



*2022*

*Sustainability Report*

***2022 Non-Financial Statement***

*Prepared pursuant to Article 3 of Italian Legislative  
Decree 254/2016*

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## Letter to Stakeholders

2022 was a year of great challenges for MM, also due to the difficult geopolitical situation that characterised the year that has just ended and strongly influenced by the real economy and financial markets. On the one hand, operating margins suffered the effect of the increase in energy prices and the difficulty in finding raw materials and materials in general; on the other, investment and consumption decisions were penalised by the general uncertainty that characterised markets with high levels of risk. In this scenario of instability, MM has continued to guarantee the quality of the essential services it manages for the city of Milan, adopting ever more efficient, effective and smarter solutions.

All this was accompanied by a significant change in our organisational structure, with the appointment, on the recommendation of the Shareholders' Meeting, of a Chief Executive Officer who will lead the organisation from within the Board of Directors. The latter was also renewed in June 2023, optimising the driving force to the extraordinary energy and resources deployed on a daily basis by the people who work in MM, helping to consolidate and enhance our role in transforming Milan from a more sustainable, digital and inclusive perspective.

People, no doubt, represent MM's strong point, a key resource for allowing us to achieve the increasingly more challenging and ambitious goals that are entrusted to us by our Shareholder, the Municipality of Milan, year after year. 2022 was another year during which we continued to grow (+3.6%), preferring permanent contracts in almost all cases (97%), focusing on young people (22% of new hires are under 30) and on developing skills and professionalism through training (21.6 hours per capita, +8% compared to 2021). Also in 2022, the excellence of our health and safety management system was recognised with the achievement of the UNI ISO 45001:2018 certification, confirming MM's commitment to always putting the safety and well-being of people first.

Over the course of the year, we have been skilfully able to transform the challenges of digitisation into opportunities to enhance the efficiency of processes and promote new working paradigms. For us, digital transformation is a decisive enabling factor in achieving our sustainability objectives: it is not just a question of introducing new technologies, but of changing the way one thinks about one's work, thanks to their use, helping to improve the business model with positive effects at an environmental, social and economic level.

**Simone Dragone**  
Chair MM Spa

In a difficult global scenario, increasingly marked by the need to adopt concrete actions to combat climate change, MM is experimenting with new technical and management solutions to reduce the impact of its activities. In 2022, electricity consumption was again 100% covered by renewable sources, we are working on the installation of photovoltaic panels at the San Rocco and Nosedo purifiers (which when fully operational will avoid the emission into the atmosphere of around 2,800 kg of CO<sub>2</sub>/day), while energy efficiency initiatives continue on all the integrated water service plants.

But our commitment is also to be close to citizens and to their needs. We do this by supplying safe, quality water through the city's aqueduct network, the fountains and Water Houses, as well as through the purifiers to irrigate the fields around Milan. Constantly controlled water thanks to the three MM laboratories, all ISO IEC 17025:2018 certified. We do this through the educational activities carried out at the Centrale dell'Acqua, which involved over 6,300 students of all ages. And by primarily collaborating with non-profit institutions and associations in carrying out social support initiatives for the tenants of the public residential housing property. Without forgetting our role in taking care of the city, designing new sustainable mobility solutions and managing the ordinary and extraordinary maintenance activities of the public heritage made up of houses, sports facilities, schools and much more. Just to name a few examples.

Our 2022 ended by celebrating a historic milestone for the city of Milan with the opening of the first section of the M4 metro line. A day of pride and satisfaction for all the women and men of MM, who contributed to the realisation of this major work, providing full support to the Municipality of Milan also in terms of communicating the works carried out and managing relations with citizens.

MM confirms itself as a solid multi-service operator for the city of Milan and an excellence of distinctive skills and expertise in all the sectors in which it operates. The future sees us committed to designing works and managing services for the city, in a context evolving ever more rapidly and which requires greater competitiveness in the face of ever more limited and therefore more precious resources. We are ready to do it responsibly, focusing on digitisation to innovate processes, on training to give value to people and on the development of a system characterised by widespread responsibilities, in which everyone is motivated to play an active role in caring for the city and its citizens.

**Francesco Mascolo**  
Chief Executive Officer MM Spa

## The external context and sector megatrends

Over the last decade, world economies have collaborated to define a concrete action plan to combat **climate change**, one of the most significant environmental and social challenges of our times.

In 2021 the **Glasgow Climate Pact**, the final document signed by the 197 countries participating in the COP<sup>1</sup> 26, defined a reference programme to guide global policies to protect the planet and the ecosystems in the years ahead, confirming the primary objective of limiting global warming to a maximum of 1.5 °C. Objective also recalled during the subsequent **COP 27** held in Sharm El Sheikh in 2022, which emphasised the need for common global action to combat climate change.

Europe plays a central role in guiding the economies of EU countries towards a zero-emission future through the adoption of extraordinary policies and measures. The European Union has, in fact, implemented a long-term strategy with the **European Green Deal**, a package of strategic initiatives to finance sustainable growth with the aim of achieving climate neutrality by 2050, promoting a fair and just transition according to the Sustainable Development Goals of the United Nations 2030 Agenda (UN SDGs). In addition to the funds provided by the **Next Generation EU** programme launched in 2020 to combat climate change, in 2021 a binding target was defined to reduce EU GHG emissions by at least **55% by 2030**.

With its **National Recovery and Resilience Plan** Italy has defined the commitments for the transformation of the country with respect to three strategic axes shared at a European level. In addition, it has identified the *environmental transition* underlying its development model, *digitisation and innovation* as factors that must characterise any reform policy, and *social inclusion* as a guarantee of territorial cohesion, economic growth and overcoming deep inequalities.

At the local level, the **Air and Climate Plan of the Municipality of Milan**, drafted by the Environmental Transition Department - Energy and Climate Area, guides the city's transition towards climate neutrality by 2050. The Plan is a systemic tool to promote the reduction of air pollution to protect health and the environment, through coordinated actions in five priority areas (Healthy and Inclusive Milan, Connected Milan, Milan and Positive Energy, Cooler Milan and Aware Milan) to activate and promote the value of the city's adaptation, mitigation and resilience strategies, pursuing the equity and well-being of citizens<sup>2</sup>.

The impact of climate change is also causing unprecedented stress on **water resources**. Increasing anthropogenic pressures, in the form of consumption and pollution, are in fact creating numerous vulnerabilities, both local and global, for the population as well as for the environment. In the last hundred years, the use of water has grown sixfold: in Italy, the threshold of 20% of water resource exploitation stated as the threshold for a water-stress situation is exceeded in several regions<sup>3</sup>, with approximately 160 cubic metres per capita of water withdrawn for potable use every year, and 20% of the national territory is exposed to the **risk of desertification**. The scarcity of water resources also impacts the supply of water-related **ecosystem services**, as well as the share available for the farming and fishing industries, causing severe economic and social impacts. In addition, Italy has an infrastructure network characterised by a **high water leakage rate and limited water purification and treatment capacity**. It is therefore a priority for the country to implement **efficient and responsible management of the entire integrated water cycle** in order to ensure environmental sustainability and better service quality standards.

In 2022, the Regulatory Authority for Energy, Networks and the Environment (ARERA) adopted the new **Strategic Framework**<sup>4</sup>, which defines the objectives for the development of the four-year regulation in the sectors of competence, associating them with one or more objectives for Sustainable Development included in the 2030 Agenda. As far as water management is concerned, the aim is to promote the improvement of the quality and efficiency of water infrastructures, directing the investment decisions of the competent subjects towards innovative solutions with a lower environmental impact that are resilient to extreme weather events

<sup>1</sup> The "Conference of the Parties" (COP) refers to the annual meetings of the countries that have signed the "United Nations Framework Convention on Climate Change" (UNFCCC), an international treaty stipulated in Rio de Janeiro in 1992.

<sup>2</sup> The Plan was definitively approved by the City Council in 2022 with City Council resolution no. 4, formalising the initiatives to be developed in the time horizon up to 2030. These include the resilient management of emergencies, sustainable mobility, the fight against air pollution, sustainable urban planning to enhance green areas and water resources, the decarbonisation of energy consumption with a zero-emission building stock, and the adoption of sustainable choices and responsible lifestyles.

<sup>3</sup> Guidelines on drought and water scarcity indicators for use in the activities of permanent water use observatories. Current status and future prospects, ISPRA and ISRA-CNR, 2018.

<sup>4</sup> ARERA's "2022-2025 strategic framework" was approved with resolution 2/2022/A of 13 January 2022.

caused by climate change. The objectives also ensure the reduction of pollution and the release of dangerous substances, the reduction of the share of untreated waste water, and the increase in the safe reuse of water.

In terms of quality and safety of water intended for human consumption, the reference standard for EU countries is the **DWD Directive** (*Drinking Water Directive*)<sup>5</sup> which aims to protect citizens and the environment from the harmful effects of drinking water contamination, as well as improve access to drinking water. The Directive focuses on the prevention and management of risks along the drinking water supply chain based on the adoption of the *Water Safety Plans* (WSP)<sup>6</sup> model defined by the World Health Organisation, on the identification of possible emerging pollutants present in the sources of supply and on the need for effective and transparent communication to citizens regarding the quality of the water supplied to increase consumer confidence in mains water.

If the global economy has so far been based on a linear “produce-use-throw away” growth model, demographic growth combined with the need to contain the demand for resources (water, energy, materials) impose a transition towards a **circular economy**<sup>7</sup>. The attention thus shifts to the reuse, renewal and recycling of existing materials and products, for a model that must also be applied to the development of urban contexts and the management of the water cycle, mobility and urbanisation. The adoption of adaptation and mitigation policies not only allows risks to be contained, but promotes a more sustainable and resilient management of resources. This includes the protection of natural areas where plants and service networks are located, together with the mitigation of the physical impacts and externalities generated by operating processes on ecosystems.

The circular and resilient growth of cities must be based also on the use of **innovative and digital tools** capable of giving substance to the smart city idea associated with the concept of liveability, meaning that the city is smart because it can meet the needs of its residents in the broadest, most timely and inclusive possible sense. Every urban system can be made more efficient, inclusive and resilient thanks to the knowledge provided by data on traffic, weather, air and water quality, water flow rates, the integrated design of engineering works and the use of artificial intelligence. If on the one hand digitisation brings about important development opportunities, contributing to the growth of the economy and the creation of numerous jobs, at the same time, new security and privacy risks are raised, where the integration of increasingly more local and widespread data generation and collection systems introduces new entry points for cyber attacks and new cybersecurity challenges.

In a context characterised by new transversal challenges and renewed growth opportunities, MM is determined to play a leading role in the development of cities, pursuing the ambitious **environmental objectives** defined at the national and European level, contributing to the **creation** and **distribution of value**, promoting a **sustainable economic model** including for the territories in which it operates, looking to the future proactively.

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<sup>5</sup> The DWD Directive (EU Directive 2020/2184) came into force on 12 January 2021 following the revision of the original 1998 Drinking Water Directive (Directive 98/83/EC).

<sup>6</sup> In Italy, the adoption of the Water Safety Plans became mandatory with the Decree of 14 June 2017 of the Ministry of Health, which implemented Directive (EU) 2015/1787 at a national level.

<sup>7</sup> European Commission, Directorate-General for the Environment, *The circular economy: connecting, creating and preserving value*, Publications Office, 2014.



## Highlights 2022

### ENVIRONMENTAL TRANSITION

**-9%**  
SCOPE 2 indirect emissions  
(location-based method) vs 2021

**99.3%**  
non-hazardous waste sent for  
recycling

**38%**  
water discharges intended  
for irrigation reuse

**100%**  
purchased renewable energy certified  
in the 2020-2022 three-year period

**10,103,524 L**  
water supplied through  
the Water Houses

**100%**  
biological sludge in terms of Total Dry  
Substance (TDS) content sent for  
recycling or reuse in farming

### RESPONSIBLE BUSINESS

**€206 million**  
economic value distributed,  
97% of value created

REVENUES	CAPEX	OPEX	eligible
<b>86%</b>	<b>83%</b>	<b>57%</b>	
<b>26%</b>	<b>12%</b>	<b>29%</b>	aligned

according to the **European Taxonomy**

**2,790**  
qualified suppliers in the Register of  
Suppliers, of which **886** have contracts or  
assignments in place with MM

**100%**  
business PCs replaced with more powerful,  
lighter, more compact and secure models

### EMPOWERING PEOPLE

**1,369**  
MM's employees  
(+3.6% vs 2021)

**183**  
new hires, of whom 22% under  
the age of 30

**33%**  
of staff employed as executives  
are women

**ZERO**  
high-consequence work-related  
injuries

**29,612**  
hours of training provided  
(21.6 average hours per capita)

**€1,391,500**  
direct and indirect  
investment in training

### COMMUNITIES AND LOCAL AREAS

**Engineering interventions**  
developed on the concepts of sustainable mobility,  
sustainable construction, and water optimisation

**309**  
real estate units recovered by the Municipality of  
Milan and MM thanks to restructuring interventions

**Municipality of Bergamo**  
included in the scope of public housing property  
management activities

**6,340 students**  
involved in educational activities at the  
Centrale dell'Acqua

**52,612**  
end users served by the  
IWS Customer Service

**+51%**  
practices managed through  
IWS's Customer Helpdesk

**256,718**  
contacts with tenants through the  
Public Housing Contact Centre

**~700,000 m<sup>2</sup>**  
of managed green area

## 1. About MM

Today, MM is **one of the most important public engineering companies in Italy**, a strategic partner of the Municipality of Milan for the development, management and reorganisation of the city, services, networks, infrastructures and public real estate assets (according to the logic of in-house provision of works), with a view to urban redevelopment.

**Nationally**, MM is **a unique provider for the type and variety of services under management**. MM's engineering skills are the common denominator underlying all company activities and have been developed to **serve the needs of citizens and the Community**. Fully aware of this “public” dimension and of the resulting responsibility towards the territory in which it operates, MM pursues a development that balances economic, environmental and social objectives.

The values that have enabled MM to become a **centre of multiservice excellence** form an integral part of the **Quality Policy**, which underpins a process of continuous improvement aimed at satisfying customers and stakeholders, giving full support to the achievement of business goals (see paragraph 2.4 “*Management systems and certifications*”)<sup>8</sup>.

VISION	MISSION
<p><i>Engineering for the city means designing infrastructure networks in harmony with human networks by listening to the needs of the community and using smart technologies to the benefit of each city user.</i></p>	<p><i>Ensure the highest quality and efficiency standards in delivering the multiple services under management, operating with competence and competitiveness in accordance with the guidelines underlying the property, empowering its nature as a public utility at the service of the community.</i></p>

VALUES		
	<b>Reliability</b>	<i>All-around accountability on turnaround, quality, cost and related aspects.</i>
	<b>Expertise</b>	<i>Be ready to reinforce and develop new skills, ability to innovate.</i>
	<b>Competitiveness and Flexibility</b>	<i>Demonstrate the ability to act quickly, with a focus on cost management, as is the case for companies operating in the marketplace.</i>
	<b>Transparency</b>	<i>Act based on transparent approach to enhance performance and report/manage criticalities.</i>
	<b>Reputation and Integrity</b>	<i>Operate with a view to pursuing the Company's objectives, displaying moral requirements in the management of “sensitive” activities.</i>

<sup>8</sup> MM's Quality Policy is published on the [www.mmspa.eu](http://www.mmspa.eu) website (Home > Sustainability > Certifications > Quality).



## 1.1. Our History

**1955**

- *MM Spa is born as an engineering company, fully owned by the Municipality of Milan, to build the city's metro network. Since then, it has accompanied and sustained its development, designing infrastructures and works for public mobility.<sup>9</sup>*

**2003**

- *The Municipality of Milan entrusts MM Spa with the operation of the Integrated Water Service (IWS) of Milan and some neighbouring Municipalities through 2037.<sup>10</sup>*

**2014**

- *MM Spa takes over the management of the Public Housing property of the Municipality of Milan.*

**2015**

- *MM Spa incorporates M.I.R. Srl<sup>11</sup> as part of a broader plan to rationalise the subsidiaries of the Municipality of Milan.*

**2017**

- *MM Spa incorporates the Metro Engineering Srl and Napoli Metro Engineering Srl subsidiaries, established in 2009 for extra moenia activities.*

**2019**

- *The Municipality renews on a ten-year basis the Engineering service contract until 2029.*
- *MM Spa begins to manage field operations services, including: facility management of the city's school buildings and lifting systems serving road underpasses.*
- *MM Spa takes over the direct management of the Nosedo wastewater treatment plant.*

**2020**

- *In the field operations domain, MM Spa also takes over the routine maintenance of the sports facilities owned by the Municipality of Milan and entrusted in management to Milanosport.*
- *ATO approves the extension of the scope of activity of the IWS to the cleaning of storm drains and road drainage infrastructure and to the management of groundwater wells for irrigation use owned by the Municipality.*

**2021**

- *The services contract to MM Spa for the facility management of the city's school buildings is confirmed for a 25-year term.*
- *MM Spa starts a new management phase of direct maintenance of the green areas of the Municipality of Milan's public housing property.*

**2022**

- *MM Spa takes over the management of the Public Housing property of the Municipality of Bergamo. From 1 January 2023, MM Spa will carry out the administrative management and maintenance of the properties.*

<sup>9</sup> MM's services span the entire design cycle (technical and economic feasibility projects, final and executive projects), contract management, construction management, and safety coordination.

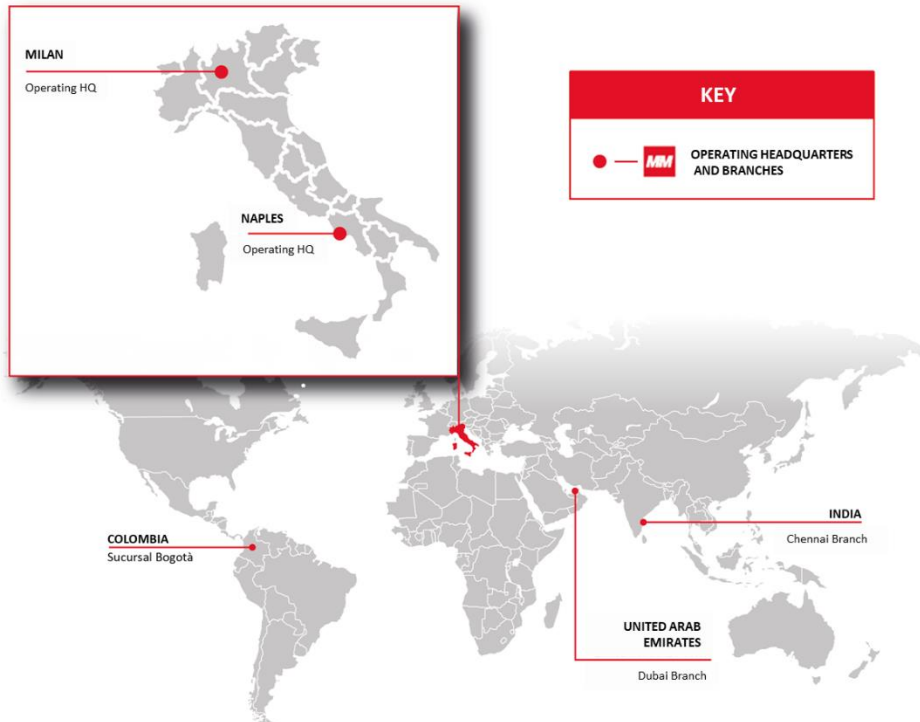
<sup>10</sup> The initial five-year assignment was revised in 2007 on a twenty-year basis and then in 2015 on a thirty-year basis expiring in 2037, in line with the time horizon of the Environment Plan.

<sup>11</sup> M.I.R. Srl owns some public movable property and real estate instrumental to the waste collection and disposal service that is leased to AMSA SpA (the interim provider of environmental hygiene services).

## 1.2. Where we are in Italy and the World

MM's **head office** is located in Milan, Via del Vecchio Politecnico.

Works completed by MM have contributed to making Milan a cutting-edge metropolis, allowing it to export in Italy and abroad the know-how gained in design and works supervision activities in the field of city and local area structures and infrastructure.



As for the **domestic market**, MM continues efforts to strengthen its presence, in order to increase know-how and make its expertise available for developing projects of local and/or national interest, to the benefit of the community at large, and focusing on the construction of local infrastructures (underground lines, railways) aimed at solving road and environmental problems.

The Company's presence on **international markets** is one of MM's strategic objectives. The Company pursues this goal through commercial activities and by participating in tenders for the design of underground lines, major works and infrastructure which are useful for city development from a 'smart city' perspective. MM is present, in partnership with other companies, in **Romania** (high-speed railway corridor) and **Greece** (Thessaloniki underground railway).

MM has also established **branches in Asia and on the American continent**, which offer the opportunity to export the Company's know-how and to engage in dialogue with other engineering companies, also through partnerships, in a virtuous process of global engineering knowledge growth.

The **Dubai branch** allows MM to consolidate a significant strategic geographical presence in one of the main global crossroads to the related territories (from North Africa to South Asia), as well as a nerve centre for infrastructure development (metros, trams and airports) to support the country's growth.

The **branch in Chennai** (known as Madras), in the state of Tamil Nadu in India, was established following the acquisition of important projects in the city for the design of two underground lots precisely in Chennai and the detailed design of Line 6, as well as the feasibility study of Line 14 of the Mumbai mega masterplan.

The **Colombia branch** is tasked with the project construction management of the Bogotá metro (the first metro line in the city, 24 km long with 16 stations and a total investment exceeding \$4 billion), within the Latin American market which today represents an important global economic driver for the export of engineering know-how.

*For details of the activities carried out in Italy and abroad, please refer to the Report on Operations accompanying the Financial Statements for the year ended 31 December 2022.*

### 1.3. Business areas

One of the **largest and most diversified engineering companies in Italy**, MM provides tailor-made solutions for the design and redevelopment of urban ecosystems by reorganising services, networks, infrastructures and publicly owned real estate. The ability to effectively and efficiently manage highly technical activities historically linked to sustainable mobility has allowed MM to also grow in **other business** perimeters, gaining recognition as a reference interlocutor with the Public Administration and with the citizens who are the end users of the services the Company manages.

The Company's excellence in managing subsoil-related issues and its ability to combine management skills with social goals have made MM the ideal competence centre for the management of the Integrated Water Service of the city of Milan, subsequently for the management of Public Housing property of the Municipality of Milan (including the direct management of green spaces within these areas), providing maintenance for school buildings, road underpasses and sports facilities, based on an increasingly multiservice approach.

MM's **main areas of intervention** are:



#### MOBILITY, INFRASTRUCTURE and PROPERTY



MM's engineering services contribute to the smart transformation and urban redevelopment of the city of Milan, designing works of public interest that improve citizens' quality of life.

The **integrated engineering model** developed by MM according to the project and construction management logic effectively responds to the needs of customers and of citizens, ensuring compliance with timelines, optimisation of costs, the expected level of quality of the interventions (maximising functionality) and limiting the impact on the environment.

To ensure the strategic and operational coordination of the design cycle (technical and economic feasibility projects, final and executive projects), as well as the monitoring and supervision of the construction cycle of the works, in 2022 the engineering services were reorganised into:



- the **Mobility and Extra Moenia Business Unit** for mobility works (including the analysis and mitigation of the impacts of noise and vibrations of construction sites or completed works), which also follows the commercial/sales activity for the promotion and development of contracts in Italy and abroad, in particular in Asia, Africa, Oceania, through the Dubai and India branches and the Colombia branch in compliance with the Guidelines for extra moenia commercial activities<sup>12</sup>;



- the **Infrastructure and Real Estate Business Unit** for works relating to urban infrastructure, hydraulic works, building and properties entrusted by the Municipality of Milan and its subsidiaries, including according to the "on demand" operating method, consisting of on call activated based on needs. The Business Unit is also in charge of the analysis of the built environment in schools and the safety and verification of the adequacy of infrastructures and buildings.



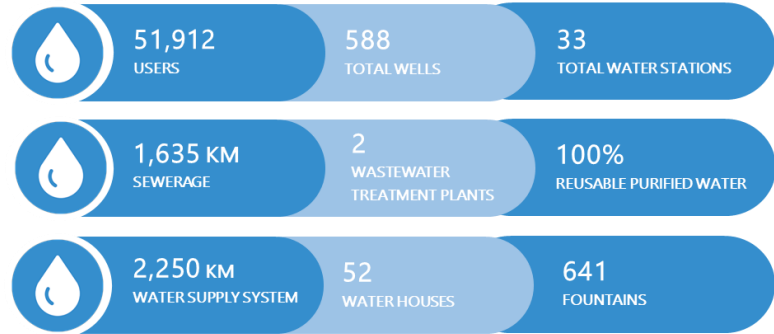
#### INTEGRATED WATER SERVICE

Since 2003, MM has managed the Integrated Water Service (IWS) of the City of Milan, serving an area<sup>13</sup> that covers approximately 180 km<sup>2</sup> with a population of approximately 2 million people, including residents and city users, and over 50,000 users. MM oversees all the different phases of the process: from the withdrawal of ground water to purification and quality control before distribution, from the collection of waste water into the sewer system to purification, including the management of sludge and process waste, to the return of water resources to the environment.

<sup>12</sup> In-house companies, by nature traditionally understood as companies operating outside the market, may allocate a portion of their turnover to activities outside the Municipality of Milan, whether they are activities carried out with other Public Administrations or with private entities (Legislative Decree 175/2016 setting out the "Consolidated Act on the subject of companies in which the public administration has a shareholding" in implementation of Article 18 of Law 124/2015 (so-called "Madia Law").

<sup>13</sup> In addition to the full service provided to the Municipality of Milan, MM is responsible for collecting and treating wastewater in Settimo Milanese, distributing drinking water in part of Corsico, and serving some users in Baranzate, Buccinasco, Peschiera Borromeo, San Donato Milanese, as well as Milan-Rho's new exhibition centre.

The **Water Service Business Unit** ensures the constant **provision of essential** aqueduct, sewerage and purification **public services**, including emergency services, customer service and ordinary and extraordinary maintenance of infrastructures, networks and systems, guaranteeing the efficiency of the system and its constant updating and control. MM also manages the urban drainage system of the city of Milan (underpasses, rainwater networks and roadside drains), also carrying out control and verification activities of the productive discharges into the sewers of the Municipality of Milan and manages the relationship with the Authorities and bodies that govern the service. The organisation is based on a distinction between the network management (including supply, treatment and distribution of drinking water and collection and transportation of wastewater) and plant management (including the operation of treatment, sewage lifting and shunting plants, as well as related maintenance).



The Milan aqueduct network is fed by deep groundwater collected directly under the city and distributed through pumping from the water plants in the capillary distribution network. The increased digitisation of the distribution process, through the use of smart meters and IoT devices on site, has enabled significant energy efficiency improvements in recent years accompanied by a continuous increase in operating performance (e.g. water leaks).

The City of Milan also boasts a particularly virtuous and efficient purification system: the two San Rocco and Nosedo purifiers managed by MM treat around 90% of the wastewater produced in the Milan area<sup>14</sup> and constitute **circular economy safeguards recognised at the European level**, as in addition to making water resources more efficient, they return purified and quality water to be used for irrigation purposes.



