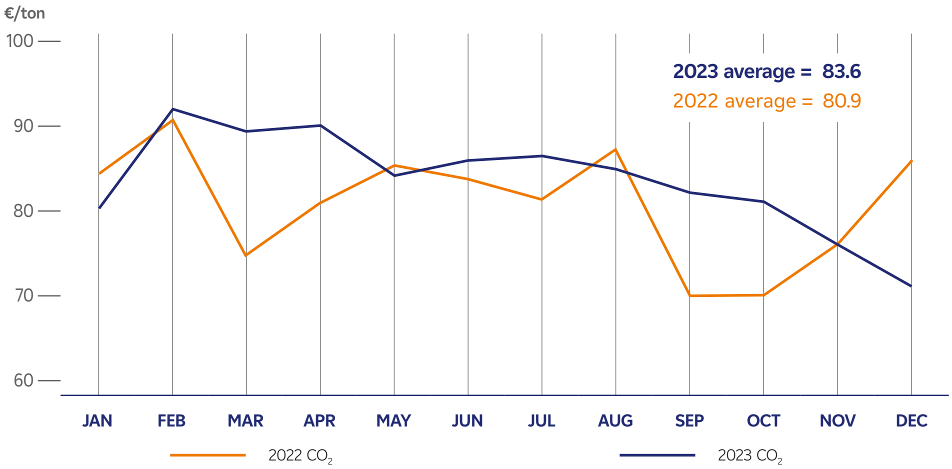
	2023 financial year	2022 financial year	Change %
Oil price in USD/bbl [1]	82.2	98.8	*(16.8%)*
USD/EUR exchange rate	1.08	1.05	*2.6%*
Oil price in EUR/bbl	76.0	93.9	*(19.0%)*

(1) Brent IPE



The coal market “API2”, with reference to prices on the Atlantic market, recorded an average of 123.2 USD/ton in 2023, a significant decrease (-58.2%) over the previous year. As with other commodities, the year-on-year contraction is attributable to the easing of tensions in the energy sector that had characterized 2022. In Europe, abundant stocks and the lower use of coal for power generation drove the fall in quotations. The return of greater competitiveness of gas over coal in thermoelectric production and the revival of French nuclear generation have led to a decrease in coal consumption.
Gas prices on the main European hubs stood at levels well below those of 2022, with decreased annual values of around 61% on average. After strong rises in 2022, quotations recorded negative cyclical changes mainly in the first two quarters of the year (-34.9% and -35.1% respectively), while a slight decrease was observed in the third quarter with a cyclical change of 1.6%. Finally, the fourth quarter saw an increase of 18.3% compared to the previous quarter, mainly due to geopolitical tensions in the Middle East. The price of gas on the TTF, the main European reference hub, stood at an average of 43.1 c€/scm, against an average of 127.5 c€/scm in 2022, marking a decrease of 66.2%. Declining gas demand - especially in the thermoelectric sector - coupled with high storage filling and rapid diversification of supply sources from Russian gas drove the downward trend in prices. The creation of new regasification capacity in several European countries has allowed a reduction in system bottlenecks, leading to a narrowing of price differentials between the hubs of Central Europe (Holland, Germany) and those of Western Europe (France). Prices at the US hub of the Henry Hub - the main reference in the international gas market - recorded an average value of 2.5 USD/MMBtu in 2023, a decrease of 60.5% compared to 2022. The gradual rebalancing of global markets and domestic gas production at new record levels have led to falling prices in the Henry Hub. In 2023, the US became the largest LNG exporting country in the world, surpassing Qatar and Australia.
Prices on the CO_2 emission certificates market increased slightly, reaching an average of 83.6 euro/t in 2023, up 3.3% compared to the previous year. This year-on-year increase was mainly supported by the high price levels recorded in the first half of 2023, with the market reaching new all-time highs in February. The increases were supported by the final approval of the ETS (Emission Trading System) reform under the Fit for 55 program. The reform is consistent with both the Green Deal and the REPowerEU plan and is aimed at strengthening the ETS system by decreasing the supply of permits in circulation and strengthening demand. In the second half of 2023, quotations retraced, falling in the last two onths of the year to levels below 80 euro/ton. The downward trend in the fourth quarter of 2023 was driven by low demand for EUA permits, as a result of weak industrial production and reduced electricity generation from fossil fuels, against a backdrop of falling consumption and increasing supply from renewable sources. In addition, the additional sale of EUA permits at auction to finance part of the REPowerEU put downward pressure on the market.

The monthly development of CO_2 prices for this year and the previous year is depicted in the following graph:



In 2023, the Energy Efficiency Certificates (EEC) market recorded an average price of 251.7 euro/EEC, down slightly (-2.3%) compared with 2022, when the average price was 257.6 euro/EEC. Prices showed a bearish trend during the whole year, particularly from June onwards in connection with the start of the new compulsory year. The backdrop of more than enough securities being available to meet the minimum annual obligations drove the decline in quotations, which in the second half of the year were always below 250 euro/EEC and in December reached the lowest since July 2017.

The Italian Energy Market

Demand for Electric Power in Italy and Market Environment

(TWh)	2023 financial year	2022 financial year	Change %
Net production:	259.4	276.4	*(6.2%)*
- Thermoelectric	159.7	193.3	*(17.4%)*
- Hydroelectric	40.3	29.7	*35.5%*
- Photovoltaic	30.7	27.6	*11.5%*
- Wind power	23.4	20.4	*14.7%*
- Geothermal	5.3	5.4	*(1.7%)*
Net import/export balance	51.3	43.0	*19.2%*
Pumping consumption	(2.2)	(2.5)	*(13.7%)*
Total demand	**308.4**	**316.8**	***(2.7%)***

Source: processing of final 2022 and preliminary 2023 Terna data, gross of grid losses.

Despite the recovery observed since the fourth quarter, gross electricity demand contracted for the second consecutive year in 2023. In fact, total electricity demand stood at around 308.4 TWh, down 2.7% (-8.4 TWh) from 2022.

As far as the supply by production technology is concerned, the generation of all major renewables shows an important increase. Due to the higher installed capacity, wind and photovoltaic production increased by 14.7% and 11.5% year-on-year, respectively. Similarly, as a result of the improved hydrological balance, hydroelectric generation stood at 40.3 TWh, up 35.5% year-on-year.

Finally, a strong increase in the net foreign balance (+19.2%, to 51.3 TWh, over the previous year) is observed in 2023. Due to increased production from renewable sources and high flows in imports, thermoelectric production decreased by 17.4% year-on-year to about 160 TWh.

Total domestic generation net of pumping declined by 6.2% (-17 TWh) compared to 2022. As a result, the share of electricity demand covered by domestic production drops to 83.5%, from 86.5% in the previous year.

In the fourth quarter of 2023, total withdrawals from the Italian grid amounted to approximately 76 TWh, an increase of approximately 1.7% (or 1.3 TWh) year-on-year. As far as the contribution by source is concerned, hydroelectric generation shows the strongest increase (+66% year-on-year) due to the significant rainfall in October and November. The quarter also saw conditions of high wind power production, up 53% compared to the same period in 2022. Despite the seasonal decline, photovoltaic generation also remained above last year's values (+22%).

As a result of the high flows from abroad (+3.4 TWh, +33% y/y), total production net of pumping fell from 64.9 to 62.6 TWh (-3.4% y/y) last quarter. In overall terms, the contribution of domestic generation amounted to about 82% of demand, down from 86.2% observed in 2022, with the use of thermoelectric power down 21% year-on-year (-10 TWh).

Insofar as the price scenario at December 31, 2023 is concerned, the 2023 time-weighted average (TWA) for the Single National Price (abbreviated as PUN in Italian) settled at 127.2 euro/MWh, down by 58.1% compared with the previous year (304.0 euro/MWh).

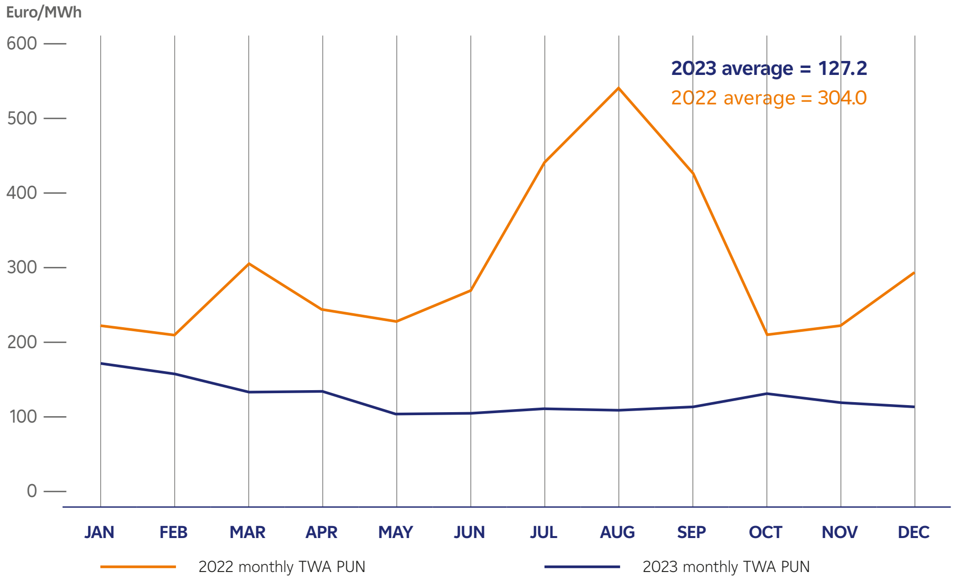
The decline in prices compared to 2022 was mainly driven by the marked drop in thermoelectric generation costs and took place against a backdrop of declining electricity consumption, impacted by the slowdown in economic growth. The increased contribution of renewables in the generation mix further contributed to the declines. Looking at the monthly trend of the PUN, prices showed a downward trend during the first six months of the year, only to show a limited rise in the summer quarter. After an increase in October, the PUN fell again in November and December. Weak gas market fundamentals and temperatures that were above the seasonal average during the last months of the year led to the contraction observed in the last two months of the year. As a result, in the fourth quarter of 2023, the average PUN was 123.8 euro/MWh, a decrease of 49.2% on a year-on-year basis, and up 9.4% compared to the previous quarter.

Throughout 2023, quotations were well below the levels reached the previous year, with the lowest PUN value of the year reached in June, when it stood at a monthly average of 105.3 euro/MWh, the lowest value since summer 2021. The most pronounced annual deviation occurred in August with a contraction of 79.4%, due to the historical peak reached in the same month last year.

Electricity demand was lower than last year in the first three quarters of the year, while an increase was observed in the fourth quarter. During 2023, there was an acceleration of photovoltaic and wind power installations in Italy, with the country aiming to reach 65% renewable generation in the production mix by 2030. Furthermore, starting from May, an increase in rainfall was observed, which brought the levels of the water basins back in line with the average observed in the previous five years, allowing a resumption of hydroelectric generation. Prices were also influenced by the significant improvement in the available capacity of the French nuclear park compared to the very low values of 2022. As a result, import flows into Italy, especially from France and Switzerland, increased. The combination of the factors described has led to less production by thermal power plants, contributing to the price declines.

In 2023, the F1, F2 and F3 hourly time periods and, similarly, the peak and off peak intervals experienced virtually identical decreases of about 58% compared with the previous year. In particular, the off-peak range decreased by 57.5%, and the peak range by 59.0%.

As regards zonal prices, in 2023, a significantly downward trend was recorded, consistently with what has been described so far, with the most marked contractions recorded in the North (-58.5%) and in the Center-North (-58.2%) compared to what was observed in the other areas (on average -57.5%), given the increase in imports at the northern border. The chart that follows shows the monthly trend compared with the previous year:



Prices in foreign countries also showed a general decline, similar to what was observed in the Italian market. France recorded the sharpest decrease, with prices falling 64.9% year-on-year to 96.9 euro/MWh. The improvement in nuclear generation led to a significant increase in net exports to neighboring countries to a two-year high. France's annual nuclear generation stood at around 320 TWh, recovering after the sharp decline in 2022. The spread with the single national price rose by 7.7%, reaching 30.2 euro/MWh.
Germany closed 2023 at 95.2 euro/MWh (-59.6% compared to 2022). The contraction was driven by the abundant supply from renewable sources and falling thermoelectric generation costs. In 2023, wind power became the first source of production of the German generation mix, against a background of a reduction in coal- and lignite-fired generation. In mid-April, Germany completed its phase-out from nuclear power, with the closure of the last three reactors. The Italy-Germany spread decreased by 53.4% compared with 2022, sitting at 32.0 euro/MWh.
In Spain, the lowest prices on the continent were observed, with the average for 2023 at 87.1 euro/MWh (-48.0% compared to 2022), in a context of robust generation from renewable sources.

Demand for Natural Gas in Italy and Market Environment

(billions of m³)	2023 financial year	2022 financial year	Change %
Services and residential customers	26.6	28.7	*(7.4%)*
Industrial use	11.4	11.9	*(4.0%)*
Thermoelectric fuel use	21.1	25.2	*(16.1%)*
System usage and leaks	4.0	3.2	*26.2%*
Total demand	**63.1**	**69.0**	***(8.4%)***

Source: Snam Rete Gas (2022 and January-October 2023: final financial statements data, November and December 2023: provisional financial statements data).

Following the drop seen during 2022, natural gas withdrawals in Italy in 2023 showed a further decrease compared to the previous year, with total consumption of 63.1 bcm (-8.4%), down almost 6 bcm compared to 2022 and more than 13 bcm compared to 2021. In addition to mild temperatures that weighed on civil consumption, total demand was down mainly due to the thermoelectric sector, which recorded the largest losses.

The marked contribution of renewables, the improvement of the hydrological balance and high electricity imports from Italy's neighboring countries have compressed the space for gas in the Italian energy mix, leading to a significant drop in thermoelectric consumption compared to last year (-16.1% or -4.1 bcm). The services and civil sector, influenced by mild temperatures especially in the first quarter of 2023, recorded a decrease of 2.1 bcm compared to 2022 (or -7.4%). Industrial consumption, on the other hand, limited losses thanks to an evident recovery since August, closing 2023 at 11.4 bcm (-4% vs. 2022 or -0.5 bcm).

The fourth quarter ended on a par with the fourth quarter of 2022. The negative deltas recorded in the thermoelectric (-0.6 bcm) and "consumption and system losses" (-0.2 bcm) sectors, which also includes exports, were offset by the positive deltas recorded in the industrial and civil sectors, which showed increases of 0.2 bcm (closing at 2.9 bcm) and 0.6 bcm (closing at 8.4 bcm) respectively. The thermoelectric space still appeared squeezed by the contribution of renewables, heavy rainfall and high flows from abroad.

As far as supply sources are concerned, in 2023, it is worth mentioning the further collapse of Russian gas imports from Tarvisio (totalling 2.5 bcm compared to 11 bcm in 2022 and an average of 29.2 bcm in the 2017-2021 period) and the increase in LNG imports (16.3 bcm, +2.1 bcm compared to 2022) also thanks to the start-up of the new regasification terminal in Piombino.

Overall, in 2023, sources of supply registered:
- domestic production down by 0.3 bcm, or -10% compared to 2022 (2.8 bcm in 2023 vs. 3.1 bcm in 2022);
- significantly higher gas imports (8 bcm; -12% compared with 2022);
- a net balance of injections of gas in storage of about 0.3 bcm.

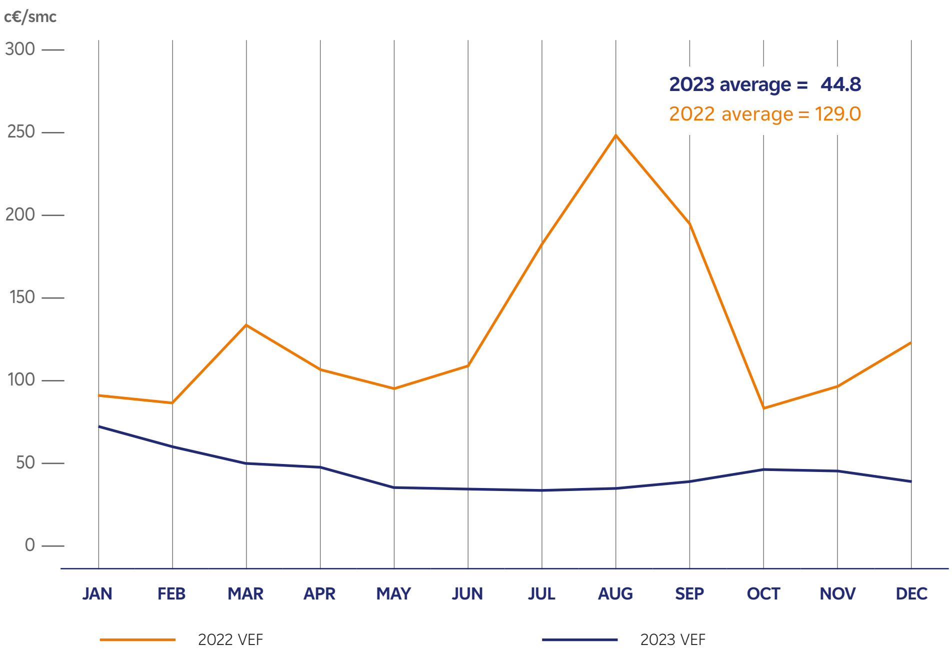
In 2023, the spot gas price in Italy, in concert with the movements registered on other European hubs, recorded a considerable decrease compared to the previous year (-65.3%), standing at 44.8 c€/scm.

Prices have fallen since the beginning of the year as a consequence of the persistence of high arrivals of LNG cargoes at European terminals - also favored by the weak competition with Asian markets - and the decrease in demand, factors which have allowed the resilience of the system despite the reduced supply of gas from Russia. During the first quarter, the drop in gas consumption was driven by favorable weather conditions, self-induced cost-saving measures against high prices, and containment plans established by European countries. This situation led to a limited need for storage injection during the summer season, with European depots reaching their 90% filling target during August, well ahead of the November 1 deadline set by the European Regulation introduced in 2022. During the fourth quarter, temperatures remained above seasonal averages, limiting the bullish momentum resulting from geopolitical tensions in the Middle East.

VEF prices, remaining well below the levels reached last year, increased on a monthly basis in August, September and October alone. These increases were supported by a particularly large summer maintenance program at the Norwegian production fields, which also suffered some delays. In addition, fears of strikes at three large LNG production plants in Australia, collectively responsible for about 10% of global supply, further contributed to the rises. However, their impacts were limited, both due to the short duration of the protests and the weak European demand. In October, the war that broke out between Israel and Hamas led to an increase in geopolitical tensions, highlighting concerns about the security of supplies from the Middle East. In November and December, on the other hand, prices fell again in the wake of robust LNG arrivals and good storage fill levels, which made it possible to meet the seasonal increase in heating consumption. At the end of 2023, the filling level of Italian deposits was around 81%, a value in line with that observed a year ago and sufficiently high in relation to the intermediate filling targets set by the European Regulation, which also confirmed for 2024 the final target of 90% by November, 1.

In 2023, the VEF-TTF spread highlighted growth compared to last year, settling at an average value of 1.8 c€/scm, against 1.5 c€/scm of the previous year. The year-on-year widening of the differential between the two hubs was mainly driven by the increase in import flows from northern Europe via Passo Gries during the first half of the year. As of August, the spread narrowed significantly, averaging only 0.3 c€/scm over the last five months of the year. In November, a reversal of the differential was observed, which stood at -0.7 c€/scm, as a result of low demand from the thermoelectric sector and in a context where the TTF was more affected by international tensions. The start-up of the FSRU (Floating Storage Regasification Unit) terminal in Piombino has contributed to the diversification of supply sources since October. In the fourth quarter of 2023, inflows to Piombino accounted for 22% of total LNG imports. Gas imports from Russia at the Tarvisio entry point decreased further in 2023, with the share in the import mix standing at an average of 4% compared to 15% in 2022. Also in Tarvisio, in the opposite direction, from October 2022, there was an increase in exports to Austria.

The chart that follows shows the monthly trend compared with the previous year:



Legislative and Regulatory Framework

Below are the key points of the main developments concerning the legislative and regulatory framework relative to 2023, for the various areas of the corporate business.

Electricity

Waste Management

MUD 2023 – In the Official Journal No. 59 of 03/10/2023, the Prime Ministerial Decree of February 3, 2023 was published with the new single environmental declaration model (MUD) annexed, which fully replaces the previous one annexed to the Prime Ministerial Decree of December 17, 2021. The new model must be used for declarations to be submitted by April 30 of each year with reference to the previous year, as provided for in Law No. 70 of January 25, 1994.

Alternative mobility – Published in OJ No. 44 of February 21, 2023 was the Decree of December 22, 2022, Ministry of Infrastructure and Transport - "Urgent measures for the containment of the cost of electricity and natural gas for the development of renewable energy and the relaunch of industrial policies - Year 2022" - which defines the criteria and procedures for implementing the discipline of the extraordinary contribution in the form of a tax credit, equal to 20% of the expenses incurred for the purchase of LNG, used for the traction of highly sustainable means of transport with alternative fuelling with liquefied natural gas, net of value added tax. The contribution is intended to mitigate the economic effects of exceptional increases in the price of LNG for companies with their registered office or permanent establishment in Italy, engaged in logistics activities and the transport of goods on behalf of third parties with highly sustainable alternative fuelled liquefied natural gas vehicles.

Climate – Decree-Law No. 44 of April 22, 2023, published in the Official Journal No. 95 General Series of 04/22/2023 on "*Urgent provisions to strengthen the administrative capacity of public administrations*" was converted, with amendments, by Law No. 74 of June 21, 2023 (OS No. 23 to OJ General Series No. 143 of June 21, 2023). Article 12 of the decree includes changes to the discipline of the Special Envoy for Climate Change, and article 13 provides for the use by MASE of ENEA and ISPRA personnel for activities of common interest. Finally, article 14 provides for the establishment and organization of "Mission Units" aimed at strengthening the administrative capacity of central administrations. In particular, the ISPRA (Institute for Environmental Protection and Research), in order to strengthen its support capabilities to the Ministry of the Environment and Energy Security, may establish, until December 31, 2026, within its organization, a special mission unit of general management level.

Waste traceability - RENTRI (National Electronic Register for Waste Traceability) – Decree No. 59 of April 4, 2023 (OJ General Series No. 126 of 05/31/23) containing the "Regulations of the waste traceability system and the national electronic register for waste traceability pursuant to article 188-bis of Legislative Decree No. 152 of April 3, 2006" has been in force as of June 16, 2023 and will be operational as of December 15, 2024. Decree of the Minister of the Environment No. 145 of April 1, 1998 and Decree of the Minister of the Environment No. 148 of April 1, 1998 are repealed with effect from December 15, 2024. As from June 15, 2023, registration in the RENTRI is carried out as follows:
- as from February 13, 2025, for entities or undertakings that are initial producers of hazardous and non-hazardous special waste with more than 50 employees, and for all other entities other than initial producers, including the entities referred to in article 18;
- as from August 14, 2025, for entities or enterprises producing hazardous and non-hazardous special waste with more than 10 employees;

- as from February 13, 2026 for all remaining initial producers of hazardous special waste obliged pursuant to article 12(1).

The MASE, with one or more decrees, will define the operational modalities to ensure the transmission of data to the RENTRI and its operation, as well as its monitoring with related indicators, also in compliance with the regulatory provisions contained in Regulation 2016/679/EU.

Prevention and environmental protection – The Decree of the President of the Council of Ministers of March 29, 2023 was published in the Official Journal, General Series No. 113, of May 16, 2023 "*Definition of the modalities of interaction of the National System for Prevention of Health from Environmental and Climate Risks (SNPS) with the National System for Environmental Protection (SNPA) and establishment of the control room*". The Decree defines the modalities of interaction of the SNPS with the SNPA and, in order to ensure, also through the adoption of specific directives, the effective operation, in accordance with criteria of effectiveness, cost-effectiveness and good performance, of the modalities of interaction of the SNPS with the SNPA, the aforementioned Control Room is established at the Presidency of the Council of Ministers - Department for Administrative Coordination.
The Control Room is composed of a representative of the Presidency of the Council of Ministers, who chairs it, two representatives of the SNPS appointed by the Minister of Health from among the managers of the same Ministry and the ISS, two representatives appointed by the Minister of the Environment and Energy Security from among the managers of the same Ministry and the SNPA, and a representative of the Regions and the Autonomous Provinces of Trento and Bolzano, ensuring effectiveness, efficiency and homogeneity of the initiatives on the national territory. The Control Room will adopt the three-year Program for Health Environment Biodiversity and Climate in order to determine priority areas for action and implement measures to ensure an effective response to health problems related to environmental and climate determinants.

New Agrisolar Park Decree – The Ministerial Decree was published in the Official Journal No. 152 of July 1, 2023 (Decree of the Minister of Agriculture, Food Sovereignty and Forestry - MASAF - of April 19, 2023 "Interventions for the construction of photovoltaic systems to be installed on buildings for productive use in the agricultural, livestock and agro-industrial sectors") and provides the necessary directives for the implementation of the measure "Agrisolar Park", Mission 2, Component 1, Investment 2.2, through the provision of a non-repayable contribution for the construction of photovoltaic systems on buildings for productive use in the agricultural, livestock and agro-industrial sectors. For the years 2022 to 2026, available resources amount to 1,500 million euro from the funds of the PNRR, Mission 2, Component 1, Investment 2.2. and, following the Decree of December 21, 2022 and Decree of March 30, 2023, residual resources amount to about 993 million euro.