## PUBLIC HOUSING

Since 2014, MM has managed the **Public Housing property** owned by the Municipality of Milan, overseeing the administrative, accounting and technical-legal activities, relations



with users, ordinary and extraordinary maintenance, asset protection and preparatory activities for the allocation of housing, in compliance with the agreement with the Municipality of Milan<sup>15</sup>. This, for a total of almost 40,000 units, divided between homes, garages and parking spaces, and premises used for different purposes and about 1,500 properties located in various municipalities in Lombardy (Assago, Bollate, Brugherio, Cinisello Balsamo, Corbetta, Desio, Garbagnate, Inveruno, Lainate, Locate Triulzi, Mazzo di Rho, Muggiò, Paderno Dugnano, Peschiera Borromeo, San Giuliano Milanese, Tavazzano, Trezzano sul Naviglio and Vizzolo Predabissi).

The **Housing Business Unit guarantees and monitors the correct performance of activities**, improving the management performance in terms of efficiency, effectiveness and cost-effectiveness, combating episodes of late payments and abusive practices, strengthening relations with tenants, also thanks to the development of synergies with other corporate structures – in particular on the engineering and integrated water service side – for the management of maintenance activities (e.g. planning, execution of works, testing, etc. in the case of renovations, bringing buildings up to standard, interventions on lifts and for demolition of architectural barriers) and the relationship with customers (e.g. billing, emergency services, communication tools, etc.). An aspect to which MM pays particular attention is the development of the relationship with tenants, characterised by a strong presence and proximity. This, both through the identification **of a technical contact person and an administrative contact person** in charge of the local

<sup>14</sup> Milan's wastewater treatment system also includes, on a residual basis, the Peschiera Borromeo plant, the management of which is not the responsibility of MM. The plant is equipped with a line dedicated to the treatment of sewage from the eastern districts of the city of Milan, which accounts for the remaining 10% or so of the wastewater produced in the Milan area. The city's system thus reaches up to 2,486,000 population equivalents (authorised capacity).

<sup>15</sup> The Municipality of Milan – following the Resolution no. 9 of 29 April 2015 issued by the City Council – entrusted the management of the public housing property to MM for a period of 30 years starting from 1 June 2015, effectively recognising the value of MM's work in the first 6 months of temporary assignment.

offices, as well as **dedicated functions** in charge of various aspects concerning the contact with tenants, from the management of the life cycle of lease contracts and reports, to that of IT tools (e.g. Contact Centre, Tenant Portal), up to the definition and promotion of social engagement and community building initiatives to encourage the aggregation and sociability of tenants (see paragraph 2.4 “*Management systems and certifications*”).

At the end of 2022, MM has strengthened its commitment and its role in the management of public housing services, including in its management the properties owned by the Municipality of Bergamo; the start of the administrative management and property maintenance activities is scheduled for January 2023.

#### HOUSING BUSINESS UNIT

##### MAIN SERVICES

- Administration of Public Housing property, determination of fees, mobility, allocations and contract transfers
- Administration of contracts, services, supplies, maintenance activities
- Tenant management through local offices and the various contact channels
- Protection of Public Housing property and fight against squatting (together with law enforcement authorities)



## FACILITY MANAGEMENT

As part of its field operations, since 2020 MM oversees the **facility management** activities (ordinary, periodic, scheduled and emergency maintenance), both directly and by relying on external contractors, of the city’s school buildings<sup>16</sup>, lifting systems serving road underpasses and sports facilities owned by the Municipality of Milan and managed by Milanospoort. During 2022, the management of the services provided by the Business Unit underwent a progressive transition from a “buy” approach, in other words through external contractors, to a “make” approach, in other words the insourcing of activities through the prevalent use of internal resources.

The **Routine Plant and Infrastructure Maintenance Business Unit** deals with activities of an administrative, accounting, legal and technical-maintenance nature relating to **interventions** that resolve various **problems** of a **technical nature** in the buildings and infrastructures that MM is responsible for. The Business Unit adopts a logic of **integrated multi-service management** (global service), oriented towards **efficiency** and **rationalisation of resources**, including aspects such as the management of reports, the relationship with users (including through a CRM system) and the end-to-end development of the works, from the planning and coordination of the interventions to the reporting. The **centralisation of technical and managerial information** and the unique nature of the tools used facilitate the full knowledge of assets and services, and an effective and efficient management of maintenance interventions in all phases of planning, execution and control.

At the end of 2022, the Municipality of Milan also entrusted MM – effective as of 2023 – with services relating to: ordinary maintenance and periodic control of electrical systems in school buildings<sup>17</sup>; architecture and engineering activities relating to the management of contracts for the ordinary maintenance of roads, signs and bridges, currently underway<sup>18</sup>; and, finally, the identification of the maintenance needs of the road network, with surveys and monitoring to develop the road cadastre and to plan and manage maintenance activities<sup>19</sup>. At the end of 2022, MM also took over the ordinary maintenance service of the premises granted for use by Milano Ristorazione for canteens and cleanup.



561  
SCHOOL BUILDINGS

26  
SPORT FACILITIES

29  
ROAD UNDERPASSES

377  
CANTEENS AND  
CLEANUP AREAS



## GREEN MANAGEMENT

Leveraging the experience gained in facility management, between the end of 2021 and the beginning of 2022 MM launched the **direct care and maintenance operations of the green spaces of the Municipality of Milan’s public housing** managed by the Housing Business Unit, and, subsequently, of that of a subset

<sup>16</sup> The contract for school building facility management activities was signed at the end of December 2021 for a duration of 25 years.

<sup>17</sup> Executive Resolution No. 12565 of the Municipality of Milan dated 30 December 2022.

<sup>18</sup> Executive Resolution No. 12394 of the Municipality of Milan dated 29 December 2022.

<sup>19</sup> Executive Resolution No. 12492 of the Municipality of Milan dated 30 December 2022.

of MM offices (Centrale dell'Acqua, Meda-Sforza, Anassagora, Empedocle, Martini, Civitavecchia, Forze Armate, Senigaglia, Espinasse and De Lemene) and of the San Rocco and Nosedo purifiers<sup>20</sup>.



The **Public Housing Green Management Business Unit** is responsible for guaranteeing the management and maintenance of the green areas over time, with the aim of also improving the aesthetic aspect and functionality of the spaces, of carrying out a punctual census of the stocks to monitor the state of maintenance of the green areas, and to carry out interventions to ensure safety in relation to localised deterioration of the same. The Business Unit is made up of **new professionals** such as specialised workers, gardeners and area managers, who will be appropriately trained and certified, and will work in coordination with Housing Business Unit staff, who previously managed the external maintenance workers.

At the end of 2022, the Municipality of Milan approved the entrustment to MM of the ordinary maintenance service, periodic checks and extraordinary maintenance on tactical urban planning interventions referred to as "Open Squares"<sup>21</sup>. The service will start in 2023 on 33 squares, with the aim of reaching 47 in three years.

*For further information on the activities carried out by the various business units, please refer to the 2021 NFS and the Report on Operations accompanying the Financial Statements for the year ended 31 December 2022.*

## 1.4. Governance

MM has a standard corporate governance system<sup>22</sup> comprised of **two bodies appointed by the General Meeting** – an administrative body and a control body, whose members serve 3-year terms.

In **2022**, the **MM Shareholders' Meeting** approved the appointment of a **Chief Executive Officer**, mandating the Board of Directors to grant the latter broad management and organisational powers and mandates.

### MANAGEMENT and CONTROL BODIES (as at 31/12/2022)

BOARD of DIRECTORS <sup>23</sup>	BOARD OF STATUTORY AUDITORS
Simone Dragone, Chair Francesco Mascolo, Chief Executive Officer Roberta Di Vieto, Director Giuseppina Lanza, Director Marco Plazzotta, Director	Achille Lanfranchi, Chair Roberto Cassader, Standing Statutory Auditor Ilaria Moretti, Standing Statutory Auditor
<b>INDEPENDENT AUDITORS</b>	PricewaterhouseCoopers SpA

By virtue of its nature as a **public company**, it is the responsibility of the Sole Shareholder, the **Municipality of Milan**, to proceed with the **appointment** of MM's Chair and Board of Directors, who shall remain in office for three financial years, through the publication of a specific public call and the subsequent evaluation of the applications. The Municipality of Milan, with the Mayor's Appointment Decree, also determines the fixed annual **remuneration**, pursuant to Article 2364 of the Italian Civil Code and Article 19 of the Articles of Association, in addition to any eventual VAT and ancillary charges when due and the reimbursement of expenses incurred for work-related reasons within the limits of the law and as provided for by Article 19 paragraph 2 of the Articles of Association. The Municipality of Milan also defines the maximum limit of the remuneration to be paid to the

<sup>20</sup> At this time, the maintenance of the green areas around MM's purifiers is of an extraordinary nature, waiting for the existing contracts with the external maintenance service providers to expire in 2023.

<sup>21</sup> Executive Resolution No. 12524 of the Municipality of Milan dated 30 December 2022.

<sup>22</sup> Corporate governance is the set of corporate tools, rules, relations, processes, and systems aimed at ensuring the sound and efficient management of the Company's operations. The corporate governance structure thus represents the rules and processes through which a company makes decisions, the methods for setting business objectives, and the means for achieving results and measuring them.

<sup>23</sup> On 27 June 2022, the new Board of Directors, currently in office, was appointed through a Mayor's Decree. For additional details, please see the Report on Operations accompanying the Financial Statements for the year ended 31 December 2022.

Chief Executive Officer for the performance of his/her delegated functions, having regard to the number and nature of the same.

The appointment of the Board of Directors takes place in compliance with current legislation on ensuring equal access between genders for companies controlled by Public Administrations. As regards the requirements of **professionalism** and **integrity** on the part of the Directors and the causes of ineligibility, forfeiture and incompatibility of the same, the provisions of Articles 2382 and 2390 of the Italian Civil Code and the additional special regulatory provisions in force apply<sup>24</sup>.

Some of the Directors of the current Board of Directors, appointed by the Mayor's Decree on 27 June 2022<sup>25</sup>, also hold the position of members of the Boards of Directors of other companies.

In 2022, as part of the renewal of the Board of Directors, a **self-assessment of the outgoing administrative body** (board review) was carried out, concluded with a positive outcome. The review analysed the Board's composition, structure and functioning with the aim of carrying out a structured survey of its effectiveness from an operational point of view and to identify opportunities for improvement to better perform the role of direction and control of a complex and constantly evolving company such as MM, also taking into account the change in governance.

MM has adopted a **conflict of interest regulation**<sup>26</sup>, which applies to the whole company. This Regulation identifies the possible circumstances in which a conflict of interest may arise, defining the identification criteria and the monitoring and management methods through the adoption of appropriate organisational tools (including reporting to the Ethics Committee and the Supervisory Body, in the event of conflicts of interest relating to the Organisational Model pursuant to Legislative Decree 231/2001), confirming and reinforcing what has already been regulated in the Organisational Model pursuant to Legislative Decree 231/2001, and in the Code of Ethics. The addressees of the Regulation have the obligation to put MM's interests first in their internal and external relationships, over any other situation which could lead to a benefit or advantage of a pecuniary nature, even if only potential, for themselves, for their family members and/or for external collaborators.

Finally, within MM, it is a consolidated practice to notify the Board of Directors of any significant critical issues concerning the Organisation and its activities.

MM has adopted a **Business Unit-based organisational model** with personnel structures transversal to the various corporate business areas, which promotes the organisation rationalisation of its structure and strengthening of its multi-service nature, with the additional goal of capitalising on MM's distinctive know-how and to favour the internal professional growth of its human resources.

In order to guarantee the strategic and operational coordination of the Business Units, MM has set up dedicated **Committees**<sup>27</sup> which meet on a regular or as needed basis to analyse the performance of the various business areas and their activities. These committees examine any potential issues which may arise from carrying out operations and decide on the actions to be taken. In addition, MM has set up an **Interdisciplinary Procurement Technical Committee**, with proposal-making and control functions, tasked with following all the tenders and contracts that MM entrusts to third parties in its capacity as Customer (see paragraph 3.4 "Supply chain management").

In 2022, the **Investment Evaluation Committee** was also set up to oversee the evaluation of the investment proposals made on independent corporate initiative and involving significant amounts in terms of alignment with MM's profitability and risk profile parameters.

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<sup>24</sup> Furthermore, the spouse, ascendants, relatives and in-laws up to the third degree of the Mayor, members of the Executive Committee and other members of the Board of Directors cannot hold the office of Chair.

<sup>25</sup> The deed of appointment of the Board of Directors, together with curricula and remuneration of the same, is published on the [www.mmspa.eu](http://www.mmspa.eu) website (Home > The company > Transparency > Organisation).

<sup>26</sup> By "conflict of interest" we mean the condition that occurs when the impartiality required of subjects who, in the exercise of decision-making power, can interpose their own interests or those of their family members in conflict with the interests of the Company, is compromised, even potentially.

<sup>27</sup> For a detailed description of the activities carried out by each committee, please refer to the 2020 Sustainability Report published at [www.mmspa.eu](http://www.mmspa.eu) (Home > Sustainability > Sustainability Reports).

Added to these is the **Audit, Risk Management and Sustainability Committee**, the only internal board committee present in MM and set up by resolution of the Board of Directors, with the task of supporting, through the performance of preparatory activities, the assessments and the decisions of the Board concerning the internal control system, risk management and sustainability.

In 2022, the Audit, Risk Management and Sustainability Committee met 8 times according to the calendar defined at the beginning of the year, and the meetings were attended by one or more members of the Board of Statutory Auditors and the Chief Executive Officer.

The **Audit, Risk Management and Sustainability Committee** also **remains in office for three financial years** and its current members, appointed by the Board of Directors on the basis of their specific skills, consist of the following Directors: Roberta Di Vieto (Chair), Giuseppina Lanza, Marco Plazzotta.

MM does not carry out due diligence and the role of the Board of Directors in managing the organisation's impacts on the environment, economy and people is carried out through the Audit, Risk Management and Sustainability Committee, while the approval of the materiality analysis and of the content of non-financial reporting remains the responsibility of the Board of Directors<sup>28</sup>.

The **mandates** of responsibility in managing the impact of the organisation on the economy, the environment and people are **conferred by the Chief Executive Officer on other employees**<sup>29</sup>, who report directly to the latter in relation to their work.

*For more details on all the organisational changes introduced in 2022, please see the Report on Operations accompanying the Financial Statements for the year ended 31 December 2022.*

#### MAIN FUNCTIONS OF THE AUDIT, RISK MANAGEMENT AND SUSTAINABILITY COMMITTEE

- *Examining non-financial information pertaining to the internal control and risk management system.*
- *Express opinions on specific aspects related to the identification of the main corporate risks and support the assessments and decisions of the Board of Directors relating to risk management.*
- *Review the periodic reports prepared by the internal audit function and entrust it with the performance of audits on specific operational areas.*
- *Report to the Board of Directors on the activities carried out and on the adequacy of the internal control and risk management system.*

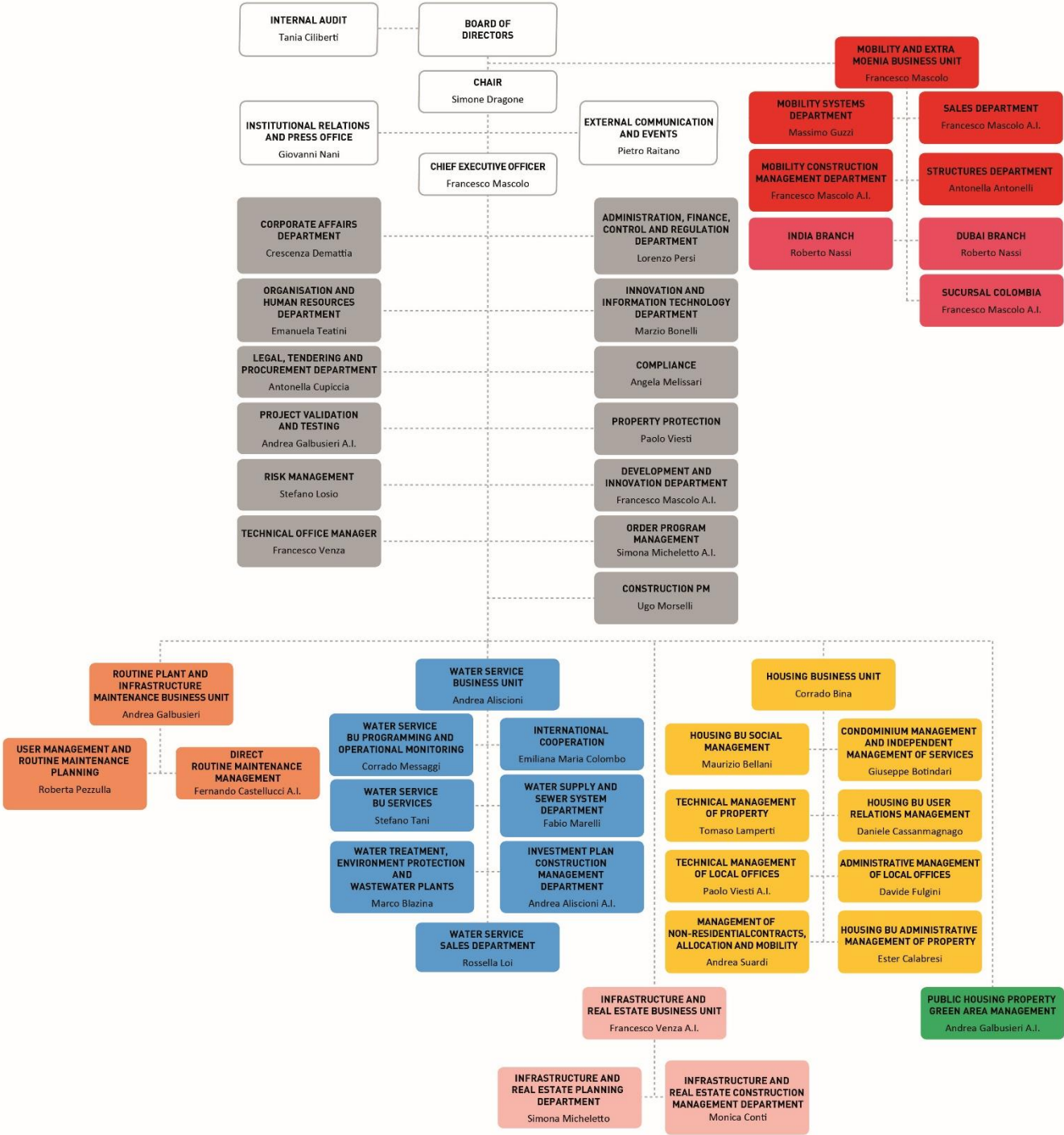
<sup>28</sup> During the preliminary presentation to the Audit, Risk Management and Sustainability Committee, to the CEO and to the Chair of the results of MM's materiality analysis, the Corporate Social Responsibility function also prepares a summary document (in the form of an Executive Summary) to inform and train the members of the Board regarding the updates that occurred during the year in terms of sustainability reporting.

<sup>29</sup> The mandates regarding the environment and health and safety in the workplace (pursuant to Article 16 of Legislative Decree no. 81 of 9 April 2008) are published on the [www.mmspa.eu](http://www.mmspa.eu) website (Home > The company > Transparency > Other content - Safety and Environment Mandates).





CORPORATE STRUCTURE



MM's organisation chart at 31 December 2022

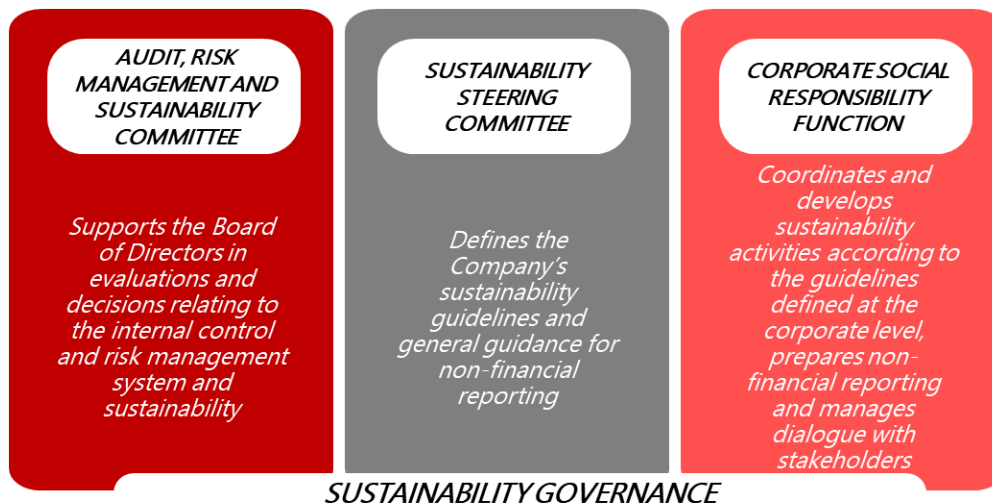
## 2. Sustainability in MM

The concept of sustainable development has evolved over time and, today, identifies “a constant and preferably growing well-being (environmental, social, economic) and the prospect of leaving future generations with a quality of life no lower than the current one”.

MM's commitment is aimed at enhancing the common good, integrating the values of sustainability in its business strategy for each of the three dimensions, in particular as regards: respect for the environment, protection of natural resources, reduction of consumption, and fight against pollution; the ability to guarantee equally distributed conditions of well-being, listen to needs and promote human progress; and the creation of long-term value for lasting growth.

MM has embarked on, for several years, a structured path with the aim of **effectively managing sustainability issues** and guaranteeing an efficient monitoring, evaluation and reporting system.

On the governance front, the following committees have been set up: the **Sustainability Steering Committee**<sup>30</sup> in 2014 to define the guidelines for non-financial reporting, the **Corporate Social Responsibility function**<sup>31</sup> in 2016 focused on the development of social responsibility activities, and the **Audit, Risk Management and Sustainability Committee**<sup>32</sup> in 2021 to support the Board of Directors in decisions relating to sustainability and the internal control and risk management system.



MM has been publishing the **Sustainability Report** on a yearly basis since 2015. As of 2018, the Sustainability Report has been supplemented with the **Non-Financial Statement (NFS)** pursuant to Legislative Decree 254/2016, MM being a public-interest entity. Since 2020, **MM has decided to report its sustainability performance in a single document** qualifying both as an NFS and a Sustainability Report (see the “*Methodological Note*” section). The NFS is first shared with the Audit, Risk Management and Sustainability Committee and then approved by MM's Board of Directors.

<sup>30</sup> In 2022, the activities of the Sustainability Steering Committee were temporarily suspended in light of the governance and organisational changes that directly affected some members of the Committee. To date, it was made up of the Chair, the General Manager, the Administration, Finance, Control and Regulation Director, the Organisation and Human Resources Director and the Communications and Institutional Relations Director, confirming the attention paid to sustainability issues by MM and its top management.

<sup>31</sup> At the end of 2022, the Corporate Social Responsibility function was assigned to report directly to the Administration, Finance, Control and Regulation Department to help create greater synergy between strategic development activities, with particular attention to the definition of the Sustainability Plan, for the development of the EU Taxonomy and in view of the implementation of the new directives on the matter.

<sup>32</sup> For details on the specific functions of the Audit, Risk Management and Sustainability Committee, please refer to “1.4 Governance”.

### OPENREPORT®, MM'S web reporting portal

**OpenReport®** has been online since 2021, the innovative, dynamic MM portal connected to the corporate website, which offers a complete and transparent overview of the **Company's social, economic and environmental performance**.

The portal creates a **virtuous link between institutional communication, accountability and dialogue with stakeholders**, providing for a clear and immediate view of the connection between MM's material topics and the Sustainable Development Goals of the UN 2030 Agenda, with various levels of detail on the results of the actions implemented by the Company in relation to sustainability issues.

OpenReport® is part of the **digitisation process** promoted by MM through which the Company aims to make sustainability reporting increasingly more accessible. The possibility of greater interaction with users and periodic updates are also expected to be addressed in the future.

<https://openreport.mmspa.eu/>



#### LOOKING TO THE FUTURE

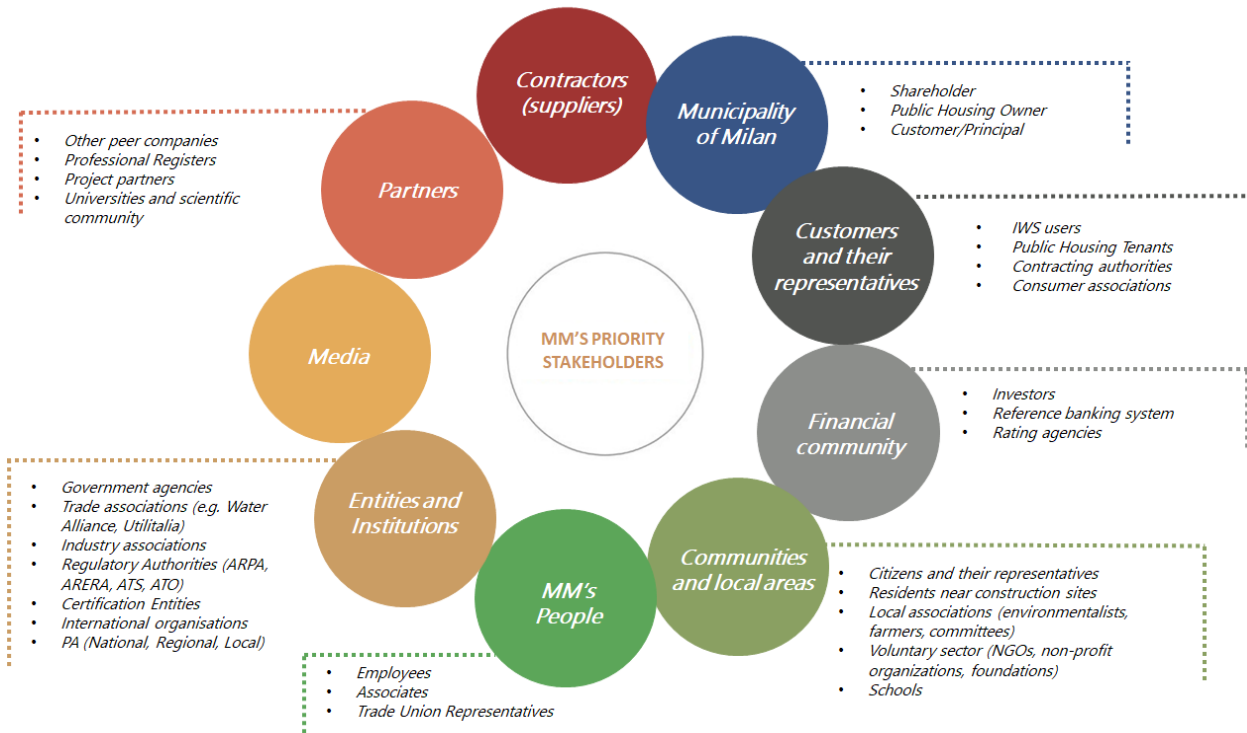
The objectives for next year include the definition of medium-long term commitments and objectives within a **Sustainability Plan** integrated with the strategic lines of the business.