New Agrisolar Park Notice – on July 21, 2023, a new Notice was issued pursuant to the MASAF Decree of April 19, 2023, which provided for the submission of applications via the GSE IT Platform, starting at 12:00 noon on September 12, 2023 and ending at 12:00 noon on October 12, 2023.

Wholesale Market

Article 15-bis of Decree-Law No. 4 of January 27, 2022 (Sostegni-ter DL) and Article 1, paragraphs 30 to 38 of Law 197/22 (Budget Law) – ARERA (or Authority) published Resolution 266/2022/R/eel implementing article 15-bis of Decree-Law No. 4 of January 27, 2022 ("Sostegni-ter DL"), concerning interventions on electricity produced by plants fuelled by renewable sources, which introduces a two-way compensation mechanism on the price of electricity fed in from Renewable Energy Source (RES) in the period February 1, 2022 - December 31, 2022. This mechanism includes the obligation to return part of the market revenues obtained

by RES producers. Decree-Law No. 115 of August 9, 2022 - “Aiuti-bis” DL (converted by Law No. 142 of September 21, 2022) extended the application of the mechanism in question until June 30, 2023 without substantial changes. There are currently appeals pending on the Discipline.
With Article 1 (paragraphs 30 to 38) of Law 197/22 (Budget Law), the one-way compensation mechanism with a reference price of 180 €/MWh introduced by Regulation (EU) 2022/1854 was implemented at Italian level. The cap can be revised upwards, according to criteria defined by the Authority, for sources with generation costs exceeding the aforementioned price. This mechanism applies during the period December 1, 2022 - June 30, 2023 and concerns RES plants (including basin hydroelectric) above 20 kW not covered by the mechanism of the Sostegni-ter DL and plants larger than 20 kW fuelled by non-renewable sources indicated in the European regulation i.e. waste, nuclear, lignite, crude oil products, peat.
With Resolution 143/2023/R/eel published on April 6, 2023, ARERA implemented the two aforementioned mechanisms by resuming the application methods already envisaged by Resolution 266/2022 for 2022 with the due adaptations in the case of the second mechanism deriving from the European regulation. ARERA envisages that the GSE will settle the economic items relating to the two mechanisms directly at the balance, i.e. after the end of the two reference periods (June 30, 2023). In June 2023, the GSE updated the Technical Rules on the sole application of the two-way compensation mechanism on the nationally applied energy price (Sostegni-ter DL) for the period from January 1, 2023 to June 30, 2023, while for the time being, the GSE has not yet given any operational indications on the second mechanism for the restitution of infra-marginal rents.

Resolution 345/2023/R/eel approval of the “Text Integrated on Dispatching of Electricity” (TIDE) – In March, the consultative process concerning the TIDE draft proposed by ARERA (or the Authority) in Consultation Document No. 685/2022 was concluded. Following this latest consultation, and after evaluating the comments received, ARERA published Resolution 345/2023/R/eel on July 28, approving the final version of the TIDE.
The TIDE constitutes the basic regulatory framework for the dispatching service, understood as “the activity of making arrangements for the coordinated use and operation of production plants, the transmission grid and ancillary services”, which thus includes both the spot energy markets and the procurement procedures for ancillary services and balancing and re-dispatching. The TIDE defines regulation aimed at the efficient use of resources connected to the electricity system, optimizing dispatching for the safe operation of the system within the framework of the current design of the European electricity markets. The approved provisions will enter into force on January 1, 2025, as ARERA mandates Terna and GME to initiate the necessary updates to the Grid Code and the TIDME (Text Integrated on the Discipline of the Market for Electricity) respectively by March 31, 2024.
Among the most relevant changes is the one concerning the new mechanism to support the development of new storage capacity, defining, among other things, special, dedicated “commercial storage units” to which time shifting products are associated.

ARERA Resolution 247/2023/R/eel “Criteria and conditions for the operation of the electricity storage capacity forward procurement system, pursuant to article 18 of Legislative Decree No. 210 of 11/8/2021” – On June 6, 2023, ARERA published Resolution 247/2023/R/eel “Criteria and conditions for the operation of the system for the forward procurement of electricity storage capacity, pursuant to article 18 of Legislative Decree No. 210 of November 8, 2021”, which defines the criteria and conditions of the new mechanism to support the development of new storage capacity (including batteries and pumping). The Resolution follows the consultation process started in 2022.
The mechanism envisages Terna’s procurement of newly built electricity storage capacity (in possession of the necessary authorizations) through forward procurement procedures, which allow assignees to receive a fixed premium (€/MWh/year) for the contracted capacity (through special standard contracts that will take into account the technical characteristics

of each technology). Against the premium defined as a result of the competitive procedures, the contracted storage capacity is made available to market operators (through special time shifting products), for use on the energy markets, and to Terna, on MSD.
Following the Resolution, Terna will have to draw up a study with the aim of identifying the technical and performance characteristics of the various storage technologies (including those under development), their relative levels and cost structures, and their development potential over time.
Following the publication of the Resolution in question, Terna began consultations between August and November 2023 on the Study on Reference Technologies for Electricity Storage and the Regulation of the Mechanism for the Provisioning of Electricity Storage Capacity (MACSE). The European Commission (DG Comp) then announced on December 22, 2023 its approval of the mechanism in light of the State Aid Guidelines for a period of 10 years (until December 31, 2033). In the coming months, ARERA will have to define the economic parameters of the first competitive procedures (maximum values of the premiums that can be offered) and Terna will have to publish the details of the procedures 180 days in advance. It is therefore conceivable that the first tender procedures could take place in the second half of 2024. This mechanism is of fundamental importance for Edison in achieving its goals of developing new storage capacity, in particular new hydroelectric pumping plants.

Gas Operations

Rates and Market

Auctions for the assignment of new regasification capacity in Piombino – The construction of the Piombino terminal represented a necessary step in the path undertaken by Italy to diversify gas supply sources and reduce dependence on Russian gas. The same goals guided Edison's interest in participating in the tender for the award of a share of LNG import capacity. With Resolution 28/2023/R/gas, ARERA approved the Procedure for the first allocation of regasification capacity at the Piombino Terminal, as submitted by the terminal FSRU Italia to the Regulator following the latter's remarks. Several changes were made to the Procedure, the most important of which relate to the following aspects: a) access requirements, such as authorization to sell to end customers; b) allocation fee for the 20-year product; c) range of acceptability of LNG; d) allocation criteria, which also provide for the expression of interest for products with a shorter duration.
On March 20, 2023, the first capacity allocation procedure was completed, with more than positive results: allocation of 86% of the annual slots offered by the terminal (37 out of 43), of which Edison was also the assignee. In a subsequent auction held on April 27, 2023, a further 4 slots were allocated for the three-year period 2023/24-2025/26. The remaining two slots were allocated for the Thermal Year 2023/24 only, with an auction held in July 2023.
The commercial launch of the terminal was on July 1, 2023. With Resolution 279/2023/R/gas, the regasification tariffs for the 2023 and 2024 years were published for the Piombino terminal. The year-to-year tariffs approved by ARERA constitute the fee that the assignee pays to the terminal for the multi-year capacity acquired.

Capacity Booking Reform – With Resolution 72/2023/R/gas and subsequently with Resolution 334/2023/R/gas, the Authority defined the missing application aspects for the start of the reform of capacity booking processes at the city-gate, confirmed for October 1, 2023. The new mechanism provides for the implicit allocation of transport capacity to the shippers, who from the start of the reform no longer have the option of reserving capacity on the basis of their own technical and commercial evaluations, as was previously the case, but are allocated capacity at each city gate automatically from data in the Integrated Information System (IIS).
As of October 1, 2023, the logic of capacity booking for industrial customers directly connected to the grid has been aligned with that already in place for thermoelectric plants

by introducing the possibility of infra-annual booking while maintaining a differentiation based on the coefficients to be applied to the capacity fees depending on the product (quarterly/monthly/daily).
As a result of the new rules, the operator, in the face of operational simplification, is more exposed to potential errors in the automatic allocation of the capacities of these points by the IIS.

Settlement gas – During 2023, ARERA continued to refine the regulation of Settlement Gas (TISG). In particular, rules were defined to recognize specific economic compensation to operators, for the period October 2022 - September 2023, deriving from variations in withdrawal, between the provisional and definitive budgets, due both to regulatory interventions aimed at containing consumption and to the different conduct of end customers as a result of the high price levels of natural gas during the years 2022 and 2023. In the year 2023, the adjustment session for the year 2022 was held, making it possible to adjust what was recognized with reference to the months of the year 2022.
Finally, the Authority recently published Resolution 604/2023/R/gas with which it initiated proceedings for the revision of the regulation of balancing and settlement confirming the need for further refinement of the regulation of settlement gas also following the continuation of the critical issues encountered during the course of this year.

Transport service tariff criteria and tariffs 2024 – With Resolution 139/2023/R/gas of April 4, 2023, the Authority approved the tariff regulation for the natural gas transportation and metering service for the sixth regulatory period (2024-2027). The Resolution defines, in particular, the criteria for determining the reference revenues and fees for natural gas transmission and metering services. With regard to charges for the transport service, the adoption of the capacity-weighted distance (CWD) methodology is confirmed, with a change in the percentage of the Transporter's Revenue (TSO) to be recovered on the entry and exit from the network from 28/72 to 25/75; discounts on capacity tariffs are set at 50% for points to and from storage and 0% for entry points from LNG terminals, as well as a discount at the future exit point at Gela (to Malta), equal to 50%. With regard to the charges for the transmission metering service, the tariff breakdown into two components is confirmed, one covering general metering costs (CM_T) and one covering the metering costs only of redelivery points of end customers (CM_{CF}).
As already mentioned in the section on Capacity Booking Reform, capacity booking products as well as the related quarterly, monthly and daily interim multipliers are also introduced at redelivery points serving industrial users directly connected to transport. The new multipliers to be applied to capacity charges for industrial customers are 1.2, 1.3 and 1.7 respectively.
Lastly, on the subject of the transport service, it should be noted that with Resolution 444/2023/R/gas, for the Thermal Year 2023-2024, the Authority approved transitional provisions aimed at favoring the signing of supply contracts with industrial customers directly connected to the transport network that on October 1, 2023 were in the default transport service even for contracts with a duration of less than one year.

Gas transport service quality 2024-2027 and regulation of the metering service – With Resolution 589/2023/R/gas of December 14, 2023, the Authority approved the regulatory criteria for the quality of the natural gas transport service for the sixth regulatory period 2024-2027 (RQTG), effectively confirming the existing regulatory framework while introducing some measures to simplify or strengthen specific provisions on odorization, information and/or publication obligations on the part of transport companies. The new RQTG has also been adapted to the entry into force of the "Regulation of the metering service on the natural gas transmission network (RMTG)" as of January 1, 2024 (Annex A Resolution 512/2021/R/gas).
With reference to the regulation of the metering service, the Authority introduced with Resolution 433/2023/R/gas amendments to the RMTG aimed at adapting the logic of the application of quality indicators and related penalties in the event of non-compliance with metering service levels.

Regasification service tariff criteria and tariffs for 2024 – With Resolution 196/2023/R/gas, ARERA approved the "Tariff regulation for the LNG regasification service for the sixth regulatory period 2024-2027" effective from January 1, 2024. The decision confirms the fee structure for the regasification service already in place in the previous regulatory period (5PR LNG). Furthermore, with regard to the revenue coverage mechanisms, the existing revenue coverage guarantee level of 64% of recognized revenue is confirmed; with regard to actual revenue exceeding the recognized revenue level, a mechanism for the partial return of excess revenue to the system equal to the aforementioned 64% is introduced. Finally, the surpluses of the "Fund for new terminals" referred to in Decree-Law 50/22 are earmarked to cover the financing needs of the revenue coverage factors of all regasification terminals. Subsequently, with Resolution 279/2023/R/gas, the 2024 regasification tariffs for all Italian terminals were approved and published.

Criteria for regulating the conditions of access to and provision of services offered through LNG storage depots – Resolution 196/2023/R/gas amended the regulations previously in force (Resolution 168/2019/R/gas), providing that LNG storage facilities which, despite being connected to the transport network and having a regasification unit, perform this service on a residual basis and not as their main activity, are excluded from regulation by ARERA. Prior to Resolution 196/2023/R/gas, the cases of exclusion from regulation were limited to LNG depots connected to the gas transport network for the sole purpose of feeding into the network boil-off gas and not equipped with regasification plants.

Gas storage auctions for the thermal year storage (ATS) 2023-2024 – With MASE Act of March 6, 2023 and ARERA Resolution 93/2023/R/Gas, it was provided that:
- also for the 2023-2024 ATS, the storage companies' technical consumption costs are not charged to storage users (and are therefore covered through the storage companies' financial equilibrium mechanism under article 28 of the RAST);
- storage companies make the following services available:
  - counter-flow filling service (injection capacity in the winter 2023 delivery phase combined with a corresponding space capacity for ATS 23/24 and injection and delivery capacity for peak or uniform services in the delivery phase of ATS 23/24);
  - residual stock service (space capacity, offered in allocation to only those users with residual stock at the time of the auction, for ATS 23/24 and corresponding injection and delivery capacities for peak or uniform services in the delivery phase of ATS 23/24);

Edison Stoccaggio therefore offered to market users its available capacities for the services introduced by Resolution 93/2023/R/Gas, conferring about 117 MScm in the auction held on March 13 for the residual storage service and approximately 102 MScm in the auction held on March 14 for the counter-flow service (corresponding to approximately 6 MScm/d for the injection days from March 15 to 31, 2023).
Following the MASE Decree of March 31, 2023, which regulated the procedures for allocating storage capacities for the thermal year storage 2023-2024, ARERA published Resolution 150/2023/R/gas containing the provisions for the organization of procedures for allocating capacities (auctions).
Edison Stoccaggio therefore, in the auctions held on April 5 and 6, 2023, fully allocated its available capacity to market users: 622 MScm for the Seasonal Peak Modulation service and 60 MScm in the auction for the Constant Peak Modulation service.
During the second and third quarters of 2023 was the injection campaign, which led to a filling level of the Edison Stoccaggio hub of over 97% as of September 30, 2023.

Gas storage auctions for the thermal year storage (ATS) 2024-2025 – With Resolution 605/2023/R/gas, ARERA, pursuant to article 5, paragraph 2, of the MASE Decree of March 31, 2023, provided for the possibility for storage companies, already starting from January 2024 and also for the thermal year 2024-2025, to replicate the offer of counterflow filling and residual storage services made in 2023.

Uniform requirements for access to the gas transport network for all interconnection points with foreign countries – With Resolution 421/2023/R/gas, ARERA ordered that for all interconnection points with foreign countries (including Gela and Mazara del Vallo previously excluded), possession of the import authorization must be demonstrated by importers when using the allocated capacity and not when requesting such capacity. In fact, Resolution 421/2023/R/gas specifies that ARERA evaluated the opportunity to ensure a level playing field for access to competing capacity considering that:

- flows from the Gela, Mazara del Vallo and Melendugno points are subject to competing capacity booking procedures as capacity booking at one point reduces the capacity available for booking at the other points;
- Melendugno (unlike the Gela and Mazara del Vallo points) connects, via the TAP pipeline, Italy with a European country and therefore access to capacity is regulated in the same way as other European points.

TAP: second binding phase for incremental capacity in the 2021 procedure – With Resolution 438/2023/R/gas, the document "Project Proposal of TAP, SRG and DESFA for the 2021 Incremental Capacity Process - 2nd binding phase" (Annex B of Resolution 438/2023 and hereinafter referred to as "Project Proposal"), which sets out the competitive procedures for the expansion of TAP and the allocation of "competing capacity" for the entry points of Gela, Mazara del Vallo and Melendugno and describes: i) timeline of the allocation process; ii) allocation method; iii) allocation procedure of the competing capacity for the Italian part also involving the points of Gela and Mazara del Vallo; iv) contractual conditions; v) description of the project; vi) three different bidding levels; vii) planned investments for the project.

Recognition of Incremental Operating Costs (CONI) of Edison Stoccaggio 2012/2014 – With Resolution 450/2023/R/gas, ARERA initiated a procedure to comply with ruling 1399/2023, favorable to Edison Stoccaggio, aimed at determining the incremental operating costs to be recognized to Edison Stoccaggio for the years 2012, 2013 and 2014. With the aforementioned Resolution, Edison Stoccaggio was requested to submit for ARERA approval the proposal to redetermine the unit revenue (CVS - Charge Variable Storage) for 2012, 2013 and 2014, and the amount of CONI to be recognized. This proposal was sent by Edison Stoccaggio to ARERA on November 30, 2023.

Retail Market

Provisions for the end of gas protection and for the identification of vulnerable gas customers – With Resolutions 100/2023/R/GAS and 102/2023/R/GAS, the Authority regulated the modalities by which natural gas sellers will have to manage the removal of the protected price, envisaged by the Aiuti-quater DL on January 1, 2024, and the simultaneous identification of vulnerable customers, who will be entitled to request a dedicated tariff. The aforementioned measures largely confirm what was envisaged in the consultation, stipulating that sellers must propose to their customers not identified as vulnerable the free market offer containing the estimated annual expenditure of the lowest value among those available in their portfolio of offers aimed at domestic customers or condominiums with domestic use, calculated according to the criteria of the Offer Portal Regulation. If the end customer does not adhere to the proposed new supply conditions or signs a different free market contract, the existing supply will continue to be provided, from January 2024, applying the same price structure as PLACET's variable price natural gas offers. An exception is made for customers who will be identified as vulnerable between July and December 2023, to whom, if they are served under the protection service and in the absence of a choice on the free market, the tariff dedicated to them will have to be applied instead, which provides for similar procedures to those envisaged for the current gas protection service. According to Resolution 102/2023, by the end of each month, starting from July 1, 2023, the Single Buyer (AU) will provide a monthly update of the vulnerability status, which will only concern holders of bonus for economic hardship, as well as end customers over the age of 75, as this information is already available to AU. On the other hand, for the remaining cases (persons with disabilities within the meaning of article 3 of Law 104/92 and residents in emergency housing facilities), it will be the seller who will have to collect any requirements through self-certification. For protected customers, dedicated notices will have to be prepared to make them aware of their rights as vulnerable, while for customers already on the free market, sellers are required to include a message in invoices issued between September and December 2023 informing them of their rights as vulnerable.

Electricity: provisions for the end of protection and treatment of vulnerable customers – The Decree of the Ministry of the Environment and Energy Security of May 18, 2023, No. 169 (so-called "End Protection") regulated the criteria and modalities for the transition to the market of non-vulnerable domestic customers supplied under the greater protection service and the provisions to ensure the provision of the Graduated Protection Service (STG) as a service of last instance.
ARERA, following up on the May consultation, published Resolution 362/2023/R/eel defining the discipline for the provision of the STG for non-vulnerable domestic electricity customers (about 5.5 million) and the related allocation auctions. With reference to the design of the procedures and characteristics of the domestic STG, compared to what was proposed in the consultation, ARERA confirmed most of the contents and the proposal follows in some respects as already provided for micro-enterprises.
Following the approval of the latest Energy Decree-Law No. 181/2023, ARERA postponed to January 10, 2024 the date for the holding of auctions for the selection of the operators that will provide the service (compared to the planned date of December 11, 2023) and set July 1, 2024 (compared to the planned April 1) as the activation date. The extension responds to several requirements contained in the aforementioned Decree, such as: i) ensuring that customers have sufficient time to be informed about the impending switchover; ii) preparing the migration to the service with gradual safeguards; iii) limiting the period between assignment and STG activation.
On the other hand, the end date of the service assignment period remains unchanged, set at March 31, 2027, in line with the provisions of the Ministerial Decree of May 17, 2023. The aforementioned Decree-Law, moreover, contains provisions for the assignment through competitive procedures of the so-called "vulnerability service" for eligible customers. At present, however, with a separate provision (Resolution 383/2023), ARERA has only defined the methods for identifying vulnerable electricity customers. They will not be subject to the STG auction procedures but will continue to be served, even after July 1, 2024, in the Greater Protection Service and will receive notices to be informed of their status and rights.

Provisions on charges for early termination of electricity contracts and renewal of economic conditions in electricity and natural gas contracts – The Authority has approved the updating and streamlining of pre-contractual and contractual regulation, in particular, relating to:

- the adjustment to the new provisions on early termination charges for electricity end customers introduced by Legislative Decree No. 210 of November 8, 2021, establishing that they may only be provided for in the case of fixed-price and fixed-term supplies, that they may only be valid until the first maturity date, and that the exercise of the unilateral variation option by the seller shall entail their forfeiture. The supplier is obliged to disclose to the customer in advance the amount of the possible penalties as well as to adjust their value to the actual loss suffered for early termination, if less than the sum originally announced. Penalties shall be indicated in a special box in the summary sheet and in the Tender Portal;
- the information obligations of sellers in the event of renewal with modification of the economic conditions in electricity and natural gas supply contracts, starting from 2024, whereby ARERA requires sellers to provide adequate information, with certain mandatory

detailed contents and containing a clear, complete and comprehensible illustration of the contents and effects, indicating the procedures and terms for exercising withdrawal in the event of non-acceptance and an estimate of the annual expense with the new conditions and the variation compared to the old ones, all with no less than three months' notice.

In addition, following up on what was transposed by the Aiuti-bis Decree (Art. 3), which provided for a freeze on the unilateral modification of electricity and gas supply prices until June 30, the Authority temporarily reduced (until December 31, 2023) from 3 months to 1 month the notice period for the modification of supply conditions by the seller, in the sole cases in which the change entails a reduction in fees.
Finally, ARERA ordered the alignment of the indexing of Placet offers of natural gas at variable price according to the criteria of Resolution 374/2022/R/GAS (updating of the monthly Cmem component *ex-post* on the basis of the quotations of the day-ahead product at the PSV hub) starting from September 1, 2023 and that, by way of derogation from the provisions of Article 13(1) of the Code of Commercial Conduct, such notice of change in the economic conditions be communicated with not less than one month's notice with respect to the effective date of the change itself.

Flood: suspension of payment terms for flooded populations - In implementation of "Decreto Alluvione" - Decree-Law No. 61 of June 1, 2023, which provides for urgent measures to cope with the emergency caused by the flooding events that occurred starting on May 1, 2023 in part of the territory of Emilia-Romagna, in some municipalities of the province of Pesaro and Urbino and in the metropolitan city of Florence, ARERA adopts urgent provisions regarding electricity, gas, water services and the integrated urban waste management service, in favor of the populations affected by the exceptional weather events. The measure concerns the payment terms of electricity and gas bills issued or to be issued that fall due in the period from May 1 - August 31 and at the end of the suspension period, electricity and gas sellers are obliged to offer customers an instalment plan for the suspended amounts, spread over a minimum period of 12 months, without discrimination and without charging interest. The actions on arrears provided for by the Authority's regulation are also suspended for customer and user defaults, even in the case of arrears that occurred before the flood events. With a subsequent provision, the suspension period of the payment terms of bills and payment notices for users already identified in the previous provision were extended until October 31, 2023. In November, ARERA ordered a further emergency measure containing the same measures regulated for the Emilia Region also to protect the users and supplies located in the territory of the provinces of Florence, Livorno, Pisa, Pistoia and Prato affected by the exceptional weather events that occurred starting on November 2, 2023.

Energy Services Market

District heating tariff regulation – ARERA carried out a survey of district heating service prices, starting in March 2022, and found several critical profiles within the "avoided cost of alternative fuel" pricing methodologies. The findings prompted the Authority to question the smooth functioning of the market by sending a report (Report 568/2022/I/TLR) to the Government and Parliament in favor of the introduction of a cost-reflective regulation of district heating service prices. As a consequence, Article 47 bis of Law No. 41 of April 21, 2023 subsequently amended the regulatory framework, providing for the application of tariffs regulated by ARERA for the generality of district heating networks. Following several consultations, ARERA opted for a gradual implementation of tariff regulation. With Resolution 638/2023, it defined the District Heating Tariff Method for the transitional period to 2024 based on the introduction of the constraint to the allowed revenues determined on the basis of the avoided cost (today used by most operators) providing for a safeguard clause limiting the level of the reduction in revenues resulting from the introduction of the tariff regulation. In essence, the operator, instead of the new revenue constraint, has the option of applying an annual safeguard constraint to the actual annual revenues, which in fact guarantees 90% of the conventional revenues resulting from the application of the pre-regulation conditions. In addition, district heating operators with a conventional capacity of less than 30 MW were excluded from the scope of application of tariff regulation. From January 1, 2025, the restriction on permitted revenues should be based on the cost of service (District Heating Tariff Method, MTT), according to criteria that will be the subject of specific consultations during 2024.

Issues affecting multiple business segments

ARERA operating contribution for the year 2023 – With Resolution 395/2023/A, the Authority approved the rates for the payment of the operating contribution due by the operators for the year 2023, keeping them unchanged with respect to 2022. Pursuant to the related operating procedure, published in Resolution 64/2023 - DAGR, operators made the aforementioned payment based on the rates set by November 15, 2023; however, in the face of an inter-associative report that highlighted economic values significantly higher than forecast due to the strong volatility of electricity and gas prices, with Resolution 562/2023/A, the Authority subsequently ordered the introduction of an extraordinary regulatory intervention with the aim of limiting the economic impact of the contribution by regulated entities in the electricity and gas sectors. This measure allowed these operators, including Edison, to request a refund of 40% of the amount previously paid.