## 2.1. Our stakeholders and dialogue tools

In defining development strategies and planning sustainability activities, MM takes into account the needs and expectations of **stakeholders** – in other words individuals or groups who have an interest on which the Company's activities have or could have an impact – with whom it has long established a **continuous and transparent dialogue** oriented towards inclusion and the use of different and complementary communication tools. The engagement of stakeholders represents a precious **opportunity** for MM to **continue along the path of improvement aimed at creating shared value**.

Since 2014, with the launch of the sustainability performance reporting process, MM has identified its **priority stakeholders**<sup>33</sup>, classifying them into categories and trying to understand their interests, to subsequently define the most appropriate **dialogue tools** to respond to their expectations.

<sup>33</sup> The mapping of MM's priority stakeholders was revised in 2021 in order to better represent the level of maturity reached by the Company in the relationship and dialogue with its stakeholders, and was confirmed in 2022. For details on the updating process, please refer to the 2021 NFS published on the [www.mmspa.eu](http://www.mmspa.eu) website (Home > Sustainability > Sustainability Reports).



**STAKEHOLDERS and MAIN DIALOGUE TOOLS**

Stakeholders	Description	Main dialogue tools
Contractors (suppliers)	Including: large-sized and small-sized suppliers, business partners, etc.	Sustainability Report / NFS Code of Ethics Organisational, Management and Control Model (OMCM) E-procurement platform Anti-corruption Policy Company's websites, social media profiles and apps
Municipality of Milan	MM's capital is wholly owned by the Municipality of Milan, which represents the territory being served and plays the role of shareholder, owner of the Public Housing property and MM customer/principal.	Shareholders' Meeting Financial Statements Sustainability Report / NFS Milan's Centrale dell'Acqua Board of Directors MM Academy MM Publications Reporting Technical meetings
Customers and their representatives	Including: users of the IWS, tenants of Public Housing units, tenants' unions, contracting authorities, consumer associations, etc.	Service Charter Public events and meetings Project feedback MM Publications Integrated Water Service Regulations Reporting Local offices Customer Service CRM system Company's websites, social media profiles and apps Technical meetings
Financial community	Including: reference banking system, investors, rating agencies, etc.	Announcements to markets and investors Financial Statements Sustainability Report / NFS

		<p>Certificates of Conformity Rating Bond prospectus</p>
Communities and local areas	<p>Including: citizens and their representatives, committees, residents near construction sites, local associations (e.g. environmental, farmer associations), NGOs, foundations, non-profit associations, etc.</p>	<p>Sustainability Report / NFS Milan's Centrale dell'Acqua Public events and meetings MM Publications Company's websites, social media profiles and apps</p>
MM's People	<p>Including: employees, top management, associates, trade unions.</p>	<p>Agreements and meetings with unions Financial Statements Sustainability Report / NFS Milan's Centrale dell'Acqua Code of Ethics Dedicated events and meetings Training "inMM" Intranet MM Academy Organisational, Management and Control Model (OMCM) MM Publications Performance assessment system Company's websites, social media profiles and apps Company welfare</p>
Entities and Institutions	<p>Including: Public Authorities (e.g. Lombardy Regional Authority, Metropolitan City Authority, etc.), Regulatory and supervisory authorities (ARERA, Area Office of the Metropolitan City of Milan, ATS, ARPA, etc.), certification entities, trade associations, industry associations, government agencies, international organisations.</p>	<p>Financial Statements Sustainability Report / NFS Milan's Centrale dell'Acqua Consultation procedures Conventions and events MM Publications Reporting Certified management systems Company's websites, social media profiles and apps Technical meetings</p>
Media	<p>Including: online and offline media.</p>	<p>Milan's Centrale dell'Acqua Press releases and press review MM Publications Company's websites, social media profiles and apps</p>
Partners	<p>Includes: other sector and/or reference companies for MM, professional associations, project partners, universities, public and private research centres, scientific community, etc.</p>	<p>Financial Statements Sustainability Report / NFS Code of Ethics Conventions and events MM Academy MM Publications Company's websites, social media profiles and apps Technical meetings</p>

MM's publications include: *Engineering Series*, *IWS Series*, *Ghe Sem*, *Innobook*, *La tua casa*, *POP! Abitare*, *voce del verbo popolare*, *Tecniche di buona Condotta*, *The Leonardo issue* (special Comics&Science edition, the CNR Edizioni scientific communication comic book series), *Handbook for the control of legionella in condominium plumbing systems*, *Expo 2015 series* (Buildings, Infrastructures, Landscapes). The publications are available at [www.mmspa.eu](http://www.mmspa.eu) (Home > Media > Publications) and at [www.centraleacquamilano.it](http://www.centraleacquamilano.it) (Home > For Schools > Leonardo and Milan's water).

## 2.2. Materiality analysis and material topics for MM

The engagement of stakeholders is one of the fundamental steps in the process of updating the **materiality analysis**, allowing to identify the **material topics** on which to direct MM's initiatives in the sustainability area and forming the heart of the non-financial reporting. The analysis reflects the specific nature of the sectors in which MM operates, making it possible to ensure the effective and transparent communication of the Company's activities, performance and the impact generated.

MM's non-financial reporting is carried out in line with the reporting principles of the **GRI Standards**, which define the content and quality of the information reported, and underwent a revision process in 2021, concluded with the publication of the current version. The update of the materiality analysis carried out in 2022 was therefore carried out in line with the directives of the new "GRI 3: Material topics", which requires the identification of the material topics that reflect **the most significant impacts generated by the company on the economy, the environment and people**, including impacts on human rights (the so-called **impact materiality**).

The materiality analysis also took into consideration the aspects provided for by **Legislative Decree 254/2016**, the European Commission's guidelines on the disclosure of non-financial information and the aspects characterising the sectors in which MM operates, to the extent necessary to ensure an understanding of the Company's activities, performance, results and the impact generated.

As required by the new standard, the analysis was carried out in four phases, which must be repeated for each reporting period with the aim of identifying the material topics to be reported in the form of a list:

1. **Understanding of the context** through benchmark analysis of the main peers and best practices, sector trends in sustainability and internal documentation, material to identifying the relevant aspects for MM in view of its activities, business relationships, sustainability context in which it operates and stakeholder expectations;
2. **Identification of the current and potential positive and negative impacts** that MM generates or could generate on the economy, environment and people, integrating the analysis of public documentation on the main impacts, risks and sustainability of MM's business sectors with the contributions of the main corporate functions. In particular, to draw up the list of potentially material impacts for MM, the **results of the risk assessment** carried out by the corporate Risk Management function were taken into consideration;
3. **Evaluation of the significance of the impacts** through a questionnaire that was distributed to a panel of internal and external stakeholders, asked to assess the significance<sup>34</sup> of the impacts associated with each potentially material topic. A total of 41 responses were obtained, covering all MM priority stakeholder categories.
4. **Prioritisation of the most significant impacts** and of the topics associated with these, based on the answers provided through the questionnaire and **definition of the updated list of material topics**, subject to the definition of a possible materiality threshold.

The results of the analysis were preliminarily shared with the Chief Executive Officer and the Chair and subsequently with the Audit, Risk Management and Sustainability Committee, which assessed their consistency with the strategic direction of the business, to then be brought for approval by the **Board of Directors** at the meeting held on 14 February 2022.

The new **list of material topics**, although in line with the topics identified in previous years, presents some changes that reflect MM's evolution, the level of supervision developed over time in specific areas and the constant effort to improve the efficiency of the communication towards stakeholders.

In particular, the "*Increasing energy consumption efficiency*" topic has been merged into the "*Fight against climate change*" topic, as a significant part of MM's efforts to combat climate change are concentrated on energy efficiency measures. Similarly, the "*Corporate wellbeing*" topic and the "*Diversity and equal opportunity*" topic were combined to create the "*Inclusion and corporate well-being*" topic, to highlight the importance of creating an inclusive culture in which MM employees can develop their wellbeing; the "*Protection of privacy and rights*" topic, instead, was included in the broader "*Business ethics and integrity*" topic. Finally, the new "*Air quality and pollution*" topic has been added to the list, in light of the impacts generated by MM through construction site activities and the operation of water service plants. The areas of intervention within which the

<sup>34</sup> "Significance" refers to the probability of occurrence of the impacts due to their severity at the time they occur.

material topics were divided were also reviewed, bringing together the topics previously grouped with the “Customer Centricity” topic within the others.

MM’s **18 material topics** have thus been reclassified into the current four **areas of intervention** – **Responsible business, Environmental transition, Empowering people** and **Communities and local areas** – and are dealt with in the following chapters with a level of depth and detail determined based on their positioning in the prioritised list, in compliance with the GRI Standards and with the provisions of Legislative Decree 254/2016<sup>35</sup>.

The most significant topics include “Sustainability and quality of the integrated water cycle”, “Circular Economy”, “Caring for the city and its citizens”, “Fight against climate change” and “Creating value for stakeholders”.


**Areas of intervention and material topics**




**MM and SUSTAINABLE DEVELOPMENT GOALS**

SDGs (Sustainable Development Goals) are **17 sustainable development goals defined by the UN as part of the 2030 Agenda**. Their aim is to guide businesses, citizens, public authorities and governments in achieving common global goals. In recent years, MM has launched an effort to intercept the potential contribution of its activities to the achievement of these objectives.

Through discussions with stakeholders, **MM has identified 8 priority SDGs**, consistent with the distinctive characteristics of the business and relations with the local area, on which to further focus the Company’s commitment in the sustainability sphere. The SDGs selected represent the starting point for a preliminary identification of possible commitments and initiatives to contribute to the SDGs that can subsequently be incorporated into the future Sustainability Plan.



On the **OpenReport®** portal connected to the MM corporate website, it is possible to view the **connection between MM’s material topics and the SDGs**.



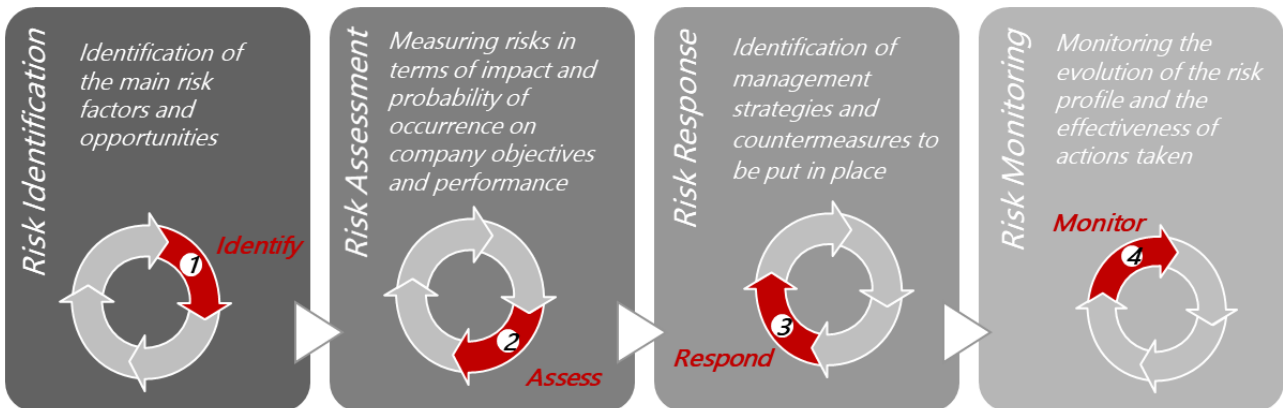
<sup>35</sup> For the complete description of the material topics, presented in order of priority based on the significance assigned by the stakeholders, please refer to the “Prioritised list of material topics with description” paragraph in the Annexes, presented below in order of priority.

### 2.3. MM's integrated risk management

MM has adopted a risk management system that aims to be an integral and systematic part of the Company's processes. In particular, through the **Enterprise Risk Management (ERM) framework**, risk analysis and monitoring activities are implemented, as part of an integrated logic, in order to guarantee their **effective monitoring in line with the corporate objectives**. Coordination of this process is entrusted to the **Risk Manager**, appointed in 2021, whose main tasks are:

- |  |  |
|--|--|
| <p><b>01</b></p> <p><i>Support the structuring of risk analysis governance in alignment with the business complexity</i></p>   | <p><b>04</b></p> <p><i>Collaborate in defining the audit and compliance plans by reporting on the analysis of the activities carried out</i></p>   |
| <p><b>02</b></p> <p><i>Define with the Chief Executive Officer risk management objectives and activities relevant to the Company and propose a possible update of the relevant procedure</i></p>         | <p><b>05</b></p> <p><i>Promptly inform the Chief Executive Officer in case "critical" risk scenarios are identified during interviews</i></p>  |
| <p><b>03</b></p> <p><i>Define the actions, tools and methodologies useful for operational monitoring of risk management activities, in collaboration with the impacted organisational structures</i></p> | <p><b>06</b></p> <p><i>Draft every year the ERM report aimed at informing the stakeholders involved on the progress of MM's risk profile, on the possible impacts on the strategic objectives and on the implementation of response strategies</i></p> |

In summary, the process was structured according to the scheme presented below:



In 2022, the **risk analysis update** was carried out on the basis of the previous mapping, updating and – where necessary – revising and integrating the document through interviews with the corporate risk owners, relying on specific checklists. This process constitutes a targeted path to gain greater insight over the years, with a cyclical process, so as to have an ever greater level of detail on the risks of individual processes and activities.

The summary report was made available to the Audit, Risk Management and Sustainability Committee and the Board of Statutory Auditors for its expert consideration.

<b>LOOKING TO THE FUTURE</b>	<p><i>The collaboration activity with the risk specialists, which began in 2022, will also continue in 2023 with the involvement of the various functions concerned through different working tables. The Risk Management function will continue to provide support to the competent functions, participating in the corresponding inspection visits for the maintenance of the various ISO certifications.</i></p> <p><i>The Risk Management function will also provide the Administration, Finance, Control and Regulation Department with the necessary support and coordination aimed at carrying out an in-depth analysis of ESG and Taxonomy-related issues and at the preparation of the Non-Financial Statement.</i></p>
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### 2.3.1. Mapping sustainability-related risks

In 2022, MM continued the process of **integrating sustainability risks into the corporate risk management system**: within the Enterprise Risk Management process, focused on identifying economic, financial and operational risks, in fact, an additional function has been introduced that makes it possible to highlight the **risks relating to ESG issues**.

Within the scope of the risk map, a total of **40 risks** were highlighted (out of a total of 101) inherent to the areas covered by Italian Decree 254/16, of which **9 risks** classified as **“top risk”**.

With regard to the specific economic-financial risks such as currency risks, credit risks, interest rate risks, or liquidity risks that do not fall within the scope of the areas in Decree 254/16, reference should be made to the 2022 Financial Statements.

There is a type of risk that may affect the achievement of the Company's strategic goals in the medium-long term, considering that MM is primarily a utility company: **reputational risk**. It is considered to be a secondary risk deriving from negative events attributable to other risk categories, i.e. the risk associated with the occurrence of external events outside company control or mistakes that could harm MM's reputation, with impacts across the business areas (e.g. cyberattacks, service interruptions, etc.). To monitor this risk, MM has adopted continuous monitoring and reporting systems and a **Committee** that evaluates the level of risk following the occurrence of a critical event, presiding over the **Crisis management team** set up to operationally handle crisis scenarios, also with reference to the communication activity, and supported by a **procedure** that defines the operating methods of its activity and the communication tools to be used before, during and after a critical event.

Finally, considering the importance that the issue is assuming at a global level, during 2022 MM carried out an in-depth analysis of the impacts of the **risks connected with climate change** to which it is exposed in light of its activities, including on the basis of the evolution of legislation on the subject, thanks to the involvement of the corporate functions that deal specifically with environmental and energy-related issues.

The results of the analysis are presented in paragraph 5.1 *“The fight against climate change”* and in the *“Mapping sustainability-related risks”* paragraph in the Annexes, while the Annexes include further information on the risks relating to the areas covered by Decree 254/16, referenced back to the material topics of the 2022 NFS.

### 2.4. Management systems and certifications

MM's commitment to the continuous improvement of services is demonstrated by the adoption of specific **policies** and the constant updating of **certified management systems**, in line with the requirements of the best international reference standards which, starting from the analysis of the context and the main risks and opportunities associated with business activities, ensure that stakeholder expectations are met, risks are prevented and mitigated, management is made more efficient and greater competitiveness on the market is acquired.

**The existing policies and certifications** are summarised below, indicating the company areas involved and the corresponding improvement objectives.

Key:



MANAGEMENT SYSTEMS		
REFERENCE STANDARD and SCOPE	BUSINESS AREAS	SYSTEM DESCRIPTION and OBJECTIVES
<b>QUALITY (UNI EN ISO 9001:2015)</b>		MM has implemented and maintains a certified Quality Management System <b>since 1996</b> , defining the <b>Quality Policy</b> and identifying appropriate tools to verify its understanding at every level of the





		<p>organisational structure. A complete review of the System was carried out in 2018, in accordance with the new applicable standard UNI EN ISO 9001, as issued in 2015. On the basis of this review, the certifications in place for the engineering sector and the water service sector have been updated. In January 2019, the certification was extended to the housing sector.</p>		
		<table border="1"> <tr> <td data-bbox="534 414 981 1120"> <p><b>GOALS ACHIEVED</b></p> <p>In 2022, in addition to the <b>maintenance of certifications</b>, the active involvement of employees continued to promote understanding of stakeholder expectations and their impact on corporate processes, including through short <b>training</b> videos (so-called “Quality pills”).</p> <p>In addition to the drafting of documents on key transversal or business processes with a view to improving efficiency, the System offers full <b>support to the Staff structures and Business Units</b> in response to mandatory or regulatory issues, through the preparation and updating of corporate procedures</p> </td> <td data-bbox="981 414 1445 1120"> <p><b>FUTURE GOALS</b></p> <p>In 2023, the involvement of the corporate structures will continue through short training videos, and the <b>review of the corporate procedural system</b>, with a focus on corporate efficiency and risk-based thinking<sup>36</sup>. In particular as pertaining to processes concerning planning/design, services and supplies, management of special tender specifications, control plans for the design and construction site during the execution phase, management of non-compliance with the use of a root cause analysis methodology<sup>37</sup>.</p> </td> </tr> </table>	<p><b>GOALS ACHIEVED</b></p> <p>In 2022, in addition to the <b>maintenance of certifications</b>, the active involvement of employees continued to promote understanding of stakeholder expectations and their impact on corporate processes, including through short <b>training</b> videos (so-called “Quality pills”).</p> <p>In addition to the drafting of documents on key transversal or business processes with a view to improving efficiency, the System offers full <b>support to the Staff structures and Business Units</b> in response to mandatory or regulatory issues, through the preparation and updating of corporate procedures</p>	<p><b>FUTURE GOALS</b></p> <p>In 2023, the involvement of the corporate structures will continue through short training videos, and the <b>review of the corporate procedural system</b>, with a focus on corporate efficiency and risk-based thinking<sup>36</sup>. In particular as pertaining to processes concerning planning/design, services and supplies, management of special tender specifications, control plans for the design and construction site during the execution phase, management of non-compliance with the use of a root cause analysis methodology<sup>37</sup>.</p>
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<p><b>ENVIRONMENT</b> <b>(UNI EN ISO 14001:2015)</b></p>		<p>MM has adopted a certified Environmental Management System (<b>since 2010</b> for the water sector and <b>since 2012</b> for the engineering sector), with the aim of guaranteeing the protection of the environment and of natural resources, ensuring compliance with applicable regulations in force, as stated in the corporate <b>Environmental policy</b>. MM constantly monitors the work done by all “players” in the Company’s value chain, and contributes to raising awareness of environmental responsibility. In 2018 the System was updated and certified under UNI EN ISO 14001:2015 for both the Engineering Business Unit and the Water Service Business Unit.</p> <table border="1"> <tr> <td data-bbox="534 1120 981 1859"> <p><b>GOALS ACHIEVED</b></p> <p>In 2022, the surveillance audit carried out by the certification body in charge of <b>certification renewal</b> for the Engineering and Water Service was successfully passed. The risk analyses were revised and updated in line with the methodologies defined by MM’s Risk Manager.</p> </td> <td data-bbox="981 1120 1445 1859"> <p><b>FUTURE GOALS</b></p> <p>In 2023 the existing environmental analyses will be revised and updated. Other goals include renewal of the environmental certifications for the Engineering and Water Service and carrying out an analysis of the feasibility of extending the System to other MM services.</p> </td> </tr> </table>	<p><b>GOALS ACHIEVED</b></p> <p>In 2022, the surveillance audit carried out by the certification body in charge of <b>certification renewal</b> for the Engineering and Water Service was successfully passed. The risk analyses were revised and updated in line with the methodologies defined by MM’s Risk Manager.</p>	<p><b>FUTURE GOALS</b></p> <p>In 2023 the existing environmental analyses will be revised and updated. Other goals include renewal of the environmental certifications for the Engineering and Water Service and carrying out an analysis of the feasibility of extending the System to other MM services.</p>
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<sup>36</sup> The risk-based-thinking concept requires the organisation to carry out a correct analysis of the context and of processes to identify risks and implement the related mitigation actions aimed at eliminating the same risks or reducing the probability of their occurrence. Identifying, eliminating and mitigating risks ensures company growth and improved performance in terms of quality and process effectiveness.

<sup>37</sup> Root Cause Analysis (RCA) is an analytical and systemic process for identifying the root causes of a problem, with the aim of understanding the reasons and determining the most appropriate solutions to solve them and prevent them from recurring.



		<p>The annual planning of <b>training activities</b> in the environmental field envisaged for personnel from all Business Units and from the Public Housing Property Green Area Management Function was also complied with.</p>	
<p><b>INSPECTION BODY</b> (UNI CEI EN ISO/IEC 17020:2012)</p>		<p>In 2010 MM was the <b>first public-sector company in Lombardy and Northern Italy</b> to obtain accreditation from Accredia as a “Type B Inspection Body” pursuant to the standard UNI CEI EN ISO/IEC 17020. This accreditation is registered by means of the Project Validation Technical Unit under no. 055E. This accreditation allows MM to carry out inspections for the “building construction, civil engineering works in general and related system works, environmental safeguards and protection works, environmental engineering and railway engineering (including tunnels, bridges and underground tunnels)” sectors. The services offered include “<b>inspection on designs</b> pursuant to article 26 of Italian Legislative Decree 50/2016 and ANAC Guidelines.”</p>	<p><b>GOALS ACHIEVED</b> A <b>review</b> of the Management <b>System</b> procedures was carried out to develop the main BIM management elements in the verification process for the purposes of validation pursuant to the mandatory legislation. The first order was launched and completed using the BIM management application in the verification process, which also made it possible to highlight some elements for improvement, to be implemented during the reengineering of operating processes.</p> <p><b>FUTURE GOALS</b> The adaptation of the system of procedures and of the internal organisation will continue, with the aim of increasing the efficiency of verification activities of BIM projects, including through the adoption of specific software algorithms. The continuous improvement of the management system will also continue, in order to ensure its compliance with regulatory changes in relation to accreditation and in compliance with the new Procurement Code. The operational activities of the Project Validation Technical Unit will be optimised, including through external collaborations, to respond to the growing number of projects to be verified, many of which with reduced and extremely binding timelines, as they relate to projects financed through the National Recovery and Resilience Plan.</p>
<p><b>ENERGY</b> (UNI EN ISO 50001:2018)</p>		<p>Since 2011, MM has adopted and maintains an Energy Management System for the Integrated Water Service through which it plans, implements, monitors and audits compliance with the guiding principle of continuous improvement. The features and effects of these activities are integrated into the Company’s Energy Policy, which is focused on reducing consumption and waste, and improving energy efficiency through innovation and the rational use of energy.</p>	



**GOALS ACHIEVED**

In 2022, the audit for maintaining the certification in compliance with the UNI EN ISO 50001:2018 standard was successfully passed. The analysis of the context and the assessment of risks and opportunities has been updated. The risk analysis was revised, in close collaboration with the Risk Manager, also in relation to the changed energy scenarios. The annual planning of **training activities** in the energy field aimed at the main functions involved in the Management System was also complied with. The **purchase of green energy** to fully cover consumption is confirmed.

**FUTURE GOALS**

In 2023, the renewal of the ISO 50001 certification process and the presentation of the energy audits are expected, as required by Legislative Decree 102/2014. The 50001 training programme, aimed at the main functions involved in the Management System, will also continue.

**TESTING LABORATORIES (UNI CEI EN ISO/IEC 17025:2018)**



In 2018 the MM laboratories (waterworks and water treatment) obtained accreditation from Accredia as "Testing Laboratories" pursuant to the standard UNI CEI EN ISO/IEC 17025. This accreditation was in relation to the tests listed in certificate no. 1706L. The checks which Accredia carried out on the testing laboratories required activities to be audited at all levels. Audits covered management activities (checking and managing documentation, managing test samples, provisioning of products/services, training and qualifying staff etc.) and technical activities (quality assurance of test results, calculation of measurement uncertainty). Compliance with mandatory legislative provisions was also assessed. The accreditation therefore represents a **guarantee of the impartiality, independence, correctness and competence** of the activities carried out by MM's testing laboratories.

**GOALS ACHIEVED**

In 2022, following the second cycle of visits by a new team of Accredia inspectors, the three MM laboratories maintained the accreditation for all the tests accredited up to now, obtaining the extension, as planned, for: PFOA-PFOS, TOC and Legionella spp at the Aqueduct Laboratory (site A) thus reaching a total of 17 accredited tests, and Escherichia coli at the Nosedo purifier Laboratory (site C), thus reaching a total of 8 accredited tests. The total accredited parameters therefore go up to 112 for MM's test laboratories.