Rate of return on capital employed (WACC) for infrastructure services in the electricity and gas sectors – With Resolution 556/2023/R/gas, ARERA determined, according to the rules already defined with the Integrated Text WACC (TIWACC hereinafter), the WACC values for 2024 for the infrastructure services of the electricity and gas sectors. Compared to the values in force for the years 2022 and 2023, the WACC values for 2024 were increased: by 0.6% for gas storage and regasification services; by 0.8% for gas transport, electricity transmission and electricity distribution and metering services; and by 0.9% for gas distribution and metering services.

Regulation of sanction proceedings – With Resolution 598/2023/E/com of December 22, 2023, the Authority approved the new *"Regulation for the discipline of sanctioning proceedings and procedural modalities for the assessment of commitments"* modifying in particular the discipline of the terms of the sanctioning proceedings and the sub procedure of the commitments, specifying the discipline of the initiation of the proceedings and finally introducing simplification regarding the quantification of the sanctions. The new regulation will apply to proceedings that will be initiated after its publication.

Decree-Law No. 176 of November 18, 2022 (so-called "Aiuti-quater") on "Urgent support measures in the energy sector and public finance" – published in the Official Journal on November 18, 2022, converted, with amendments, by Law No. 6 of January 13, 2023, published in the Official Journal on January 17, 2023. In particular, the provision contains measures to support businesses to cope with high energy, introducing the possibility for them to request the payment in instalments of the amounts due for the energy component of electricity and natural gas for consumption from October 1, 2022 to March 31, 2023. As an amendment to article 16 of Decree-Law No. 17 of 2022, provisions are then introduced to strengthen the so-called gas release mechanism and to simplify the procedures for granting new concessions between 9 and 12 nautical miles. The Decree also envisages the extension to January 10, 2024 of the deadline for the greater protection service for the supply of gas to domestic customers, as well as a change to the Superbonus instrument, providing for a remodulation of the rates envisaged for 2023 and access to the 110% deduction for interventions started from January 1, 2023 on single-family buildings for persons with an income not exceeding 15,000 euro.

Decree-Law No. 198 of December 29, 2022 (so-called “Milleproroghe”) containing “Urgent provisions on legislative deadlines” – published in the Official Journal on December 29, 2022, converted, with amendments, by Law No. 14 of February 24, 2023, published in the Official Journal on February 27, 2023. The measure amends article 3 of Decree-Law No. 115 of 2022 concerning the suspension of unilateral changes to electricity and natural gas supply contracts, extending the suspension until June 30, 2023, and providing that the provisions do not apply to contractual clauses that allow contractual economic conditions to be updated upon their expiry.

Decree-Law No. 11 of February 16, 2023 (so-called “Credit assignment”) on “Urgent measures regarding the assignment of credits referred to in article 121 of Decree-Law No. 34 of May 19, 2020, converted, with amendments, by Law No. 77 of July 17, 2020” – published in the Official Journal on February 16, 2023, converted, with amendments, by Law No. 38 of April 11, 2023. In particular, the measure provides that, as of the entry into force of the Decree-Law, persons incurring expenses relating to the interventions identified in article 121 of Decree-Law No. 34 of 2020 may no longer opt for the discount on the amount due or the assignment of a tax credit of the same amount, instead of the direct use of the deduction due. Excluded from the application of these provisions are interventions that are not covered by the Superbonus (with respect to expenses incurred before the entry into force of the Decree-Law, i.e. February 17, 2023) for which no planning permission is required, the works have already commenced, or a binding agreement has already been entered into between the parties for the supply of the goods and services subject to the works.

Decree-Law No. 13 of February 24, 2023 (so-called “PNRR”) on “Urgent provisions for the implementation of the National Recovery and Resilience Plan (PNRR) and the National Plan for Complementary Investments to the PNRR (PNC), as well as for the implementation of cohesion policies and the common agricultural policy” – published in the Official Journal on February 24, 2023, converted, with amendments, by Law No. 41 of April 21, 2023. The measure contains provisions aimed at speeding up the implementation of the PNRR, including several measures on the governance of the Plan and several authorization simplifications in the area of renewable energy sources. In particular, these are: the exclusion of the prior verification of archaeological interest from the documents to be attached to the EIA application, and it is specified that the adoption of the relevant opinion and measure is not subject to the conclusion of the verification activities; the introduction of a single procedure - including environmental impact assessments - for obtaining the single authorization, as well as simplifications for photovoltaics in industrial, artisan, commercial and agricultural areas, for the development of green and renewable hydrogen and for renewable energy communities in agriculture. The most innovative technologies (i.e. biomethane production by gasification of biomass) are also included among the solutions for biomethane and hydrogen production provided for in Legislative Decree No. 199 of 2021.

Decree-Law No. 34 of March 30, 2023 (so-called “Bills”) on “Urgent measures in support of households and businesses for the purchase of electricity and natural gas, as well as on health and tax compliance” – published in the Official Journal on March 30, 2023, converted, with amendments, by Law No. 56 of May 26, 2023, published in the Official Journal on May 29, 2023. The provision contains measures to support households and businesses to cope with high energy prices, in particular by extending to the second quarter of 2023 the raising of the ISEE threshold to 15,000 euro for the recognition of social bonuses for electricity and gas (30,000 euro for households with at least 4 children until December 31, 2023), the zeroing of general system gas charges and VAT at 5% on gas, as well as tax credits recognized to businesses for their electricity or gas consumption. A fixed-rate contribution is also envisaged, paid to resident domestic customers with reference to the months of October, November and December 2023 in the event that the average daily price of natural gas on the wholesale market exceeds the limit of 45 €/MWh.

Decree-Law No. 39 of April 14, 2023 (so-called "Siccità") concerning "Urgent provisions to combat water scarcity and to strengthen and adapt water infrastructures" - published in the Official Journal on April 14, 2023, converted, with amendments, by Law No. 68 of June 13, 2023, published in the Official Journal on June 13, 2023. The measure establishes a Steering Committee at the Presidency of the Council of Ministers with coordination functions for the control of the water crisis. The appointment of a National Extraordinary Commissioner is also envisaged with the task of carrying out the urgent interventions indicated by the Steering Committee, as well as regulating the volumes and flows deriving from the reservoirs and identifying the dams for which sediment removal interventions are urgently needed. The Decree provides for the introduction of a simplified regime for the expansion and adaptation of water infrastructures, as well as the tightening of sanctions for the illicit abstraction of public water and for reservoir operations without authorizations, and the authorization of the potential temporary operation of individual thermoelectric power plants as an exception to the temperature limits of thermal discharges from June 20 to September 15, 2023. Finally, the measure provides for amendments to Legislative Decree No. 152 of April 3, 2006 ("Uniform Environmental Code") and measures on: ecological flow in the event of exceptional circumstances of water scarcity; rainwater harvesting tanks for agricultural use; reuse of purified wastewater for irrigation purposes; sewage sludge; and desalination plants.

Decree-Law No. 57 of May 29, 2023 (so-called "Regasifiers") concerning "Urgent measures for the energy sector" - published in the Official Journal on May 29, 2023 and converted, with amendments, by Law No. 95 of July 26, 2023, published in the Official Journal on July 27, 2023. The measure contains provisions on the reopening of deadlines for the submission of new permit applications for the construction of new floating regasification capacity, also following relocation. During the parliamentary scrutiny, in addition to the introduction of some provisions on renewable energy sources and biomethane, also incorporated into this Decree were the measures contained in Decree-Law No. 79 of June 28, 2023 (so-called "Bollette-bis") concerning "Urgent provisions in support of households and companies for the purchase of electricity and natural gas, as well as legislative terms". The provision thus includes measures to contain the effects of the price increase in the energy sector for the third quarter of 2023. In particular, the raising of the ISEE threshold to 15,000 euro for the recognition of social bonuses for electricity and gas, the zeroing of general gas system charges, and the 5% VAT on gas are extended.

Decree-Law No. 69 of June 13, 2023 (so-called "EU Infringements") concerning "Urgent provisions for the implementation of obligations deriving from acts of the European Union and from infringement procedures and pending against the Italian State" - published in the Official Journal on June 13, 2023, No. 136 and converted, with amendments, by the Law August 10, 2023, published in the Official Journal on August 10, 2023. During parliamentary scrutiny, provisions were introduced by amendment to repeal natural gas transmission tariffs for the benefit of gas-intensive customers and on the payment of a penalty in the event of early termination of a supply contract. In addition, the rule was repealed that allowed the National Transmission System Operator, in the event that storage capacity was not awarded through auctions, to submit a plan for the direct implementation of integrated storage systems for approval by the Ministry of the Environment and Energy Security.

Ministry of the Environment and Energy Security Decree No. 224 of July 14, 2023 (so-called "Guarantees of Origin") - published on the institutional website of the Ministry on July 18, 2023, the measure lays down provisions for the issuance, transfer, recognition and cancellation of Guarantees of Origin of energy production from renewable sources relating to electricity, renewable gas, thermal and/or cooling energy, as well as the procedures for the use of the same Guarantees for the provision to end customers of information on the composition of the energy mix used for the production of the electricity supplied and the environmental impact of the production of the consumption of this energy.

Decree-Law No. 104 of August 10, 2023 (so-called "Asset") on "Urgent provisions for the protection of users, economic and financial activities and strategic investments" - published in the Official Journal on August 10, 2023 No. 186, the Decree was converted into law on October 9, 2023. The measure contains provisions on special powers of the State for the use of critical technologies and Superbonus, and then foresees the possibility for the regions to confer functions on local authorities regarding the single authorization for new waste disposal and recovery plants, administrative and operational procedures in the event of contamination of a site, and the simplified procedure for remediation operations.

Law No. 111 of August 9, 2023 (so-called "Tax Reform") containing "Delegation to the Government for Tax Reform" - published in the Official Journal on August 14, 2023, No. 189. The provision delegates to the Government the power to issue one or more legislative decrees to revise the tax system, reorganizing the provisions of tax law in such a way as to gather together a revision and rationalization of VAT, the gradual elimination of IRAP, as well as the reformulation and revision of excise duties and other indirect taxes on energy products and consumption, and the revision of IRES.

Decree-Law No. 131 of September 29, 2023 (so-called "Energy") on "Urgent measures on energy, interventions to support purchasing power and to protect savings" - published in the Official Journal on September 29, 2023 No. 228, converted, with amendments, by Law No. 169 of November 27, 2023, published in the Official Journal on November 28, 2023. The measure provides for the updating of the compensation values applicable in the fourth quarter of 2023 for recipients of the electricity and gas social bonuses, the zeroing of the rates of the tariff components relating to gas system charges and the application of VAT at 5% on gas, as well as changes to the extraordinary contribution in bills provided for by Decree-Law No. 34 of March 30, 2023. A reform of the subsidy scheme for electricity-intensive businesses is also planned.

Decree-Law No. 145 of October 18, 2023 (so-called "Fiscal") concerning "Urgent measures on economic and fiscal matters, in favor of territorial entities, to protect labor and for unavoidable needs". - published in the Official Journal on October 18, 2023 No. 244, converted, with amendments, by Law No. 191 of December 15, 2023, published in the Official Journal on December 16, 2023. The provision contains measures on extraordinary contribution; reduction of excise duties on energy products used as fuels or heating fuels for civil use; extension of the last resort filling service by GSE; amendment of the Environmental Consolidation Act and extension of agile work.

Decree-Law No. 181 of December 9, 2023 (so-called "Energy security") concerning "Urgent provisions for the energy security of the country, the promotion of the use of renewable energy sources, the support of energy-intensive enterprises and in the matter of reconstruction in the territories affected by the exceptional flooding events that occurred on or after May 1, 2023" - published in the Official Journal on December 9, 2023 No. 287. The Decree must be converted into Law within 60 days of entry into force. The measure contains, in particular, provisions in relation to the procedures for the identification of operators of the gradual protection service for non-vulnerable customers and the allocation of the so-called "vulnerability service". An environmental compensation and rebalancing fund is also established for regions hosting RES plants. In addition, there are rules on self-consumption for energy-intensive entities; "gas release" for gas customers; regasification of liquefied natural gas; geothermal concessions; bioliquid plants; air condensers; CO_2 storage; offshore wind power and district heating.

Decree-Law No. 212 of December 29, 2023 (so-called "Superbonus") on "Urgent measures relating to the tax benefits referred to in Articles 119, 119-ter and 121 of Decree-Law No. 34 of May 19, 2020, converted, with amendments, by Law No. 77 of July 17, 2020" - published in the Official Journal on December 29, 2023 No. 302. The Decree must be converted into law within 60 days of entry into force. In particular, the measure contains provisions on bonus in the construction sector, with the introduction of a contribution for the benefit of taxpayers with incomes not exceeding 15,000 euro, in relation to expenses incurred from January 1, 2024 to October 31, 2024 for works that have reached a SAL of no less than 60% by December 31, 2023.

Law No. 213 of December 30, 2023, concerning "State forecast budget for 2024 and multi-year budget for the 2024-2026 three-year period" - published in the Official Journal December 30, 2023, No. 303. As far as the main areas of interest are concerned, in addition to the rules on labor and social policies, the measure also contains the following provisions on energy: extension of the extraordinary contribution on energy bills to the first quarter of 2024; guarantees issued by SACE in connection with investments in infrastructure, the circular economy, sustainable mobility, climate resilience and innovation; contributions to the regions for direct investments in public works to make buildings and territory safe, the development of LPT, pollution reduction, urban regeneration and conversion to renewable sources.

Law No. 214 of December 30, 2023 on "Annual Market and Competition Law 2022" - published in the Official Journal on December 30, 2023, No. 303. The measure contains provisions on electricity grid and gas grid development, smart meters, cold ironing as well as some amendments to the Consumer Code.

Decree-Law No. 215 of December 30, 2023 (so-called "Milleproroghe") containing "Urgent provisions on regulatory deadlines" - published in the Official Journal on December 30, 2023, No. 303. The Decree must be converted into law within 60 days of entry into force. In particular, among other things, the provision provides for measures to extend deadlines in the areas of the realignment of sites classified as being of national interest, nuclear safety waste and waste water.

Alternative Fuels Infrastructure Regulation (AFIR)

On September 20, 2023, the Alternative Fuels Infrastructure Regulation was published in the Official Journal. The new rules proposed by the text will apply from April 13, 2024. This regulation aims to ensure an adequate and easily accessible infrastructure for alternative fuels in the road, maritime and air transport sectors, promoting zero-emission or low-emission vehicles and contributing to European climate targets. The regulation sets mandatory European targets for the realization of an alternative fuels infrastructure in the Union by setting specific targets for road, ship, and parked aircraft infrastructure, as well as technical specifications for user information, data provision, and payment methods. The main objectives of the AFIR Regulation include:

- from 2025, fast charging stations of at least 150kW for passenger cars and vans every 60km along major EU transport corridors, for heavy-duty vehicles every 60km on the core transport network and every 100km on the global network with a minimum power of 350kW;
- from 2030, hydrogen refuelling stations in all urban nodes and every 200km of the core transport network.
- obligation to install an adequate number of LNG refuelling points for heavy road and maritime transport by 2025.

Energy Efficiency Directive (EED)

The Energy Efficiency Directive was published on September 20, 2023 in the Official Journal. The directive aims to reduce EU final energy consumption by 11.7% by 2030, leaving Member States some flexibility in achieving this target. Member States will have to ensure a collective reduction in final energy consumption, while the target for primary energy consumption will remain indicative. The energy savings target will gradually increase until 2030, with an average of 1.49% new annual savings on final energy consumption. The public sector will have a specific obligation to reduce energy consumption by 1.9% annually, excluding public transport and the armed forces, and will have to renovate at least 3% of publicly owned buildings each year.

Regulation on the use of renewable and low-carbon fuels in maritime transport (FuelEU Maritime)

The Regulation on the use of renewable and low-carbon fuels in maritime transport was published in the Official Journal on September 20, 2023 and will enter into force on January 1, 2025. The Regulation envisages a gradual reduction of greenhouse gas emissions in fuels used on board ships, with the aim of achieving an 80% reduction by 2050. A lifecycle approach has been proposed that allows the correct life-cycle assessment of the emission content of a fuel. Such an approach would enable ship operators to deploy LNG-fuelled vessels in the medium term. Incentives have been introduced for the use of renewable fuels and obligations for passenger ships and container ships to connect to shore-side power supply in major EU ports from 2030. The measure includes a pooling mechanism so that ship operators can meet fleet-wide targets. Finally, the text stipulates that revenue generated by penalties will be used for decarbonization projects in the maritime sector.

Directive on the promotion of energy from renewable sources (RED III)

On October 31, 2023, Directive (EU) 2023/2413 on the promotion of energy from renewable sources (RED III) was published in the Official Journal. The RED III Directive aims to adapt EU climate and energy legislation in light of new EU climate targets. Therefore, the collective and binding target for energy from renewable sources is increased to 42.5% of the Union's final consumption by 2030, with a further indicative supplement of 2.5% to reach 45%, and a series of sectoral sub-targets are defined. In the transport sector, the agreement offers Member States a choice between two targets to 2030: a 14.5% reduction in the sector's GHG intensity, or a 29% reduction in the sector's energy intensity. It also introduces a combined 5.5% sectoral target for advanced biofuels and renewable fuels of non-biological origin (RFNBO) in the share of energy supplied to the transport sector. For the industrial sector, there is a target of increasing renewable energy use by 1.6% per year until 2030, and a target of a 42% share of RFNBO in the hydrogen volumes used by the sector. Finally, an indicative target of at least 49% renewable energy in buildings in 2030 is foreseen.

Extension of the Regulation on enhanced solidarity between Member States

On December 29, 2023, Council Regulation (EU) 2023/2919 was published in the Official Journal, amending the period of application of Regulation (EU) 2022/2576 on improving solidarity between Member States. The solidarity regulation established a series of temporary emergency measures to contain high energy prices and improve security of supply. The regulation provides for the establishment of a regulatory framework for joint gas purchasing, mainly on a voluntary basis. A price limit is also introduced for transactions on the TTF (intraday volatility management mechanism), which will prevent excessive price fluctuations during the day. Transport system operators will be obliged to make available underutilized contracted capacity. Finally, the regulation introduces a default framework of solidarity between Member States to ensure that they help each other in the event of an emergency. The period of application of Regulation (EU) 2022/2576 was limited to December 30, 2023 and is now extended to December 31, 2024.

Extension of the Market Correction Mechanism Regulation

Regulation (EU) 2023/2920 amends the period of application of Council Regulation (EU) 2022/2578 establishing a temporary market correction mechanism to protect EU citizens and the economy from excessively high prices that do not reflect world market prices. The mechanism will apply to virtual gas trading platforms in the EU and will be activated automatically if the month-ahead price on the TTF exceeds 180 euro/MWh for three working days and is 35 euro/

MWh higher than a "reference price" of LNG for three days. Once the correction mechanism is activated, a "dynamic offer limit" will be applied to transactions, which will apply for at least 20 working days. However, various conditions of immediate deactivation are foreseen. The period of application of Regulation (EU) 2022/2578 was limited to January 31, 2024 and is now extended to January 31, 2025.

Gas &Power Portfolio Management
& Optimization Division colleagues

Financial Results at December 31, 2023

Wind farm in Castiglione Messer Marino (CH)

Sales Revenues and EBITDA of the Group and by Business Segment

(in millions of euros)	Chapter	2023 financial year	2022 financial year (*)	Change	Change %
Electric Power Operations					
Sales revenues	2	8,335	9,933	(1,598)	*(16.1%)*
EBITDA	2	966	596	370	*62.1%*
Gas Operations					
Sales revenues	2	12,132	23,258	(11,126)	*(47.8%)*
EBITDA	2	863	550	313	*56.9%*
Corporate Operations (1)					
Sales revenues	2	164	77	87	*113.0%*
EBITDA	2	(21)	(90)	69	*76.7%*
Eliminations					
Sales revenues	2	(2,195)	(2,959)	764	*25.8%*
Edison Group					
Sales revenues		**18,436**	**30,309**	**(11,873)**	***(39.2%)***
EBITDA		**1,808**	**1,056**	**752**	***71.2%***
as a % of sales revenues		***9.8%***	***3.5%***	-	-

(1) Includes those operations of Edison Spa, the Group's Parent Company, that engage in central and transversal activities, i.e., activities that are not directly tied with a specific business and certain holding companies and real estate companies.
(*) The 2022 figures have been restated in accordance with IFRS 5.

Sales revenues for 2023 showed a downward trend compared to last year, amounting to 18,436 million euro, attributable mainly to Gas Operations due to both the reduction in the price scenario and the decline in volumes sold.
EBITDA amounted to 1,808 million euro, up 71.2% compared to 2022, above all thanks to the strong contribution of renewable activities and the marked increase in the results of the commercial part.

See the sections of this Report that follow for a more detailed analysis of the performance of the individual business segments.

Electric Power Operations

Sources

(GWh) [1]	2023 financial year	2022 financial year	Change %
Edison's production:	**18,754**	**19,023**	***(1.4%)***
- thermoelectric	14,203	15,665	*(9.3%)*
- hydroelectric	2,345	1,435	*63.4%*
- wind power and other renewables	2,206	1,923	*14.7%*
Other purchases (wholesalers, IPEX, etc.) [2]	**17,603**	**17,975**	***(2.1%)***
Total sources	**36,357**	**36,999**	***(1.7%)***
EESM activities Production	**772**	**687**	***12.5%***

(1) 1 GWh is equal to 1 million kWh, referred to physical volumes.
(2) Before line losses.

Uses

(GWh) [1]	2023 financial year	2022 financial year	Change %
End customers [2]	13,749	14,189	*(3.1%)*
Other sales (wholesalers, IPEX, etc.)	22,608	22,810	*(0.9%)*
Total uses	**36,357**	**36,999**	***(1.7%)***
EESM activities Sales	**772**	**687**	***12.5%***

(1) 1 GWh is equal to 1 million kWh.
(2) Before line losses.

The Group operates in accordance with a business model that calls for the separation of power generation activities (thermoelectric and renewables), sales on the end market (Business and Retail) and wholesale market and buying and selling activities, aimed at implementing adequate segregation and risk hedging policies for the above-mentioned portfolios and at maximizing their profitability through their optimization.

Within this model, Edison production amounted to 18,754 GWh, down 1.4% from 2022. As regards thermoelectric production, which shows a decrease of 9.3% linked to lower production due to less favorable market conditions compared to 2022, we note the progressive commissioning in the second part of the year of the two new power plants Marghera Levante and Presenzano, the most efficient in Italy and among the most efficient in Europe; the decrease in thermoelectric volumes was partially offset by hydroelectric production, which showed an increase of 63.4%, mainly attributable to greater hydraulicity; it is recalled that 2022 was characterized by much lower rainfall than the historical average. As regards wind and other renewable production, there was an increase of 14.7% essentially attributable to a change in the scope linked to the acquisition of Winbis Srl and Cerbis Srl and the entry into operation of the Mazara 2 plant starting from August 2022, as well as the particularly positive trend of wind production in the last quarter of 2023 thanks to the high windiness in the period.

Sales to customers decreased overall by 3.1%, mainly due to a contraction in consumption in the Business segment.

Other purchases and Other sales are down slightly compared to the previous year by 2.1% and 0.9% respectively; it should be noted that, however, these items include not only purchases and sales on the wholesale market but also purchases and sales on IPEX connected with the balancing of portfolios.

There was an increase in volumes related to Energy & Environmental Services Market activities.

Income Statement Data

(in millions of euros)	2023 financial year	2022 financial year	Change %
Sales revenues	8,335	9,933	*(16.1%)*
EBITDA	966	596	*62.1%*

Sales revenues in 2023 came in at 8,335 million euro, down 16.1% compared to the previous year. The EBITDA is 966 million euro, up 370 million euro.
The thermoelectric sector shows a declining trend compared to last year, due to decreasing performance of the MGP/MSD markets following less favorable market conditions, partially offset by the contribution of the capacity market.
The renewables sector achieved a higher result than last year; in particular:

- hydroelectric, benefited from more favorable prices and growing volumes after the severe drought in 2022, partially offset by the positive effect in 2022, not repeatable, linked to renunciation by Edison of the option provided for by Legislative Decree 145/2013 (so-called "Spalma-Incentivi");
- wind power saw an increase in margins partially offset by higher incentives in 2022;
- photovoltaic recorded a result slightly down compared to the previous year;
- origination activities were contracted under particularly favorable and more profitable conditions compared to last year.

On the commercial side, there was a marked increase in results after the decline in 2022, particularly in the Retail and Business segments related to an improvement in unit margins. Sales of value-added services (VAS) decreased slightly compared to last year.

Energy services

The economic data of Electric Power Operations include the results of the Energy & Environmental Services Market activities.
Through said operations, Edison interprets its role as an active player towards customers and territories in the path of ecological transition and decarbonization.
Edison is particularly aimed at large companies - industry and the tertiary sector - and public administration - schools, hospitals, prisons, etc. - providing them with a platform of diversified and unique services, technologies and skills: energy audits and consultancy, self-production systems, energy efficiency solutions, green gas, sustainable mobility solutions, urban regeneration services and solutions for smart cities (including district heating and public lighting), and solutions for the circular economy.
Operations showed a 18.2% increase in sales revenues in 2023 compared to last year, reaching 1,077 million euro (911 million euro in 2022). EBITDA increased by 8.6% compared to the previous year, recording 115 million euro (106 million euro in 2022) to be attributed mainly to an increase in the results of activities related to Public Administration and the entry of the company Citelum Italia Srl (now Edison Next Government) into the Group's perimeter as of May 2022.