**FUTURE GOALS**

In 2023, MM's laboratories expect to further increase the number of accredited tests, including: colour, coliform bacteria at 37 °C, escherichia coli, intestinal enterococci for the Aqueduct Laboratory (site A). The San Rocco purifier Laboratory (site B) will install an ICP-MS, with which metals at very low concentrations, equal to micrograms/litre can be measured in wastewater. The Nosedo purifier Laboratory (site C) will evaluate the use of LAMP technology for the analysis of Salmonella in wastewater, which allows rapid analysis of the samples through the extraction of



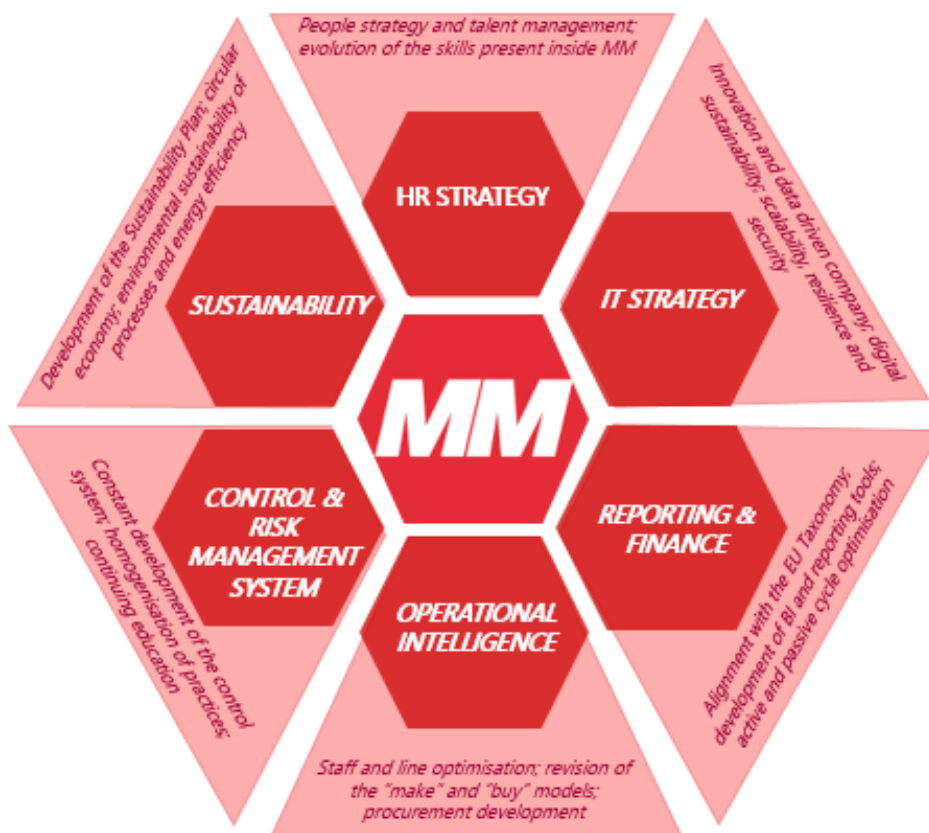
			<p>nucleic acids and amplification which, if positive, will be subjected to cultural analysis.</p>
<p><b>SAFETY (UNI ISO 45001:2018)</b></p>		<p><b>Since 2022</b> MM has been in possession of a Health and Safety Management System certified according to the UNI ISO 45001 standard for the water sector and for the engineering sector, which guarantees constant monitoring through careful prevention of the causes that may lead to accidents or injuries in the workplace. MM has therefore adopted an appropriate <b>Health and Safety Policy</b> and an organisational structure suitable for the nature of the activity carried out, its size, the level of occupational risks and the objectives it sets out to achieve. The current system represents an evolution of the previous organisation and management model developed since 2014 according to the BS OHSHA 18001 standard, as a tool exempting the administrative liability of legal persons, companies and associations even unincorporated for the purposes of compliance with Legislative Decree 81/08.</p>	
		<p><b>GOALS ACHIEVED</b></p> <p>In 2022, <b>certification</b> was obtained for the engineering and water sectors.</p> <p>In compliance with the law, the risk assessment document was adapted to the activities for the Routine Plant and Infrastructure Maintenance Business Unit, to also include the Public Housing Green Management function.</p>	<p><b>FUTURE GOALS</b></p> <p>In 2023, the risk analysis will be revised and updated in line with the methodologies defined by the Risk Manager and the new ERM model, and the risk assessment document will be revised in view of the new measurement campaign.</p>

### 3. We believe in responsible business

One of the cornerstones of MM's development strategy is innovation and self-reinvention in response to evolving market demand and customer characteristics. The key to MM's success can be seen in the Company's ability to combine public interest and remaining competitive also through business diversification. And it is precisely engineering that represents the common thread of the various areas in which the company operates, in an **integrated** and **multi-service** perspective.

In 2022, the new strategic guidelines proposed for the **2023-2027 Business Plan** were drawn up, subsequently delivered to the Board of Directors in January 2023.

In addition to the strategic macro objectives for each business area defined in order to identify the prospects for corporate development, these Guidelines define six areas of strategic development characterised by issues transversal to MM's structures and connected to the management and development of human resources, the digital transformation, the development of reporting systems, initiatives relating to operational excellence, to the control and risk management system and finally to sustainability.



#### 3.1. Business ethics and integrity

The **internal control** (and risk management) **system** developed by MM ensures that the corporate activity is in line with the business strategies and corporate policies through rules, procedures and organisational structures. These guide the correct functioning and good company performance in compliance with certain fundamental principles: effectiveness and efficiency of processes, adequate control of current and prospective risks, timeliness of the reporting system, reliability and integrity of accounting and management information, protection of assets in the medium-long term, and compliance with current legislation and corporate directives and procedures.

The main elements supporting the system<sup>38</sup> are:

<b>Organisational, Management and Control Model<sup>39</sup> (OMCM), pursuant to Italian Legislative Decree 231/2001</b>	<b>Code of Ethics<sup>40</sup></b>
<p>This Model defines and formalises the rules, standards, tools and control mechanisms adopted by MM in order to prevent crimes being committed as per Italian Legislative Decree 231/2001, under a “process” approach based on the risk management rules. It consists of two sections:</p> <ul style="list-style-type: none"> <li>▪ <b>General Section</b> - it identifies the structural characteristics of the organisation as well as the criteria for building the Model, the system of penalties for violations, the operation of the Supervisory Body, the obligations to disclose the Model and the training activities for the personnel;</li> <li>▪ <b>Protocols</b> - it regulates “sensitive activities”, reporting the control measures adopted, aimed at reducing the risk of committing the crimes envisaged by the Decree, implemented in corporate procedures.</li> </ul> <p>Compliance with the Model, along with responsibility for implementing the Model’s provisions and any updates, was delegated to the <b>Supervisory Body</b>, which is appointed by the Board of Directors and consists of three external members who comply with autonomy, independence and professionalism requirements. The Body’s duties include the possibility of carrying out (directly or indirectly) periodic inspections and accessing information on sensitive corporate activities.</p> <p>Employees are made aware of the OMCM through <b>periodic training</b>, which in 2022 mainly concerned the introduction of new types of crime in Legislative Decree 231 and the changes to procedures supporting the Model and MM’s organisational structure.</p>	<p>The Code of Ethics describes the set of <b>values, principles and lines of conduct</b> that all collaborators, employees and those who act in the name or on behalf of MM are required to comply with. It therefore represents the “<b>charter of fundamental rights and duties</b>” that defines the ethical-moral standards and the ethical-social responsibilities underlying MM’s <b>economic, financial, social and relational relationships</b> with its stakeholders (internal and external), with particular attention to the prevention of conflicts of interest.</p> <p>The <b>Ethics Committee<sup>41</sup></b>, composed of three external members of recognised professionalism and morality, monitors the correct application of the Code and, where necessary, proposes periodic reviews thereof.</p> <p>In conjunction with the Supervisory Body, the Committee’s task is also to promote the dissemination of the Code of Ethics to employees, collaborators and any third parties. The Committee is also responsible for assessing any cases where there is a breach (not relevant pursuant to Legislative Decree 231/01).</p>

The internal control system also draws on the support of:

<b>Board of Statutory Auditors</b>	Control body whose duty is to monitor, by means of inspections and audits, compliance with the law, the Articles of Association and principles of good administration.
<b>Compliance<sup>42</sup></b>	This function reports directly to the Chief Executive Officer, and is entrusted with the task of verifying compliance with external rules and internal self-regulation. This is done in order to prevent the risk of incurring legal or administrative sanctions, significant financial losses, or reputational damage.

<sup>38</sup> For more information, see the “Transparency” section of the [www.mmspa.eu](http://www.mmspa.eu) corporate website (Home > The company > Transparency), where it is possible to consult and download the reference system documents (also published on the corporate Intranet available to employees).

<sup>39</sup> In 2022, the Model was again revised following the introduction of new types of crime (tax and against cultural heritage) provided for by Legislative Decree 231/2001 and the organisational changes that impacted MM. The latest approval of the Model by the Board of Directors dates back to the meeting of 29 July 2022.

<sup>40</sup> The current version of the Code of Ethics was approved by the Board of Directors at its meeting of 7 May 2021.

<sup>41</sup> The Ethics Committee was appointed by the Board of Directors on 23 March 2021.

<sup>42</sup> In 2022 the Compliance function carried out and completed all the 14 audits envisaged in the Plan.

<b>Data Protection Officer</b>	<i>This role was established to comply with EU Regulation 2016/679 (“GDPR”)<sup>43</sup>. This officer’s task is to verify compliance with the provisions contained in said regulation, while also verifying correct application of the rules. The officer can also provide advice to the Controller and the rest of the Company.</i>
<b>Internal Audit<sup>44</sup></b>	<i>This function reports directly to the Board of Directors and is entrusted with the task of ensuring that audit activities are carried out on business processes and procedures. In addition, it ensures that control processes are audited in accordance with the audit plan approved by the Board of Directors, which can be updated whenever there are organisational or procedural changes, or when situations arise that warrant further investigation.</i>
<b>Risk Manager</b>	<i>Position established with the task of identifying and assessing the risks associated with corporate processes and activities, supporting the risk owners in developing the most suitable strategies to mitigate them.</i>
<b>Independent auditors</b>	<i>An external body responsible for verifying the regular and appropriate analysis of underlying transactions in the accounting records, the compliance of the Financial Statements with current legislation, as well as of the NFS with Legislative Decree 254/2016 and the reporting standard adopted (“limited assurance engagement” according to the ISAE 3000 Revised principle).</i>

The monitoring of corporate processes in order to **fight corruption** and ensure **compliance with current legislation** is a priority activity for MM, based on the protection of the values of ethics, legality, honesty, correctness and transparency. Corruption is interpreted in the widest sense to include the various situations in which, during company activities, abuse is noted by a person – of any hierarchical level – of the power assigned to him/her, in order to obtain private gain. The events include not only the whole range of crimes against the public administration regulated by the criminal code, but also situations in which – regardless of the criminal relevance – the use for private purposes of the functions assigned, or the “contamination” of administrative action from outside (*ab externo*), is noted, whether said action is successful or remains just an attempt.

MM adopted the necessary **business management procedures** including activities and controls to **reduce the risk of crimes being committed in relation to corruption and bribery**, to protect the organisation and all its stakeholders. Moreover, MM has defined an **Anti-Corruption Policy** on a voluntary basis<sup>45</sup>, in line with the principles of the Code of Ethics and inspired by best practices in the field.

#### **ANTI-CORRUPTION<sup>46</sup> Policy**

*The Policy is aimed at **preventing corrupt acts in any form**, even if only attempted. Starting from the analysis of the risks of committing corrupt offences, MM implements and updates a system of rules and controls, integrated into the risk management and control system, aimed at preventing corruption offences. The Policy defines the procedures necessary to verify compliance, including disciplinary measures and reporting methods. The dissemination and understanding of the contents of the Policy among internal and external stakeholders is promoted through dedicated mandatory training initiatives aimed at stakeholders (internal and external).*

*The role of **Anti-Corruption Representative** is entrusted to the head of the Internal Audit function who, as part of the audit plan, verifies compliance, effectiveness and adequacy of the principles and rules of conduct contained in the Policy, according to a biennial audit plan approved by the Board of Directors and which can be updated where specific situations arise or in the event of organisational or procedural changes.*

<sup>43</sup> Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016. This code concerns the protection of natural persons with regard to the processing of personal data and free movement of such data, and repeals Directive 95/46/EC.

<sup>44</sup> In 2022, the Internal Audit function produced 18 audit reports containing, in addition to the description of what emerged during the checks carried out, a proposal for improvement actions.

<sup>45</sup> In 2020, the Board of Directors voted to exclude MM from the scope of Law No. 190/2012 and Legislative Decree No. 33/2013 pertaining to “transparency and anti-corruption” after the company acquired the status of issuer of financial instruments in the wake of a bond issue.

<sup>46</sup> The Anti-Corruption Policy, approved by the Board of Directors in 2020 and updated in 2021, is published on the [www.mmspa.eu](http://www.mmspa.eu) corporate website (Home > The company > Transparency > Other content - Corruption).



Since 2018 MM has adopted a **whistleblowing procedure**<sup>47</sup> relating to the management of reports of offenses and the protection of the whistleblower, which provides operational information on how to report behaviour or irregularities, carried out or attempted, to the detriment of the Company and/or the public interest, specifying the forms of protection offered to the whistleblower for this purpose, to help eliminate the factors that can hinder or discourage its use.

Since 2020 the **whistleblowing platform** for the Municipality of Milan has been operational. This platform allows internal and external stakeholders to make a report anonymously or confidentially via the Internet, check the status of their report and interact in a fully anonymous way using a messaging system.

In order to promote awareness of the existing safeguards for preventing episodes of corruption, every year MM trains its employees on these issues according to a three-year plan shared between business functions. In 2022, a total of **188 hours of training on anti-corruption issues** were provided during nine induction sessions offered to new hires, at the end of which the level of learning of the participants was assessed using specific questionnaires.

Thanks to the activities carried out and the safeguards adopted, no episodes of corruption were again ascertained in 2022<sup>48</sup>.

### The protection of PRIVACY

Following the entry into force of the GDPR (General Data Protection Regulation)<sup>49</sup>, MM as a public interest operator, appointed the **Data Protection Officer (DPO)** in 2018 to ensure regulatory compliance in view of the principle of accountability<sup>50</sup>, as well as verifying compliance and periodic updating of the system for the protection of natural persons with regard to the processing and free circulation of personal data.

In 2022, the DPO continued to provide support to the various corporate structures in carrying out the obligations provided for by current legislation on privacy (including the preparation and updating of information on the use of artificial intelligence (AI) systems, the drafting of the data protection impact assessment (DPIA) for ARERA, the appointments pursuant to Article 28 of the GDPR, etc.), as well as providing opinions whenever requested (for example on the use of analytics cookies, on data retention rules, etc.).

The DPO was also called upon to **verify and validate certain corporate procedures and operating instructions** on privacy (e.g. data breach management, information classification policy, privacy appointments and responsibilities), as well as to contribute to carrying out audits, with the support of the Compliance function, to verify the correct appointment of those in charge of personal data processing and system administrators, the management of back-ups and related obligations, at the end of which some corrective actions were shared with the respective Departments.

With reference to the relationship with **suppliers**, in 2022 the examination of the contractual clauses in the existing contracts between the Data Controller and Data Processor continued in order to verify their compliance with Article 28 of the GDPR, with the parallel efforts of the DPO already involved in the drafting of the new contracts so as to ensure their compliance *ex ante*. The DPO also supported MM's Housing Business Unit in discussions with the Municipality of Bergamo for the new provision regarding the management of public housing.

As proof of MM's commitment to data protection aspects, **no personal data breach** relating to customers or suppliers qualifying as such under Article 33 of the GDPR **occurred in 2022**.

<sup>47</sup> Whistleblowing is an act of civic responsibility, by which the whistle-blower (an individual who makes a report to bodies who are empowered to act when breaches or irregularities occur which damage public interest) contributes to making risks known or prevents risks or prejudicial situations occurring which may affect the organisation to which they belong. By extension, this is also for the benefit of collective public interest. MM adopted all the appropriate measures to protect parties reporting in good faith against any form of retaliation and shall ensure the confidentiality of their identity in any case. This is done without prejudice to any legal duties or protections to safeguard the rights of the Company or persons in the Company who are accused falsely or in bad faith.

<sup>48</sup> Any events whose circumstances are covered by Criminal Code article 318 (corruption in relation to public officers' acts), article 319 (corruption resulting from acts that are contrary to public officers' duties), article 319-ter (corruption in relation to judicial procedures), article 319-quater (undue inducement to give or promise benefits), article 320 (corruption of an official in public service), article 321 (penalties for the briber), article 322 (soliciting corruption), or article 346 bis (seeking to gain illicit influence) or Civil Code article 2635 (corruption between private parties).

<sup>49</sup> Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016. This code concerns the protection of natural persons with regard to the processing of personal data and free movement of such data, and repeals Directive 95/46/EC.

<sup>50</sup> Based on the accountability principle, the Regulation provides that the data controller shall adopt adequate policies for guaranteeing and being able to demonstrate that the processing of personal data which has been done is in compliance with the same Regulation.

### 3.2. Creating value for stakeholders

Today MM ranks among Italy's top five IWS operators in terms of volumes of water invoiced, among the top four publicly controlled engineering firms, and among the top five operators of public housing at a national level in terms of number of housing units managed.

This positioning is reflected in MM's economic performance, which in 2022 generated **revenues of €298 million** (up by 12% compared to the previous year) and an **operating result of €13 million** (compared to €19 million in 2021). **Equity**, on the other hand, stood at **€246 million**.

The decrease in the operating result, despite the increase in revenues, is mainly attributable to the increase in the cost of energy, gas and the main raw materials used in the production processes. Despite the increase in these costs, the result remains positive, confirming MM's economic solidity.

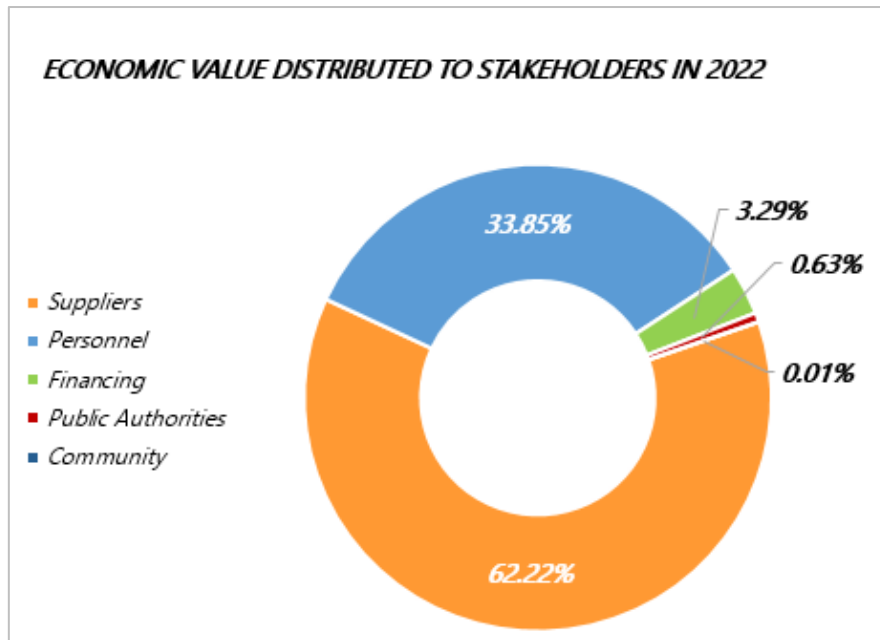
While maintaining one of the lowest water tariffs in Italy and Europe, MM has made **considerable investments related to the City of Milan's IWS Interventions Programme**, for a value of approximately **€52.4 million** in 2021, equal to €38.7 per inhabitant in relation to the resident population. As a whole, **MM made investments totalling €62.4 million during the year**.

#### Compliance with TAX REGULATIONS

*MM has developed a consolidated approach aimed at also ensuring compliance with applicable tax regulations, monitoring their evolution and ensuring adequate management of the various legal requirements. The **tax governance system** ensures control over this aspect through the Administration, Finance, Control and Regulation Department responsible for managing tax compliance, in collaboration with an external specialist firm. Moreover, by monitoring the adequacy of internal procedures and processes, the Company also monitors the risks of tax non-compliance to prevent and mitigate any negative impact in terms of sanctions and reputation. MM also employs local tax and accounting consultants in the management of its foreign branches.*

*MM promotes training for personnel responsible for managing tax activities, in order to update skills and ensure alignment with changing tax regulations. As mentioned (see paragraph 3.1 "Business ethics and integrity"), during 2022 the Organisation, Management and Control Model was also reviewed in light of the recent inclusion of new tax offences in Legislative Decree 231/2001. In its **relations with the Tax Authorities** and Public Authorities, MM abides by the principles of conduct and the control protocols set out in the Code of Ethics and the OMCM, the purpose being to ensure a **climate of dialogue and cooperation** based on the values of fairness, transparency and professional expertise. For additional details on revenues and taxes paid during the year, please refer to the Annual Financial Statements and the accompanying Notes.*

Through its activities, MM contributes to the creation of value and economic growth in the social and environmental contexts in which it operates. The representation of this wealth, measured based on balance sheet data, cannot therefore disregard the **added value generated and distributed to all stakeholders** in the area. In 2022, the **economic value generated** by MM amounted to **about €213 million**, while the value distributed amounted to about €206 million. **97% of the value generated was distributed to both internal and external stakeholders**, while the remaining 3% was retained within MM and reinvested in business growth.



**The European Environmental Taxonomy**

The EU Action Plan on Sustainable Finance sets as a strategic goal the activity of directing capital towards sustainable investments. The European Taxonomy established with Regulation (EU) 2020/852 has the objective of providing companies, investors and political decision-makers with a single classification system to define and identify the economic activities that can be considered eco-sustainable, with the aim of redirecting public and private funding for investments and activities that make it possible to achieve the environmental objectives of the European Green Deal, which also includes the goal of making the EU climate-neutral by 2050.

According to the European Taxonomy, an economic activity is defined as eco-sustainable if it meets the following criteria:

- 1) contributes substantially, through compliance with the technical screening criteria, to at least one of the six European environmental objectives;

**EUROPEAN ENVIRONMENTAL OBJECTIVES**



1. Climate change mitigation



4. Transition to a circular economy



2. Climate change adaptation



5. Prevention and reduction of pollution



3. Sustainable use and protection of water and marine resources



6. Protection and restoration of biodiversity and health of ecosystems

- 2) does not cause significant harm to the other environmental objectives (Do No Significant Harm - DNSH);
- 3) is carried out in compliance with minimum social safeguards (e.g. those laid down in the OECD guidelines and the relevant UN documents).

From 1 January 2023, in addition to the assessment concerning the eligibility of economic activities to the European Taxonomy, companies that fall under the obligation to publish a Non-Financial Statement must report the share of revenues, capital expenditure (Capex) and operating expenses recognised by the EU Taxonomy<sup>51</sup> (Opex) relating to activities that are truly eco-sustainable, in other words that substantially contribute to at least one environmental objective without negatively influencing the

<sup>51</sup> As defined in the Delegated Regulation (EU) 2021/2178 of 6 July 2021 in point 1.1.3 of Annex I.

others and guaranteeing compliance with minimum social safeguards, thus being aligned with the European Taxonomy.

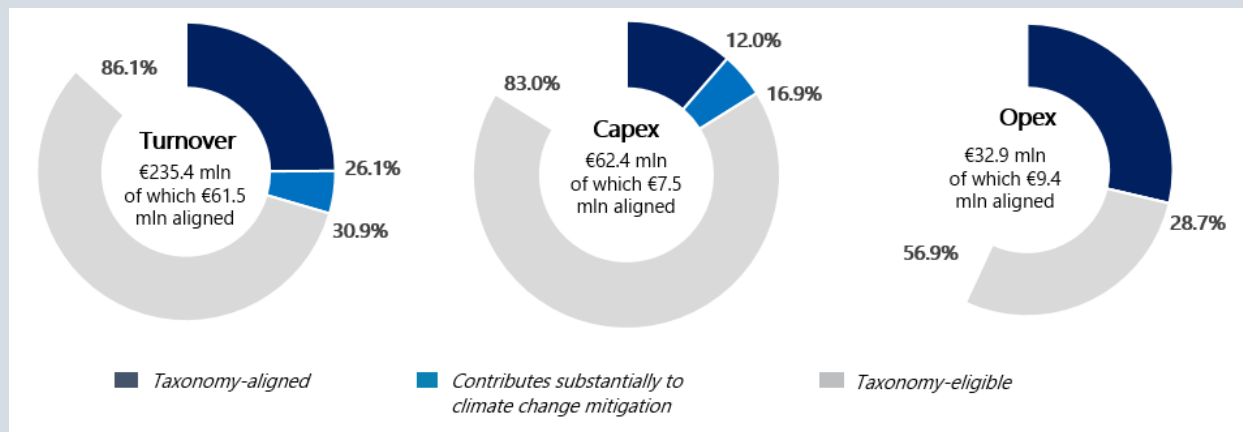
To date, the European Union has only published the acts that define the activities and requirements relating to the first two objectives, through the Delegated Regulation 2021/2139 (“Climate Delegated Act”) and the subsequent Delegated Regulation 2022/1214 (“Complementary Delegated Act”), which also included some energy activities in the gas and nuclear sectors in the Taxonomy. The publication of the delegated act relating to the remaining four environmental objectives is expected in 2023, with application starting from 2024. The disclosure relating to the European Taxonomy for the fiscal year 2022 therefore only covers the two climate objectives.

MM carried out an analysis exercise of its business activities, evaluating them on the basis of the provisions present in the Delegated Regulations and in the interpretative notes published by the European Commission<sup>52</sup>. It should be noted that, in the absence of a consolidated practice, MM conducted this exercise on the basis of its own judgment and interpretations of the information currently available, not excluding that future clarifications and guidelines could lead to changes in the assessments and an impact on the reporting of the KPIs.

With reference to the information pursuant to Article 8, paragraphs 6 and 7 of Delegated Regulation (EU) 2021/2178 which provides for the use of the models in Annex XII for the communication of activities related to nuclear power and fossil gases, it should be noted that all the models were omitted, as they are not representative of the Company’s business.

The analysis conducted for the 2022 reporting year showed that 86% of the revenues, 83% of the capital expenditure (Capex) and 57% of the operating expenses (Opex) was eligible for the European Taxonomy. In particular, the evaluation showed that 26% of revenues, 12% of capital expenditure (Capex) and almost 29% of operating expenses (Opex) were aligned with the European Taxonomy.

#### PERCENTAGES OF ALIGNMENT WITH THE EU TAXONOMY



The activities that are aligned with the requirements of the Taxonomy mainly concern the management of the water collection, treatment and supply systems and the purchase of two electric cars. In addition, two projects for the construction of metro-tram infrastructure and one for the construction of new buildings have obtained funding from the National Recovery and Resilience Plan, whose conditional access requires compliance with the technical screening criteria and the DNSH requirements of the EU Taxonomy.

The Company also carries out activities that comply with the technical screening criteria and therefore make a substantial contribution to the mitigation of climate change, but which cannot be considered aligned due to non-compliance with some DNSH requirements. The activities in question concern some renovations of the sewage-purification system relating to the Nosedo treatment plant, which have contributed to reducing its energy intensity, the production of energy from photovoltaic plants and various contracts linked to the construction of infrastructures and works for cycle mobility, pedestrian and public mobility with low carbon emissions (underground and tramway lines, urban/extra-urban road reorganisations, car parks and interchange areas), contracts for the construction of buildings with low energy requirements and renovations of buildings aimed at energy efficiency.

<sup>52</sup> Delegated Regulation (EU) 2021/2139 of 4 June 2021, Delegated Regulation (EU) 2021/2178 of 6 July 2021, Delegated Regulation (EU) 2022/1214 and interpretative notes published in March 2021 and December 2022.

Based on the results of the analyses carried out, MM has initiated an internal evaluation on the integration, in its business processes, of the actions necessary to achieve greater alignment of the Company's activities.