Gas Operations

Sources of Gas

(millions of m³ of gas)	2023 financial year	2022 financial year	Change %
Production outside Italy (1)	101	155	*(34.8%)*
Long-term purchases and other imports	12,955	14,499	*(10.6%)*
Other purchases	1,854	6,552	*(71.7%)*
Change in stored gas inventory (2)	(6)	(61)	*90.2%*
Total sources	**14,904**	**21,145**	***(29.5%)***
Production from discontinued operations	**12**	**10**	***27.6%***

(1) Production related to the concession in Algeria.
(2) Includes pipeline leaks. A negative change reflects additions to the stored gas inventory.

Uses of Gas

(millions of m³ of gas)	2023 financial year	2022 financial year	Change %
Residential use	657	1,614	*(59.3%)*
Industrial use	4,533	4,970	*(8.8%)*
Thermoelectric fuel use	3,759	5,357	*(29.8%)*
Sales of production outside Italy	101	155	*(34.8%)*
Other sales	5,853	9,050	*(35.3%)*
Total uses	**14,904**	**21,145**	***(29.5%)***
Sales of production from discontinued operations	**12**	**10**	***27.6%***

Long-term gas purchases and other purchases on the wholesale market were down by 10.6% and 71.7%, respectively, compared to last year; the exposure of the Edison portfolio to imports from Russia was zero, the concession in Algeria was sold during the month of October.
At 14,904 million cubic meters, sales declined in all segments, particularly in the thermoelectric and civil wholesale segments; sales abroad have significantly reduced.

Income Statement Data

(in millions of euros)	2023 financial year	2022 financial year	Change %
Sales revenues	12,132	23,258	*(47.8%)*
EBITDA	863	550	*56.9%*

(*) The 2022 figures have been restated in accordance with IFRS 5.

Sales revenues for 2023 came in at 12,132 million euro, down 47.8% compared to the previous year. This reduction is attributable to both the decline in sales volumes, and to the price scenario. Group sales revenues amounted to 863 million euro, up 56.9% on the previous year. There was a strong negative impact from the delay in LNG deliveries from the United States, which led the Company to initiate an arbitration dispute; excluding this impact, gas activities benefited significantly from portfolio optimization actions. As regards the commercial part, the results are up compared to the previous year, in particular thanks to a recovery in margins in the Business and Retail segments. It should be noted that the activities related to gas storage are not included in the values commented above as they are classified as Discontinued Operations pursuant to IFRS 5.

Corporate Operations

Income Statement Data

(in millions of euros)	2023 financial year	2022 financial year	Change %
Sales revenues	164	77	*113.0%*
EBITDA	(21)	(90)	*76.7%*

Corporate Operations include those operations of Edison Spa, the Group's Parent Company, that engage in central and transversal activities, i.e., activities that are not directly tied to a specific business, and certain holding companies and real estate companies.
Sales revenues and EBITDA for the financial year 2023 showed an upward trend compared to last year, mainly related to a redefinition of service contracts with operating units; an extraordinary bonus was granted to employees in 2023 to mark the 140th anniversary of the Parent Company.

Other Components of the Group's Income Statement

(in millions of euros)	2023 financial year	2022 financial year (*)	Change %
EBITDA	**1,808**	**1,056**	***71.2%***
Net change in fair value of derivatives (commodities and foreign exchange)	4	7	*(42.9%)*
Depreciation, amortisation and write-downs/write-back	(460)	(439)	*(4.8%)*
Other net income (expense) - non-energy activities	(556)	(68)	*n.m.*
EBIT	**796**	**556**	***43.2%***
Net financial income (expense)	(59)	(5)	*n.m.*
Income (expense) from equity investments	53	44	*20.5%*
Income taxes	(208)	(442)	*52.9%*
Profit (Loss) from Continuing Operations	**582**	**153**	***280.4%***
Profit (Loss) from Discontinued Operations	**14**	**29**	***(51.7%)***
Minority interest in profit (loss)	**81**	**31**	***161.3%***
Group interest in profit (loss)	**515**	**151**	***241.1%***

(*) The 2022 figures have been restated in accordance with IFRS 5.

EBIT of 796 million euro includes depreciation, amortization and write-downs net of write-backs totalling 460 million euro, the net change in fair value relating to commodity and foreign exchange hedging transactions amounting to a positive 4 million euro and other net expenses related to non-energy activities of 556 million euro, which include 508 million euros for the adjustment of some provisions for risks linked to environmental regeneration.
The net result from Continuing Operations was a gain of 582 million euro (153 million euro in 2022), after net financial expenses of 59 million euro, net income from equity investments of 53 million euro and income taxes of 208 million euro, an improvement compared to 2022 (442 million euro), which included the extraordinary contribution "extra-profits" (effects of D.L. 21/2022 "Taglia prezzi" and D.L. 50/2022 "Aiuti") in the amount of 61 million euro and the temporary solidarity contribution formerly Budget Law 2023 in the amount of 240 million euro.

Total Financial Indebtedness and Cash Flows

The table below provides a breakdown of the changes that occurred in financial debt:

(in millions of euros)	2023 financial year	2022 financial year (*)
A. Total financial (indebtedness) at beginning of period (**)	**(477)**	**(104)**
EBITDA	1,808	1,056
Elimination of non-cash items included in EBITDA	219	(9)
Change in the operating working capital	433	(83)
Change in non-operating working capital	(427)	70
Net investments (-)	(543)	(719)
Other items from operating activities	(99)	(80)
Dividends Collected	-	10
B. Cash Flow from operating activities	**1,391**	**245**
Net income taxes paid (-)	(436)	(265)
Net financial income (expense) paid	(65)	(2)
Dividends paid (-)	(137)	(350)
Other changes (***)	(125)	(27)
(Increase) Decrease in financial indebtedness Discontinued Operations	9	26
C. Net Cash Flow for the period	**637**	**(373)**
D. Closing Total Financial (Indebtedness) (**)	**160**	**(477)**

(*) The 2022 figures have been restated in accordance with IFRS 5.
(**) The item incorporates the ESMA Guidelines on financial debt, published on March 4, 2021, which CONSOB requested to be adopted as of May 5, 2021.
(***) With reference to the first half of 2023, they mainly relate to new leasing payables relating to the entry into service of a new LNG vessel for which there is a long-term lease contract with a shipowner.

The main cash flows for the year derive from EBITDA, discussed above, tax payment, net investments and from dividend payments to shareholders.

Net investments amounted to -543 million euro, of which -491 million euro in fixed assets mainly related to:

- thermoelectric generation, mainly for the construction of the Marghera Levante (-75 million euro) and Presenzano (-39 million euro) thermoelectric power plants;
- generation from renewable sources for -63 million euro;
- energy and environmental services of -164 million euro, mainly linked to services for the Industry sector (-82 million euro), Public Administration (-41 million euro), and the Circular Economy (-24 million euro);
- commercial sector for approximately -89 million euro, mainly relating to incremental costs incurred for the attainment of new contracts.

During the year, acquisitions with an overall effect on debt of about -89 million euro were made, relating to the companies Felix Dynamics (-10 million euro), Tes Development (-13 million euro), Nuove Iniziative Energetiche N.I.E. and Cuorgnè (for a total of -45 million euro), and Prometheus Energia (-21 million euro).

Please also note the following:

- the purchase of 49% of the capital of Nyox, for a consideration of approximately 23 million euro;
- the collection for approximately 12 million euro of the deferred consideration under the contract for the sale of Edison Norge to Sval Energi, upon closing of the sale transaction in March 2021;
- the sale of the Reggane Nord concession in Algeria, following the approval by the Algerian authorities of the agreements signed in 2022; the final consideration amounts to approximately 56 million euro;
- the sale of the investment in Termica Cologno, which resulted in the collection of the consideration of about 6 million euro and the deconsolidation of net cash of about 8 million euro.

Outlook and Expected Results in 2024

Taking into account the current market context characterized by high economic and geopolitical uncertainty and a decreasing gas and electricity price scenario, the Edison Group expects an EBITDA of at least 1.5 billion euros in 2024.

Edison Spa

Financial Highlights

(in millions of euros)	2023 financial year	2022 financial year	Change %
Sales revenues	16,402	28,917	*(43.3%)*
EBITDA	1,069	576	*85.6%*
as a % of sales revenues	*6.5%*	*2.0%*	-
EBIT	309	442	*(30.1%)*
as a % of sales revenues	*1.9%*	*1.5%*	-
Net profit from Continuing Operations	330	258	*27.9%*
Net profit from Discontinued Operations	(1)	6	*(116.7%)*
Net income/(loss) for the year	329	263	*25.1%*
Investments in tangible and intangible assets	206	311	*(33.8%)*
Total Net invested capital	4,789	4,456	*7.5%*
Net financial borrowings (available funds) (*)	(913)	(611)	*49.4%*
Shareholders' equity	5,702	5,067	*12.5%*
Employees	1,583	1,480	*7.0%*

(*) As of 31 December 2023, the item implements the guidelines issued by ESMA on financial debt and therefore includes other non-current liabilities, equal to 5 million euros.

Pursuant to Consob communication no. DEM/6064293 of July 28, 2006 the table below provide a reconciliation of the net result for the year and of the shareholders' equity of Edison Spa with Group interest in net profit and the shareholders' equity attributable to the shareholders of the Parent company at December 31, 2023:

Reconciliation of the net result and the shareholders' equity of Edison Spa and the corresponding consolidated data

(in millions of euros)	12.31.2023		12.31.2022 (*)	
	Net result	Shareholders' equity	Net result	Shareholders' equity
Net result and Shareholders' equity of Edison Spa	**329**	**5,702**	**263**	**5,067**
Results and carrying values of the consolidated companies, excluding minority interests	207	2,214	(144)	2,039
Elimination of the carrying values of the consolidated investments in associates and in companies valued by the equity method		(1,789)		(1,667)
Dividends of Edison Spa	(55)		(136)	
Elimination of Parent company investments' adjustments	(27)		137	
Investments in companies valued by the equity method	46	291	44	216
Difference in profit (loss) from Discontinued Operations	15	38	23	-
Other consolidation adjustments	-	4	(36)	4
Group interest in profit (loss) and Shareholders' equity attributable to Parent company shareholders	**515**	**6,460**	**151**	**5,659**

(*) Applying the accounting standard IFRS 5 the balances at December 31, 2022 were not restated while economic reconciliation items wererestated in order to be comparable with those of 2023.

Risks and Uncertainties

Risk Management at the Edison Group

Edison has developed an integrated business risk management model based on the international principles of Enterprise Risk Management (ERM), the COSO Framework specifically, the main purpose of which is the adoption of a systematic approach in mapping the company's most significant risks, addressing in advance their potential negative effects and taking appropriate actions to mitigate them. The approach is based on the bottom-up identification of risk events that may compromise both short- and medium-term targets and industrial and strategic targets in the long term.

In 2023, the management of sustainability issues was integrated in advance into the Enterprise Risk Management Framework, in line with the requirements of the *Corporate Sustainability Reporting Directive* and the *European Sustainability Reporting Standards,* which provides for the dual materiality assessment of Impacts, Risks and Opportunities.

The risk mapping and risk scoring methodology that Edison has adopted assigns a relevance index to each risk based on an assessment of its impact, probability of occurrence and level of control, and a Corporate Risk Model, developed in accordance with best industry and international practices, places within an integrated framework the different types of risks that characterize the business in which the Group operates:

- risks related to the external environment, which have to do with conditions in the market and the competitive environment in which the Group operates and changes in the political, legislative and regulatory context;
- operational risks, which are tied to internal processes, structures and business management systems (IT and other), specifically regarding electricity production and commodity and service distribution activities;
- strategic risks, which are related to the definition and implementation of the company's strategic guidelines.

The risk management process is also carried out taking into account the materiality analysis, which has led to the identification of a series of ESG-Related risks connected to the sustainability targets that the company aims to integrate into its strategies by 2030. Finally, the ESG-Related risks have been grouped into ESG risk themes integrated into the process and assessed in coherence with the risk assessment methodology. For further details, please refer to the section "ESG Risk Management" in the Non-Financial Disclosure 2023 (add link in the digital version).

With the coordination of the Risk Office, the managers of the various Company departments map and assess risks within their scope of activity through a risk self-assessment process and provide an initial indication of the mitigating actions associated with those risks. The results of this process are then consolidated at the central level into a map in which risks are prioritized based on the scores assigned to them and aggregated, so as to facilitate the coordination of mitigation plans within the framework of an integrated risk management approach.

The results produced by ERM are communicated to the Control, Risk and Sustainability Committee and the Board of Directors on predetermined dates and are used by the Internal Audit Department as a source of information to prepare special risk-based audit plans.

An analysis of the overall results of the process for the year just ended is provided in the "Risk Factors and ESG risks" section that follows, while the "Financial Risks" section lists the main factors related to the commodity price, exchange rate, credit, liquidity and interest rate risks, for which specific safeguards have been adopted over the years to manage and minimize their impact on the Group's economic and financial equilibrium. For additional details about these risks see the information provided for IFRS 7 purposes in section 4 of the consolidated financial statements entitled "Market Risk Management", paragraph 3.1 "Credit risk management" and paragraph 6.4 "Financial risk management".

Since 2018, the Group has also adopted a system of Tax Risk Management, which allows the active detection, assessment, management and control of tax risk (so-called (Tax Control Framework or TCF). This management process is integrated into the Group's Internal Control and Risk Management System.
The TCF adopted consists of a Tax Policy, a General Standard, a system of Risk and Control Identification Matrices, and a system of Information Flows, coordinated with the provisions of Law 262/2005, to monitor and manage activities with potential tax impacts in the main business processes and on the economics of the Group.
The TCF and the elements supporting it received in December 2023 a positive assessment from the Revenue Agency within the framework of the preliminary investigation that led Edison Spa to be admitted to Cooperative Compliance with retroactive effect from tax year 2022.
The annexation is a building block for the establishment of an enhanced relationship based on mutual communication, cooperation and transparency between taxpayer and Tax Administration.

Risk Factors and ESG risks

Risks Related to the External Environment

Legislative and Regulatory Risk

A potential and significant source of uncertainty for Edison is the constant evolution occurring in the reference legislative and regulatory framework, which affects market activity, tariff recognitions, required levels of service quality and technical and operational compliance requirements.
The first half of 2023 was impacted by regulatory interventions launched to find financial resources to mitigate the impact of high energy prices on consumers by applying solidarity levies to national energy companies, in line with and in some cases more stringent than what has been done in the European Union, which impacted the former. In addition, consumption reduction plans and regulatory measures were introduced to reduce the cost of energy for customers, while allowing for deferred payments.
In this regard, Edison is engaged in an ongoing activity to monitor and carry out a constructive dialogue with national and local public institutions, so as to develop opportunities for discussing and promptly assessing the impact of regulatory changes, with the aim of minimizing the resulting economic impact.

In this context, among the main changes in the evolving legislative framework, the most significant uncertainty factors include:

- the renewal of large-scale diversion hydroelectric concessions, whose regulation was revised by Decree-Law No. 135 of December 14, 2018, converted by Conversion Law No. 12 of February 11, 2019. The Law for the Market and for Competition 2021, approved by Parliament on August 3, 2022 (in the Official Journal, Law No. 118 of August 5, 2022) supplements current regulations by establishing that procedures for assigning concessions must be carried out according to competitive, fair and transparent parameters, on the basis of an adequate economic assessment of the concession fees and a suitable technical valuation of the interventions to improve the safety of existing infrastructure and interventions to recover storage capacity, with the establishment of consistent compensation (to be paid by the incoming concessionaire), which takes into account the investments made by the outgoing concessionaire. In this framework, it is stipulated that the allocation procedures are to be started within two years from the date of entry into force of the relevant regional law, and in any case no later than December 31, 2023: after this deadline, the Ministry of Infrastructure and Sustainable Mobility shall promote the exercise of replacement powers. In the case of concessions with an expiry date prior to December 31, 2024, including those that have already expired, the regions may allow the continuation of operations for the time necessary to complete the procedures (no more than three years from the entry into force of this provision; therefore the new deadline is set for August 2025), establishing the amount of the consideration that the former concessionaires must pay to the regional administration as a consequence of the use of the assets and works. At the end of 2023, some regions started procedures for the reallocation of concessions;

- the modalities for the overcoming of the protected electricity and gas market for domestic consumers, with particular reference to the implementation of the provisions of Law No. 124 of August 4, 2017 (Annual Law for the Market and Competition) and subsequent provisions that provided from January 1, 2024 the overcoming of price protection for gas customers and from January 10, 2024 the overcoming of the greater protection service for domestic electricity customers, pending the conduct of competitive procedures for the assignment of a temporary service so-called "gradual protection service". At the same time, Legislative Decree No. 210 of November 8, 2021 was adopted for the transposition of the European Directive 2018/944, which introduces the definition of vulnerable consumers on the basis of certain parameters, including age, economic and health hardship; with Decree-Law No. 115 of August 9, 2022 these measures were also extended to vulnerable gas customers. From the regulatory point of view, the transition framework is already defined for gas customers, with the treatment modalities determined by ARERA in Resolutions 100 and 102 of 2023, which provide for differentiated treatment modalities depending on the vulnerability or otherwise of customers still supplied under protection. With reference to the electricity market, following the publication of the Decree of the Ministry of the Environment and Energy Security (May 18, 2023, No. 169), ARERA has defined the rules of the tender procedures with which the Gradual Protection Service (STG) will be assigned for non-vulnerable customers, confirming most of the aspects already arranged for micro-enterprises and already illustrated in a previous consultation. In compliance with the latest Decree-Law No. 181/2023, ARERA ordered the postponement to January 10, 2024 of the holding of the auctions for the selection of the operators that will perform the service (compared to the planned date of December 11, 2023) and set July 1, 2024 (compared to the planned April 1) as the date for the activation of the STG. Vulnerable electricity customers will not be subject to the STG auction procedures, but will temporarily continue to adhere to the greater protection service while waiting for the procedures for the allocation of the so-called "vulnerability service" that was introduced by the aforementioned measure;
- the appeals submitted by several operators to the Regional Administrative Court and the Court of First Instance of the European Union against the current design of the Capacity Market, which could result, in extrema ratio, in a cancellation of the auctions already carried out and a revision of the regulations, with a possible new notification to the Commission to verify compatibility with European regulations on State Aid; In September 2022, the European Court of First Instance rejected the plaintiffs' claims, a decision that makes it less likely that the appeal will be upheld by the TAR. In particular, a number of companies have filed an application to set a hearing on the merits before the TAR, following the EU Court's ruling. The hearing before the Lombardy Regional Administrative Court (TAR) was set for March 6, 2024. In 2023, further appeals were then filed with the Lombardy TAR (Regional Administrative Court) against the various legislative and regulatory deeds relating to the 2024 auction, as well as against the results of the auction itself.
- the Capacity Market auction for the delivery period 2025 and beyond. With regard to the procedures for the 2025 delivery period, it should be noted that Terna has launched the long-awaited consultation on the Capacity Market Regulations valid for the delivery years after 2024. For the time being, Terna does not give precise indications as to the delivery years that will be covered by the parent auctions organized under the new regulation under discussion (the decision is up to the Ministry). The consultation deadline is January 31, 2024.
- the appeals brought by Enel Trade on the gas transport tariff criteria for the third, fourth and intermediate regulatory period (2010-2013, 2014-2017, 2018-2019, respectively), in respect of which Edison intervened *ad opponendum* of the appellant in support of the Authority. In this regard, it is specified that:

- the appeal on the third regulatory period 2010-2013 is to date still pending after the Council of State (CdS), in a ruling in 2018, referred the decision on the legitimacy of the regulatory amendments introduced by the Authority with Resolution 550/2016/R/gas back to the TAR. The appeal relates to the greater weight given to capacity costs at entry points located in southern Italy (Gela and Mazara del Vallo) compared to those in the north. A successful appeal would bring into question *ex post facto* the transport tariffs for the 2010-2013 period, as was the case as a result of the rulings of the CdS No. 8523 of October 5, 2022 and No. 7386 of July 27, 2023, in relation to the natural gas transport service tariffs for the 2014-2017 and 2018-2019 regulatory periods;
- with reference to the fourth tariff period and the transitional period (2014-2019), the Authority has already initiated proceedings to comply with the rulings of the CdS, which was followed in September 2023 by the publication of the D.CO. 424/2023/R/gas. The ARERA proposal calls into question *ex post* the regulation of transport tariffs of previous years by altering the market balances created at the time. This logic, if indeed adopted, could be repeated by analogy for the period 2014-2019 also for the years 2010-2013, which is why, in response to the consultation, comments and proposals were submitted, the main purpose of which is to maintain rules that have been established for years and applied in the past in good faith by operators, while identifying solutions that only act on future regulation. The proceedings initiated by the Authority for the period 2014-2019 are expected to continue with the publication of a new consultation document and to end by March 31, 2024.

Market and Competitive Environment

In the macroeconomic scenario, there are currently lower growth prospects, especially for European countries compared to the US, while instability is increasing in the Middle East region and the Russian-Ukrainian region is continuing.

Inflation is expected to moderate, which will be offset by interest rate cuts.

The energy markets in which the Group operates recorded significant variations in terms of demand, mainly linked to the effects of high energy prices on economic activity and government energy saving initiatives, for a more in-depth analysis of which see the section "Performance of the Italian energy market".

At national level, there were lower volumes of thermoelectric generation due to a fall in demand, higher generation from renewable sources, thanks to the recovery of hydroelectric generation, and an increase in import from the northern border, given the reduced criticality of the nuclear generation park.

During 2023, there was an acceleration of photovoltaic and wind power installations in Italy through the development of 5 GW, with the country aiming to reach 65% renewable generation in the production mix by 2030.

The expected short-term development foresees an increase in French nuclear capacity as of the first quarter of 2024 and a reduction in coal production in Italy, due to the non-extension of the provisions concerning the maximization of coal production, which ended in September 2023.

As far as hydroelectric capacity is concerned, Italian reservoirs have recovered after months of uncertainty and risky volumes. However, drought and rising temperatures are the main risks for system adequacy. With regard to renewable energy sources, companies are upgrading their production capacity in order to align with the 2030 targets.

Moreover, technological changes in the electric power sector could make some technologies/services more competitive than those that are part of the Company's business. In order to mitigate this risk, Edison monitors and assesses the development of new technologies on an ongoing basis, which are discussed in greater detail in the "Innovation, Research and Development" section. On this front, the progress of the process of energy efficiency and reduction of CO_2 emission factors, with the inauguration of the new Marghera plant and the construction, in an advanced stage, of another new generation combined cycle, puts the Group in a condition of competitive advantage.

In the natural gas market, overall demand decreased year-on-year: the contraction was in the industrial sector, as a result of the impact of high commodity prices, and in the residential sector, also due to particularly mild weather conditions. Demand from the thermoelectric sector is also decreasing, driven by lower electricity demand. In addition to the demand reduction factors described above, there were government energy saving initiatives. Storage levels are very good for European countries, which are ahead of the 90% filling target on November 1, 2024; 10% of European gas imports still come from Russia.
In this context, an important tool to mitigate the effects of changes in the energy scenario and market conditions is provided by market risk management policies.

Country Risk

The Edison Group's presence in the international markets involving both the production and marketing of energy, exposes the company to a whole series of risks stemming mainly from political, economic, social, regulatory and financial differences compared with conditions in the country of origin. Currently, the area of greatest importance for the Group is Greece, where Edison, through Elpedison SA, produces and markets electric power and imports and markets natural gas in a joint venture with its Greek partner HELLENiQ ENERGY.-
The center-right government was reconfirmed to lead the country in the general elections held in June 2023, continuing to hold an absolute majority in Parliament. The country continues to benefit from the EU Recovery Fund, with a potential total amount of grants and loans reaching around 18% of GDP in 2021-2026.
In April 2023, Standard Poor's raised the sovereign rating to BB+ with stable outlook, confirmed in October. At the end of October, the agency Standard Poor's raised its rating country's rating to BBB- with "stable" Outlook.
Economic activity will exceed the euro zone average between 2023 and 2024 supported by EU funds, increased investment and still robust tourism activity. Inflation will decrease in 2024, thanks to lower energy prices, and will be substantially lower than the euro zone average.
Regarding the energy sector, faced with rising prices of commodities, since 2022 the national authorities introduced extraordinary measures to support Greek consumers, both residential and business,which helped mitigate the impact of the energy crisis on the country's system. These measures are now being phased out. To reduce dependence on Russian gas, the phase-out date for coal-fired thermoelectric generation was postponed to 2028 from the previous deadline (2023) and the LNG infrastructures are being upgraded.
The country aims to reach 61% renewables in its mix of electricity in 2030. According to the government's National Energy and Climate Plan, this target would translate into an installed capacity of 7.7 GW of photovoltaic solar power, 7 GW of wind power onshore and 3.9 GW of hydroelectricity.

The Company is committed to constant monitoring of the country's political and economic environment, to which the Group is exposed at December 31, 2023, as indicated below:

(in millions of euros)	12.31.2023	12.31.2022
Equity investments [1]	190	145
Guarantees provided	115	115
Total	**305**	**260**

(1) Refers to the investments Elpedison BV and IGI Poseidon SA.

Additionally, with reference to the long-term gas procurement contracts, the Company is exposed to the geopolitical context of the countries from which it obtains its supplies and, therefore, constantly monitors the situations therein.

Operational risks

Processes, Structures and Business Management Systems

Edison's core businesses include building and operating technologically complex facilities for the production of electric power, managing gas storage centers, developing gas infrastructures, marketing energy efficiency services and solutions and distributing electric power and gas in retail and wholesale markets. These activities, which could entail the involvement of third parties, expose the Company to risks deriving from the potential inefficiency of internal processes and organizational support structures or exogenous events, such as malfunctions or unavailability of equipment and machinery. These risks could have potential repercussions on profitability, the impact of which would be amplified by the volatility and appreciation of commodities, the efficiency of business activities and/or the Company's reputation. In addition, the increasing focus of regulatory and supervisory authorities on the energy sector leads to growing operational and compliance efforts.
The policy to manage these operational risks calls for the adoption of specific security and quality standards, and the implementation of upgrades to comply with international and national laws and the requirements of local entities with regulatory authority over such issues, as well as activities to improve the quality of processes in the various areas of business, with special focus on customer services. In addition, the management of potential crisis events is governed by specific internal guidelines designed to provide a quick and effective response to potential crisis situations that could cause injuries to people and damage the environment and the Company's facilities and reputation.
Additional information about the management of environmental and occupational safety risks is provided in the section of this report entitled "Health, Safety and the Environment."

Information Technology

The performance and execution of the Company's various activities and business processes are closely dependent on the complex information systems developed over the years. The energy sector, in particular, is characterized by the constant evolution of threats also as a result of geopolitical tensions and the increasing digitalization of infrastructure, processes and services. Risk aspects concern the adequacy and availability of these systems, the integrity and confidentiality of data and information, which may have economic, financial and reputational repercussions.
During 2023, the ICT Directorate concluded the transformation program Go2Cloud, with which most applications were re-engineered and moved to the cloud, increasing the flexibility of the service, improving the time-to-market, without reducing the level of quality and security.
Regarding the risk of unavailability of data and applications due to a fault in systems, Edison adopts hardware and software architectures in high reliability configurations. These configurations were regularly tested during normal operations.
To protect against disastrous events, solutions are also in place for Disaster recovery, which are tested periodically, both for the cloud services, and for services provided by data centers in Foro Buonaparte and Rivoli.
During the year, the revision was completed of the Business Impact Analysis (BIA) for the Gas & Power Market, Gas & Power Portfolio Management and Optimization and Gas Asset and Power Asset divisions, the outcome of which confirmed the adequacy of the measures taken in terms of high reliability and Disaster recovery.

The risk relating to the integrity and confidentiality of company data and information and their availability in the event of cyber-attacks remains high and is mitigated through the adoption of strict security standards and solutions developed in accordance with the level of maturity measured using the National Institute of Standards and Technology (NIST CSF) framework as well as through continuous updates and actions to limit exposure; the service of the Security Operation Center, operational since January 2016, which aims to identify current cyber attacks,

was subsequently optimized through a process of “refinement” of analyses to improve their effectiveness. The first four phases were completed (automatic inventory of all networked devices, asset vulnerability procedures, triage, incident & crisis management, threat intelligence service and CERT (Computer Emergency Response Team)) of the Rex Wannacry project, aimed at increasing the resilience of the company’s information system against next-generation attacks. In 2022, the Rex Wannacry program was extended with other project initiatives, aimed at improving the handling of possible ransomware attacks (ISRebuild Project), with a focus on reviewing how data is saved and protecting the active directory and the ability to restore systems in the face of attacks. The project to strengthen the way employees’ digital identities are managed was completed in 2023, through multi-factor authentication systems, conditional authentication and new systems access control mechanisms. In addition, always on active directory systems with the aim of increasing the overall security level, profiles and profile assignment procedures were revised, two new monitoring systems were introduced (Bloodhound, and Quest’Auditor) that detect possible attack paths and actions performed on systems that are non-compliant with the established rules. The training courses and the awareness on security issues to promote and enhance the culture of cybersecurity culture within the company, including, among other activities, monthly simulations of attacks by phishing, half-yearly news and webinars, also, through the Cybersecurity Academy, a series of courses were delivered *ad-hoc* for technicians and administrators of plant systems (OT technologies).
With particular reference to the security of sensitive computer data for the business of Edison Energia, the following were completed: the introduction of the Data Classification systems, which allows, through the office to classify information and also to establish access and sending rules, the revision of profile users for access to critical applications and the updating of policies and procedures.
Compliance with GDPR 2016/679 is a major issue given the attention of the regulator and the public to the protection of personal data. The multi-year project for the safety adjustment of production facilities in accordance with the dictates of DL 105/2019 managed by ACN has been completed, and in December 20, we entered the operational phase of the standard, which includes several annual cycles of control and improvement of actions.

With regard to enhancing systems adequacy, in the first half of 2023, some important projects continued and/or were completed and new ones started; in particular:

- for the Energy & Environmental Services Market activities:
  - the ENG corporate merger for the consolidation of corporate systems was completed;
  - the project to extend the data platform to the various divisional application areas (Salesforce.com, maintenance management systems, invoicing, etc.) is underway;
  - the project to manage the economic volume forecast is underway;
  - the tender to extend Salesforce to after-sales and contract management is in the launch phase;
  - the centralized system for managing PECs and protocols was released.

- For the Gas & Power Market Division:
  - the Kairos project was released, with the upgrade of billing, CRM and credit systems with cloud porting for Retail customers;
  - the Offering and CRM system dedicated to B2B customer management was released, with the automation of numerous activities that were historically handled manually;
  - the Gas & Power Market Commodity and VAS allocations to SAP scheduled for release by April 2024 are being implemented;
  - the revamping of the Edison Energia site was postponed to 2024 due to the replacement of an under-performing supplier on Digital. Release planned after summer 2024;
  - the GAXA corporate integration was completed and the Etica and Sorrento merger project into Edison Energia and the Attiva Merger project are underway;
  - the project on B2C collective self-consumption is underway, which includes a roadmap with several waves of release in 2024 and the choice of platform;

- the E-Mobility B2C and B2B project is underway for the downstream divisions (Edison Energia and Edison Next); the release of Wave 1 expected in the first quarter of 2024 with subsequent Wave within the year;
- the Fibre project is underway, which provides a roadmap with several milestones in 2024.

• For the Gas & Power Portfolio Management & Optimization Division:
  - in the context of diversification of gas portfolio sources, the roadmap was defined of application map development to support Large Scale LNG processes; the extension was completed of the existing systems supporting the BioGas Portfolio (Contract Management and Customer Portal);
  - the 2023 perimeter was completed relating to the risk model revision program, which also impacts the downstream divisions on several business processes (pricing & sales, portfolio management, costing, short term & medium-long term forecast, hedging). The program includes 12 IT initiatives classified into 24 project sites, of which 11 have been completed. The definition of the 2024 detail plan for the completion of the implementation program is underway.

• For the Power Asset Division:
  - the GUIDE System for the Management of Plant Processes (Asset Master, Maintenance, Scheduling, HSE Themes, etc.) was implemented on all thermoelectric power plants;
  - the anomaly detection module for thermo maintenance models is being implemented;
  - the DBUNICO/certified data system for the 3 hydroelectric poles was implemented;
  - the Division-wide HSE (Health, Safety and Environment) event management application was implemented.

Strategic Risks

The development of the core businesses of the Edison Group must be supported with investments, acquisitions and selected divestments, implemented as part of a strategy to streamline the overall portfolio and constantly respond to the competitive environment, exploring a plurality of technological solutions and new business models, in order to pursue sustainable success by creating value for all stakeholders and contributing towards guiding the country in the energy transition process. The Group's ability to strengthen its core businesses and reputation in the markets where it operates is predicated on the effective deployment of these initiatives, achieving all of the strategic objectives set.
More specifically, insofar as direct investments are concerned, they typically entail a risk related to potential overruns in operational and investment costs, as well as possible delays in the start of commercial service, due in part to uncertainties in the permit issuing process or unforeseeable external events, with a resulting impact on the profitability of these initiatives.
As for the strategy of growth through acquisitions, its success depends on the availability in the market of opportunities that could help the growth of the Group's core businesses targeting the creation of value and on the Company's ability to identify those opportunities on a timely basis and effectively integrate the acquired assets into the Group's activities. In order to mitigate these risks, the Company adopted a series of internal processes to monitor the research and assessment phases of investment initiatives. In addition to the use of appropriate written procedures, these processes require the use of due diligence activities, binding contracts, multilevel internal authorization processes, project risk assessment activities and project management and project control activities.

ESG and ESG-Related Risks

ESG risks from the acronym Environmental, Social, Governance, are a set of risks that impact the strategic and sustainable targets that companies must integrate into their investment choices and their business plans in the coming years, more precisely by 2030. For further details, please refer to the section "ESG Risk Management" in the Non-Financial Disclosure 2023 (add link in the digital version).

In 2023, the Edison Group integrated in the ERM framework, risk issues divided into environmental, social and governance:

- environmental: they concern environmental and climatic risks, such as potential impacts on energy generation and demand, unavailability or decreased yields of plants, or even a sharp rise in average temperatures with consequent impacts on electricity demand and volumes.
  Adverse natural events related to climate change could also occur, causing damage to company assets during their construction, design, and useful life, resulting in a reduction in their performance and causing an increase in the level of health and safety risk for staff and employees working on them.
  Finally, as far as environmental risks are concerned, exceeding permitted emission limits, insufficient protection of biodiversity, incorrect waste management and disposal activities, both within the scope of the Group's activities and along the value chain, could lead to negative environmental impacts with consequent reputational damage or penalties.
- Social: this category includes risks arising from customer relations, institutional stakeholders, employees and suppliers.
  As far as customer relations are concerned, there may be risks that the company may find it difficult to meet customer needs with its products and offers, as a result of changing consumer behavior. Furthermore, the macroeconomic context, with price variability, can affect customer satisfaction and, indirectly, the reputation of energy operators.
  Difficulties may arise in dealing with institutional stakeholders at national and local level, e.g. problems with new developments, due to the regulatory-legislative context and with regard to ESG issues, such as significant limitations in the operation of company systems.
  Considering the risk issues that could affect personnel, there are the importance of the attraction, retention and continuous professional training of resources and the constant monitoring of the safety of employees working on company sites, in order to avoid serious accidents and damage to the company image.
  Regarding relations with suppliers, risks may relate to the limited capacity to supply goods and services that are indispensable for energy transition; in addition, the high instability of markets may cause delays or extra costs in the supply or provision of a service.
  Another potential risk factor is associated with the discontinuity of the IT infrastructure for cyber attacks or extreme natural events, with reputational damage, loss of customer data and critical business operations.
- Governance: risks may emerge concerning ethics and public opinion for the Group or concerning relations with a supplier or sub-supplier (incidents of corruption, contribution irregularities, violation of human rights, environmental impact...) with potential reputational damage for the Group, risks concerning compliance with regulations and/or company rules, procedures or provisions and, finally, difficulties could emerge in the achievement or success of strategies, profiles and objectives in the field of sustainability.

Financial Risks

Commodity Price Risk

The Edison Group is exposed to the risk of price fluctuations of all traded energy commodities, which act both directly and indirectly through indexation in price formulae. Moreover, because some of the above-mentioned commodity prices are quoted in a foreign currency, the Group is also exposed to the resulting foreign exchange rate risk.

The activities required to manage and control these risks are governed by the Energy Risk Policies, which require the adoption of specific risk limits, in terms of economic capital, and the use of financial derivatives that are commonly used in the market for the purpose of containing the risk exposure within established limits.

Foreign Exchange Risk
The activities carried out by the Group in currencies different from the euro and its strategies of expansion in the international markets expose the Company to fluctuations in foreign exchange rates. The guidelines concerning the governance and strategies to mitigate the foreign exchange risk generated by business activities are set forth in specific policies, which describe the foreign exchange risk management objectives depending on the different nature of the risk in question. The Company adopts a centralized type of management model, through which the Parent Company is able to constantly safeguard the Group's economic and financial equilibrium by constantly monitoring exposures and implementing appropriate hedging and foreign exchange procurement strategies designed for risk mitigation purposes

Credit Risk
With regard to the risk of potential losses caused by the failure of any of the counterparties the Company interacts with to honor the commitments they have undertaken, the Group has implemented for some time procedures and tools to evaluate and select counterparties based on their credit rating, constantly monitor its exposure the various counterparties and implement appropriate mitigating actions (by way of example: assignment of credit to factor, credit insurance), primarily aimed at recovering or transferring receivables.

Interest Rate Risk
Because it is exposed to fluctuations in interest rates primarily with regard to the measurement of debt service costs, the Edison Group assesses on a regular basis its exposure to the risk of changes in interest rates, which it manages mainly by defining the characteristics of the facilities during the negotiation phase.

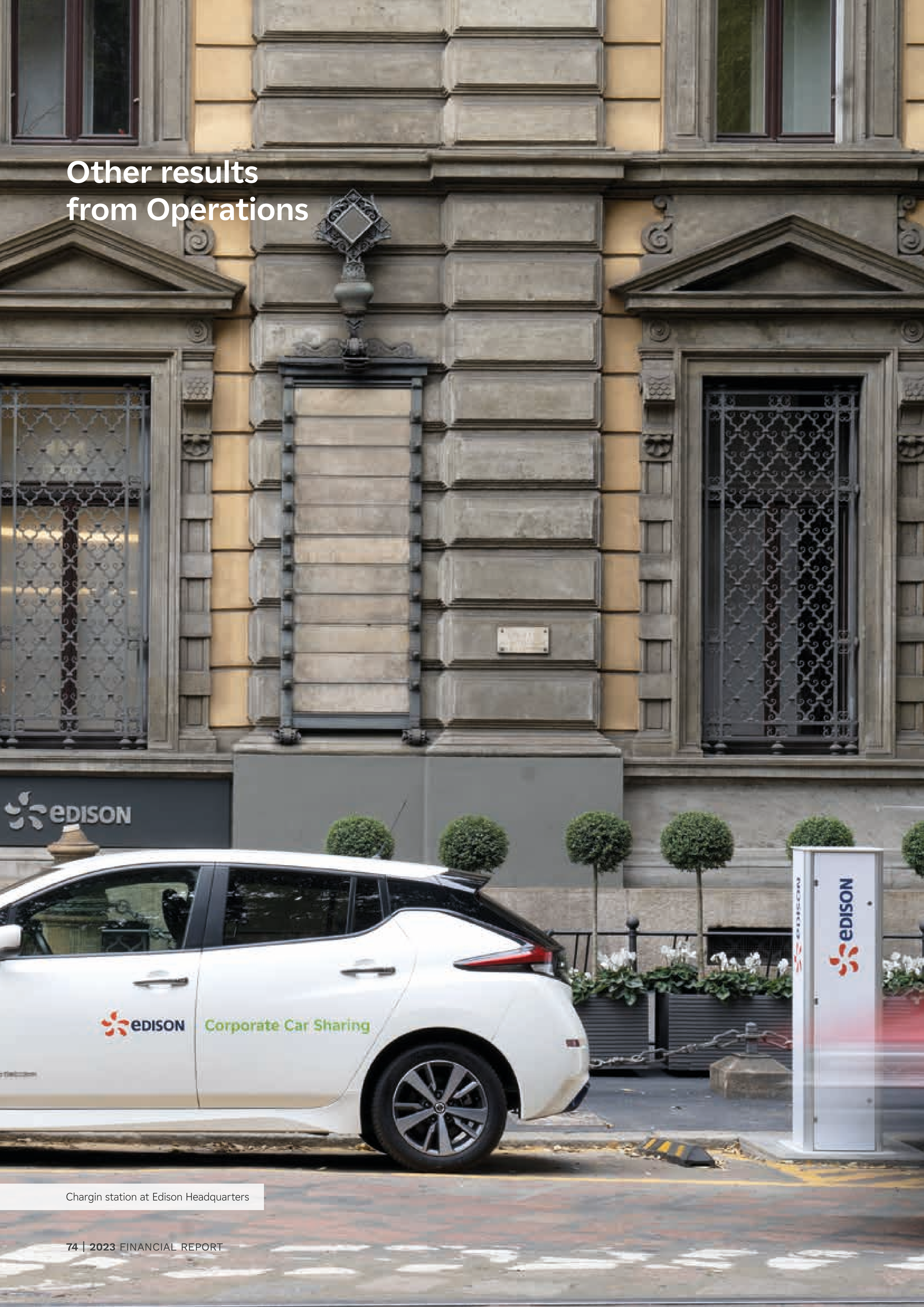
Liquidity Risk
The liquidity risk has to do with the possibility that the company may not have access to sufficient financial resources to meet its financial and commercial obligations in accordance with agreed terms and maturities. The policy to manage this risk, integrated at the EDF Group level, is designed to ensure that the Edison Group has access to sufficient credit facilities to meet short-term financial maturities, while at the same time consolidating its funding sources.

Provisions for risks and charges

In addition to the risk management and mitigation activities described above, when faced with present obligations deriving from past events, which can be of a legal or contractual nature or result from statements or conduct of the company such as to engender in third parties a valid expectation that the company is responsible or assumes responsibility for fulfilling an obligation, the Edison Group recognized over the years adequate accruals to special provisions for risks and charges listed among the liabilities in the financial statements. (see also the accompanying Notes to the consolidated financial statements).
For a description of the risk provisions related to the core activities, in particular provisions for decommissioning and remediations for industrial sites and provisions for risks and charges, see paragraph 5.3 in the Notes to the consolidated financial statements.
Moreover, the Edison Group is involved in various processes for environmental remediation and decontamination of polluted areas deriving from its own industrial history, a description of which is provided in chapter 8 entitled "Non-Energy Activities" in the Notes to the consolidated financial statements.

Hydroelectric power plant in Meduno (PN)

Other results from Operations



Chargin station at Edison Headquarters

Innovation, Research and Development

The Research, Development and Technological Innovation (RD&TI) Department carries out activities of scouting, testing of new technologies, analysis of technology readiness level (TRL); the field of interest includes “disruptive” and operational support to Business Units. The RD&TI Department maintains and strengthens a network of scientific relations with external centers of excellence (EDF R&D, Polytechnic University of Milan, Polytechnic University of Turin, University of Milan-Bicocca, University of Pavia, Università Cattolica Sacro Cuore (Catholic University of the Sacred Heart), University of Padua, Research institutions) also through the realization of joint projects.

The activities of the RD&TI Department are mainly carried out at the laboratories located at the Officine in Milan and Officine in Turin, which have also become meeting and visiting places for other Edison Divisions interested in technological and scientific updates in the energy field. At the Officine in Milan and Turin, many students from the Milan and Turin Polytechnics prepare their dissertations: the link between Edison and the academic world is consequently closer and more lively.

Since 2022, Edison has been part of MUSA s.c.a.r.l (Multilayered Urban Sustainability Action), an innovation ecosystem funded by the Ministry of University and Research as part of the PNRR initiatives and promoted by the University of Milan-Bicocca. The MUSA project involves the collaboration of public and private stakeholders and aims to transform the Milan metropolitan area into a hub for sustainability, urban redevelopment and innovation.
In its first year of activity in the Urban regeneration (City of tomorrow) round table, Edison played an active role in the development of a project on Experiential Environmental Impact Assessment. This project uses an innovative approach to assess how people experience urban contexts. Combining urban elements, environmental psychology and information and communication technology (ICT) for educational purposes, the aim is to obtain a comprehensive view of the impact of places on the quality of urban life. In the second table, dedicated to Innovation for Sustainable and Inclusive Societies EOS Foundation - Edison Orizzonte Sociale conducted a study on the synergies between the contexts of Milan and Palermo. The EOS Foundation, through the Urban Trajectories project, is conducting actions aimed at adolescent participation and reflection on the role of public space, in order to foster different ways of involving young people.
The main fields of study and research of the RD&TI Department are as follows:

Electric mobility

The research activity is focused on the study and testing of smart charging that enable electric cars to offer flexible energy services. In this research area, we select and characterize smart charging devices for home energy services, develop algorithms for charging management to reduce overall energy consumption and costs, and explore real-world applications of Vehicle-to-Grid and analyse their performance. The aim is to support the activities of the sales areas to improve the current product portfolio and to seize new growth opportunities.

Storage

This involves the study and testing of storage technologies for stationary applications on different scales, ~~or~~ up to storage for a duration of more than 6 hours, defined as “long duration energy storage”. It is precisely in this latter area that interest has also been extended for experimental activities in the laboratory, alongside technical-economic studies related to the use of the systems with a view to grid services in stand-alone mode or with other systems, such as the use of the hydrogen carrier.

Hydrogen and decarbonization

This topic concerns the production of hydrogen with low carbon dioxide emissions, and more generally solutions and applications aimed at the decarbonization of electrical production and industrial processes.
The objective of the activities of RD&TI is to validate the technologies closest to maturity and then accompany them towards the BUs that can include them in their portfolios, and more generally to increase their skills to be able to support the company in defining possible decarbonization scenarios. In particular, the focus during the year was on decarbonized and programmable power generation, dealing with both carbon dioxide capture and innovative and sustainable nuclear technologies.

IoT, Smart Home, Robotics

The Internet of Things (IoT) offers opportunities for a combined physical and digital presence with our customers, not limited to the provision of solutions directly linked to energy (such as the best use of renewable energy generated on site), but open to everything that contributes to caring for home, family and professional environments. Increasing attention is dedicated to advanced technologies for interactions with customers, including cutting edge topics like service robotics. Robotics and IoT technologies are also increasingly being applied to improve the efficiency and safety of internal company processes, such as the monitoring or inspection of plants and buildings.

Innovative photovoltaic

This area monitors developments in the area of innovative photovoltaic generation technologies. The activities are developed along several lines: potential and advantages of innovative commercial technologies, new emerging and/or still under development technologies for residential and utility scale applications, and technologies for agri-voltaic applications. The technical-economic evaluations are supplemented and supported by characterization activities under real conditions at the R&D laboratory.

Smart cities and smart territories

The activities carried out in this area contribute to evaluations of energy, and not only, of buildings and territories and the simulation of scenarios, with the aim of providing tools to support the definition of new development paths for cities and territories. In recent times, studies on the perception of spaces have broadened the field of research to include psycho-social aspects of urban regeneration.

Health, Safety and the Environment

The main results achieved in 2023 and projects under development are reported below:

Safety Performance Trend

The practice was confirmed of presenting, based on a comprehensive and integrated approach, the effects of prevention programmes to promote a culture of occupational health and safety, combining the data for Edison’s personnel and for employees of suppliers, assigning to the management throughout the organization improvement objectives compared with the average results for the previous three years.

The reference indicators in the domestic context are:
- the frequency rate, calculated by multiplying the number of injuries divided by the number of hours worked, by one million;
- the seriousness rate, calculated by multiplying the number of days lost due to injuries divided by the number of hours worked, by one thousand.

On the basis of this approach, 2023 closed with the overall accident frequency index which stands in aggregate terms between company personnel and personnel of external companies on a value of 1.7, an improvement compared to the figure of 1.9 in 2022.
The total seriousness rate at the end of 2023 was 0.07, substantially in line with 2022, confirming the limited severity of our accidents.
During 2023, there were no fatal accidents.
The figures confirm a virtuous level when compared to the national industrial scenario, which is even more appreciable when considered in the current phase of change in the company's business, characterized also in this period by the enlargement of the perimeter due to new acquisitions related to a higher level of risk of the activities carried out and the context in which it operates.

Activities Concerning Health, Safety and the Environment

The main activities and processes carried out in 2023 are reviewed below.
Compared to the last three years, the year was not affected by the pandemic emergency, which formally ended on March 31, 2023. On January 9, 2023 the Edison Group COVID Committee formalized Revision 9 of the "Guidelines for the safe management of work activities", which were also communicated to all employees following discussions with the workers' representatives. The measures set forth in the Guidelines are still valid even though as a result of the general scenario the health authorities have declared that the pandemic emergency is over. However, the company continues to monitor the national flu scenario.
The requirements established by applicable regulations on health, safety and the environment were met, and the expected audit plan was initiated and completed. All the preparatory activities were arranged for the surveillance, renewal or new certification process of the health, safety, environment and quality management systems, which were successfully completed by the end of the year through audits by the accredited external bodies. There were no incidents during the year with an impact on environmental matrices (soil, subsoil, surface water and biodiversity).
Continuity was given to the activities envisaged in the 2021-2023 road map related to the health, safety, environment and sustainable energy policy issued in 2021, and in particular:
- innovation initiatives focused on the digitalization of processes, training and support through virtual and augmented reality tools, the project to measure mental fatigue of wind energy operators, and software to ensure the reliability of our organizations in the management of deadlines and authorization requirements;
- training interventions, with a particular focus on mentoring projects in the field and reporting on good conduct and situations extended to the staff of external companies;
- sharing of in-depth analyses of events with high damage potential collected within the EDF Group and of near misses arising during operations at Edison sites;
- the unification and rationalization of the health surveillance process for activities in Italy, which will start in April 2024.

There was continuity in the homogenization of practices within the company perimeter, which took the form of the development of transversal processes such as the review of the portal for checking the documentation of external companies accessing company sites or the use of the digital platform for health surveillance. On the occasion of the Edison Safety Day, held as every year in coordination with the EDF Group, the operational road map for 2024-2030,

which, consistent with the future development of company business, envisages detailed actions focused in the following areas:
- maintaining management systems in compliance;
- measures and programs to prevent the physical and mental health of all employees;
- analysis of high-risk events (HPE) and sharing at all levels;
- constant involvement and on-site management of suppliers;
- implementation of training programs and involvement of all stakeholders;
- conducting multi-disciplinary internal audit programs;
- continuous development of innovation and digitalization processes.