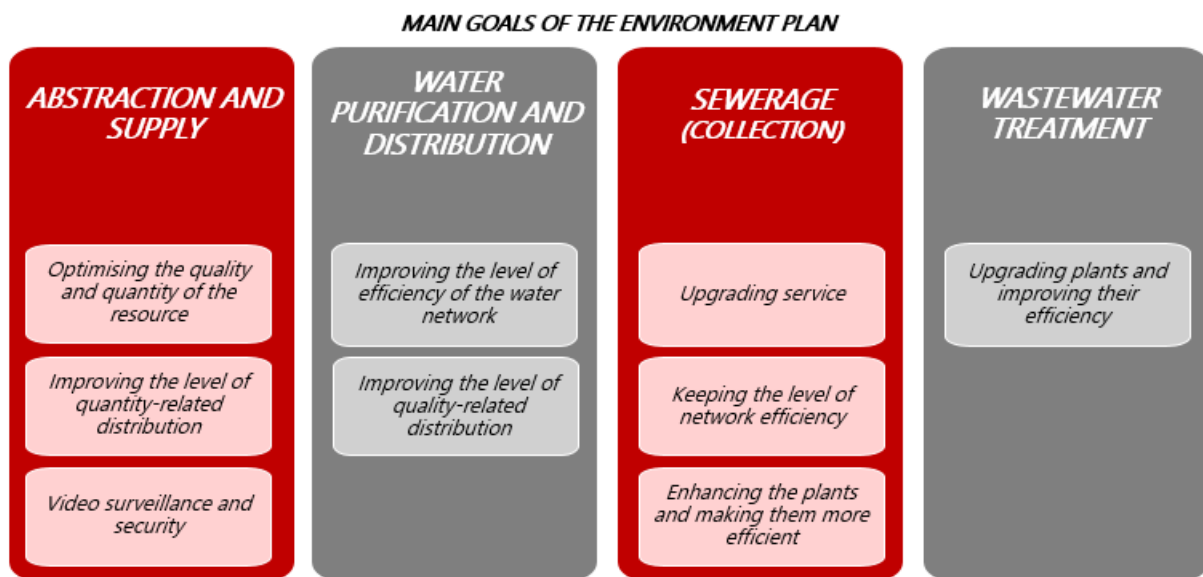
With the approval of the delegated acts relating to the other four environmental objectives, MM will broaden the analysis of its economic activities. For the list of activities identified, the details of the results, the description of the methodology adopted and the main assumptions made, as well as for information on the minimum safeguards, see "The European Taxonomy: supporting information" section (included in the Annexes).

### 3.2.1. Environment Plan and investments in the Integrated Water Service

**The evolution of the IWS is key to urban growth:** the challenge is to manage water in a sustainable and resilient manner under an "urban metabolism" approach, in line with the city's digital transformation and able to meet new environmental, social, energy, and economic requirements.

The **investments for the IWS are set out in the Environment Plan**, which extends to 2037. The Plan sets out the actions necessary to improve service levels, protect the environment, and rationalise the use of water resources in terms of conservation and quality improvement.

The **main goals of the Plan** concern the different stages of water resource management: abstraction and supply, water purification and distribution, sewerage (collection), and wastewater treatment.



An **analysis of the current state of works and facilities** is the first step to identify the investments which are necessary to achieve set goals, with short-, medium-, and long-term actions. The **forecasting** and **planning for each activity** take into account technical aspects, economic effects, management methods, the socio-environmental impact and start-up, execution and completion timeframes. In addition, to achieve the goals related to the investments of the Environment Plan, the Action Programme (2020-2023) and the Strategic Work Plan (2020-2027), the Company focused the roles and responsibilities of the structures concerned to ensure an integrated management of the various operational stages, from the planning and scheduling of operations to their execution and reporting.

During 2020, following the previous update in 2015, the **Environment Plan was further revised and approved** by the Conference of Municipalities of the Area of the Metropolitan City of Milan with Resolution No. 5 of 21 December 2020. The update was necessary **to change and adapt** the Investment Plan and the related Economic and Financial Plan **to the current and future needs of the local area** and to comply with the provisions of the sector legislation. It was carried out in conjunction with the tariff preparation for the third regulatory period, which was approved by ARERA with Resolution no. 416/2021/R/idr of 5 October 2021 for the four-year period 2020-2023 and, definitively, with Resolution no. 589/2022/R/idr of 15 November 2022 for the two-year period 2022-2023.

The Environment Plan<sup>53</sup> illustrates the technical data relating to the current setup of the IWS infrastructure and the **performance levels offered by MM** as defined according to the rules of the Technical Quality Regulations pursuant to ARERA Resolution 917/2017/R/ldr.

### MM's FINANCIAL STRATEGY to support the IWS

In recent years, MM has developed a **financial strategy aimed at guaranteeing financing for investments provided for by the Environment Plan**. It is therefore possible to maintain the quality of service being provided and ensure the water network's optimal conditions. It started with the following two transactions performed in late 2016:

- A contract was signed for **€70 million in financing from the European Investment Bank (EIB)**, with the last payment due in 2034. These financial resources were accessed through the European Fund for Strategic Investment (EFSI), under the so-called "Juncker Plan", and became available in 2018.
- A **€100 million bond** issue was placed. This was directed at institutional investors and was listed on the Dublin Stock Exchange's regulated market (Euronext Dublin), with maturity in 2035. MM also obtained **rating assessments** from **Moody's** (currently Baa3). This confirms the Company's positioning in the "Investment Grade" area for 2022 as well.
- During 2022, in order to deal with the financial exposure generated by the increase in energy costs borne by the Water Service, MM obtained from the **Cassa per i Servizi Energetici Ambientali body the Financial Advance** on energy costs available to managers of the IWS pursuant to the ARERA Resolution 495/2022/R/ldr, for an amount of **approximately €7.9 million**, to be repaid over a period of two years within 2024.

### 3.3. Innovation and digital transformation

The Covid-19 health emergency and the country's digital transformation plan have changed the role and relevance of information technology (IT) within companies. The growing use of digital technologies is in fact revolutionising traditional work processes, filling the gaps that emerged when collaboration based on physical relationships was not possible due to the pandemic.

In MM, a structured digital transformation process has been underway for a number of years, which starts from the growing importance of information systems and infrastructural and telecommunications technologies, but which pays close attention to the way in which digital technologies are developed and managed, aspects that are as important as the goal to be achieved with their introduction. In fact, **digital technologies are a key enabling factor for achieving sustainability objectives**, because if adopted correctly, they enable the business model to be more efficiently and effectively transformed, with positive environmental, social and economic implications. The first step in this journey is the construction of an effective governance that knows how to reconcile the adoption of innovative technologies, with the recognition of the centrality of the person in the digital transformation process (a human-centric workplace). The organisational changes that took place in the Innovation and Information Technology Department at the end of 2022<sup>54</sup> fit into this context, contributing to MM's status as a company that makes **sustainable digital innovation an open and participatory business practice**, which is fully integrated into its the development strategy, **enhances operations as a tool to guarantee the delivery of value** and is structured to measure the level of adoption of the systems.

In 2022, the digital transformation project launched the previous year continued with a dual objective: on the one hand, **to update the IT tools** adopted by the Company – hardware and software –, ensuring operational continuity even in the new forms of "remote" or "hybrid" work; and, on the other hand, to help disseminate the concept of a **digital workplace** through which to rethink and improve the Company's way of working, thanks to the adoption of new digital behaviours. If the previous digitisation experiences were aimed at automating and ensuring the efficiency of macro-processes based on a top-down approach, the digital workplace, instead, seeks to digitise the micro and meso-processes with a bottom-up approach focused on improving collaboration, coordination and communication or sharing during interactions<sup>55</sup>.

<sup>53</sup> The Environment Plan is prepared in accordance with D.G.R. no. XI/2537 dated 26 November 2019 "Approval of the regional guidelines for the updating of the integrated water service environment plans".

<sup>54</sup> For more details on the organisational changes introduced in 2022, please see the Report on Operations accompanying the Financial Statements for the year ended 31 December 2022.

<sup>55</sup> The redesigned micro-processes focused on improving collaboration, coordination, communication or sharing during interactions, reducing the volume of associated emails and meetings. The proposed solutions start from the digital

Such a pervasive digitisation can be carried out and can lead to a change in behaviour only if it sees the entire employee base as the protagonist of the change taking place. MM is pursuing its digital transformation journey by synergistically leveraging both the **technology** aspect and the **human capital**. This, through the adoption of its People Strategy that in 2022 once again saw an intense programme to promote, at all levels, the knowledge and adoption of digital technologies and the opportunities for change in work processes offered by the digital transformation.

The results obtained are remarkable.

In 2022, the **Digital DNA** project launched in 2021 was completed, which made it possible to identify, within MM, people with a strong propensity for the digital world and a marked “lateral thinking” ability. A **model of digital skills** was therefore developed, consisting of Digital Hard Skills<sup>56</sup>, Digital Soft Skills<sup>57</sup> and Job-Related Skills, identifying the four thinking styles that define the innovator (Creative, Pragmatic, Methodologist and Specialist). The strengths that emerged from the project are **people’s ability to work flexibly**, relying on the **collaboration** of colleagues, together with the **ability to learn continuously and independently**, aware of how to effectively use the new digital tools to acquire new knowledge and develop skills. The mapping of skills has allowed MM to acquire digital awareness and to plan initiatives to involve all company levels, aimed at disseminating digital literacy, stimulating self-learning and self-empowerment and experimenting with complex projects.

Thanks to “**Wow! New Way of Working**” – a change management initiative – **53 new digital guides** were trained in 2022 (64 in 2021), figures recognised as experts within the Company, proactive, innovators and points of reference for these issues, who, through proximal development networks, have successfully disseminated the new way of working to nearly **1,000 employees**, consisting of over **70 microprocesses** redesigned in a digital key.

#### PEOPLE AT THE HEART of the digital transformation

*The Digital Workplace and the technology associated with it represent only the initial stage of MM’s digital transformation path. With a view to using digital technology to improve the way of working (exploitation) and to experiment with new digitally “augmented” ways of working (exploration), some initiatives have been promoted which, starting from the Digital Workplace, make it possible to continue the transformation of MM according to a development path, identified as a “digital roadmap”.*

*In particular:*

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*transformation of the initial process, through a correct use of the existing work environments, to then introduce automations that optimise each phase of the process, highlighting the organisational benefits of the digitisation of the chosen process and offering indications for replicability in the corporate organisational context.*

<sup>56</sup> *Digital Hard Skills refer to the basic technical digital skills characterising a professional figure, such as, for example, the ability to use computer programmes or packages, knowledge of programming languages or knowledge of the operation of specific machinery or production tools.*

<sup>57</sup> *Digital Soft Skills are skills that do not fall exclusively within the sphere of technologies, but are characterised as “transversal”, touching on the relationships and behaviours of individuals in the working context, such as, for example, the ability to solve complex problems, to manage change, to collaborate and relate, to adapt flexibly and to communicate.*



<p><b>"Zero gravity" extension</b></p>	<p><b>Digital Building Designer training</b></p>	<p><b>Digitisation of the training process</b></p>	<p><b>Ultraluoghi® creation</b></p>
<p><b>GOAL</b> Continue the adoption of the Digital Workplace within the organisation and encourage continuous improvement.</p>	<p><b>GOAL</b> Train figures capable of applying the principles of digital building within MM, transferring the behaviours that the new digital workspaces will assume.</p>	<p><b>GOAL</b> Introduce new logics and interactions between people, improving coordination and monitoring, also thanks to the use of the Power Platform and the Agile Work Hacking®<sup>58</sup> approach.</p>	<p><b>GOAL</b> Rethink corporate spaces through "augmented" reality that modifies the relationship between people, thanks to sensory skills and conversational potential, making opportunities to come together and meet more effective and satisfying.</p>
<p>New communication campaign to improve knowledge and on the Microsoft 365 suite of products, promoting the dissemination of correct behaviour and the collection of good practices for the second edition of the WoW! Awards.</p>	<p>Training course dedicated to Digital Building designers to support corporate functions in the creation of digital workspaces thanks to the Microsoft 365 environments, rethinking the mechanisms of communication and collaboration.</p>	<p>First experiment to redesign the training management process, from the collection of needs to completion of the project, passing through planning.</p>	<p>Redesign of some corporate spaces on an experimental basis, rethinking the experiences of using the environments in person, remotely or in hybrid mode.</p>

Moreover, work has been done to create an **IT operational model capable of expanding the potential** of infrastructures and applications, in order to support growth at marginal incremental costs and in defined timeframes, as well as **optimising and centralising IT asset management services**, thus ensuring higher quality and efficiency and cost containment. Some examples include:

<p><b>MM Smart</b></p>	<p>The <b>IT equipment replacement</b> project launched in 2020 and which, in 2022, reached approximately 100% coverage. In selecting the new PCs, which are more powerful, lightweight, compact, secure and screen-printed with the company logo, making our employees real "ambassadors" of MM, special attention was paid to environmental sustainability, with a preference for devices with a long battery life, certified for low consumption and emissions and which include backpacks made of recycled materials. A new system was also deployed, which allows for automatic connection to the corporate network using <b>multi-factor authentication</b>, to guarantee an additional level of security by protecting access to corporate data, without sacrificing usability.</p>	
<p><b>MMetrolink</b></p>	<p>2022 was the year of the <b>consolidation of the new MM fibre network</b>, with the increase in bandwidth to support the evolution of services, with the deployment of internet connectivity for all corporate offices for greater reliability with a view to business continuity and with the relocation of peripheral security devices (firewalls) in the two data centres, ensuring the necessary network resilience and faster recovery times in the event of maintenance or incidents.</p>	
<p><b>IT Service Charter</b></p>	<p>A catalogue of the <b>services offered by the Innovation and Information Technology Department</b> to its business users, in other words to MM and to all Company employees, establishing the methods of use and the delivery standards of each service, including the threshold levels that the Department undertakes to comply with. The Charter is a genuine internal contract (agreement between Departments) inspired by the shared values</p>	

<sup>58</sup> The Agile work hacking® approach is based on the idea of an iterative development of solutions and on the transfer of skills, in which the key users of the process are personally involved in the redesign of the way of working. The result was the re-design of the process to enhance interactions with digitisation and improve work thanks to the use of technological tools made available by the Digital Workplace, enhancing interactions between people (Microsoft 365) and automating low-value added activities (Power Platform).



underlying MM's daily commitment: efficiency, effectiveness, continuity of service, transparency, involvement and a focus on the user.

Moreover, the **Customer Service Desk** has been unified and made into a single point of contact for collecting and managing problem reports from MM employees through a *ticketing* system.

### Training and raising awareness on CYBERSECURITY

**Cybersecurity is at the heart of the digital transformation paradigm**, moving from a technological solution to a management model that enables the full potential of technologies, services, processes and people to be exploited. The **ability to maintain a high level of risk awareness** remains the key element of a model that aims to ensure the security of personal and corporate data and mitigating eventual vulnerabilities related to the agile working approach. Technical interventions go hand in hand with updates to the Company's procedural framework and raising awareness of the behaviours to adopt by the individual employee, whose responsibility in the management of personal and corporate data represents an important first-level "filter" to mitigate exposure to possible cyber-attacks.

MM continues pursuing several actions to consolidate security support tools, towards an increasingly more proactive and preventive control of cyber threats, in line with the relevant regulations.

A **multi-year (2022-2024) "Cybersecurity awareness" programme** was launched, consisting of a training, understanding and awareness-raising programme on issues concerning data security, both corporate and above all personal, with the aim of reducing the risks associated with cyber attacks and entrench the culture of cyber security.




In 2022, all MM employees were involved in the **training course** delivered online through a special e-learning platform and consisting of 4 modules in which users were able to gain knowledge relating to the various phishing and password protection techniques, followed by two **phishing campaigns** to monitor and evaluate the level of corporate learning and awareness.

The continuous expansion of the services provided by MM entails the need to develop innovative solutions and technologies that can promote the digital transformation of the activities carried out by the company's business areas.

In 2022, one of the main initiatives in this domain concerned the creation and commissioning of an **IoT cloud platform** capable of **exploiting the data collected through the sensors installed in the field**. The platform makes it possible to acquire, store, share and analyse the large quantities of data and information made available by the digitisation of processes, making them accessible from any device and place, based on an "augmented company" logic. Further functions will eventually make it possible to **develop operational applications and data manipulation tools** increasingly more geared towards an artificial intelligence approach. In particular, in 2022 the creation of a corporate **Data Science Community** was launched on an experimental basis, as an innovative centre of expertise in artificial intelligence and analytics. The community worked on four different use cases<sup>59</sup>, applying advanced data analysis and artificial intelligence modelling techniques to identify anomalies in water consumption, predict their future value and optimise field interventions with a view to predictive maintenance.

<sup>59</sup> Use cases represent likely applications of a given technology in the business context and, as such, worthy of further investigation with experiments aimed at identifying needs and opportunities from a cost-benefit analysis perspective.

Examples of digital solutions that have been designed, developed and implemented, some using the IoT platform as a starting point, are:

<p><b>SMART METERING</b> for the integrated water service and, in particular, for meter management</p>	<p><b>REMOTE READING AND MANAGEMENT</b> of technological systems installed at Public Housing properties</p>	<p><b>SCHOOL MAINTENANCE PORTAL</b> for the management of MM-Schools relations (reports, communications, intervention history, maintenance status, etc.)</p>	<p><b>LEGAL AND INSURANCE SERVICES PLATFORM</b> for digital, simplified and secure management of activities (contracts, litigation, trademark and patent protection, etc.)</p>
<p><b>MONITORING OF WATER HOUSES</b> with multi-parameter probes for remote control of water quality</p>	<p><b>ROBOTIC PROCESS AUTOMATION</b> experimentation for autonomous and bulk document processing</p>	<p> <b>ROUTINE PLANT AND INFRASTRUCTURE MAINTENANCE BUSINESS UNIT</b></p>	<p><b>CORPORATE AFFAIRS DEPARTMENT AND LEGAL, TENDERING AND PROCUREMENT DEPARTMENT</b></p>
<p><b>"La Tua Acqua" App</b> for the management of the supply contract (bills, consumption analysis, self-reading, etc.)</p>	<p> <b>HOUSING BUSINESS UNIT</b></p>		
<p> <b>INTEGRATED WATER SERVICE BUSINESS UNIT</b></p>			

<p><b>LOOKING TO THE FUTURE</b></p>	<p>In the <b>2023–2027 development plan</b>, the efforts of the Innovation and Information Technology Department will focus on the <b>creation of value</b>, through the consolidation and growth of the systems adopted, and on the <b>sustainability aspects</b> connected to them.</p> <p>MM has initiated a process that aims to obtain the main <b>certifications in the ICT domain</b>, both at an individual and process level, with the aim of achieving high levels of excellence in the provision of IT services. During the 2020–2022 three-year period, all employees in the Innovation and Information Technology Department obtained the <b>ITIL4 certification</b> (IT best practice) and those who play a project manager role obtained the <b>SCRUM/AGILE certification</b>. In 2023, the procedures defined for obtaining <b>ISO 20000 certification for the management of IT services</b> will be validated, while the cybersecurity procedures published in 2020 are being reviewed to update them to the requirements of ISO 27001.</p> <p>The <b>Digital Academy</b> project is expected to be launched in the 2023–2024 two-year period, a personalised training course for each of the digital profiles that emerged from the skill mapping activity.</p>
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### INNOBOOK, innovation at the service of the city and the country

“Innobook – Build your city, build your future” is a **periodical publication by MM** which illustrates the most significant **scientific research and technological innovation activities** that the Company pursues in its sectors of competence, including territorial and digital communication activities. The goal is to take stock of a strategic aspect for development, such as a “**culture of competence**”, through which innovation is placed at the service of the city and the country, with the promotion of activities including scientific and technological research, the relationship with university centres, the culture of targeted investments, the vocation for teamwork and the development of technical and managerial skills. The 2022 edition of Innobook<sup>60</sup> includes a total of 112 actions, which translate the ideas of innovation adopted in the design of infrastructures, in the management of the Integrated Water Service and of the public housing stock into specific projects, with a focus on the role of digitisation to support innovation and communication.



### 3.4. Supply chain management

MM relies on several economic operators, carefully evaluating each purchase of goods and each award of works, assignments and services to ensure quality and competitiveness, preventing any reputational risks. Over the years, the Company has adopted **procedures focused on the transparent management of the supply chain**, which complement and implement the provisions of the Code of Ethics. In particular, all supplies and contracts must be motivated by actual business needs, and the choice of supplier must be geared towards achieving the expected qualitative and quantitative levels and respecting the expected implementation timeframes<sup>61</sup>. In addition, MM does not maintain relationships with entities whose operations are incompatible with its ethical standards, that do not comply with Italian and international business regulations in terms of worker protection, or which can give rise to suspicion of collusion or tax evasion.

As a wholly-owned subsidiary of the Municipality of Milan, which exercises powers of supervision and control over the Company as well as its services, MM operates **in accordance with applicable public procurement regulations**. A specific **procedure**<sup>62</sup> applies to activities subject to the Public Procurement Code (Legislative Decree 50/2016). It sets out the duties, responsibilities and process for the award of public procurement contracts, according to the responsibilities and powers vested in the figures that comprise the Company's organisation, ensuring the compliance of business processes with applicable laws. The procedure lists the **principles to be followed in each procurement process** (effectiveness, economic viability, timeliness, fairness, competition, non-discrimination and equal treatment, transparency and disclosure, proportionality and rotation) **and in managing relationships with suppliers** so as to avoid potential conflicts of interest (non-discrimination, equal treatment, proportionality and rotation, confidentiality).

#### The Interdisciplinary Procurement Technical Committee (IPTC)

The IPTC is tasked with **monitoring** – with investigative, proposal-making and control functions – **public contracts for works, services and supplies**, according to the definition of the Public Contracts Code that MM entrusts to third parties in its capacity as Customer, both in the preparatory phase for the assignment of the concession, as well as in the execution phase of the contract. In particular, the Committee is entrusted with:

- coordinating and verifying the technical, legal and economic-financial aspects;
- complying with the provisions of the applicable regulations, the Board of Directors and company procedures;
- formulating the proposals to be submitted to the competent decision-making bodies (Board of Directors or General Manager);
- verifying the correctness and completeness of the documentation provided to the competent decision-making bodies.

<sup>60</sup> All Innobook volumes are published on the [www.mmspa.eu](http://www.mmspa.eu) corporate website (Home > Media > Publications).

<sup>61</sup> Upon contract execution, acceptance of the provisions of the Organisation, Management and Control Model, the Code of Ethics and the new Anti-Corruption Policy is also required.

<sup>62</sup> The “Management of tenders and direct concessions” procedure was issued in 2020 and updated in 2021.

The activity of the IPTC is governed by a specific **regulation** approved by the Board of Directors, which defines its composition and the operating methods (the last update was carried out in June 2022).

Concessions are awarded on the basis of the **most economically advantageous tender**, which is selected on the basis of the best value for money without prejudice to legal, regulatory or administrative provisions on the pricing of specific supplies or the remuneration of specific services (Article 95 and 96 of the Public Procurement Code). Contracts are awarded to the lowest bidder only in the cases allowed under the Public Procurement Code and applicable regulations in force, should this basis be considered more appropriate relative to the requirements.

In line with the principles established by the Procurement Code, a new **e-procurement platform**<sup>63</sup> was launched in 2021 for the **telematic management** of the concession assignment procedures and the registration and updating of the **Register of Suppliers** governed by the specific **Regulation**<sup>64</sup>. Between 2021 and 2022, in addition to incorporating all the new negotiating events, the migration of the content of the previous register was also completed. The Register contains the list of economic operators from which the suitable candidates can be selected to compete in the negotiated and direct concessions award procedures, pursuant to Legislative Decree 50/2016. Registration in the Register is aimed at assessing compliance with the regulatory provisions on public procurement and at tracking the process of certain general requirements of a moral nature, as well as the technical-professional, organisational and managerial skills and the economic-financial requirements, in compliance with the regulatory tools and criteria defined by MM in its Regulation. Interested economic operators apply by completing a questionnaire on the platform, based on specific product categories and amount classes. Enrolment in the Register of Suppliers is a prerequisite for economic operators to be invited to submit an offer and participate in the negotiated or direct concessions award procedures called by MM pursuant to Article 36 of the Procurement Code (Legislative Decree 50/2016 and subsequent amendments and additions), **in compliance with the principles of transparency, equal treatment, non-discrimination and proportionality**. The **qualification of suppliers** in the Register is carried out by MM following verification of the documentation and self-certifications of the supplier's data, as well as possession of the specific technical and economic requirements, including through annual sample checks on the self-declarations submitted.

In April 2022, through a public notice, MM created a special section in the Register aimed at establishing an open list of professionals qualified to fill support roles in the management of complex technical and administrative procedures, with particular reference to those connected to the implementation of the **National Recovery and Resilience Plan** and the **National Plan for Complementary Investments**. The new section is aimed at ensuring respect of the principles of economy, effectiveness, impartiality, equal treatment, transparency, proportionality and publicity referred to in Legislative Decree 50/2016 for the outsourcing of concessions by their nature characterised by the need for speed, flexibility and highly specialised skills.

MM periodically updates the Vendor Rating data according to the **Vendor management procedure**, which describes the operating procedures for managing the qualification process of economic operators, of activities subject to the Public Procurement Code, as well as for assessing the quality of the services rendered by suppliers. The latter aims to continuously track the quality and reliability of the suppliers contracted by MM, through a process of performance assessment and monitoring by the contract manager during the execution phase (with particular reference to service levels and compliance with contractual clauses). In the event of sanctions, fines, criminal or serious warnings and repeated formalised contractual breaches, the supplier can be suspended from the Register, integrating the assessments into the platform.

At the end of 2022, the e-procurement platform had a total of **3,412 registered economic operators, of which 2,790 were qualified** in specific product categories. During the year, the total number of **economic operators awarded a contract or assignment by MM** was **886**.

MM's suppliers are divided into **three product macro-categories**, defined according to Article 3 of Legislative Decree 50/2016<sup>65</sup>. The three categories represent the macro-groups of product categories and sub-categories to be used in identifying the operations to be contracted out to economic operators. These consist of

<sup>63</sup> The MM e-procurement platform is accessible from the [www.mmspa.eu](http://www.mmspa.eu) corporate website (Home > Tenders > Tenders) or directly at <https://mm.pro-q.it/>

<sup>64</sup> The Regulations of the Supplier Register are published on the Company's website [www.mmspa.eu](http://www.mmspa.eu) (Home > Tenders > Supplier register of MM).

<sup>65</sup> Article 3 of Italian Legislative Decree 50/2016 defines Public Service Contracts (contracts between one or more contracting authorities and one or more entities concerning the rendering of services other than those listed in letter II) of said Article); Public Procurement Contracts (contracts between one or more contracting authorities and one or more entities concerning purchases, finance leases, operating leases, or leases with or without option to buy, of products, including also siting and installation work); and Works (construction, demolition, recovery, urban and building renovation, replacement, restoration, and maintenance of works).

**contractors, suppliers of goods, and providers of services** (the category relating to **National Recovery and Resilience Plan** was added to these as of 2022).

<b>Suppliers registered as approved, by product category<sup>66</sup></b>				
<b>Product category</b>	<b>m.u.</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
Services	No.	1,265	1,533	1,368
Supplies		530	655	605
Works		1,000	1,135	1,121
NRRP		N/A	N/A	31

Well aware of the potential for improvement in the responsible management of the supply chain, MM promotes the dissemination of sustainability as distinctive element of its suppliers and products used, directing its choices in the procurement of goods and services characterised by a greater attention to environmental and social impact. In this regard, the registration process also keeps track of **characteristics related to sustainability parameters**, such as the presence of any quality, environmental or occupational health and safety management system certifications, as well as the adoption of an organisational model pursuant to Legislative Decree no. 231/2001.