Lastly, the contribution made in the area of sustainability projects was significant, particularly with regard to the construction of the platform for collecting data for non-financial reporting and performance indicators also for financial ratings, the contribution to the "Sustainable Procurement" project and to the government's assessment of the supply chain on environmental and social issues, and the systemic approach provided in focusing the impact of the company's activities on Diversity and Inclusion and Human Rights issues.

Human Resources and Industrial Relations

Human Resources

The workforce at December 31, 2023 amounted to 6,014 (including 57 units from the company Edison Stoccaggio) compared to 5,818 at December 31, 2022 (of which 58 units from Edison Stoccaggio), with an overall growth in the year of 196 employees, generating a specific staff increase of +3.4%, attributable both to organic growth during 2023 and to the entry of contracts in the Public Administration sector into the Energy & Environmental Services Market activities.
The overall labor cost pertaining to the financial year recorded a value of 426 million euros with an increase of 15.7% compared to the previous financial year, mainly determined by the growth in the average workforce that occurred during the financial year, equal to 8.4% in terms of full-time equivalents employed, and by a non-structural cost component connected to the extraordinary bonus recognized to all Company personnel equal to 1,400.00 Euros gross on the occasion of the 140 years since its foundation.

Industrial relations

Main events of general significance for the Edison Group that occurred in 2023.

1. **Edison Group RSU elections (Electricity and Gas Water Collective Labor Agreement)**
   The agreement of May 26 with the National Trade Union Secretaries defined the territorial areas of the Edison Group's RSU and the election procedures were started to allow the elections to be held on June 26/27/28, 2023. On these days, the electoral operations took place regularly, for which recourse was made, for some RSU and individual situations provided for in the agreement, to electronic voting using a specific IT platform.

2. **Merger by incorporation of Ecologica Marche Srl into Edison Next Recology Srl**
   On February 10, 2023, the union procedure concerning the merger by incorporation of Ecologica Marche into Edison Next Recology Srl was opened.
   The reasons for the merger are to be found in the intention to concentrate, in order to manage them more effectively and efficiently in a single dedicated company, all activities related to the transport, management, storage and waste-to-energy of civil and industrial

waste from reclamation activities, industrial cleaning services, large suction, sewer and pipeline cleaning.
The merger took effect from May 1, 2023 and involved a total of 68 employees who retained all the overall accrued economic and regulatory treatments in force at their workplace, including the National Collective Agreement for Environmental Hygiene.

3. **Framework agreement for the management of reorganization of Operating Units/ Sites of Edison Next Spa**
   On March 29, 2023, a framework agreement was signed with the National Metalworkers' Trade Union Secretariats that defines the principles to which local union agreements must adhere in managing the reorganizations of Edison Next Spa Operating Units/Sites dedicated to the industry market. In particular, the agreement stipulates that any surplus staff will be managed through incentivized exits of workers who do not object to the redundancies. Following the signing of the framework agreement, negotiations began at the local sites in Turin, Brescia and Cassino. With regard to the latter location, a trade union agreement on the new work organization was reached on May 17, 2023, which was implemented as of May 29.
   In the context of the reorganization process of the Industry BU of the EESM activities agreed with the National Secretaries of the Metalworking Sector in the first quarter of 2023, on October 23, 2023 and October 27, 2023, respectively, the agreements for redundancy incentives were signed relating to the Operating Units located in the province of Turin and in the province of Chieti. Again with a view to completing the aforementioned reorganization process, during the second half of 2023, the new organizations of the Operating Units of Atessa (CH), Brescia, Cassino (FR), Melfi (PZ), Mirafiori (TO), Pomigliano Avio and Pomigliano Auto (NA) were discussed with the Territorial Metalworking Secretariats and trade unions (RSU).

4. **Merger of Ambyenta Srl, Ambyenta Campania Spa and CEA Biogas Srl into Edison Next Environment Srl**
   On May 10, 2023, the union procedure concerning the merger by incorporation of Ambyenta Srl and CEA Biogas Srl into Edison Next Environment Srl was opened.
   The reasons for the merger were the intention to concentrate the entire environmental services and waste management market business into one dedicated company in order to manage it more effectively and efficiently.
   The merger, which also involved Ambyenta Campania Spa, took effect from July 1, 2023 and involved a total of 21 employees who retained all the overall accrued economic and regulatory treatments in force at their workplace, including the National Collective Labor Agreements.

5. **EESM activities: agreement to manage the phasing out of the service contract at the Stellantis customer's plants in Bielsko-Biała and Tychy in Poland**
   In response to the Stellantis customer's desire to gradually terminate the services entrusted to Edison Next Poland sp. z o.o. with the first step concerning services relating to the supply of water, compressed air and wastewater collection for the Bielsko-Biała and Tychy plants, on July 12, 2023, an agreement was signed with the trade union representatives an agreement by which, as a priority, the personnel employed in the provision of the aforementioned services are offered the opportunity to transfer to the company to which Stellantis has awarded the relevant contract and, as a secondary step, a redundancy incentive plan is defined, on the basis of their seniority in the company, for the aforementioned personnel not interested in transferring to the new operator.
   As agreed between the parties, this agreement will constitute the reference for the management of future similar situations that may arise in the realities in which the Company operates and in particular for the management of the definitive divestment of the Bielsko-Biała plant by Stellantis.

6. **Supplementary Agreement Edison Next Government Srl**
   On July 24, 2023, the second-level Supplementary Agreement valid for all non-managerial employees of Edison Next Government was signed with the National Secretaries of the Metalworking Sector and the RSU. As a result of this agreement, the percentage of the EESM population covered by second-level agreements increased from 53% to 96%.

7. **Agreement signed with RSU for access to Fondimpresa resources**
   On July 26, 2023, an agreement was signed with the RSU of the central/directorial offices for the use of existing resources on the Fondimpresa Training Accounts for Edison Spa, Edison Energia, Edison Rinnovabili and Assistenza Casa, defining an intercompany training plan that will make it possible to finance the training initiatives indicated therein.

8. **Agreements on video surveillance**
   On October 12, 2023, a framework agreement was signed, with the National Secretariats of the Electricity Sector, pursuant to Article 4 of Law 300/1970, defining the principles for the installation of video surveillance systems in Edison head offices, thermoelectric areas and renewable sources. Pursuant to this agreement, an agreement was signed on November 9, 2023 with the Milan RSU concerning the existing video surveillance system at the Foro Buonaparte premises.

9. **Harmonization agreement Gaxa Spa**
   On November 30, 2023, an agreement was signed with the Territorial Secretariats of the Region of Sardinia for the application in Gaxa of the CCNL for the electricity sector instead of the CCNL Gas Water. The same agreement also defined the application of Edison existing company treatments.

10. **Agreement Edison Spa thermoelectric power plant in Presenzano (CE)**
    On December 5, 2023, an agreement was signed with the RSU and the Territorial Secretariats of Caserta to define the organizational structure of the Presenzano plant, which also defined a professional development plan for the personnel working there.

11. **Merger by incorporation of Energia Etica Srl and Sorrento Power & Gas Srl into Edison Energia Spa**
    In the minutes of November 28, 2023, signed by the National Secretariats of the Electricity and Tertiary Sector, the trade union information procedure pursuant to Article 47 of Law 428/1990 initiated on November 15 regarding the merger by incorporation of Energia Etica and Sorrento Power & Gas into Edison Energia as from January 1, 2024 was completed. The minutes of the agreement of December 15, 2023 set out the treatments that will apply as of the merger's effective date, including the superseding of the Tertiary Collective Labor Agreement ("CCNL Terziario") and the application of the Electricity Collective Labor Agreement ("CCNL Elettrico") and Edison existing treatments, with the provision, for certain institutions, of a gradual criterion.

Organization

The main organizational changes that occurred in the reference period are reviewed below:

- as part of the company's activities to revise its market risk governance processes and models, following approval by the relevant corporate bodies, a thorough revision of the "Energy Risk Policy" was formalized, which regulates the management of the main sources of risk relating to the energy commodities markets for the Edison Group, particularly in connection with power generation, the import of natural gas, the sale of electricity and natural gas, energy and environmental services and the production of green gas, which can have an economic impact on the Group's margins. At the same time, a revision of the "Exchange Risk" Policy was approved and formalized to take into account the changes introduced by the new Energy

Risk Policy on risk organization and governance;
- consistent with the Group's strategic guidelines and in line with the achievement of energy transition objectives, the hydroelectric and thermoelectric development and management activities assigned to the Power Asset Division were integrated within two Business Units: Hydroelectric Business Unit and Thermoelectric Business Unit. The purpose of the organizational change is to integrate homogeneous business segments within the value chain of the hydroelectric and thermoelectric sectors, functional to the development of the business and the operational management of the plants;
- the merger of Ecologica Marche into Edison Next Recology was implemented, thus completing the process of concentrating the operating companies under the Waste Management Division of the Circular Economy Business Unit. Similarly, the new integrated organizational structure of the Department was defined;
- with the aim of rationalizing and adopting an integrated organizational model across all Group companies and organizational units for oversight of said processes, the activities and responsibilities previously identified in the audit and compliance oversight of the EESM activities were integrated and centralized in the Internal Audit, Privacy & Ethics Department, partially modifying its structure and responsibilities;
- with the aim of responding to the main evolutionary drivers related to the development of the corporate strategy and the dynamics of the labor market, the Human Resources & Organization Department has taken on a new configuration of responsibilities and structures. As part of this reorganization, a new Diversity & Inclusion Function was established;
- the Legal & Corporate Affairs Division also partially redefined its organizational model and responsibilities, with the aim of refocusing the perimeters of the Division's legal structures and assigning new responsibilities;
- following a strategic study of the risk connected with environmental reclamation processes, particularly in relation to the management of the company's responsibilities arising from the "former Montedison" sites, and having also assessed the opportunities arising from the evolution of the market scenario in this sector, the "Gaia Project" was set up with the aim of concentrating the entire portfolio of initiatives and skills in a new company controlled by Edison Spa with the objective of focusing, rationalizing and enhancing the skills, means, structures and activities in the Group's portfolio in the environmental reclamation sector;
- in order to support the achievement of the company's ESG objectives with particular reference to the social sustainability profile and as a factor to strengthen the company's competitiveness, in particular in the processes of participating in tenders for the provision of services to the Public Administration, the Diversity & Inclusion Project was established with the objective of the Edison Group defining and adopting a Policy on the issues of Diversity & Inclusion and implementing all useful actions to obtain UNI/PDR 125:2022 certification for gender equality, which is in the initial phase for Edison Spa, Edison Energia Spa and Edison Next Government Spa. Certification on gender equality, in accordance with UNI-PdR 125/2022 Practice, has been achieved for some Group companies (Edison spa, Edison Energia spa and Edison Next Government Srl).

Employee services

With regard to the welfare services offered to employees, the company continued its commitment to managing the "Edison per Te" program, which aims to offer a series of products and services to help employees reconcile their personal and professional needs, with the goal of improving their quality of life and well-being. During the year 2023, the extension was finalized of welfare services to the companies acquired during 2022, and in general, the use of the services offered to the corporate population increased slightly compared to the previous year's use. Overall, about 90% of the Group's employees used the services.
The historical and now consolidated Group-wide services continue to be particularly appreciated and used, such as: residential camps, in Italy and abroad, and day camps, in the city, for

employees' children; the baby-sitting services, educational expense reimbursements and loans for school expenses and online tutoring; as part of the People Care actions dedicated to the children of employees, the Group continued to support the Intercultura non-profit organization, with which Edison Per Te has been collaborating for years, for the award of 21 scholarships for educational trips abroad reserved for the children of Edison Group employees. To complement the wide range of services, guidance services were introduced for the children of employees, both to support school choices and for the first post-graduate or diploma job search.
To support employees in making use of the various opportunities, the following figures continue to be active and available, with great success, Welfare Coaches, specialists dedicated to guiding on demand the employee through listening and orientation activities, which is flanked by a new complete training, information and orientation tool on welfare through a new application platform, Euty, designed on an experimental basis for younger populations.
On the level of initiatives focusing on health issues and the gender gap, a new collaboration was also launched with the ONDA Foundation for the provision of specific training and educational initiatives, a concrete path of support that has rewarded the Edison Group with an important recognition, the Health Friendly Company label.
Finally, conversion initiatives into Welfare Credits of company productivity bonuses, as a result of tax advantages and also thanks to the conversion incentives proposed by Edison, involved about 40% of employees, highlighting a growing trend.

Training and Development

In 2023, for the ninth year in a row, Edison received the Top Employers Italia award, the certification of quality and excellence guaranteed by the Top Employers Institute, an independent international organization which analyses more than 2,200 companies worldwide on an annual basis. The certification, which is the result of research carried out independently and based on objective data, recognized Edison excellence in the working conditions offered to employees, on-boarding, attention to welfare services and to well-being and the possibility of working part of the time remotely.
Furthermore, in the research Italy's Best Employers 2022 carried out by Statista for Corriere.it, which involved more than 4,500 employers, Edison was in the top 10, in the ranking of companies in the "Raw Materials, Energy, Procurement, Disposal" sectors as the ideal company to work for.

Human Capital Training and Development

During the year 2023, 182,286 hours of training were provided for a total investment of 13,156,552 at Group level.
Corporate, Managerial and Young Community Training activities continued with integrated, in-person and distance learning solutions.
During the year, a number of initiatives were implemented in the Group's managerial training offer, which aim to strengthen skills consistent with our Leadership model, such as vision, innovation, sustainable entrepreneurship and people development, and which involved both senior managers and middle managers of the Group.
In particular, the sessions that involved all the Senior Managers of the Group focused on strengthening the mindset of Innovation and the ability to give effective feedback to employees with a view to development.
The training course on "Innovation and openness to change", designed together with colleagues from the Business Innovation Department, was held at Officine Edison in Milan and was enriched by testimonials from managers both internal and external to the company.
There was also a new initiative on persuasive communication skills delivered at Sky's TV studios.
In continuity with the past, both young talents and senior managers were involved in the international leadership development training initiatives promoted also through the support and service of the EDF Group Corporate University.

With regard to talent management issues, twenty-five senior resources and thirty-five junior resources were involved in the potential assessment process and individual development plans were then drawn up in line with the aptitudes and motivations that emerged.
Finally, training was initiated dedicated to the new community of Subject Matter Experts established in 2022: pool of resources who have been granted professional leadership both inside and outside the company and who possess technical-professional skills that are distinct and relevant to the organization. The training focused on strengthening teaching, communication and knowledge sharing skills within the organizational context.
For the mandatory compliance, HSE and Cyber Security e-learning courses, Edison used the open platform of Digital Training MyLA - My Learning Area, an environment integrated with the Edison intranet, which allows access to all employees from the company Intranet.
In 2023, the new edition of the company Onboarding program was launched. Also for this edition, the chosen mode is a blended format, to enable all guests to participate and discover the company by means of: visiting the Group's sites and locations, edutainment activities and extensive documentation on all Divisions. In addition, participants had the opportunity to meet Comex members in a moment of listening to the Company's trends and future challenges.
Dedicated to new colleagues joining the Edison Group, the 2023 onboarding involved 651 colleagues from all over Italy, who joined the company either through company acquisitions or from the market, and from school on completion of their studies.
In order to support the daily work routine both in the professional field and with regard to personal well-being in the daily work routine, continued also in 2023 was the training "*Cookies, nourishment for the mind*": a training proposal offered to all employees first through synchronous webinars lasting a couple of hours each, then through a course uploaded on the company's e-learning platform MyLa, built on the recording of the original webinar.
In 2023, provided were Cookies on Decision Making, Critical Thinking, Inclusive Language, Collaboration, Effective Communication, Effective Networking Through LinkedIn, Customer Focus and the Conscious Approach to the Future.
Once again this year, we made use of the Fondimpresa account for the following companies: Edison Spa, Edison Energia Spa, Edison Rinnovabili Spa, Assistenza Casa Spa, Edison Next Spa. The existing plan has a time horizon that ends October 2024 and the requested financing was 230,238 euro.
Furthermore, Edison Next Government has two training plans closing for a requested loan of 123,770 euro, currently being reported.

Digital skills and the Edison Digital Academy

On the digital skills front, Edison promotes numerous complementary initiatives aimed at supporting the processes of up-skilling and acquisition of skills related to the use of new technologies and the development of digital culture, essential to support the company in the challenges of energy transformation and supporting business competitiveness and development. At the heart of this transformation program is the Edison Digital Academy (EDA), a structural initiative, launched in 2020 and developed in collaboration with Talent Garden, to oversee the continuous updating of digital skills in the company.
Since its launch in 2020, the program has involved more than 500 colleagues, with over 30 courses tailored to the Edison business context. In 2023, the program provided a total of around 5,500 hours of training for colleagues from all areas of the company.
The primary objective of the EDA is the widespread dissemination of a robust digital culture within the company, a cultural terrain shared by all on which innovative initiatives can be born and developed in the areas in which Edison is engaged. Secondly, it aims to strengthen employees' skills in eight areas linked to the digital transformation, considered strategic for the coming years: these include big data and artificial intelligence, advanced digital technologies, agile project management and innovative product development methods and new organizational and leadership models. Eight training paths were built around these areas of competence,

enabling each participant to develop the specific set of skills most relevant and useful to his or her activities.
In addition to the Edison Digital Academy, training on digital topics is completed with webinars aimed at the entire corporate audience, including the Digital Breakfast, organized monthly with an average attendance of about 100 people per event, with important external speakers, including from outside the company or the energy sector (12 events organized in 2023). Awareness initiatives of on the subject of cyber security were also strengthened through specific initiatives.
In addition, with the aim of digitalizing the entire company, the Digital Empowerment program continues, which aims to expand the knowledge of all colleagues on the advanced use of Microsoft 365 tools through tutoring of one hundred and twenty experienced, appropriately trained colleagues, distributed throughout the country and belonging to all company divisions, the so-called Digital Sherpas.

Professional skills, the Edison Market Academy and the Energy Trade School

To oversee the professional skills of the commercial population, Edison has equipped itself with a professional Academy, the Edison Market Academy, the internal body responsible for training professionals who operate in the sale of electricity, gas and added value services.
With the Market Academy, both direct employees and external partners were involved.
The training of the commercial professionals who operate in the sale of electricity and gas of the Group with the Edison Market Academy, in 2023, created a training program of approximately 8,600 hours total. Of these, 3,700 hours dedicated with focus to sales training (internal and external): 1,240 hours to our Accounts/ Area managers and about 2,500 hours to our external partners, Agents, Direct, Installers, Contractors, Edison Sales Points.
In 2023, the three-year start-up course of professional technical training for thermo-hydraulic installer of the Scuola dei Mestieri dell'Energia continued in partnership with the AFORISMA Business School and with all the installers in the Apulian territory already partner of the Group, which will close in autumn 2024. The trade school strives to strengthen the number of professionals working in the energy supply chain, starting with sales roles. Young people had the opportunity to begin their professional careers with installers already working for Edison.

Technical-professional training in the EESM activities

The population of the Services activities is very diverse and with multifaceted training needs. During 2023, within the professional training of Edison Next, we highlight the implementation of certain types of activities characterized by relevance in terms of innovation and development aimed particularly at the operating population. To this end, a training project in the area of "Maintenance and optimization of photovoltaic systems" has been developed and is currently in the pilot phase. The aim of the course is both the evaluation of measures to ensure the safety and energy performance of photovoltaic systems on the ground and on buildings, and the analysis of the possibilities for optimizing the performance of photovoltaic systems in order to improve their productivity and identify faults and/or errors and related cost-effective solutions.

Edison's focus on young people and collaborations with schools and universities

In 2023, the commitment continued to orientation activities for the younger generations for High Schools, Technical and Professional Institutes thanks to Edison's Digital School, a digital platform created to offer orientation paths in the energy sector for students in secondary schools, certifies up to 45 (forty-five) hours of PCTO – Transversal Skills Orientation Path – divided into two different sections:

- the 30-hour module dedicated to training on Electricity Production, in which each student will have the opportunity to learn more about the world of hydroelectricity, wind, photovoltaic and thermoelectricity through innovative teaching tools such as podcasts, experiments, video exploration of power plants and energy professionals;
- the 15-hour module dedicated to Project Work in which the class turns into a start-up to develop, through seven guided steps, a creative idea.

The course, which in 2021 was certified by Confindustria as a Quality Alternance (BAQ) project, saw the participation of more than 60 schools (in Lazio, Lombardy, Piedmont, Apulia, Sicily and Veneto) with 93 classes and more than 1,500 students involved in 2022.

Edison took part in the first edition of Deploy Your Talent, realized by Sodalitas, for First Grade Secondary Schools. The project aims to raise awareness and disseminate, among the new generations and in particular among young women, the importance of studying technical-scientific disciplines, and to tell about some STEM professions. Nine schools in Lombardy and 8 companies, as well as Edison, were involved.

During 2023, 76 new young graduates under 30 were hired, thus included in the Young Community program.
In 2023, the Young Community featured 158 newly hired young people and provided 3,517 hours of training.
The Young Community continued to support aptitude, economic and energy training activities, and in 2023, continued the Workshop on early leadership, the Lab Agora, which involves 20 young people in an immersive exploration of leadership skills.
Between June and July was the start of the Edison Energy Camp, the intensive energy training course that Edison designed together with the Strategies Department, the World Energy Council Italia Services and LUISS Business School. In 2023, 25 young in-house professionals and 10 university students from various Italian universities participated in the initiative.
The program is spread over two weeks and includes testimonials from company management, professionals from other companies or institutions and offers the opportunity to acquire eight university credits.
Also for Universities, Edison in 2023 participated in several initiatives of Employer Branding and Talent Acquisition with major Italian universities, organizing 30 EB&TA events (Career Day, support for CV writing or interview training, testimonials on jobs, career paths and development opportunities).
The year 2023 was also marked by the launch of a strategic program aimed at strengthening the collaboration and partnership with the new sector of the technical-professional education chain represented by the ITS system. In this context was the strengthening, and in particular the development, of the partnership with the ITS Green Foundation in Vimercate (MB), which works to develop technical profiles for Energy Efficiency, Renewables and Electric Mobility.

Sustainability

Edison's sustainable business model is illustrated in the Consolidated Non-Financial Disclosure pursuant to art. 3 and art. 4 of Legislative Decree No. 254 of 2016.

FAI fall days at the Venina hydroelectric power plant in 2023

Other Information

Celebrating 140 years of Edison

Pursuant to art. 2428 of the Italian Civil Code, the company provides the following disclosure:

- at December 31, 2023, it did not hold treasury shares or shares of its parent company in the portfolio, neither indirectly through nominees nor other third parties. No transactions involving treasury shares or shares of the parent company were executed during the financial year, neither indirectly through nominees nor other third parties;
- the Group and the Company executed transactions with related parties during the year. For a description of the most significant ones, please refer to the comments in the 2023 Consolidated Financial Statements and the 2023 Separate Financial Statements in sections 9.4 and 10.2, respectively, "Intercompany and related party transactions";
- no secondary registered offices have been established.

The Company chose to avail itself of the options provided under art. 70, paragraph 8, and art. 71, paragraph 1-bis, of the Issuers' Regulations. Consequently, it is not complying with the requirement to make available to the public an Information Memorandum in connection with significant transactions involving mergers, demergers, capital increases through conveyances of assets in kind, acquisitions and divestments.

Report of the Board of Statutory Auditors

Dear Shareholders,
In the year ended December 31, 2023, the Board of Statutory Auditors of Edison S.p.A. (hereinafter, the "Company" or "Edison") carried out its oversight activities pursuant to law, performing its work in accordance with the pronouncements published by Consob concerning corporate controls and the activities of the Board of Statutory Auditors and taking into account the rules of conduct for Boards of Statutory Auditors recommended by the Italian Board of Certified Public Accountants and Accounting Experts. This report was prepared in accordance with the guidelines provided by Consob in Communication DAC/RM/97001574 of February 20, 1997 and Communication DEM/1025564 of April 6, 2001, as amended and integrated by Communication DEM/3021582 of April 4, 2003 and Communication DEM/6031329 of April 7, 2006.

The Board of Statutory Auditors in office was appointed by the Shareholders' Meeting on April 5, 2023 in compliance with provisions of law, regulations and the By-Laws, and its term of office will end with the Shareholders' Meeting convened to approve the financial statements at December 31, 2025.

The members of the Board of Statutory Auditors are in compliance with the limit on the number of governance posts held set forth in art. 144-terdecies of the Issuers' Regulations.

It is acknowledged that the composition of the Board of Statutory Auditors in office conforms to the provisions on gender diversity introduced by art. 148, paragraph 1-bis of Legislative Decree No. 58/1998, as amended by art. 1, paragraph 303 of Law No. 160 of December 27, 2019, and applied pursuant to art. 1, paragraph 304 of the same Law, as well as in accordance with the provisions of Consob Communication No. 1/20 of January 30, 2020.

The engagement to audit the accounts of the Company is performed by KPMG S.p.A. (the "Independent Auditors") for nine years (2020-2028) pursuant to an assignment awarded by the Shareholders' Meeting on April 28, 2020.