Upon their inclusion in the Register, all new suppliers are required to disclose whether they have environmental and social certifications and/or management systems.

Taking into account only the new registrations in the Register in 2022, out of the total of 652 registered economic operators, 16% have the SA8000 social certification, 43% have a certified occupational health and safety management system (OHSAS 18001 or ISO 45001)<sup>67</sup>, 48% have a certified environmental management system (ISO 14001 or ISO 50001), while 72% have a certified quality management system (ISO 9001).

<b>New suppliers with social, environmental and quality certifications<sup>68</sup></b>	<b>m.u.</b>	<b>2022</b>	
		<b>no.</b>	<b>% of total new suppliers</b>
Certification SA8000	No.	106	16%
Occupational Health and Safety Management System (OHSAS 18001, ISO 45001)		283	43%
Environmental Management System (ISO 14001, ISO 50001)		313	48%
Quality Management System (ISO 9001)		469	72%

MM does not select suppliers based on geography, as it has decided to prioritise qualitative, economic, and sustainability-related factors in managing contracts – and geographic limitations violate the constitutional principle of equal treatment (article 3 of the Italian Constitution) as well as EU contract laws requiring contracting authorities to treat suppliers equally. However, the Supplier Register allows to analyse the **geographical distribution of economic operators** included in it and approved based on the location of the registered office, from which it emerges that the majority are located in Italy (99%) and specifically Lombardy (53%) and in the Province of Milan (31%).

<sup>66</sup> Some suppliers may be registered for one or more product categories included in the Register.

<sup>67</sup> Taking into account new suppliers with at least one social certification (SA8000, OHSAS 18001, ISO 45001), the percentage amounts to 44%.

<sup>68</sup> Some suppliers may have more than one certification and/or management system. The data is only available for 2022 as, due to the migration to the new e-procurement platform, it is not possible to access the information on certified suppliers for the years 2020 and 2021. For these, please refer to the data calculated using the previous methodology published in the 2021 NFS.

## 4. We value MM's people

**People are at the centre of MM's operations**, whether they are locals making use of the services provided by the Company or employees personally contributing to business development. Development that cannot disregard listening to people's needs, with the aim of promoting well-being, a better quality of life and a comfortable and safe workplace, in a climate of mutual respect, enrichment of skills and personal satisfaction.

MM ensures **ethical conduct** by company staff (at all levels and professional categories) through an internal control system and adoption of high ethical standards, in order to avoid situations where there is a conflict of interest or potential harm to the Company (see paragraph 3.1 "Business ethics and integrity").

### MM and respect for HUMAN RIGHTS

Article 3 paragraph 2 of Legislative Decree 254 refers to respect for human rights as a principle according to which human dignity cannot be violated and must be respected and protected, including in conducting the business activities along the value chain.

MM carries out its business activities in **full compliance with the laws and provisions on human rights** in the countries in which it operates and undertakes to disseminate the principles of protection and respect for each individual within the Code of Ethics, the Procurement Code and the Service Charter.

Moreover, MM is inspired by the most relevant international standards on the subject, such as:

- OECD Guidelines for Multinational Enterprises;
- United Nations Guiding Principles on Business and Human Rights (UNGP);
- The Eight Fundamental Conventions identified by the International Labour Organisation (ILO);
- International Charter of Human Rights.

### Workers' rights...



MM undertakes to provide its employees with a positive and stimulating working environment, guaranteeing recognition and respect for their dignity, rights and cultural and individual diversity, abolishing all forms of irregular, child and forced labour. The company adopts methods of selection, recruitment, training and management of resources based on respect for human values, favouring the development of the potential of each employee and promoting a working environment based on respect for the individual personality, on the prevention of discrimination, guaranteeing equal opportunities and fair treatment based on criteria of merit and competence. MM ensures the management of environments and workplaces able to guarantee the well-being, health and safety of its employees, their freedom of association, their right to adequate living standards in a climate of mutual trust and dialogue.



Moreover, in line with the Code of Ethics, MM also undertakes to work with suppliers and subcontractors who share and subscribe to the principles of respect for the person included in the Code of Ethics and does not maintain relations with subjects who carry out activities incompatible with corporate, national and international regulations on worker protection.

### Citizens' rights...

Through the care and maintenance of the assets owned by the Municipality of Milan, MM ensures that citizens have full access to the essential public utility services managed by the Company, guaranteeing respect for their rights.



Through the management of the Integrated Water Service of the city of Milan, MM undertakes to guarantee **access to clean, safe and hygienic drinking water**, adopting the fundamental principles set out in the Service Charter, such as equality and impartiality of treatment and continuity of service. Access to water is an essential human right for the full enjoyment of life and other human rights recognised by the United Nations General Assembly within the Declaration A/64/L.63 of 2010 and the Sustainable Development Goals (SDGs).



By managing the public housing stock owned by the Municipalities of Milan and Bergamo, MM contributes to ensuring that the **right to housing** is respected as an economic, social and cultural right to adequate housing and shelter. Through the administration and protection of the housing property, the management of contracts and maintenance activities, and the care of



relations with customers, MM ensures that even less well-off citizens and/or citizens who find themselves in situations of particular difficulty, are guaranteed the right to decent housing.

Through the engineering services offered, both those for the design and construction of solutions for sustainable mobility and for the ordinary and extraordinary maintenance of schools, sports facilities and lifting systems serving road underpasses, MM contributes to the **development of resilient infrastructures** for the city of Milan, the conservation and care of public assets and urban redevelopment.

To maximise the value of MM's people, in line with the corporate Strategic Plan, the second step of the **People strategy** was launched in 2022. The plan is aimed at developing and managing the technical, managerial and relational skills that contribute to the excellence of the results, the generation of value, and the Company's innovation and sustainability and which, under the guidance of a **Steering Committee** made up of the Board and the top corporate lines, provides for the definition of the priority actions to be put in place in order to introduce new management models and development, evaluation and valorisation for MM people. Plan activities include the definition of the competency model, talent management, the performance evaluation process, the weighing of Company positions, management training and digitisation of processes and competencies (digital workplace).

## PEOPLE STRATEGY 2.0

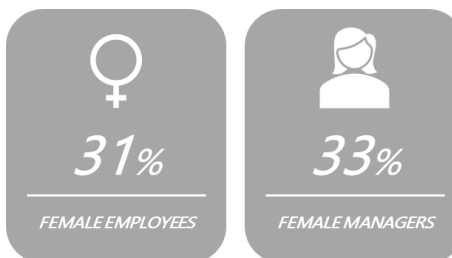
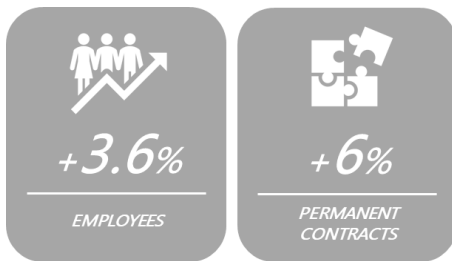
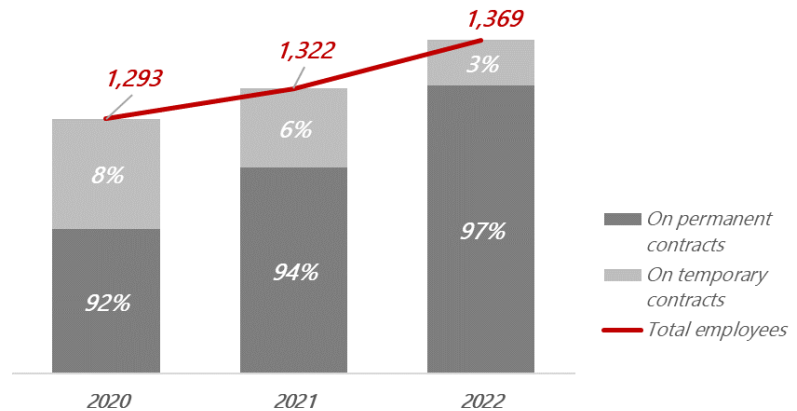
MM's People Strategy plan contributes to giving value to the nature of a public enterprise at the service of the community, which must pursue its mission with competence and competitiveness, ensuring the best standards of quality and efficiency in the services managed. A company in continuous transformation to become more agile, integrated, structured and digital and able to implement any new needs that the Municipality of Milan may identify, guaranteeing sustainable development over time.

In 2022, the People Strategy 2.0 activities concerned:

- **Performance Evaluation 2.0** (consolidation of the process of aligning professional commitments with the corporate strategy, monitoring results and promoting growth);
- **Management training 2.0** (continuation of the training plan centred on the needs of management, on the topics of assessment, feedback, people management and the construction of development plans) supplemented by sessions dedicated to sustainability-related topics;
- **Digitisation of the training process** (complete review of the training process, from needs analysis to content evaluation, with the adoption of the LMS 365 platform);
- **Definition of the role-related skills system** (definition of roles in MM, based on technical skills, mapping of the level of coverage and development of horizontal and vertical growth paths);
- **Talent 2.0** (talent management training path with the launch of coaching and mentoring courses, dedicated training plans and control courses and collaboration between people from different Company Business Units)
- **New corporate Intranet** (engagement of corporate structures in the creation and sharing of content).
- **Digitisation of Core HR and Recruiting & Onboarding processes.**

## 4.1. Who are MM's people?

The **constant growth of MM's employee base** continues, up by approximately 3.6% compared to 2021 for a total of **1,369 employees**, in addition to trainees, collaborators and temporary workers with a **total workforce of 1,387 people**. One of the determining factors that contributes to this increase (amounting to about 6% compared to 2020 and 18% in the last five-year period<sup>69</sup>) is the expansion of the activities assigned to MM by the Municipality of Milan and the consequent recruitment campaign for staff to carry out the street drain cleaning services, facility management activities and the maintenance of green spaces for the public housing property transferred under the management of MM. The Company has moreover confirmed its desire to stabilise the relationship with its resources, favouring the use of **permanent contracts** (+6% compared to 2021).



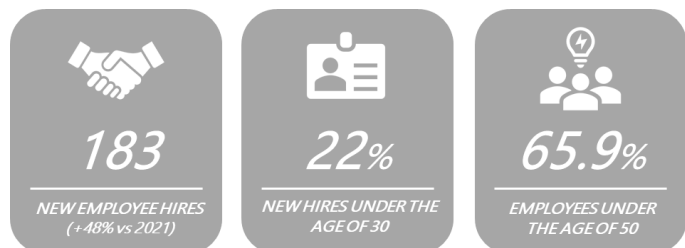
With 427 women in the workforce, **MM has a female presence of 31%**, in line with previous years. The discrepancy between the two components is due to the specific nature of MM's business which, particularly in the past has attracted mainly male professionals. For instance, among manual workers, men account for 86% of the total, slightly higher with the addition of the new resources covering facility management activities as part of the Routine Plant and Infrastructure Maintenance Business Unit and green management for public housing.

The **presence of women**, on the other hand, continues to increase **in top positions** (particularly among managers) where they account for 33% of the total, an increase of 10% compared to 2021.

MM also complies with current regulations on **vulnerable categories**, with 36 disabled employees and 2 belonging to other protected categories in accordance with Article 18 of Law 68/99<sup>70</sup> in force in 2022 (up by 12% compared to 2021).

**The hiring policy** launched in previous years continued in 2022 with the hiring of **183** new employees (up by 48% compared to 2021), of which around **22% are under 30 years of age**.

This brings the total number of employees under 30 to 4.9% and that under 50 to 65.9%.



<sup>69</sup> Over the last five years, MM's human resources have grown from 1,164 in 2018 to 1,369 employees in 2022 (source: 2020 Sustainability Report).

<sup>70</sup> Orphans and widows/widowers of those who have died as a result of work, war and service, or as a result of the worsening of the disability reported for such causes; persons entitled to the same rights, i.e. spouses and children of persons recognised as highly disabled due to war, work and service; repatriated Italian refugees.



In 2022, a total of **136 terminations** took place, of which 10 due to retirement, 8 due to the natural termination of the employment relationship, 4 due to dismissal and 1 due to death.

The **recruitment and selection of staff** are managed based on internal procedures, in compliance with the principles of transparency, publicity and impartiality<sup>71</sup>. In line with the requirements of the job, the process aims to identify the most suitable candidate on the basis of specific technical and specialist skills. The initial phase focused on defining the role profile sought, is followed by job postings on targeted channels, specific search engines and in the “Work with us” section of the company website, to which candidates can reply by filling in an online form and attaching their CV<sup>72</sup>. Moreover, the job posting service dedicated to MM’s employees, who can participate in the recruitment process alongside external applicants, is available on the company intranet. In order to make the process easier for candidates, a mixed method for managing the selection process was maintained, through **remote interviews** during the initial phase of the process and **in person** for the technical and manual assessments for workers and for the second round of interviews, when applicable.

In order to define an **integrated and efficient model** of human resource management, during the year, preparatory activities were completed for the transfer of various interconnected human resource management processes to SAP *SuccessFactor*, including those relating to the **recruitment and selection** of personnel. This allows to connect the candidates’ personal data with the subsequent onboarding process, promoting greater **efficiency and dialogue** between corporate functions, creating more structured, tracked, linear and integrated processes.

## 4.2. Training as a strategic lever for professional development

The development of MM goes hand in hand with the **professional and personal growth of the people** who, day after day, play an active role in the evolution and transformation of the city of Milan, putting their skills at the service of the citizen. MM promotes different training courses aimed at consolidating and strengthening the **technical, specialist and transversal skills** of employees and at **mitigating the risks** related to the performance of operational activities, with particular reference to occupational health and safety and environmental issues.

The process and steps MM must follow in training its people, as well as how to report on the initiatives carried out are governed by a specific procedure, adopted in 2018 and updated in 2022<sup>73</sup>, which provides for four phases:

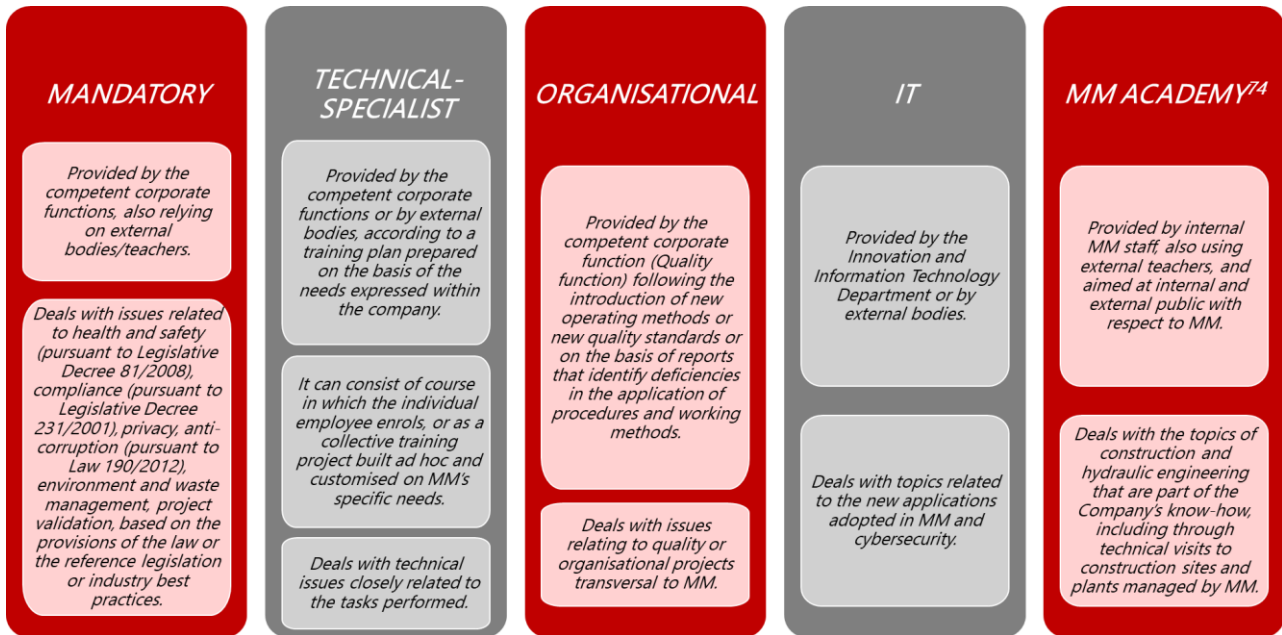


MM offers in-class and distance learning courses that fall within **five categories**:

<sup>71</sup> Principles both derived from EU legislation and contained in Article 35 of Legislative Decree no. 165/2001 (as amended by Legislative Decree no. 75/2017) and Legislative Decree no. 231/01.

<sup>72</sup> The recruitment process is activated to fill new positions or vacancies resulting from turnover, to replace employees on leave (e.g. parental, sick, and injury leave, leave of absence), in accordance with the parameters for the recruitment of disabled persons as per Italian Law 68/1999.

<sup>73</sup> The updating of the procedure, in particular, concerned changes to the reporting and training request timeframes, and the modification of the process responsibilities following a change in the organisational structure.



The aim of the training activities is to **maximise the value of people, creating opportunities for growth and investing in knowledge and skills**. The **training programme**, excluding the topics required by law, is defined on the basis of the strategic objectives of the Business Plan, the requirements of the corporate functions, as well as internal and external audit findings highlighting the need to explore specific topics. The definition of training needs has therefore combined the bottom-up approach, or at the request of the corporate structures, with the top-down approach which allows MM to **define training courses for homogeneous and transversal categories with respect to the business areas**.

**ACADEMY**  
**MM**

The MM Academy<sup>75</sup> is the **business academy created by MM** with the aim of promoting the so-called “polytechnic culture”, in which humanistic values and technical knowledge are complementary and form the foundation of a culture of competence. Through MM Academy, MM shares the Company's wealth of technological innovation and its construction and hydraulic engineering know-how accumulated in over sixty years of designing, building, and operating major works, public transport infrastructure, water systems and utility services. The **training programme**, aimed at both employees and the external public (professionals, technicians and managers of the Public Administration, local authorities, consortia, other utilities and NGOs, as well as recent graduates), comprises classroom courses and technical visits to the Water Service plants and the construction sites of the M4 line and talks about the Company's commitment to the ten-year construction and transformation of the city of Milan. The **curricula is delivered by MM's internal staff** – also when it comes to the selection of external contributions –, while the general organisation is the result of collaborations with subjects such as the Engineering Society and the Society of Architects, Planners, Landscapers and Conservationists of the Province of Milan for the recognition of professional training credits.

The use of **remote training** continued to be promoted in 2022, with benefits in terms of optimisation of the investment, greater usability of the content and breadth of the company's employee base that could be reached. The satisfaction of participants is monitored through **satisfaction questionnaires**, which collect feedback and ideas for improvement on the organisation, teaching and relevance of the content with respect to the needs of professional updating.

For new resources, MM periodically organises **induction activities** which, in addition to presenting the Company, complement the curriculum with mandatory training on the subject matter provided for by Legislative Decree 231/2001 and the Anti-Corruption Policy. The goal is to foster integration and familiarisation with the

<sup>74</sup> Although outside the scope of the corporate procedure, MM Academy training is also subject to a process that requires the definition of the annual course syllabus, which is published on the corporate Intranet and promoted through partner channels.

<sup>75</sup> In 2022 the activities of the MM Academy were temporarily suspended in light of the internal changes made to the structure responsible for the project, with the aim of resuming activities as soon as possible, evaluating any eventual changes in close collaboration with the new Board of Directors.

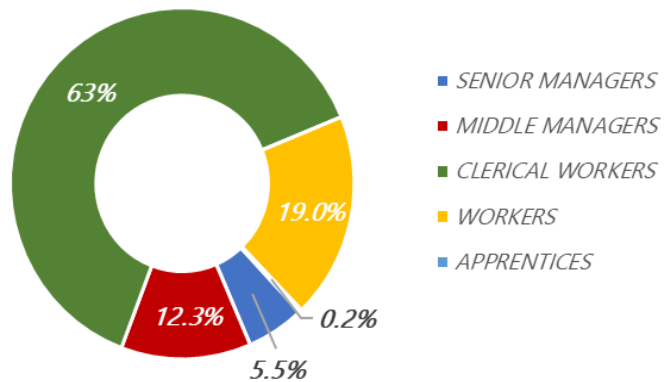
company and its culture, for an onboarding process that is as easy and stimulating as possible.

Once again in 2022, MM relied on **training funds**, which allow companies to offer specialist training to their employees by accessing joint interprofessional funds to cover costs. The courses, offered by MM or in collaboration with other entities, are intended to align or expand professional skills promoting the technological and organisational innovation of the processes. In 2022, in particular, the funds were used to finance the **course on the BIM (Building Information Technology) methodology** for the design of engineering works, with 281 hours of training provided to 24 employees (between 2022 and 2024, the course will involve a total of 160 employees in eleven days of training and approximately 88-100 hours of training per resource). Moreover, access to funds made it possible to finance an English course for executives for a total of 288 hours.

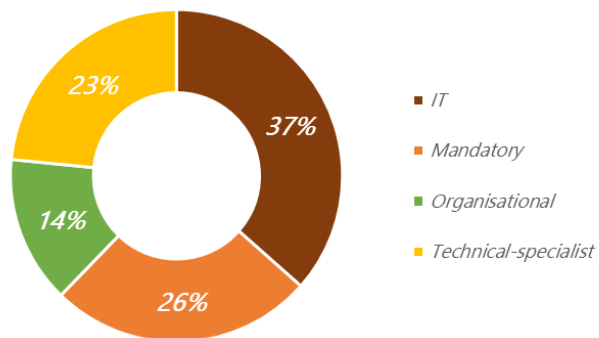
In 2022, a total of **29,612 hours of training** were provided, an increase compared to both 2021 (+12%) and 2020 (+76%), with an **overall average of 21.6 hours of training per capita** (+8.4% compared to 20 hours of 2021).

Again considering the per capita training hours, the categories most affected by the training are Senior managers (with 49.3 hours per capita) and Middle managers (with 47.2 hours per capita). This, also thanks to the **managerial training**<sup>76</sup> plan launched last year to accompany company managers (clerical workers, middle managers and senior managers) along a dedicated path of skills development and support in managing the tools and levers that managers have at their disposal. The plan continued in 2022 with 2,566 hours dedicated to studying methodologies and tools that can make the three fundamental elements of the performance management and people management process more effective: performance assessment, feedback methods and the assignment of goals. The managerial training also included **3 sessions** (for a total of 1,298 additional hours) **dedicated to sustainability issues**, during which the main innovations and developments in the corporate social responsibility sphere, practices and tools for integrating sustainability into the business and to develop an effective reporting and communication process were explored in detail.

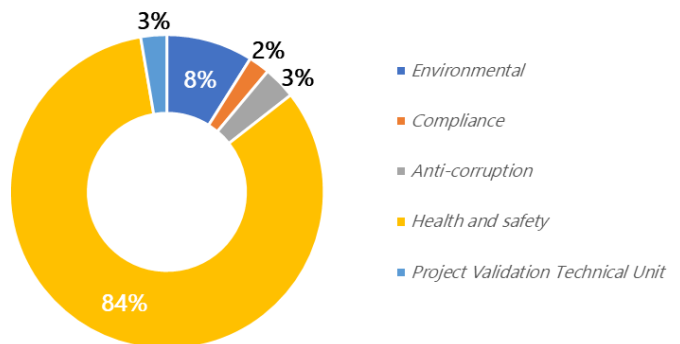
HOURS OF TRAINING BY EMPLOYEE CATEGORY




TRAINING BY TYPE




MANDATORY TRAINING





**29,612**

HOURS OF TRAINING  
(+ 12% vs 2021)



**45 YEARS**

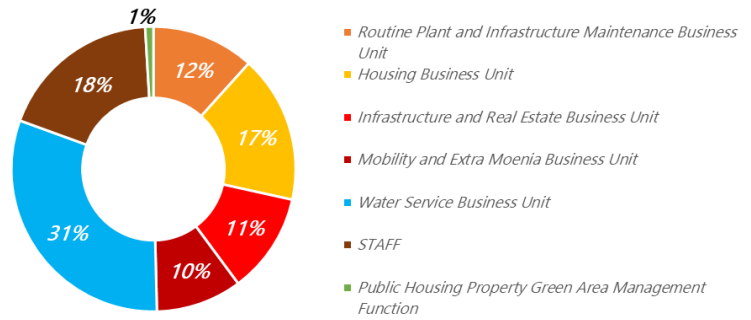
AVERAGE AGE OF  
EMPLOYEES TRAINED

<sup>76</sup> For further details on the managerial training plan, please refer to the 2021 NFS published on the [www.mmspa.eu](http://www.mmspa.eu) corporate website (Home > Sustainability > Sustainability Reports).



In 2022, training related to the **Digital workplace** and the digitisation of processes continued, with the aim of improving knowledge and skills on the use of new applications (Microsoft 365 suite tools), promoting the dissemination of new digital behaviours, also thanks to the support of the guides, and collecting best practices for the new edition of the “WoW! Awards” to be held in mid-April 2023 (see paragraph 3.3 “*Innovation and digital transformation*”).

TRAINING BY BUSINESS AREA



**MM's INVESTMENT in training**

*Investing in the training of people forms part of MM's development strategy, which considers consolidating skills as a fundamental tool for **creating shared value, attracting and retaining talent and increasing the sense of belonging to the culture of MM.** Measuring the effectiveness of training initiatives and the return on investment are aspects that must be evaluated with a view to efficiency, considering that unlike academic training, corporate training is often oriented towards practical “know-how” rather than general knowledge. For this purpose, to the **direct cost** for the organisation or purchase of the courses, MM also adds the **indirect cost**, in other words the hourly cost of workers engaged in training activities and consequently not performing their regular work tasks, obtaining a precise figure that quantifies the indirect investment on the specific resource, based on the average hourly cost by job category.*

**In 2022 total investment in training exceeded €1,391,500**, of which about €394,000 consisting of direct costs (of which about 11% referred to funded training) and just over €998,000 consisting of indirect costs.



**LOOKING TO THE FUTURE**

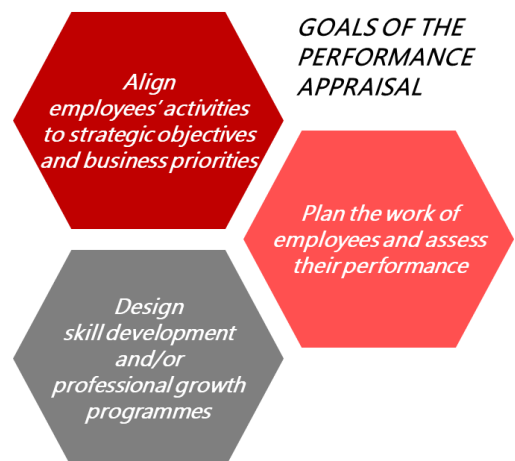
*In 2023, work is expected to get underway for the **digitisation of the training process**, with the aim of simplifying communication between corporate structures, making the planning process continuous and dynamic and allowing each structure to monitor the progress of its training activity. All through a digital platform in which corporate structures will be able to plan, organise and monitor the training of their resources.*

**4.3. Evaluation of skills and performance**

The introduction of the **People Strategy** in MM is leading to a radical change in the management of human resources and career development plans, favouring the creation of a corporate context oriented towards **personal and professional development** and the **maintenance of a high level of motivation**.

The **employee performance evaluation process** adopted by MM makes it possible to monitor and develop, based on the specific business priorities, the individual contribution of each person.

In 2021, the process was revised with a view to change management, according to an assessment model inspired by principles of fairness, meritocracy and transparency, in which people's qualities and aptitudes can emerge, enabling individuals and teams to unleash their full potential. The ultimate goal of the evaluation process is to formalise a **relationship model between managers and collaborators** in which objectives, expectations and quality standards are clear and shared, with constant monitoring of the results achieved during the year, also making it possible to define appropriate improvement paths and growth under the supervision of the Organisation and Human Resources Department.



The definition of business priorities guides the **assignment of objectives**, first translated into MBOs for management and then, cascading down, into objectives for each employee by each manager, according to the organisational purpose and based on clear performance indicators (according to the balance scorecard model).

The evaluation looks both at the achievement of objectives assigned based on the work performed, and the **development of skills** expected at the company level. A **skills model**<sup>77</sup> that defines the set of attitudes, professional behaviours and ways of working that MM deems necessary to create sustainable value (for people, for the organisation and for the customer) and to achieve the business growth objectives defined.

**Managers** play a key role in the process **as evaluators**. For them, MM has developed tools to facilitate the assignment and evaluation of objectives – including evaluation by multiple individuals and continuous feedback for the interim monitoring of performance over the course of a year – allowing them to focus on accompanying employees in their growth path and on the timely identification of business needs. Custodians of MM’s Public Housing property, instead, are evaluated using a “ranking” mechanism based on the feedback received from the managers of the local offices, while managers are assessed by relying on an MBO (Management By Objectives) system, based on the achievement of quantifiable and measurable objectives in line with the development strategy and the business plan.

In 2021, the process **was digitised** through the migration to the *SAP SuccessFactors* system, enabling interactive management of the various stages of the evaluation and of the players involved. Moreover, a training course on the new assessment process was launched, which continued in 2022 with sessions aimed at evaluators exploring how to measure the performance and skills of employees and how to carry out feedback interviews, as well as on the use of the new tool. In 2022, the phase of assigning and evaluating objectives was therefore initiated and completed, involving 88% of the Company’s employees (Executives and Public Housing property custodians are excluded as they are evaluated based on the different models described above).



In addition to the new skills evaluation system, the People Strategy relies on **two tools to enhance talent**<sup>78</sup> and bring out the potential of people, identifying the most suitable figures to cover key roles and tasks for MM and accompanying them in their professional development:

- the **weighing of positions**, which analyses professional profiles within the company, identifies the skills to be considered strategic, determines the value of the single role compared to other positions at the same level inside or outside MM, and evaluates the ease of replacing a specific figure in case they leave MM;
- **talent management** designed to attract, develop and retain professionals and key figures for the future of MM, which identified the individual talent and potential in which to invest, selecting them on a meritocratic basis from all levels and areas of MM. In 2022, a **mentorship programme** was launched for some of the talent identified, who were supported by a manager selected on the basis of the desired development path within MM. The programme also had positive effects on mentors, who were able to exercise good leadership practices towards resources they do not directly coordinate.

<b>LOOKING TO THE FUTURE</b>	<i>In 2023, the identification of KPIs and metrics for measuring productivity and the improvement of the organisational process to support company performance, and greater integration of the performance assessment system with the skills model (in particular technical and managerial) are planned.</i>
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#### 4.4. Inclusion and corporate well-being

It is MM’s belief that **equality** is **synonymous with dignity and equal opportunities**, as established by Article 3 of the Italian Constitution which states that “*all citizens have equal social dignity and are equal before the law, without distinction of sex, race, language, religion, political opinions, personal and social conditions*”.

But not only. Equality also means **cohesion and diversity**, since if inequality is rooted in difference, diversity brings innovation and creativity and is able to enrich collective thinking, but only in inclusion or if the right

<sup>77</sup> Additional details on the “Skills Model” are available in the 2021 NFS published on the [www.mmspa.eu](http://www.mmspa.eu) corporate website (Home > Sustainability > Sustainability Reports).

<sup>78</sup> Additional details on the “Weighing of positions” and on “Talent management” are available in the 2021 NFS published on the [www.mmspa.eu](http://www.mmspa.eu) corporate website (Home > Sustainability > Sustainability Reports).

conditions are created for each person to feel listened to and allowed to express their personal value, the result of the diversity of culture, character, tastes, attitudes and ingenuity.

A diversity of profiles, knowledge and backgrounds is therefore an added value for the development of the business and the territory. For this reason, MM has consolidated practices over the years aimed at developing distinctive skills and abilities in full **respect of diversity and equal opportunities**, regardless of gender, age, origin or other aspects that could constitute a discriminatory element. Moreover, according to the **Code of Ethics**, diversity should be considered as an asset for a more effective and efficient development of strategies, planning and in the supply of effective services.

Since 2019 MM has been among the signatories of the “**Utilitalia Pact - Diversity makes the Difference**”, a shared programme of principles and commitments designed to support the diversity management scheme signed by 26 public service companies associated with Utilitalia. The organisation promotes a strategic management of diversity and the dissemination of an inclusive culture and equal opportunities through personnel training and management policies designed to ensure the growth of people and the enhancement of the different professional profiles and skills.

### The VALERIA SOLESIN award

MM has been supporting the Valeria Solesin award for years, the competition promoted by Forum della Meritocrazia and Allianz Partners and created under the patronage of the Municipality and the Metropolitan City of Milan. The competition rewards the best theses by students from all Italian universities, both public and private, with research focused on the theme of “**female talent as a key driver for the development of the economy, ethics and meritocracy in our country**”. The competition is inspired by the studies of the young Venetian researcher who died in the attack on the Bataclan Theatre in Paris on 13 November 2015, which explore the theme of the dual role of women, divided between family and work, as well as by other lines of study which illustrate how the increase in female employment is a resource for socio-economic development.

In 2022 MM awarded Valentina Pastori's thesis entitled “Women and the city. Planning with a different perspective. What “kind” of city for the future?”. The paper analyses **how urban planning can change if the different needs of men and women and the new ways of contemporary living are taken into consideration** (contrary to what was done in the past in the development of the European city of the 19th century). The paper therefore proposes a project to enable women to actively participate in the dynamics of the Greco Milanese district (area located north-west of Milan), making them authors of a public space designed for them.

For MM, wellness means being committed to promoting a **stimulating and comfortable working environment**, in the belief that a proactive climate and mutual respect, the improvement of people's quality of life and the right work-life balance favour the achievement of corporate objectives. To this end, MM plans dedicated **initiatives for staff welfare, attention and engagement**, with the aim of strengthening corporate identity and disseminating company values.

MM offers its employees various **benefits**, including meal vouchers, agreements with local transport companies, provision of laptops and, in the cases provided for by law, the advance payment of accrued severance pay, also applicable to dependent family members. A **health monitoring system** is also in place, in accordance with current legislation. The system not only provides for a doctor to be available at the Company's offices on a rotation basis, but also provides for preventive medical services with specific check-ups for women and men (see paragraph 4.5 “Occupational Health and Safety”).

Employees can also benefit from a **Welfare Plan**. The Plan allows employees to convert part of their results bonus (subject to the legal conditions required for tax exemption) into the welfare services offered as part of the dedicated welcoMMe platform, with benefits in the health, cultural and educational spheres and shopping vouchers that can be spent in affiliated businesses. Every year, in agreement with the trade unions, MM sets a maximum convertible portion the bonus that can be used net of tax and which, if not used by the end of the year, will be reflected in the employee's pay (if the bonus is to be allocated to a supplementary pension scheme, then it can be converted in full). In addition, to encourage the use of this tool, **the Company undertakes to pay an incremental percentage of the amount spent by the employee** on the services offered by the platform, thus boosting the employee's purchasing power. The current trade union agreement provides for an additional 16% share to be paid by the Company.

Still on the subject of welfare, the collaborations started in recent years continue.

In particular, **MM participates in the “Rete Partecipate” (Subsidiaries Network) of the Municipality of**

**Milan**, a permanent forum for promoting a work-life balance and good territorial practices aimed at improving the well-being of workers and citizens alike. In 2019, a memorandum of understanding was signed to share best practices on issues related to employees' work-life balance.

MM, together with Formawork and ATM, is among the entities that have obtained the funding provided for by the **"#Conciliamo"** tender issued by the Department for Family Policies of the Presidency of the Council of Ministers, which supports companies in the development of corporate welfare projects aimed at workers and their families. The initiatives implemented in 2022 include:

- the **non-mandatory training on "smart working"**, thanks to which over 500 resources were made aware of the safety measures to be adopted when working remotely and the soft skills needed to work in so-called "smart mode";
- the **"Push to open junior"** and **"Push to open diplomandi"** training offered by Jointly, a benefit company specialised in corporate welfare services and people caring solutions, with the aim of helping parents and children respectively in choosing high school and post-graduate studies, evaluating skills, aptitudes, motivation and choices together in an aware and informed way;
- the **guidance service dedicated to care-givers**, aimed at providing dedicated support to those who take care of an elderly or non-self-sufficient family member on a daily basis; through the MM-Jointly portal caregivers have access to a network of social-welfare services and professionals available to provide support for the management of emergency situations, to activate 24-hour or temporary assistance, to find out which contributions or economic-fiscal benefits are available and to manage the caregiver's employment contract.



The tool that has always been the first channel of contact and employee involvement, through which corporate culture and team spirit is disseminated, is the **inMM corporate Intranet**, completely redesigned in 2021 both in terms of architecture and of management. Today, the updated tool is fully operational and offers a wealth of original content, new features and formats created with the active contribution of the entire Company, as

part of an enlarged and participatory editorial team. In addition to the useful information for working within MM, the new intranet has made employees protagonists of a new way of narrating the Company's story, sharing their experiences and their point of view in a special hub through editorial content and video interviews.

#triplets #smartdesk  
**MMmanage** **MMbehave**  
 #myfirstday  
**MMinform** **MMengage**  
 #adaywith

**Christmas party**

*In 2022, for the first time since the pandemic, the MM Christmas party was once again organised on site. A great opportunity to come together and exchange greetings and wishes for the New Year. A large event with nearly 800 attendees.*

**Merry Christmas!**



## 4.5. Occupational health and safety

For MM, **occupational safety is a necessary condition** for carrying out its business activities, since, in compliance with Legislative Decree 81/08, it makes it possible to eliminate, reduce or, in any case, control the risk factors associated with work processes, the onset of occupational diseases and the occurrence of accidents and injuries to the detriment of workers.

To protect the health and integrity of workers, protecting them from the risks present, a set of measures, provisions, assessments and monitoring practices need to be adopted within the workplace with a twofold objective: on the one hand, to prevent, avoiding the occurrence of harmful events; and on the other, to protect, limiting the consequences of a harmful event that occurs.

Occupational safety also serves to guarantee and protect the psycho and physical well-being of workers, helping to create a healthy work environment, with positive repercussions on productivity and business development.

As provided for by the Decree, MM has nominated and trained company staff, and arranged for appropriate delegations to be given to managers and heads<sup>79</sup>. The Company has also set up a **Prevention and Protection Service** engaging, among other things, in the prevention of occupational accidents and illnesses. Monitoring of health and safety issues has been integrated for years across the organisation thanks to a **Health and Safety Management System**, which also ensures compliance with Legislative Decree 231/01. It addresses in particular the activities of the Integrated Water Service and consists of a manual and 22 procedures. In 2022, the system was audited by a third party which granted the certification according to the **UNI ISO 45001 standard** for the water sector and for the engineering sector.

The workers have appointed **Occupational Health and Safety (OHS) Representatives**. These representatives are trained in accordance with the content of the National/Regional agreement on health and safety. They are also responsible for reporting staff requests to the Prevention and Protection Service, the relevant occupational health physician, or employer, thereby guaranteeing anonymity for the workers making the request. Finally, MM has established **five formal joint management-worker committees** on the subject<sup>80</sup>.

In addition to outlining and assessing the main risks arising from company activities in the **Risk Assessment Document**, MM undertakes to **identify the hazards** to which workers are exposed, assessing them through specific risk assessments and **analyse any accidents and near misses** to identify their possible causes and define the appropriate mitigation actions required. Company activities are examined by conducting inspections and interviews with managers, workers and the occupational health physician, as well as being audited on a regular basis to improve the Management System or introduce new procedures. **In cases of serious or imminent danger** workers must leave the workplace and report the incident to their line managers, while **accidents** are reported and described on a specific form so that the Prevention and Protection Function can investigate the causes.

Over the years, the constant and careful analysis of events, the adoption of procedures and good practices and the training and awareness of employees have enabled MM to **contain the number and severity of workplace accidents** to very low levels. Particular attention is paid to potential and actual **workplace accidents**, rather than incidental types which by their very nature are more difficult to contain.

In 2022 there were **2 cases of workplace injuries**<sup>81</sup>, none of them with serious consequences, while the **accident frequency index**, given by the ratio of the total number of workplace incidents to hours worked, stands at 0.16, down by 75% compared to 2021.

<sup>79</sup> The mandates regarding health and safety in the workplace (pursuant to Article 16 of Legislative Decree no. 81 of 9 April 2008) and the environment are published on the [www.mmspa.eu](http://www.mmspa.eu) website (Home > The company > Transparency > Other content - Safety and Environment Mandates).

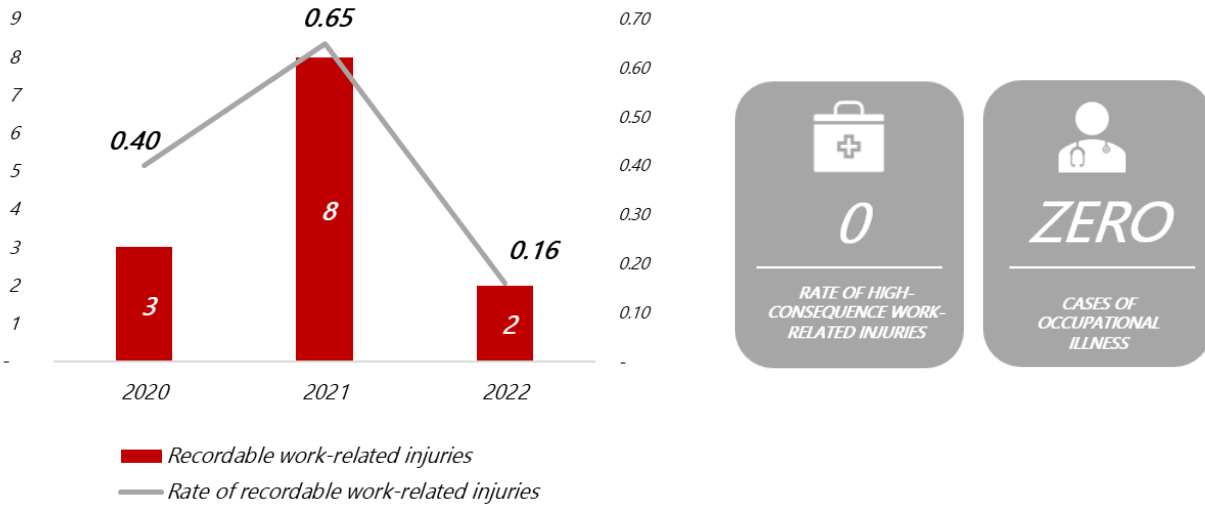
<sup>80</sup> Below is the composition of these five committees: Engineering Business Unit Committee (4 members of the Prevention and Protection Service, an occupational health physician, 3 staff representatives, and the employer or his/her delegate. Other Business Unit managers and Staff functions can also be added); Water Service Business Unit Committee (4 members of the Prevention and Protection Service, an occupational health physician, 4 staff representatives, and the employer or his/her delegate. Other Business Unit managers and Staff functions can also be added); Housing Business Unit Committee (4 members of the Prevention and Protection Service, an occupational health physician, 1 staff representative, and the employer or his/her delegate. Other Business Unit managers and Staff functions can also be added); Routine Plant and Infrastructure Maintenance Business Unit Committee (4 members of the Prevention and Protection Service, an occupational health physician, 1 staff representative, and the employer or his/her delegate. Other Business Unit managers and Staff functions can also be added); Green Business Unit Committee (4 members of the Prevention and Protection Service, an occupational health physician, 1 staff representative, and the employer or his/her delegate. Other Business Unit managers and Staff functions can also be added).

<sup>81</sup> In 2022 there were also 16 other events largely attributable to road/commuting accidents or random actions not directly related to work (compared to 13 in 2021).



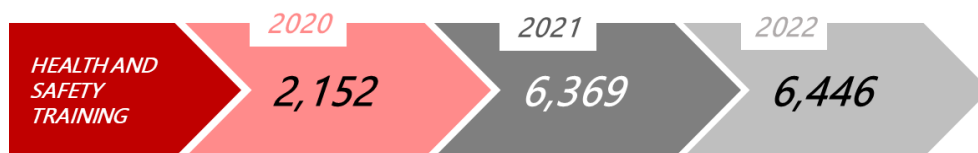


In collaboration with the occupational health physicians and the Prevention and Protection Function, the systematic monitoring to **prevent the occurrence of occupational illnesses** continued. In line with the past two years, in 2022 **no such cases were recorded**.



In addition to **promoting investments** to provide employees with low-impact equipment and to replace potentially harmful substances, MM organises regular **education, information and training activities** (including by relying on funded training funds) on health and safety issues, alternating theoretical and methodological content with practical training sessions carried out at the Company’s premises. The **training plan** is divided into four areas according to the intended audience: training for roles provided for by Legislative Decree 81/08 and by specific national/regional agreements on the subject (including Occupational Health and Safety Representatives), training for roles associated with emergency management, training for roles on construction sites or related to tender supervision, and training for persons in charge of certain processes and the use of substances and preparations, equipment and machinery.

In 2022, **6,446 hours of health and safety training were provided in line with the training plan** updated on a five-year basis (or three-yearly in the case of first aid), a slight increase compared to the previous year (+1.2% on 2021). The training, offered remotely where applicable, focused mainly on risk prevention related to the individual job tasks, to emergency situation and to the skills of professional figures provided for by Legislative Decree 81/08.



In 2022 **specific training** was provided **on the new UNI ISO 45001** certified management system **dedicated to managerial lines**. In particular, each manager was provided with a set of procedures and related investigative activities under their responsibility, enabling them to understand their responsibilities, in relation to those of the employees who report to them, within the new management system.

In terms of occupational health services, MM carries out **health checks in accordance with the Health Protocol**, as drawn up by the occupational health physician, in line with current legislation. The Protocol provides for the presence of an occupational health physician on a rotating basis at company sites and for medical checks and examinations to be carried out at a predefined frequency to verify the worker’s suitability for the specific job, without prejudice to the possibility for the worker to request additional examinations from the Prevention and Protection Function. In application of Legislative Decree 81/08, reviews are also required for workers who are absent due to health reasons for more than 60 days. Examinations and specialist appointments are carried out at a healthcare organisation selected by MM.

In agreement with the trade unions, MM also stipulated a second level agreement extended to all employees for a **preventive medical service**, which offers **access to annual or biennial health checks**, alternating with the provisions of the Health Protocol. These include specific check-ups aimed at the prevention of dysmetabolic diseases and recurrent cancer in women (breast and uterus) and in men (prostate).

**LOOKING TO THE FUTURE** | MM’s attention to the protection of employee health and safety continues through the periodic updating of the risk analysis and the continuous search for innovative

*technologies that can support employees in carrying out their work activities in complete safety.*

*For 2023, the maintenance of the Safety Management System is planned, in compliance with the UNI ISO 45001 standard for the water and engineering sectors, and the activation of the **WHP (Workplace Health Promotion) programme** with the aim of promoting organisational changes in workplaces. This, to make them increasingly more favourable environments for the conscious adoption and diffusion of healthy lifestyles, with positive repercussions for both health and safety prevention purposes (Legislative Decree 81/08 and subsequent amendments), and for the psychophysical well-being of the person beyond the workplace.*

#### 4.6. Relations between MM and trade union organisations

In order to reconcile the rights of employees with the Company's business needs, MM **promotes an open and transparent dialogue with trade union representatives** aimed at a constructive exchange on working conditions and the quality of the working environment. To this end, it acts in full compliance with current regulations as well as collective bargaining agreements, informing and involving trade unions in negotiations in a continuous and proactive manner.

The **landscape of labour relations in MM is varied** and reflects the complexity and heterogeneity of the sectors in which the Company operates. Employees refer to **seven collective agreements**:

- Collective Labour Agreement for the Gas and Water sector (for the Water Service Business Unit and some staff Departments/functions),
- Collective Labour Agreement for Construction and Related Industry (for the engineering sector and some staff Departments/functions),
- Collective Labour Agreement Federcasa (for the Housing Business Unit),
- Collective Labour Agreement for Employees of Owners of Buildings (for a portion of the custodians of the Public Housing property pertaining to the Housing Business Unit),
- Collective Labour Agreement for Industry Managers (for Managers),
- Collective Labour Agreement for Agricultural Managers and Employees and Collective Labour Agreement for Agricultural Workers and Horticulturalists (for employees engaged in the maintenance of green spaces for the public housing property).

In 2022, 100% of MM's employees are covered by collective bargaining agreements.

## 5. We support environmental transition

Whether it is a question of designing works for mobility or building infrastructures, managing the Integrated Water Service and the Public Housing Stock, or carrying out facility management activities on behalf of the Municipality of Milan, **MM is committed to safeguarding the urban context and ecosystems** by containing the environmental impacts of its actions, using resources efficiently and improving processes, including through the adoption of innovative solutions. **Eco-innovation** plays a key role in the design of urban systems where the city environment, air, water, greenery and waste are viewed as key elements, especially for an engineering utility. The work carried out for **Expo 2015** is an example of the broader vision of the environment promoted by MM and applied in the planning and management of a smart city which has seen the integration of innovative solutions in the management of the water system, the naturalisation of spaces and the use of new and sustainable materials.

Respect and protection of the environment are also pursued through the adoption of **management systems** which clearly define policies and action strategies aimed at improving performance, ensuring compliance with current legislation, defining efficiency objectives in the rational use of resources and reduction of environmental impacts and waste, and formalising an organisational structure with clear roles, responsibilities and resources (see paragraph 2.4 “*Management systems and certifications*”). In particular:

<b>Environmental Management System</b>	<b>Certification UNI EN ISO 14001:2015</b>	
	<b>Scope:</b> <i>Integrated Water Service, Engineering.</i>	<i>MM's <b>Environmental Policy</b> promotes respect for the environment and compliance with the relevant legislation, monitoring the use of available resources and helping to strengthen a sense of environmental responsibility among those involved. It also promotes practices aimed at guaranteeing the effectiveness and efficiency of business processes, the reduction of environmental impacts by ensuring quality, reliability and safety of services, and the updating of environmental skills through research and training.</i>
<b>Energy Management System</b>	<b>Certification UNI EN ISO 50001:2018</b>	
	<b>Scope:</b> <i>Integrated Water Service.</i>	<i>MM's <b>Energy Policy</b> is inspired by the principles of waste reduction and energy efficiency in industrial processes, through research into new ways of producing, procuring and managing energy resources and raising awareness of their responsible use. Along with improving MM's overall energy performance and ensuring regulatory compliance, strategic objectives include the integration of energy efficiency criteria in the procurement of products and services and in plant design.</i>

The full synergy between the two systems is guaranteed by the common goal of **zeroing greenhouse gas emissions**, also pursued through the procurement strategy of MM's entire electricity needs from **renewable sources**.

The improvement objectives also provide for periodic **training courses**, which update and enhance the skills of MM employees in relation to environmental and energy topics, and **awareness initiatives**, which through direct involvement and the adoption of more responsible behaviour can help promote a “corporate culture” of efficiency, rational use of resources and correct waste management, and more generally attention to the environment. In 2022, training primarily focused on specific topics related to waste management, remediation of contaminated sites, Minimum Environmental Criteria (CAM)<sup>82</sup> in construction and the energy management system (for a total of 633 hours). One such project is the “**MM Plastic Free**” initiative, launched in 2019 as part of the MilanoPlasticFree campaign promoted by the Municipality of Milan and Legambiente, with the aim of

<sup>82</sup> The CAMs (minimum environmental criteria) are the environmental requirements defined for the various stages of the procurement process to identify the best design solution, product or service from an environmental point of view along the life cycle, taking into account market availability. In Italy, the “Procurement Code” (Article 34 of Legislative Decree 50/2016) has made their application mandatory by contracting authorities with the aim of reducing environmental impacts and promoting more sustainable and circular production and consumption models and rationalising consumption and reducing spending where possible.

reducing up to eliminating the use of single-use plastic in the company (e.g. distribution of aluminium water bottles to all employees and introduction of drinking water dispensers within the offices; replacement of plastic bottles with aluminium cans, polylaminate or recyclable plastic in vending machines and plastic cups and stirrers with paper products and wood in hot drink dispensers).

Only thanks to the joint effort of all the corporate business areas is it possible to integrate environmental sustainability into daily business operations, promoting the dissemination of a holistic approach that considers the environmental impacts of processes and activities along the entire life cycle. These impacts can be generated by MM directly or indirectly. In this regard, while it contracts out the execution of engineering works to external companies that are therefore directly responsible for the environmental impacts produced by the construction sites, MM undertakes to monitor the work of suppliers to ensure that they comply with the applicable environmental regulations (see paragraph 5.2 “Air quality and containment of pollution”).

<b>LOOKING TO THE FUTURE</b>	<i>For 2023, MM expects to maintain the certifications of the two Management Systems (environment and energy) currently in force. In particular, as regards the Energy System, the update aims to develop the risk-opportunity document pursuant to the UNI CEI EN 50001:2018 standard and the efficiency plans towards the progressive reduction of emissions.</i>
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## 5.1. Fight against climate change

The careful monitoring of energy consumption and the planning of efficiency measures are among the actions implemented by MM to counter the effects of climate change. Preventing the focus on quality from translating into negative impacts on the environment and containing the costs of energy supplies become decisive factors, particularly considering that the services managed by MM are characterised by a high energy requirement, especially those relating to the Integrated Water Service. MM’s approach provides for the continuous improvement of the Energy Management System and for investments in the acquisition of specialised skills and innovative, efficient and less energy-intensive technologies.

The **Energy management team** set up in 2017 defines the Energy Policy for the Water Service Division, updates the system procedures, reports consumption on an annual basis and submits to the National Agency for New Technologies, Energy and Sustainable Economic Development (ENEA) energy diagnoses in compliance with Legislative Decree 102/14 for MM and Milanospoort, in synergy with the Municipality of Milan. MM periodically draws up a three-year works plan that presents an analysis of the state of the plants, planned future efficiency initiatives and the results achieved in the previous three years.