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With regard to the performance, in the course of the year, of the activities under its jurisdiction, the Board of Statutory Auditors declares that:
- It took part in the Ordinary Shareholders' Meeting of April 5, 2023 held via remote connection in compliance with article 3, paragraph 10-undecies of Decree Law No. 198/2022 (converted by Law No. 14/2023), which further extended the deadline established in art. 3, paragraph 1 of Decree Law No. 228/2021 (converted by Law No. 15/2022), which had previously extended the provision pursuant to art. 106, paragraph 4 of Decree Law No. 18/2020 (converted by Law No. 27/2020);
- It participated in the meetings of the Company's Board of Directors, obtaining from the Directors, in compliance with art. 150, paragraph 1 of Legislative Decree No. 58/1998, adequate information about the Company's operating performance and business outlook, as well as about transactions executed by the Company and its subsidiaries that qualified as highly material, because of their size and characteristics;
- It obtained the information needed to perform the activities required to verify compliance with the law, the By-Laws and the principles of sound management and the adequacy of the Company's organisational structure through documents and information received from managers of the relevant Company departments and periodic exchanges of information with the Independent Auditors;

- It attended the meetings of the Control, Risk and Sustainability Committee, the Related-Party Transactions Committee, the Compensation Committee as well as, at least through its Chairwoman or another member of the Board of Statutory Auditors, the meetings of the Oversight Board pursuant to Legislative Decree No. 231/2001;
- It monitored the working and effectiveness of the system of internal controls and the adequacy of the administrative and accounting system, specifically with regard to the latter's reliability in presenting the results from operations;
- It promptly exchanged significant data and information with the managers of the Independent Auditors for the performance of the respective duties pursuant to art. 150 of Legislative Decree No. 58/1998, also by examining the results of the work carried out and receiving the reports established in art. 14 of Legislative Decree No. 39/2010 and art. 11 of EU Regulation No. 537/2014;
- It examined the content of the Additional Report pursuant to art. 11 of EU Regulation No. 537/2014, which was sent to the Board of Directors and did not highlight any aspects that need to be mentioned in this report;
- It monitored the functionality of the control system for Group companies and the adequacy of the instructions given to them, also pursuant to art. 114, paragraph 2 of Legislative Decree No. 58/1998;
- It was informed of the preparation of the Compensation Report required pursuant to art. 123-ter of Legislative Decree No. 58/1998 and art. 84-quater of the Issuers' Regulations, and has no remarks to make in this regard;
- It ascertained that the provisions of the By-Laws were in compliance with statutory and regulatory requirements;
- It monitored the concrete methods deployed to implement the corporate governance rules adopted by the Company in accordance with the Corporate Governance Code for listed companies promoted by Borsa Italiana S.p.A.;
- It ensured that the internal procedure concerning Related-Party Transactions was consistent with the principles set forth in the Regulation approved by Consob with Resolution No. 17221 of March 12, 2010, as amended, and that the above-mentioned procedure was being complied with, pursuant to art. 4, paragraph 6 of the above-mentioned Regulation;
- It monitored the corporate information process and verified compliance by the Directors with the procedural rules governing the preparation, approval and publication of the separate and consolidated financial statements;
- It ascertained the methodological adequacy of the impairment process applied to determine whether any Company assets listed on the balance sheet were impaired;
- It verified that the 2023 Report of the Board of Directors on the Company's Operations complied with current laws and regulations and was consistent with the resolutions adopted by the Board of Directors and the facts presented in the separate and consolidated financial statements;
- It acknowledged the content of the Consolidated Semi-Annual Financial Report, with no need to express any remarks, ascertaining the publication of the Report according to the methods set forth by law;
- It was informed that the Company is continuing to publish, on a voluntary basis, Consolidated Quarterly Financial Reports by the deadlines required under the old regulations;
- It also acted as an Internal Control and Audit Committee, pursuant to art. 19, paragraph 1 of Legislative Decree No. 39/2010, as amended by Legislative Decree No. 135/2016, and in this capacity performed the specific information, monitoring, control and review functions set forth therein, fulfilling all of the obligations and tasks required by the above-mentioned regulation;
- It supervised observance with the provisions laid out in Legislative Decree No. 254/2016 and examined the Consolidated Non-Financial Disclosure, ascertaining respect for the provisions that govern its drafting pursuant to the aforementioned Decree and the remaining applicable regulations, also in light of the guidelines provided by the European Securities and Markets

Authority (ESMA) in the document dated October 25, 2023 on common European supervisory priorities;
- It monitored observance of the disclosure obligations on regulated or privileged information or information requested by the Regulatory Authorities, ascertaining that each of the Company's bodies and functions has met the disclosure obligations set forth by applicable regulations;
- It reviewed the draft separate financial statements and the draft consolidated financial statements as well as the transactions with a greater material impact on the Company's income statement, balance sheet and financial position, including related party transactions or transactions with a potential conflict of interests;
- It monitored, obtaining information from the departments concerned, the civil, administrative and criminal disputes in which the Company is involved.

In the course of its oversight activities, which the Board of Statutory Auditors carried out in the manner described above, based on the information and the data obtained, no facts were uncovered indicating failures to comply with the applicable laws and the Articles of Incorporation or otherwise requiring disclosure to the Regulatory Authorities or mention in this report.

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The additional disclosures that must be provided pursuant to Consob Communication DEM/1025564 of April 6, 2001, as subsequently updated, are listed below:

1. Amongst the events mentioned by the Company in the Report on Operations please take note of the following transactions with a greater material impact on the Company's income statement, balance sheet and financial position executed in 2023, including those implemented through subsidiaries:
   - on January 31, 2023, Edison extended from January 31 to March 31, 2023 the deadline originally set for December 31, 2022 and already extended to January 31, 2023 for the repayment of the temporary increase of an additional 350 million euros in the two-year revolving credit facility (RCF) granted on April 29, 2021 by EDF S.A. to Edison, for an original nominal amount of 250 million euros. These extensions were approved by the Company's Board of Directors at its meeting on December 7, 2022. On March 31, 2023, the incremental RCF ceased to be effective and was not extended further, while the original RCF expired on April 28, 2023;
   - on March 13, 2023, Edison took out a revolving credit facility from a pool of banks – consisting of BNL BNP Paribas, BPER Banca S.p.A., Intesa Sanpaolo S.p.A. and UniCredit S.p.A. – for a total maximum amount of 1 billion euros and with a term of 24 months, secured by a guarantee issued by SACE S.p.A. for a share equal to 70% of this amount and effective as of June 20, 2023; the transaction was approved by the Company's Board of Directors at its meeting on December 7, 2022;
   - on July 31, 2023, Edison and ENI S.p.A. signed an agreement to collaborate on the management of environmental remediation projects at all industrial sites transferred from Montedison S.p.A. to Enichem S.p.A. in 1989; this agreement governs the equal economic contribution of both parties to bear the costs of the remediation activities undertaken by ENI S.p.A, ENI Rewind S.p.A. and Versalis S.p.A., in execution of projects decreed by the Ministry of the Environment; the transaction was approved by the Company's Board of Directors at the meeting held on April 5, 2023;
   - on September 12, 2023, Edison, through Edison Next S.p.A., completed the closing for the purchase from Polytec S.p.A. of a 49% stake in the share capital of Nyox S.r.l. – which is thus 51% owned by Polytec S.p.A. and 49% by Edison Next S.p.A. – for a consideration at the closing of approximately 17 million euros, plus, in December 2023, approximately 6 million euros by way of adjustment; there are also certain earn-outs subject to the fulfilment of certain conditions precedent estimated, at December 31, 2023, at approximately 7 million euros – to build new photovoltaic power plants to be made available to Edison Next S.p.A.,

with the industrial objective of creating 500 MW of new photovoltaic capacity over a period of five years, upon the achievement of which Edison Next S.p.A. may exercise the option to purchase the entire share capital of Nyox S.r.l.; the transaction was approved by the Company's Board of Directors at its meeting on July 25, 2023;

- on November 28, 2023, Edison signed a contract with EDF S.A. for access to the liquefied natural gas (LNG) regasification capacity of the Dunkirk terminal, accompanied by an option for Edison to sell LNG to EDF S.A., with a duration of 12 years starting from January 1, 2025. The contract calls for fixed and variable fees for access to the service and establishes a maximum fee for the fixed component of the compensation for the entire duration of the contract of 344 million euros for the case in which 100% of the terminal's regasification capacity is used and 253 million euros for the case in which the option to cancel all permitted slots is exercised;
- on October 12, 2023, after approval by the Algerian authorities, the sale to Repsol S.A. (6.75%) and Wintershall Dea A.G. (4.5%) of the 11.25% interest held by Edison in the Reggane Nord licence in Algeria became effective, following the publication on that date in the Official Gazette of the Algerian authorities' approval of the transaction. The transfer agreement, originally signed with Wintershall Dea Algeria Gmbh on May 4, 2022, was subsequently amended on June 29, 2022 to include the transfer of the shareholding partly to Repsol S.A. and partly to Wintershall Dea A.G. This transaction was approved by the Company's Board of Directors at its meeting on February 16, 2022. The final consideration for the sale, taking into account the locked-box date of January 1, 2022, was approximately 56 million euros;
- in 2023, following the conclusion of the regasification capacity allocation procedure at the Piombino terminal on March 20, 2023, Edison was allocated 7 slots per year out of a total of 43, until 2043, which constitute about 16% of the terminal's total capacity. The estimated annual consideration is less than 20 million euros and participation in the auction was approved by the Company's Board of Directors at its meeting on March 2, 2023;
- a new LNG carrier was commissioned in 2023, for which there is a 7-year long-term contract in place with a charterer. The ship was recognised under leased assets and under financial payables for leases at an initial value of approximately 101 million euros. At December 31, 2023, the relative financial payable for the lease was approximately 88 million euros; the transaction was approved by the Board of Directors at its meeting on April 2, 2019.

Based on the information supplied by the Company and data obtained regarding all of the transactions described above, the Board of Statutory Auditors ascertained that they were consistent with the provisions of the applicable laws, the By-Laws and the principles of sound management, making sure that they were not patently imprudent or reckless, potentially entailing conflicts of interest, in violation of the resolutions adopted by the Shareholders' Meeting or capable of impairing the integrity of the Company's assets.

The Board of Statutory Auditors has also ascertained compliance with the law and the By-Laws, as well as the correct implementation of the resolutions adopted by the Company's Ordinary Shareholders' Meeting on April 5, 2023.

2. In the course of its reviews, the Board of Statutory Auditors did not identify any transactions that were atypical and/or unusual, as defined in Consob Communication DEM/6064293 of July 28, 2006. It is acknowledged that the information provided in the Financial Report regarding significant non-recurring events and transactions and intercompany or related-party transactions is adequate.

3. The characteristics of intercompany and related-party transactions executed by the Company and its subsidiaries in 2023, the parties involved and their financial effects are explained in the sections of the separate financial statements and consolidated financial statements as

at December 31, 2023 entitled "Intercompany and Related-Party Transactions," which should be consulted for additional information.

The Board of Statutory Auditors assesses the information provided in the manner mentioned above about the above-mentioned transactions as adequate overall and believes that, based on the information acquired in performing its activities, they appear to be carried out under fair financial conditions and in the Company's interest.

Related-Party Transactions are governed by an internal procedure (the "Procedure Governing Related-Party Transactions", hereinafter the "Related-Party Procedure") adopted by the Company's Board of Directors on December 3, 2010 (as subsequently updated in compliance with intervening amendments in regulations), as required by art. 2391-bis of the Italian Civil Code and the provisions pursuant to the Regulation issued by Consob Resolution No. 17221 of March 12, 2010 as amended, interpreted with Resolution No. 78683 of September 24, 2010. This Procedure was most recently amended by a resolution of the Board of Directors of June 30, 2021, in order to make it compliant with the amendments made to Regulation No. 17221/2010 by Consob Resolution No. 21624 of December 10, 2020.

The Board of Statutory Auditors examined the Related-Party Procedure, confirming its compliance with the principles set out in the Regulation and verified its correct application, also with regard to the disclosure obligations set forth in it.

In 2023, the Company implemented a related-party transaction qualifying as a "Less Material" transaction pursuant to the above-mentioned Related-Party Procedure concerning the signing of a new agreement called "Joint Venture and Direct Market Access Services Agreement" ("New MASA") between Edison S.p.A. and EDF Trading Ltd. for the joint performance of proprietary power trading activities (speculative trading) and to be able to make use of the provision of power market access services for forward energy sales activities, with a view to hedging Edison's industrial portfolio.

This transaction was approved by the Company's Board of Directors at its meeting on October 26, 2023. The economic impact of this service contract depends on the services actually requested by Edison and performed by EDF Trading Ltd., to be remunerated on the basis of the complex criteria set forth in the agreement.

In 2023, the Company also carried out other transactions with related parties that qualified as "Ordinary Transactions concluded under market or standard conditions" pursuant to the Related-Party Procedure. These include the following "Highly Material" transactions within the meaning of the above-mentioned Procedure:

1) The signing, on November 28, 2023, of a contract for access to the liquefied natural gas (LNG) regasification capacity of the Dunkirk terminal, accompanied by an option for Edison to sell LNG to EDF S.A., with a duration of 12 years starting from January 1, 2025. The contract calls for fixed and variable fees for access to the service and establishes a maximum fee for the fixed component of the compensation for the entire duration of the contract of 344 million euros for the case in which 100% of the terminal's regasification capacity is used and 253 million euros for the case in which the option to cancel all permitted slots is exercised. The transaction, already mentioned in par. 1 of this report, was approved by the Company's Board of Directors at its meeting on December 7, 2022.
2) The extension from January 31, 2023 to March 31, 2023 of the deadline originally set for December 31, 2022 and already extended to January 31, 2023 for the repayment of the temporary increase of 350 million euros in the two-year revolving credit facility (RCF) granted on April 29, 2021 by EDF S.A. to Edison, for an original nominal amount of 250 million euros. These extensions, as already mentioned in par. 1 of this report, were approved by the Company's Board of Directors at its meeting on December 7, 2022.

For all of the above-mentioned transactions, the Board of Statutory Auditors confirmed observance of the substantial and procedural provisions of the Related-Party Procedure.

4. On February 21, 2024, the Independent Auditors issued the reports required by art. 14 of Legislative Decree No. 39/2010 and art. 10 of EU Regulation No. 537/2014, which certified that:
   - the separate financial statements of the Company and the consolidated financial statements of the Group at December 31, 2023 provide a true and fair view of the balance sheet of Edison and the Edison Group respectively, and the income and cash flows for the year ending at that date in compliance with the International Financial Reporting Standards adopted by the European Union, as well as the measures issued in implementation of art. 9 of Legislative Decree No. 38/05;
   - the Report on Operations and some specific information set forth in the Report on Corporate Governance and the Company's Ownership Structure specified in art. 123-bis, paragraph 4 of Legislative Decree No. 58/1998 are consistent with the Company's separate financial statements and the Edison Group's consolidated financial statements at December 31, 2023 and drawn up in compliance with the law;
   - the opinion on the separate and consolidated financial statements expressed in the above-mentioned Reports is aligned with what is specified in the Additional Report prepared pursuant to art. 11 of EU Regulation No. 537/2014;
   - Edison's separate financial statements at December 31, 2023 have been prepared in XHTML format in accordance with the provisions of Delegated Regulation (EU) 2019/815;
   - the Edison Group's consolidated financial statements for the year ended December 31, 2023 have been prepared in XHTML format and have been marked up in all material respects in accordance with the provisions of Delegated Regulation (EU) 2019/815.

   In a specific paragraph of the Report, the Independent Auditors also stated that, on the basis of the procedures performed, it appeared that some information contained in the notes to the consolidated financial statements, when extracted from the XHTML format in an XBRL instance, might not be reproduced identically, due to mere technical problems, to the corresponding information that can be viewed in the consolidated financial statements in XHTML format.

   In the Report on the audit of the consolidated financial statements, the Independent Auditors also declared that they had verified the approval by Edison's Directors of the Consolidated Non-Financial Disclosure relating to the year 2023.

   The above-mentioned Reports of the Independent Auditors do not contain any qualifications or disclosure requests or statements issued pursuant to art. 14, paragraph 2, letters d) and e) of Legislative Decree No. 39/2010.

   On February 21, 2024, the Independent Auditors also:
   - issued the Additional Report established by art. 11 of EU Regulation No. 537/2014, sent to the Board of Statutory Auditors on the same date, as the Internal Control and Audit Committee, which promptly sent it to Edison's administration body with no particular observations;
   - issued, pursuant to art. 3, paragraph 10 of Legislative Decree No. 254/2016 and art. 5 of Consob Regulation No. 20267/2018, the certification of compliance of the Consolidated Non-Financial Disclosure prepared by the Company with what is required by the above-mentioned Decree and the principles and methodologies used by the Company to prepare the Disclosure in question. In that Report, the Independent Auditors declared that nothing had come to their attention that would lead them to believe that the Edison Group's Consolidated Non-financial Disclosure for the year ending on December 31, 2023 was not drafted, with regard to all significant aspects, in compliance with the requirements of articles 3 and 4 of Legislative Decree No. 254/2016 and the "Global Reporting Initiative Sustainability Reporting Standards" as defined by the GRI Standards.

On February 21, 2024, the Independent Auditors issued the annual confirmation of their independence pursuant to art. 6, par. 2), letter a) of EU Regulation No. 537/2014, which was sent to the Board of Statutory Auditors on the same date.

No issues requiring mention in this report were uncovered in the course of the regular meetings that the Board of Statutory Auditors held with the Independent Auditors, as required by art. 150, paragraph 3 of Legislative Decree No. 58/1998.

In addition, the Board of Statutory Auditors did not receive disclosures from the Independent Auditors on facts deemed objectionable identified in the performance of their auditing activities on the separate and consolidated financial statements.

5. In the course of 2023, a shareholder submitted a complaint to the Company pursuant to art. 2408 of the Italian Civil Code in which it alleged, as a reprehensible fact in its view, that "adequate information that Edison is seeking buyers for gas storage assets" had not been provided, also expressing considerations on their strategic importance and valuation.
The Board of Statutory Auditors carried out its investigation into the reported facts considering, in particular, the provisions of the MAR Regulation (Reg. No. 596/2014) and the remaining applicable legislation, finding that the circumstances laid out in the complaint did not have the characteristics required by such legislation (and in particular by art. 7, paragraphs 2 and 3 of Reg. No. 596/2014) to be considered subject to a market disclosure obligation.
On the basis of the information acquired in the course of its investigation, the Board of Statutory Auditors therefore considered that there were no objectionable facts and that there were no grounds to follow up on the complaint.

   In 2023, the Board of Statutory Auditors did not receive any negative remarks.

6. In the course of 2023, Edison and some of its subsidiaries assigned additional engagements to the Independent Auditors KPMG S.p.A., engaged to audit the Company's accounts, and to parties belonging to their network, for services other than the audit of Edison's accounts. Based on the information reported by the Company engaged to audit Edison's accounts to the Board of Statutory Auditors, the fees for the year 2023 received by KPMG S.p.A., the Independent Auditors, and by parties belonging to their network amount to a total of:
   - for the Independent Auditors KPMG S.p.A., 1,853,899 euros, of which 1,564,978 euros for the legal audit of the subsidiaries, 279,121 euros for certification services and 9,800 euros for other services;
   - for parties belonging to the network of the Independent Auditors KPMG S.p.A., 251,563 euros for the legal audit of the subsidiaries.

   In its role as Internal Control and Audit Committee, the Board of Statutory Auditors fulfilled the obligations laid out in art. 19, paragraph 1, letter e) of Legislative Decree No. 39/2010 as amended by Legislative Decree No. 135/2016 and art. 5, paragraph 4, of EU Reg. No. 537/2014, approving beforehand, when required by regulations in force, the duties for services other than the legal audit assigned by Edison and by its subsidiaries to the Independent Auditors and to parties belonging to their network. To that end, the Board of Statutory Auditors verified the compatibility of such services with the prohibitions pursuant to art. 5 of EU Regulation No. 537/2014, as well as the absence of potential risks for auditor independence deriving from the performance of such services, also for the purposes of the safeguards pursuant to art. 22-ter of Dir. 2006/43/EC.

   The details of the fees paid during the year and the cost for the tasks carried out by the Independent Auditors in office and by parties belonging to their network in favour of Edison and its subsidiaries are also indicated in the Company's separate financial statements, as required by art. 149-duodecies of the Issuers' Regulation.

In addition, the Board of Statutory Auditors:

a) verified and monitored the independence of the Independent Auditors, in accordance with art. 10, 10-bis, 10-ter, 10-quater and 17 of Legislative Decree No. 39/2010 and art. 6 of EU Regulation No. 537/2014, ascertaining compliance with regulatory provisions in force on the matter. In performing such controls, no situations were identified that are suitable to generate risks for the independence of the Independent Auditors and for the safeguards pursuant to art. 22-ter of Dir. 2006/43/EC or grounds for incompatibility pursuant to applicable regulations;
b) examined the Transparency Report and the Additional Report pursuant respectively to articles 13 and 11 of EU Regulation No. 537/2014 prepared by the Independent Auditors in observance of the provisions of the aforementioned Regulation, highlighting that, based on the information obtained, no problematic issues were uncovered to be reported in relation to the performance of the audit activity;
c) received the written confirmation that the Independent Auditors, in the period from January 1, 2023 to the date of issuing of the audit report, did not identify situations that could compromise their independence pursuant to articles 10 and 17 of Legislative Decree No. 39/2010 and articles 4 and 5 of EU Regulation No. 537/14, nor there were any relationships or other matters with Edison that are reasonably likely to have an effect on independence pursuant to International Standard on Auditing (ISA Italia) 260, and that the requirements were met as set out in art. 6, par. 2, letter b) of EU Regulation No. 537/2014;
d) discussed with the Independent Auditors all situations potentially suited to generate risks for their independence and any measures adopted to mitigate them, in accordance with art. 6, paragraph 2, letter b) of EU Regulation No. 537/2014.

7. In 2023, the Board of Statutory Auditors issued the opinions required pursuant to the applicable laws and regulations, specifically those regarding:
   a) the approval of the actual 2022 MBO data relating to the variable portion of the compensation of the Chief Executive Officer, also examining the guidelines of the 2023 Compensation Policy for the Directors, the top management and the entire management;
   b) the approval of the objectives underlying the 2023 MBO of the Chief Executive Officer and the shared objectives for the top management and the entire management, as identified by the Company's Board of Directors at the proposal of the Compensation Committee, at the meeting on May 4, 2023.

   It also provided its opinion whenever the Board of Directors requested it, also in accordance with provisions that, for certain decisions, require the prior input of the Board of Statutory Auditors.

8. In general, in order to obtain the information needed to carry out its oversight activities, the Board of Statutory Auditors met fifteen times in 2023, respecting the frequency required by law. The activities performed on those occasions were documented in the minutes of the meetings.

   In addition, in 2023, the Board of Statutory Auditors participated:
   - in all meetings of the Company's Board of Directors;
   - in the Company's Ordinary Shareholders' Meeting of April 5, 2023;
   - in all meetings of the Control, Risk and Sustainability Committee, the Related-Party Transactions Committee, the Compensation Committee and, through its Chairwoman or another member of the Board, in all meetings of the Oversight Board on the Organisation and Management Model pursuant to Legislative Decree No. 231/2001.

   Figures on the attendance of individual Board of Statutory Auditors members at meetings of the Board of Directors and of the Board Committees are provided in the Report on Corporate Governance and the Company's Ownership Structure, which should be referred to for the details.

9. Lastly, the Board of Statutory Auditors exchanged information, including during an ad hoc meeting, with the control bodies of the subsidiaries, as required by art. 151 of Legislative Decree No. 58/1998, also with reference to administrative, civil and criminal disputes concerning such companies.

10. The Board of Statutory Auditors monitored compliance with the law and the Articles of Incorporation and with the principles of sound management, ensuring that all transactions approved and executed by the Directors complied with the above-mentioned rules and principles, were financially sound, were not manifestly imprudent or hazardous, did not give rise to potential conflicts of interest with the Company, were not in conflict with resolutions approved by the Shareholders' Meeting and did not compromise the integrity of the Company's assets. The Board of Statutory Auditors believes that the tools and governance systems adopted by the Company provide an effective safeguard in terms of compliance with the principles of sound management.

    The Board of Statutory Auditors monitored the adequacy of the organisational structure of the Company and the Group by gaining an understanding of the Company's administrative structure and exchanging data and information with the managers of the various Company departments, the Internal Auditing Department and the Independent Auditors.

11. The Company's Board of Directors retains broad decision-making powers.

    The Board of Directors delegated powers exclusively to the Chief Executive Officer enabling him to perform all activities that are consistent with the Company's purpose, except for the limitations imposed by laws and the Company's By-Laws and excluding the transactions over which the Board of Directors decided to reserve sole jurisdiction.

    The powers granted to the Chief Executive Officer have remained unchanged in content since June 2012, except for the general limit of guarantees and the temporary raising of the limits on certain financial transactions, given the context of extreme volatility in commodity prices and the related impact on the Company's operations. This temporary increase, initially approved by the Company's Board of Directors at its meeting on March 31, 2022 and expiring on December 31, 2022, was first extended to December 31, 2023 by resolution of the Board of Directors on December 7, 2022 and then further extended to December 31, 2024 by resolution on December 7, 2023. Furthermore, with reference to ESG aspects, the Guidelines of Operation of the Board of Directors and Board Committees (for more information on them, please see par. 16 below), as amended at the Board of Directors meeting on February 15, 2023, redefined certain responsibilities of the Chief Executive Officer with regard to the matter of sustainability.

    Pursuant to the By-Laws, the Chairman of the Board of Directors and the Chief Executive Officer are the Company's legal representatives vis-à-vis third parties and in court proceedings.

    The Chairman of the Board of Directors does not have operational authority, serving instead in an institutional guidance and control function.

    The organisational structure of the Company and the Group is defined by the Chief Executive Officer and implemented by means of a system of internal communications, by which the managers of the various departments and Business Units were appointed and to whom powers were delegated consistent with the assigned responsibilities according to the "Guidelines to Manage the Awarding of Powers of Attorney" pursuant to Annex C of the 231 Model.

    The responsibilities of the Company's top management are clearly defined, with a detailed specification of the attributions of the managers of the main areas of business and corporate departments, all represented in the Executive Committee (Comex).

The more operational aspects of the organisational structure are defined by additional organisational communications issued by the managers of the various Departments and Business Units, with the prior approval of the Chief Executive Officer, which are posted on the Company Intranet.

Based on the audits performed, no problematic issues having been uncovered, the Company's organisational structure appears adequate in light of the Company's purpose, characteristics and size.

12. In monitoring the adequacy and effectiveness of the system of internal controls, also with regard to the requirements of art. 19 of Legislative Decree No. 39/2010 currently in effect and art. 150, paragraph 4 of Legislative Decree No. 58/1998, the Board of Statutory Auditors met on a regular basis with managers of the Internal Auditing Department and other Company departments and attended the relevant meetings of the Control, Risk and Sustainability Committee and, through its Chairwoman or another member of the Board of Statutory Auditors, meetings of the Oversight Board of the Model pursuant to Legislative Decree No. 231/2001.

    The Board of Statutory Auditors found that Edison's system of internal controls is based on a structured and organic set of rules, procedures and organisational structures aimed at preventing or minimising the impact of unexpected results and that allow for the achievement of the Company's strategic and operating objectives (i.e., consistency of activities with the objectives of effectiveness and efficiency in operations and protection of the corporate assets), compliance with applicable laws and regulations, and accurate and transparent internal and market communications (reporting).

    Also with the support of the Control, Risk and Sustainability Committee, the Board of Directors carries out functions relating to the internal control and risk management system in accordance with the relevant regulations and the Corporate Governance Code. In particular, the Board of Directors, working with the support of the Control, Risk and Sustainability Committee, has defined the guidelines of the internal control system, which were formally integrated with the risk management guidelines, adopting conduct consistent with them.

    The Board of Directors, with the support of the Chief Executive Officer and having consulted the Control, Risk and Sustainability Committee, periodically assesses the adequacy of the Company's general organisational, administrative and accounting structure, particularly with reference to the internal control and risk management system, including ESG aspects in this analysis as well.

    The Board of Statutory Auditors periodically interacted with the Internal Auditing Department for the purpose of assessing the audit plan and its findings, both in the planning phase and in the review of completed audits and the corresponding follow-up activities.

    The Board of Statutory Auditors acknowledged that, on February 12, 2024, the Board of Directors updated the mandate of the Internal Auditing Department, mainly to take into account the recent indications suggested by AIIA (Associazione Italiana Internal Audit – Italian Internal Audit Association) concerning the minimum essential content that this document must include, in addition to what is set forth in the International Standards for the Professional Practice of Internal Auditing.

    Consistent with past practice, the Board of Statutory Auditors monitored, for the areas under its jurisdiction, that internal control monitoring tools were also promptly activated.

The Company, directly and at the Group level, uses additional tools to monitor progress toward the achievement of operational and compliance objectives, including a structured and periodic planning, management control and reporting system, a financial risk governance system (commodity and foreign exchange risks primarily), a system to manage Company risks, including ESG risks, in accordance with Enterprise Risk Management (ERM) principles, and the Accounting Control Model required by Law No. 262/2005 concerning financial disclosures. The characteristics of the structure and functioning of these systems and models are described in the Report on Corporate Governance and the Company's Ownership Structure.

The Sustainability Manager is involved in assessing and monitoring risks, particularly with reference to ESG risks, within the broader framework of corporate risk mapping activities.

On February 15, 2023, the Board of Directors approved amendments to the Energy Risk Policy (ERP), which sets out the objectives and guidelines of the Risk Management Policy for the Group's commodity activities, as well as the Exchange Rate Risk Policy, which aims to contribute to the achievement of the Group's financial commitments.

Periodically, the Board of Statutory Auditors, working with managers of the relevant department, reviewed changes in the risk map based on ERM methods.

The Board of Statutory Auditors also monitored the adequacy of the organisational structure and the proper functioning of the controls adopted by the Company to ensure compliance with the regulations set forth in the EMIR Regulation.

Edison adopted the organisational model required pursuant to Legislative Decree No. 231/2001 ("231 Model") of which the Code of Ethics is an integral part. The Model is designed to prevent the perpetration of the unlawful acts referred to in the above-mentioned Decree and, consequently, shield the Company from administrative liability.

During 2023, two updates were made to Edison's 231 Model, approved by the Board of Directors at the meetings of July 25, 2023, to incorporate the legislative innovations introduced concerning whistleblowing (pursuant to Legislative Decree No. 24/2023) and the new predicate offences of "false or omitted statements for the issue of the preliminary certificate" in cross-border mergers (pursuant to art. 54 of Legislative Decree No. 19/2023), and of December 7, 2023 to transpose the new offences of "obstructing a public tendering procedure" (art. 353 of the Italian Criminal Code), "obstructing the freedom to choose a contractor" (art. 353-bis of the Italian Criminal Code) and "fraudulent transfer of valuables" (art. 512-bis of the Italian Criminal Code) introduced among the predicate offences by Law No. 137/2023.

Since 2016, Edison has had an on-line platform for receiving reports from employees, business partners, suppliers and others outside the Company organisation. The procedures for sending, receiving, handling and processing whistleblowing reports are governed by the Whistleblowing Policy, which was amended in 2023 to take into account the changes introduced by Legislative Decree No. 24/2023 which implemented EU Directive 2019/1937.

Training programs about the 231 Model, the Code of Ethics and the Anti-Corruption Guidelines continued in 2023, also through multimedia on-line courses available on the Company's e-learning platform, to guarantee sufficiently detailed knowledge of those documents. In particular, a new e-learning module dedicated to the Group's new whistleblowing system was made available in 2023, and in-person training sessions were delivered on anti-corruption and Legislative Decree No. 231/2001.

It is also acknowledged that the Oversight Board pursuant to Legislative Decree No. 231/2001, appointed by the Company's Board of Directors at its meeting on March 31, 2022, currently consists of an external professional (Pietro Manzonetto), who serves as Chairman, and two Independent Directors (Paolo Di Benedetto and Angela Gamba).

The Oversight Board met five times with its members in 2023 and supervised the functioning and observance of the 231 Model, the "suitability" of which it evaluated pursuant to Legislative Decree No. 231/2001, monitoring the evolution of the relevant regulations, the implementation of personnel training initiatives and the observance of the Protocols by their addressees, also through audits conducted with the support of the Internal Auditing Department.

The Oversight Board took note of the update (Revision 9) of the "Guidelines for the safe management of work activities" adopted in 2020 by the Group Crisis Committee in relation to the Covid-19 emergency, the measures of which remained in effect even though the Health Authorities formally declared that the pandemic emergency had ended on March 31, 2023. On January 9, 2023, the Group Crisis Committee was dissolved and the monitoring of this specific scenario was assigned to the Environment, Health, Safety & Quality Department.

Furthermore, the Company adopted and Antitrust Code that complements the Code of Ethics, with the aim of supporting and facilitating compliance with the rules protecting competition.

In the area of internal dealing, in addition to the obligations that already exist pursuant to the regulations concerning market abuse, the Company adopted rules governing the obligation to refrain from executing transactions that involve financial instruments issued by the Company that are listed on regulated markets, as required by EU Regulation No. 596/2014 on market abuse, making the prohibition requirement applicable only to mandatory financial documents and specifying the timing and duration of this prohibition, in accordance with the provisions of the above-mentioned Regulation.

In 2023, the Board of Directors, based on the information and the evidence collected with the support of the investigative work performed by the Control, Risk and Sustainability Committee and the contribution provided by management and the Manager of the Internal Audit, Privacy & Ethics Department, performed an overall assessment of the adequacy of the internal control and risk management system, and determined that, overall, it allows, with reasonable certainty, for the adequate management of the main risks identified and, at the same time, contributes to improving the management of the Company as a whole.

It is also acknowledged that the Company has an updated Personal Data Protection Management Model, in compliance with the provisions of EU Regulation No. 679/2016 (General Data Protection Regulation) currently in force. This Model defines the guidelines on the processing of personal data for the management of intragroup corporate and organisational relations and for the necessary coordination of operating and compliance activities and is monitored by the Data Protection Officer (DPO).

In the Company, the Ethics & Compliance Officer, a position assigned to the General Counsel, is responsible for promoting guidelines and Policies on the issues of business ethics and corporate compliance, drawing on the support of the Ethics & Compliance Corporate Governance Department.

There is also a Sustainability Management Committee made up of the members of the Comex, as well as the Head of the Health Safety Environment & Quality System Department, the Head of the Procurement Department, the Director of Fondazione Eos (Eos Foundation) and the Director of Corporate Affairs & Governance, the latter in the role of coordinating governance processes, with investigative, propositional and implementation functions, to support the Chief Executive Officer in the management and implementation of ESG topics. Since December 2023, the Head of the Environmental Remediation Department, which operates within the Legal & Corporate Affairs Division, has also been asked to join this Committee.

The Company also has a procedure for the management of corporate information – approved by the Board of Directors at the proposal of the Chief Executive Officer – entitled “Internal handling and external communication of confidential and insider information concerning Edison and its financial instruments”.

As a result of the analyses conducted by the Board of Statutory Auditors, and the information acquired, also in consideration of the dynamic and evolutionary nature of the Company’s internal control and risk management system, also considering the actions planned and implemented over time, no elements emerged to suggest that said system is not adequate, effective and effectively implemented.

13. In addition, the Board of Statutory Auditors monitored the adequacy and reliability of the Company’s administrative and accounting system in presenting accurately the results from operations by obtaining information from the managers of the relevant departments and the Corporate Accounting Documents Officers, reviewing Company documents and analysing the information produced by the Independent Auditors. The two Corporate Accounting Documents Officers were awarded jointly the attributions that the law requires and were provided with sufficient authority and resources to discharge their duties. In addition, the Chief Executive Officer, through the Corporate Accounting Documents Officers, is responsible for implementing the “Accounting Control Model pursuant to Law No. 262/2005” – most recently updated by Board of Directors resolutions on February 15 and May 4, 2023 – the purpose of which is to establish the guidelines that must be applied within the Edison Group to satisfy the obligations set forth in art. 154-bis of Legislative Decree No. 58/1998 with regard to the preparation of corporate accounting documents and compliance with the resulting certification requirements. The preparation of accounting disclosures and of statutory and consolidated financial statements is governed by the Group Accounting Manual and by the other administrative and accounting procedures that are part of the Model pursuant to Law No. 262/2005, including the fast closing procedure adopted by the Company.

    The Model adopted pursuant to Law No. 262/2005 includes official procedures concerning the impairment test, performed in accordance with IAS 36. The analysis of the recoverable values of goodwill and other assets was carried out with the support of a highly qualified independent expert and approved by the Board of Directors at its meeting on February 12, 2024. For a fuller description of the methods and assumptions applied, please refer to the relevant note in the consolidated financial statements.

    The impairment test procedure and its methodological set-up were monitored by the Board of Statutory Auditors through meetings with Company managers and the Independent Auditors and attendance at meetings held by the Control, Risk and Sustainability Committee to review the above-mentioned aspects.

    Edison has formalised a Tax Policy – most recently updated by Board of Directors resolution of May 4, 2023 – which sets out the basic principles and guidelines of its tax strategy with the aim of ensuring the correct and timely compliance with tax obligations and more generally compliance with tax regulations, and to ensure the correct and efficient management of the

Group's taxation system. In addition, the Group has adopted a Tax Control Framework (TCF), which is part of the broader Internal Control and Risk Management System, for detecting, managing and monitoring tax risks in relation to the activities falling within the processes managed by the various business areas.

The Board of Statutory Auditors noted that Edison was admitted to the Cooperative Compliance regime in December 2023 pursuant to Legislative Decree No. 128/2015, effective as of tax year 2022.

The Company has a Sustainability Governance Procedure establishing a system for the interaction of the corporate bodies and managers involved in this area, which specifies the respective responsibilities and processes to be observed. The Board of Statutory Auditors examined this Procedure and has no observations to be reported in this regard.

The Non-Financial Disclosure is also prepared by the Company on the basis of data gathered and coordinated by the Sustainability Manager. The Board of Statutory Auditors, also by exchanging information with the departments concerned and the Independent Auditors, has positively assessed the structure of the procedures adopted for the collection and measurement of relevant data for non-financial reporting purposes.

The Board of Statutory Auditors has acknowledged the attestations issued by Edison's Chief Executive Officer and Corporate Accounting Documents Officers regarding the adequacy of the administrative and accounting system, in light of the Company's characteristics, and the effective implementation of the administrative and accounting procedures required for the preparation of the separate financial statements of Edison and the consolidated financial statements of the Edison Group. In addition, the Board of Statutory Auditors monitored the financial information reporting process, also by obtaining information from Company managers.

As a result of the analyses performed and the information acquired, it found that, overall, the Company's administrative and accounting system is adequate and reliable in accurately presenting operating results.

14. The Board of Statutory Auditors monitored the adequacy of the instructions provided by the Company to its subsidiaries pursuant to art. 114, paragraph 2 of Legislative Decree No. 58/1998, determining, based on information provided by the Company, that these instructions were suitable for providing the information needed to comply with statutory disclosure requirements, and has no objections.

15. The Board of Statutory Auditors, with the support of the Corporate Affairs Department, monitored the processes adopted to ensure the concrete implementation of the corporate governance rules set forth in the edition currently in effect of the Corporate Governance Code published by Borsa Italiana (the "Corporate Governance Code"), also with respect to their compliance with the provisions of the Corporate Governance Code introduced following its revision completed in January 2020 and taking into account the recommendations contained in the letter of December 14, 2023 of the Chairman of the Corporate Governance Committee concerning corporate governance.

    The Board of Statutory Auditors notes that, as highlighted by the Company in the Report on Corporate Governance and the Company's Ownership Structure, although only the savings shares remain listed on the Euronext Milan, Edison continues to comply with the Corporate Governance Code.

The Board of Statutory Auditors also examined the letter dated December 14, 2023 from the Chairman of the Corporate Governance Committee as well as the assessments made and the decisions taken by the Company regarding the recommendations contained therein, without having any particular observations in this regard.

The Report on Corporate Governance and the Company's Ownership Structure lists the Corporate Governance Code recommendations that the Board of Directors chose not to adopt, explaining the reasons for those choices, and describes any alternative solutions that may have been adopted.

16. The Board of Directors is currently composed of ten Directors, three of whom Independent, whose office will end with the Shareholders' Meeting called to approve the financial statements as at December 31, 2024.

Nine of the ten current Directors were appointed at the March 31, 2022 Shareholders' Meeting.

The tenth Director, Luc Rémont, was co-opted as a Director of the Company by the Board of Directors at the meeting of December 7, 2022, pursuant to art. 2386, paragraph 1 of the Italian Civil Code, to replace Jean-Bernard Lévy, who had resigned, and was confirmed as a Director by the Shareholders' Meeting on April 5, 2023.

It is acknowledged that the composition of the Board of Directors respects the rules governing gender balance, in compliance with the provisions governing diversity introduced by art. 148, paragraph 1-bis of Legislative Decree No. 58/1998 – amended by art. 1, paragraph 302 of Law No. 160 of December 27, 2019, and interpreted by Consob by means of Communication No. 1/20 of January 30, 2020.

At its meeting of May 11, 2021, the Board of Directors adopted the Guidelines of Operation of the Board of Directors and the Board Committees, which, in addition to recalling the main duties of the Board of Directors and the individual Directors, revised the rules of operation of the above-mentioned bodies, so as to consolidate the practices followed and incorporate the instructions laid out in the Corporate Governance Code. By Board of Directors resolution of February 15, 2023, the Guidelines of Operation were amended to take into account, inter alia, in a more systematic manner, sustainability issues and the responsibilities of the Board of Directors in the pursuit of sustainable success, and organised into five chapters (Role of the Board of Directors, Company Governance System, Appointment and Composition of the Board of Directors, Rules of Operation of the Board of Directors and Rules of Operation of the Board Committees).

The Board of Statutory Auditors also notes that these Guidelines formalised the recommendation, expressed in the past when the Directors were appointed, that no Director should hold more than five posts as Director or Statutory Auditor at companies listed in regulated markets (including abroad), in financial, banking and insurance companies or companies of significant size that are not part of the Group to which Edison belongs. All Directors in office have complied with this recommendation.

In 2023, the Board of Directors carried out a self-assessment of the size, composition and activities of the Board of Directors and its Committees. The results of this process were presented during the Board of Directors' meeting held on February 12, 2024 and are listed in the Report on Corporate Governance and the Company's Ownership Structure.

With regard to the procedure followed by the Board of Directors to ascertain the independence of its members, the Board of Statutory Auditors carried out a review of the issues over which it has jurisdiction, concluding that the criteria and procedures used to verify the independence requirements, pursuant to the applicable laws and the Corporate Governance Code, were correctly applied and the requirements concerning the overall composition of the Board of Directors were complied with.

On the occasion of the most recent verification of compliance with the independence requirements, performed on February 12, 2024, and specifically regarding the uninterrupted service on the Board for more than nine years by the Director Paolo Di Benedetto, the Board of Directors confirmed that the above-mentioned Director continued to meet the independence requirement, considering, in general, his ethical and professional qualities, competence and standing and, in fact, his in-depth knowledge of Edison, experience and past actions in the office, including as a member of the Board Committees, as well as in the role of Lead Independent Director, and his autonomy and objectivity of judgement shown over time.

The Board of Statutory Auditors ascertained that its members met the same independence and integrity requirements as the Directors and notified the Company's Board of Directors of this fact.

With reference to the continuation, for more than nine years, in the office of Chairwoman of the Board of Statutory Auditors of Edison S.p.A. of Prof. Serenella Rossi, following her re-appointment to the office by the Shareholders' Meeting of April 5, 2023, the Board of Statutory Auditors has deemed that the non-application of the maximum tenure requirement set forth by the Corporate Governance Code does not affect the independence requirement of the Chairperson, which is therefore deemed to be fully met. The Board of Statutory Auditors came to this assessment considering her past performance in the office and professional and academic standing as well as the ethical and personal qualities of the party concerned, who, in previous years, maintained a high level of independence in her work – directing in-depth studies on various issues of particular importance for the organisation and the operation of the Company – and has shown considerable critical sense and scepticism in exercising the function of Chairwoman of the Board of Statutory Auditors.

The Board of Statutory Auditors also adopted the Corporate Governance Code's recommendation requiring that its members disclose any direct or third-party interest they may have in specific transactions submitted to the Board of Directors. No situation with respect to which the members of the Board of Statutory Auditors would have been required to make disclosures of this type occurred in 2023.

The Company's Board of Directors met eight times in 2023.

The following Committees have been established within the Board of Directors:

- Control, Risk and Sustainability Committee, formerly Control and Risk Committee. With the adoption in 2021 of the Guidelines of Operation of the Board of Directors and the Board Committees, the responsibilities of this Committee have been more systematically defined, distinguishing between: activities concerning the Internal Control and Risk Management System; Financial Reporting; Non-Financial Reporting. Further refinements were made by the Board of Directors on February 15, 2023 with regard to its ESG responsibilities. As of the date of these latest changes, the Committee was therefore renamed the Control, Risk and Sustainability Committee.

  The Control, Risk and Sustainability Committee is responsible for providing consulting support and making recommendations, and reports to the Board of Directors at least once every six months about the work it performed and the adequacy of the internal control and risk management system, as well as on the sustainability and Corporate Social Responsibility Policies enacted at Edison, also with regard to the obligations to draft the Non-Financial Disclosure pursuant to Legislative Decree No. 254/2016; this Committee, whose current members were appointed by the Company's Board of Directors at its meeting on March 31, 2022, is composed of three Non-Executive Directors, two of whom are Independent. In 2023, the Committee met six times, one of which in a meeting extended to all Independent Directors dedicated to climate change issues, conducting in-depth studies on the scientific framework, reference legislation and reporting obligations, the implications for Edison and the related courses of action.

- Compensation Committee, whose current members were appointed by the Company's Board of Directors at its meeting on March 31, 2022; it consists of three Non-Executive Directors, two of whom are Independent. The Committee met twice during 2023.
- Related-Party Transactions Committee, whose current members were appointed by the Company's Board of Directors at its meeting on March 31, 2022; it consists of three Independent Directors. The Committee met twice during 2023.

The composition and adequacy of the administrative and control bodies of the subsidiaries were also verified.

Additional information about the Company's corporate governance is provided in the Report on Corporate Governance and the Company's Ownership Structure, with regard to which the Board of Statutory Auditors has no objections requiring disclosure.

17. The Board of Statutory Auditors reviewed the Compensation Report approved by the Board of Directors on February 12, 2024 upon a recommendation by the Compensation Committee and verified its compliance with the applicable laws and regulations, and the clarity and completeness of the disclosures provided regarding the Compensation Policy adopted by the Company.

18. The Board of Statutory Auditors also reviewed the motions that the Board of Directors, meeting on February 12, 2024, resolved to submit to the Shareholders' Meeting called for March 27, 2024 and declares that it has no specific remarks in this regard.

19. Without prejudice to the specific tasks of the Independent Auditors regarding control of the accounts and verification of the reliability of the separate financial statements and the consolidated financial statements, the Board of Statutory Auditors directly verified compliance with the provisions of the statutes governing the preparation of the draft separate financial statements and consolidated financial statements of the Group at December 31, 2023, the respective notes and the Report on Operations. It accomplished this task through direct observations and with the support of managers of Company departments as well as representatives of the Independent Auditors and has no observations to formulate to the Shareholders' Meeting on the matter.

    The separate and consolidated financial statements are accompanied by the required conformity declarations signed by the Chief Executive Officer and the Corporate Accounting Documents Officers.

    The Board of Statutory Auditors also reviewed the 2024 budget and 2025-2027 Medium Term Plan, both approved by the Company's Board of Directors on December 7, 2023.

In addition, the Board of Statutory Auditors verified that the Company fulfilled the obligations laid out in Legislative Decree No. 254/2016 and that, in particular, it drafted the Consolidated Non-Financial Disclosure (NFD) in compliance with the provisions of articles 3 and 4 of the same Decree and the remaining applicable legislation as well as in light of the guidance provided to ESMA in the document of October 25, 2023 on supervisory priorities. This Disclosure was accompanied by the certification of the Independent Auditors on the compliance of the information provided with what is set forth in the above-mentioned Legislative Decree and the principles and methodologies used by the Company for its preparation, also pursuant to the Consob Regulation adopted with resolution No. 20267 of January 18, 2018. Within the Disclosure, the Company highlighted that it had carried out the assessment of eligible and aligned activities for 2023 based on the criteria defined in the Delegated Acts relating to climate change and the Complementary Delegated Act relating to the inclusion of energy activities of the gas and nuclear sectors, also considering the new elements of the Taxonomy Environmental Delegated Act, i.e. the integration of the remaining four objectives of the Taxonomy (sustainable use and protection of water resources, transition to a circular economy, prevention and reduction of pollution, protection and restoration of biodiversity and ecosystems), and the Delegated Regulation that introduced amendments to the Taxonomy Climate Delegated Act. In addition, the Disclosure was prepared in accordance with the Reporting Procedure relating to the Consolidated Non-Financial Disclosure pursuant to Legislative Decree No. 254/2016, approved by the Board of Directors on March 31, 2022 in order to implement a process for drafting the Non-Financial Disclosure that ensures its comprehensiveness, accuracy and transparency, as well as its consistency with GRI (Global Reporting Initiative) regulations and standards.

The Board of Statutory Auditors acknowledges that the Company relied on exemption from the obligation to draft the Separate Non-Financial Disclosure laid out in art. 6, paragraph 1 of Legislative Decree No. 254/2016, having prepared the Consolidated Non-Financial Disclosure pursuant to art. 4 of the above-mentioned Decree.

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Based on the foregoing considerations, which provide an overview of its activities in the year, the Board of Statutory Auditors did not uncover any specific negative issues, omissions, improper acts or irregularities and has no remarks, and finds no grounds for objecting to the approval of the motions submitted by the Board of Directors to the Shareholders' Meeting.

This report was unanimously approved by the Board of Statutory Auditors.

Milan, March 1, 2024

For the Board of Statutory Auditors

The Chairwoman:
Prof. Serenella Rossi

This document is also available on the
Company website: www.edison.it

Editorial coordination
External Relations and Communications Department

Art direction by
In Pagina, Saronno (Italy)

Photographs by
www.edisonmediacenter.edison.it

Printed by
Faenza Printing Industries Srl, Milan (Italy)

Milan, March 2024

This publication was printed on environmentally friedly paper with low impact on the environment.

Edison Spa
31 Foro Buonaparte
20121 Milan, Italy

Capital stock 4,736,117,250.00 euros, fully paid in
Milan - Monza - Brianza - Lodi Company Register
and Tax ID 06722600019
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