Initiatives promoted over the years for the reduction of consumption include the **use of alternative forms of energy and new technological solutions** for air conditioning, such as the use of biomass boilers (pellets), which are integrated with a solar thermal system to provide heating and hot sanitary water service within the Water Service headquarters. Moreover, the **plan for the renovation of MM’s corporate offices**<sup>83</sup> according to energy efficiency criteria (also applied in the future in the construction of new offices) is currently being approved by the competent offices. The goal is to make them “Nearly Zero-Energy Buildings” (NZEB)<sup>84</sup>, in line with the commitments set out in the Energy Policy and with the emission reduction targets set at national and international levels.

For MM, fighting climate change above all means reducing the emissions generated by its business activities<sup>85</sup>, which in the majority of cases (about 85%) are attributable to Scope 2 indirect emissions deriving from the **consumption of electricity**, mainly associated with the operation of water pumping and lifting plants and water cycle purification plants, as well as to the power supplied to offices. Thanks to energy efficiency activities,

<sup>83</sup> In 2022, following the first-level authorisations of the relevant bodies, final and executive design activities were planned to proceed with the construction of the new offices included in the plan.

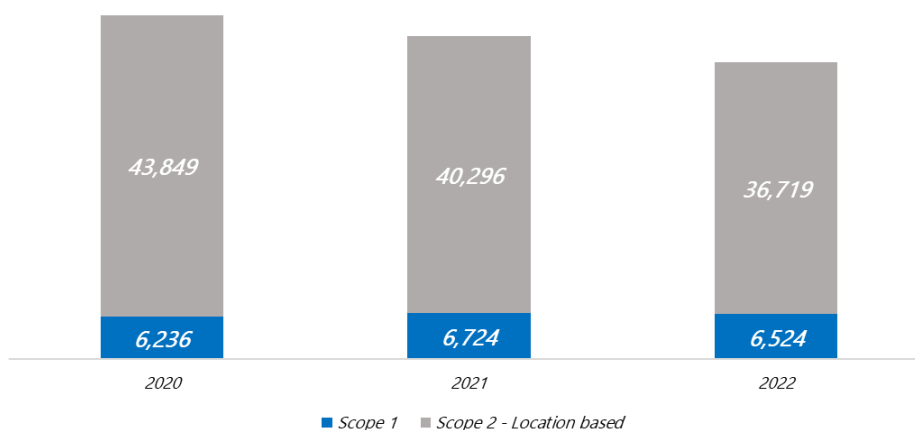
<sup>84</sup> Nearly zero-emission building (NZEB) means a building with a very high energy performance, whose almost zero or very low energy needs are covered to a very significant extent by energy produced from renewable sources and without on-site carbon emissions from fossil fuels. The proposal of the European Commission presented in December 2021 provides that new buildings will have zero emissions as of 2030, while for the renovations of existing buildings the limit is set at 2050.

<sup>85</sup> In line with the GRI Standards, in descending order of control exercised by MM, emissions can be categorised as follows: direct emissions (Scope 1) from directly controlled sources; indirect emissions (Scope 2) from sources not directly controlled and associated with electricity generation (using the location-based and the market-based approach); and other indirect emissions (Scope 3) along the upstream and downstream value chain (not reported in this document).

in 2022 this type of consumption decreased by 3% compared to 2021, with a **reduction** equal to 9% of **Scope 2 indirect emissions calculated using the location-based approach**, which considers the local distribution network and therefore applies the average emission factors of the country where energy is purchased. Instead, the emissions are equal to **zero using the market-based approach**, which takes into account the supply contracts signed and therefore values MM's choice to purchase **100% certified energy from renewable sources**<sup>86</sup>, in line with the objectives of the Energy Policy.

	m.u.	2020	2021	2022
<b>Direct Scope 1 emissions</b>	t	<b>6,236</b>	<b>6,724</b>	<b>6,524</b>
<b>Scope 2 Indirect emissions - market-based method</b>	CO <sub>2e</sub>	-	-	-
<b>Scope 2 Indirect emissions - location-based method</b>	t CO <sub>2</sub>	<b>43,849</b>	<b>40,296</b>	<b>36,719</b>

MM'S TOTAL EMISSIONS



**Consumption from non-renewable sources** is mainly attributable to the use of natural gas for purification activities and for heating the company offices, fuel for the car fleet and pellet for the boiler used for the changing rooms at the main Integrated Water Service offices. In 2022, **direct Scope 1 emissions deriving from the use of fossil fuels were also down** by around 3% compared to 2021, mainly thanks to lower consumption of natural gas, despite a slight increase in the use of diesel and petrol to fuel the corporate fleet whose number of vehicles has increased by 5%.

	m.u.	2020	2021	2022
<b>Fuels from non-renewable sources</b>	GJ	<b>106,932</b>	<b>114,353</b>	<b>113,369</b>
<b>Electricity purchased</b>		<b>532,403</b>	<b>521,822</b>	<b>506,000</b>
of which certified from renewable sources	%	100%	100%	100%
<b>Total energy consumption</b>	GJ	<b>639,335</b>	<b>636,175</b>	<b>619,369</b>

## MM'S VEHICLE FLEET

<sup>86</sup> The Guarantee of Origin (GO) is an electronic certification of the renewable origin of the sources used by plants that are confirmed to be powered by renewable sources for the purposes of the GO.

At the end of 2022, MM's fleet counted 335 vehicles, of which **32% hybrids and electric vehicles**, down slightly compared to 2021 due to the addition of new vehicles for which the market does not offer alternatives with lower emissions. In particular, this applies to the vehicles to be used for the management of the service and for emergency interventions, which must guarantee 24-hour coverage (for example, these include 15 vans to cover the maintenance needs of plants and infrastructures and green management for public housing). The purchase of 2 "full electric" quadricycles and the rental of 25 pedal assisted electric bicycles should be highlighted, aimed at launching an **internal bike sharing service** financed by the "#Conciliamo" tender organised by the Council of Ministers - Department for Family Policies. A call for tenders is expected for 2023 for the long-term rental of 96 newly manufactured and registered fitted vans, with lower emissions than the current van fleet.



### The MOBILITY MANAGER in MM

As required by the reference legislation (Legislative Decree no. 34 of 19 May 2020 or the "Relaunch Decree" and subsequent amendments), **MM has appointed a mobility manager with the aim of promoting sustainable forms of mobility** for employee home-work and work-home travel, which can help reduce traffic in urban areas and therefore reduce air pollution levels.

Every year "Home-work travel plans" are drawn up by the Company, analysing the mobility habits of employees to reach the workplace and their aptitude for change towards more sustainable solutions, cross-referencing information with MM's structural conditions and the offer of local public transport (including cycle and pedestrian modes and sharing services). The analysis also estimates the amount of pollutants released into the atmosphere due to employee travel (COPERT - Computer programme to calculate emissions from road transport method) and proposes improvement actions, including: forms of discounts for the purchase of public transport (already adopted by MM in the context of corporate welfare services), the stipulation of agreements for shared mobility services, the introduction of reward systems (gamification) to encourage more sustainable travel methods and awareness campaigns. Finally, the Plans envisage monitoring programmes to evaluate the effectiveness of the actions undertaken.

The **energy efficiency interventions** aimed at reducing consumption concern both the **pumping systems of the aqueduct network**, with the installation of high-efficiency systems for the pumping units and the electric well pumps, the replacement of inefficient pumps and the maintenance of collection wells to reduce the lowering of the dynamic levels of the aquifer, further enhanced by the adoption of IoT tools for the digitisation of the network and the increased efficiency of the service (e.g. pressure DSS); and the **purifiers**, with time horizons that span several years. In particular:

#### 1. Nosedo | Replacement of air distribution valves in the biological compartment

Replacement of 32 **valves** for distributing and regulating air in the biological compartment, transitioning from the butterfly to the **needle** model (jet valve), capable of regulating the flow of air supplied along the opening range more effectively, reducing localised pressure drops<sup>87</sup> and the pressure of the distribution network.

In 2022, the project documentation was prepared, with the intervention being included in the "CIS - Acqua bene comune" financing programme, the implementation of which is scheduled for 2023 and 2024.

The intervention, which has already been successfully carried out at the San Rocco treatment plant, is expected to generate **energy savings** on the turbo-blower machines of around 1,700 kWh/day, equivalent to about 600 kg CO<sub>2</sub>/day of avoided emissions.

#### 2. San Rocco | Replacement of the central heating and air conditioning in the building

<sup>87</sup> "Localised pressure drops" occur when the air flow encounters an obstacle that deflects the flow direction or changes its flow surface (as in the case for bends or valves).

	<p>Replacement of the heating and air-conditioning plant, currently fuelled by methane gas, with a <b>heat pump system</b> (similar to the one already installed in Nosedo) capable of taking advantage of the temperature of waste water for heating and cooling the various spaces (office building, control room, conference room and analysis laboratory).</p> <p>In 2022, the documentation for the tender concerning the design of the intervention planned for 2023 and 2024 was prepared.</p>	<p>The heat pump system uses the heat recovered from wastewater (between 15 and 25 °C during the winter-summer) with a <b>lower energy requirement</b> than conventional systems where the temperature swings are much higher.</p>
<p><b>3.</b></p>	<p><b>San Rocco   Replacement of high temperature dryers with low temperature ones and heat recovery from wastewater and sludge</b></p> <p>Modification of the sludge drying process to allow it to be powered through the <b>recovery of residual thermal energy</b> from the sludge fluid bed heat treatment plant and the <b>residual heat</b> present in the treated wastewater.</p> <p>In 2022, the technical-economic feasibility of the intervention was completed and the documentation for the design tender was prepared, with the intervention also proposed as part of the "CIS - Acqua bene comune" financing programme.</p>	<p>The changes to the fuel system <b>avoid the use of methane gas</b>, which currently supplies the energy for the sludge drying process, and is part of the <b>circular economy</b> projects.</p>
<p><b>4.</b></p>	<p><b>San Rocco + Nosedo   Replacement of the lighting system with LED bulbs</b></p> <p>Replacement of the lighting system at the two purifiers with new <b>latest generation LED lighting fixtures with low energy consumption</b> (1,800 bulbs in San Rocco and 3,000 in Nosedo).</p> <p>The intervention was completed in 2021 in San Rocco and in 2022 in Nosedo.</p>	<p>The estimated <b>energy savings</b> of the intervention are approximately 218 kWh/day in San Rocco (equal to approximately 116 kg of CO<sub>2</sub>/day avoided) and 1,200 kWh/day in Nosedo (equivalent to 590 kg CO<sub>2</sub>/day avoided).</p>
<p><b>5.</b></p>	<p><b>San Rocco + Nosedo   Installation of photovoltaic panels on the roofs of the buildings</b></p> <p>The two wastewater treatment plants operated by MM lend themselves well to the installation of <b>photovoltaic panels on the roofs of the buildings</b> (1,856 in San Rocco and 2,600 in Nosedo), which are predominantly flat, together with the absence of shading, making it possible to orient the panels to face south for more effective sun exposure. The energy produced will be used by MM to power the purification process, covering up to one third of the power absorbed during the central daytime hours over the summer periods.</p> <p>Shelters will also be installed at the two facilities to cover the vehicle parking areas, with electric charging stations for the company fleet.</p> <p>In 2022, work began on the construction of the photovoltaic system in San Rocco (1,856 panels) with the completion of the intervention scheduled for the beginning of 2023. For the Nosedo plant (2,600 panels), instead, the executive design was completed and the necessary authorisations were obtained, with work scheduled to start in 2023.</p>	<p>The intervention provides for the <b>production</b> of approximately 2,435 kWh/day in San Rocco (equal to approximately 1,293 kg of CO<sub>2</sub>/day avoided) and 3,200 kWh/day in Nosedo (equal to approximately 1,500 kg of CO<sub>2</sub>/day avoided).</p>
<p><b>6.</b></p>	<p><b>Aqueduct water plants   Energy efficiency interventions</b></p> <p>In 2022 the main energy efficiency measures were carried out at the aqueduct plants of:</p> <ul style="list-style-type: none"> <li>▪ <b>Feltre and Linate</b>, with the replacement of 6 electric motors</li> </ul>	<p>These two interventions allow for an overall annual <b>energy saving</b> of approximately <b>339</b></p>

with new high efficiency units;

- **Assiano, Cimabue, Chiusabella and Linate** with the renewal of the lighting system by installing latest generation low energy consumption LED bulbs.

Finally, **49 electric pumps were replaced** at the various aqueduct plants **with more efficient units**, capable of guaranteeing higher efficiency and savings of around 5 kW/h per pump.

**MW/h and 862 MW/h** respectively.

The intervention allows to **reduce annual energy consumption** by approximately **60 MW/h**.

If the reduction of emissions is a priority objective for a company like MM, which has made “caring for the city and citizens” a real mission of its operations, the analysis of the **risks produced by climate change** – and how to anticipate, manage and mitigate the negative impacts related to it – is assuming ever greater importance in the definition of the corporate development strategy.

In 2022 MM carried out a **first analysis** to identify the main **risks related to climate change** to which it is exposed, based on its activities and the related impacts. The analysis is inspired by the climate risk classification proposed by the *Task Force on Climate-Related Financial Disclosures* (TCFD) and was carried out with the involvement of the Risk Manager and the company functions concerned.

In its capacity as manager of the Integrated Water Service, MM's activities are subject to the so-called **physical risks**<sup>88</sup> indicating the impact of the physical manifestations of climate change. Some of the key ones include the risks linked to the increase in frequency and intensity of extreme weather events, the rise in average temperatures – together with the eventual intensification of heat waves – and the change in rainfall patterns, with the consequent possible reduction in the availability of water resources. Moreover, MM is exposed to the so-called **transition risks**, indicating the impacts that can be generated during the process of adapting to a low-carbon and more environmentally sustainable economy. Some of the key ones include the risks associated with the difficulty of evaluating the impact of climate change on strategic planning given the ongoing evolution of the external context, the regulatory developments at national and international level aimed at stimulating the ecological transition, the perception of public opinion regarding the actions taken by MM in response to climate change – with possible consequences on the Company's reputation – and the adequacy of investments in innovation focused on low-emission technologies and solutions.

*For a detailed description of the risks associated with climate change and the related impacts, please refer to the specific table contained in the “Mapping sustainability-related risks” paragraph in the Annexes.*

In recent years, the **climatic conditions of the Lombardy region** have undergone profound changes due to the continuous alternation of drought periods and increasingly intense and concentrated **atmospheric precipitations**, particularly in autumn and spring, which put a strain on the networks and systems for the disposal of rainwater, leading to inconveniences for citizens. 2022 was the hottest year ever in Lombardy, with five heat waves between June and July, 90 days with a maximum temperature above 30 °C (compared to an expected value of 54.8 days), the highest number of “tropical nights”, in other words those in which the temperature has not dropped below 20 °C, in the face of particularly scarce rainfall with thunderstorms and disastrous hailstorms<sup>89</sup>.

To ensure an efficient response to sudden and violent weather phenomena, reducing the likelihood of flooding and avoiding impacts on road traffic and citizen safety, in 2021 the entire **Milan water drainage network** – including underpasses, rainwater networks and roadside drains – passed **under the direct management of MM**. The Company is in charge of the maintenance and the cleaning operations, as well as of the investments necessary for the renewal of the assets.

In particular, the multi-year contract for **the direct management of the 29 municipal road and pedestrian underpasses** entrusts MM with the ordinary and repair maintenance of the lifting systems and tanks, with servicing the electrical systems and equipment associated with the pumps as well as command and control panels, in addition to cleaning and draining waste ponds, including in emergency situations. The water levels

<sup>88</sup> Physical risk is classified as “acute” if caused by the intensification of the severity and frequency of extreme weather events (heat waves, droughts, floods, fires) and “chronic” if caused by long-term progressive changes in climatic conditions (increased temperatures, rising sea levels, water stress, loss of biodiversity, scarcity of resources).

<sup>89</sup> Source: ARPA Lombardia (regional hydro-snow-meteorological monitoring network) and OMD foundation (Milan Cathedral Meteorological Observatory Ets).



of the sewage system and of the flood water spillways and catcher watercourses are monitored by approximately 420 hydrometers, through which the pluviographic network constantly measures and analyses the data on rainfall in the various areas of the city and, in case of floods, make it possible to evaluate whether the events are attributable to inefficiencies in the hydraulic functionality of the network or to the intensity of the meteoric episodes exceeding the maximum capacity of the sewage system and/or of the downstream watercourses.

MM adopted a **remote control system for the ongoing monitoring of the lifting systems and of the wastewater collection tanks** in underpasses, to ensure that the operating teams can be engaged in a timely manner in the event of a breakdown. The system allows remote and real-time monitoring of the electrical parameters of the pumps and of the water accumulation levels in the tanks. Thanks to the data collected and kept, a retrospective critical analysis of the meteoric event can be carried out, in order to identify eventual strengths and critical aspects. In addition, MM supports the Civil Defence in emergency situations attributed to extreme weather conditions, as well as activated a **weather alert management service** with phone availability 24 hours a day, 365 days a year, which will enable the provision of an additional and preventive point of control on these systems.

The effects of climate change are also at the centre of the EU Horizon **SafeCREW** research project<sup>90</sup>, launched in November 2022, which aims to support the new European directive on drinking water (*DWD - Drinking Water Directive*) and avoid the deterioration of water quality, enhancing knowledge and developing tools and guidelines for water supply systems of disinfected and non-disinfected drinking water, through the analysis of case studies on the cities of Berlin and Hamburg (for northern Europe) and Milan and Tarragona (for southern Europe). MM is participating in the study in collaboration with the Milan Polytechnic with the aim of monitoring the health of water in a context marked by global warming, analysing how the changes in temperature can affect the disinfection of drinking water, necessitating the adoption of new methodologies. The study integrates the one carried out in 2021 by MM in collaboration with the Milan Polytechnic to evaluate the effects produced by different climate change scenarios on the availability of water in the medium/long term, applying the mathematical model developed by MM on behalf of the Lombardy Region, the Basin Authority, the Province of Milan and the Municipality of Milan to analyse the underground water flow and the transport of pollutants. At the time, the results of the study did not highlight any specific critical issues related to the availability of water resources due to climate change for any of the hypothesised risk scenarios.

Climate change, however, does not only involve extreme weather events, but also prolonged periods of drought. **To deal with the scarcity of water resources**, in 2022 the District Office of the Metropolitan City of Milan approved the application of a **single water supply tariff for non-drinking uses**, with effect from 2023 for the entire ATO (Territorial Area Authority) of the Metropolitan City<sup>91</sup>, with the aim of encouraging the use of less valuable water resources, preserving the drinking water supply sources. For Milan, MM has identified the supplies qualifying within this type of use (users for groundwater wells for irrigation purposes).

This activity, together with the maintenance and operation of the first aquifer wells built in the late 1990s to contain Milan's rising aquifer, contributed to tackling the shortage of water for irrigation in the spring-summer of 2022 with a contribution of **34.3 million m<sup>3</sup> of groundwater introduced into the surface water network for irrigation use**, given the reduced amounts available from surface water distributed by reclamation consortia.

## 5.2. Air quality and containment of pollution

The engineering services provided by MM – such as design or construction management – by their nature produce **very limited direct environmental impacts**, but require careful **assessment of the indirect impacts** generated in the execution phase of the works (e.g. on the quality of the air, soil and subsoil management, waste, noise and vibrations), which in most cases are carried out within **urban contexts in close contact with citizens**.

In the management of construction sites, MM **acquires from contractors all the relevant documents that define the commitments and activities aimed at the correct management of environmental impacts**,

<sup>90</sup> For more information on the project: [DEIB - Research Projects \(polimi.it\)](https://www.polimi.it/deib-research-projects).

<sup>91</sup> Resolution no. 36 of 26/09/2022 approved by the Conference of Municipalities of the ATO (Territorial Area Authority) of the Metropolitan City of Milan on 11/10/2022.

such as, for example, the Environmental Management Manual for construction sites and the Environmental Monitoring Plan. More specifically, Works Supervisors (being appointed by the Contracting Authority to monitor work progress) or Safety Coordinators are tasked with supervising the work of the contractors and of the other parties working at the worksite, including with regard to environmental aspects, while MM carries out sample audits to verify that the control activities carried out by company personnel are done in compliance with current legislation and in line with the provisions of the corporate Environmental Management System.

In agreement with the Municipality of Milan, MM also defined a number of **practices to mitigate the inconvenience for citizens caused by construction sites**, particularly as regards noise and vibration, adopting a logic of collaboration between the construction site and the context on which it stands. For the construction sites under its responsibility, MM carries out a **vibro-acoustic impact study** with the aim of minimising the disturbance caused during the construction phase as much as possible or, at least, reducing it to a level that can be tolerated by citizens (through the adoption of appropriate mitigation measures, planned and envisaged ex-ante during the design of the works), and always below the threshold established by law in the operational phase.

MM's attention to these aspects has led to the adoption of improved and cutting-edge practices, placing MM among the leaders in Italy, particularly in the mobility and infrastructure sector. For example, MM technicians create **acoustic maps of the impact of construction site noise**, defining – in advance – the maximum level of mitigated noise that the construction site will be allowed to produce taking into account the various processes (which must be communicated by the contractor to the municipal administration for the authorisation request) and adopt the appropriate **mitigation measures**, mobile or fixed, generally positioned along the perimeter of the site or where it is more reasonable that a perceptible benefit can be expected.

In addition to recommending the use of electrically powered machines and therefore more silent (where possible), MM's projects require the **adoption of special barriers** such as “acoustic shells”, consisting of a steel shell covered with sound-absorbing panels. The shell is raised to cover the machinery to screen vertical noise transmission towards the upper floors of buildings (unlike traditional fences which protect against horizontal diffusion)<sup>92</sup>. Continuous monitoring of noise is carried out using sound level meters installed within the construction site and connected to the public radio mobile network, which emit a visual warning if the established limits are exceeded. During the operational phase of the work, the MM approach is more restrictive than the provisions defined by national legislation, which establishes the noise limits based on the equivalent level (calculated as the average of the measurements over a 24-hour period), also considering the noise created by the single event (e.g. the transit of the vehicle).

For the estimation of vibrations in the execution and operating phases, MM has developed a forecasting model that takes into account the law of attenuation with distance and the radiated noise produced due to resonance. In its projects, MM adopts a **vibration monitoring system** with the aim of intercepting the occurrence of permanent damage to the structures closest to the construction site areas, through a fixed detection system installed inside the buildings and connected to the public radio mobile network, which also produces a visual message on site when the disturbance threshold is exceeded.

This intervention methodology, which follows a specific checklist, has been fully operational since 2022 for the construction site designs scheduled for 2024. Moreover, MM also makes the service available to other municipal administrations.

### **VIBRATION mitigation on the historic sections of the M1 and M2 underground**

*In recent years, and in particular since 2019, there has been a significant increase in reports from private citizens regarding the disturbance from vibrations perceived in some buildings located along the historic sections of Milan's M1 and M2 underground lines.*

*The Municipality of Milan has commissioned MM to study the phenomenon, carrying out **measurement campaigns in homes**, and to **design interventions for the renewal** of the railway superstructure able to reduce the transmission of vibrations. In 2022, intervention technologies were defined on two sections with different track characteristics, with the dual objective of guaranteeing service continuity and obtaining the maximum mitigation reasonably achievable (for this purpose, a calculation model capable*

<sup>92</sup> The purchase of sound-absorbing barriers, such as the acoustic shell, is the responsibility of the contractor and is part of the safety costs (costs for the adoption of measures required by law for the management of the risk associated with the activity carried out and operational management measures).

of estimating in advance the mitigation capacity of the intervention was defined). Although of limited extent, these first two interventions serve to verify, on site, the effectiveness of the technical solutions developed to limit the propagation of vibrations, so that they can also be applied to other sections of the M1 and M2 lines if necessary.

### 5.3. Sustainability and quality of the integrated water cycle

**Milan's water supply system** managed by MM draws water from the second aquifer (at a depth of 80-100 metres) using a **double lifting system** consisting of around 588 wells for drinking water use (of which around 400 are in operation at the same time)<sup>93</sup> and a total of 33 pumping stations (of which around 28 are on average active), which feeds the supply and distribution network in the area. All stations are interconnected and remotely operated using a complex telemetry system, coordinated by the San Siro **operations centre**. From there, it is possible to monitor and start the wells and thrust units, as well as adjust the flow rate based on demand (see paragraph 5.3.1 "Withdrawal, quality and safety of water distributed to citizens").

MM also acts to **protect the area from floods** in the event of overflowing surface water bodies and adopts, on behalf of the Municipality of Milan, maintenance measures for the underground sections of natural and artificial water bodies (so-called culverts) and first aquifer wells to contain the rise of the aquifer level in particularly sensitive areas of the city and for irrigation reuse<sup>94</sup>. MM thus ensures the **water supply and sewer system remains fully functional**, preventing the risk of underground wastewater spills and protecting the aquifer.

The **Emergency Response** is also managed by MM, with internal staff working in a continuous cycle over 3 shifts to ensure maximum timeliness of the response: the arrival time at the place of intervention is a maximum of 2 hours from when the operations centre receives the report. Once the leak or problem has been located, including with the support of acoustic instruments, the technicians proceed with the excavation and repair, which can be of three types: **site-specific** (application of clamps or welded plates in the event of limited breaks), **relining** (of large-diameter pipes that are especially deteriorated, without surface digging), or **installation of new pipes** (complete replacement of severely damaged small-diameter pipes).

#### The geolocation system to support EMERGENCY management

At MM, using geographic data is a long-standing practice: the networks and plants of Milan's Integrated Water Service are completely georeferenced, digitised and structured according to a data model that meets the highest operational and land registry standards, as required by the Lombardy Regional Government and Italy's Ministry of Economic Development (SINFI). In 2021 MM launched the **collaboration tool on the webGIS portals** which enables the activation of modules for the remote exchange in real time and in shared mode of **information, notes and georeferenced images** relating to company assets. The **offline GIS** mode is also operational, which allows to activate the GIS cartographic viewer directly on the company devices used by technical personnel during the on-site work, even in the absence of an internet network.

In 2022, with the support of the Innovation and Information Technology Division, the Water Service Business Unit completed the **integration between the GIS portal and the IBM Maximo system** for the integrated management of requests and the provision of **emergency services** on the water supply and sewerage systems. The continuous exchange of information between the two systems provides information for analytical, statistical and reporting purposes, enables the geolocation of the interventions requested and those already carried out, identifying the assets involved in possible problems and improving the general level of efficiency and effectiveness of the activities.

The **urban drainage system** also includes the infrastructure needed to convey rainwater into the mixed sewerage system, consisting of roadside drains or gullies, interconnected and connected among themselves using sewer connection pipes. As of 2021<sup>95</sup>, MM has taken over from the Municipality of Milan the

<sup>93</sup> The number of active wells varies according to the water demand at various times of the day and according to the seasons.

<sup>94</sup> Water withdrawn from the first aquifer is not intended for the IWS and human consumption.

<sup>95</sup> ATO Resolution no. 7 of 21/12/2020.

**management of the ordinary and extraordinary maintenance activities of the roadside wells<sup>96</sup>** and related connections, for a total of 136,895 roadside drains and 26 wells for irrigation use.

The activity carried out by MM includes:

- the **verification of the state of the structures**, with a service for reporting problems, damage or anomalies to the water network of roadside wells (toll-free number and email address), the resolution of which ranges from a minimum of 2/3 hours to a maximum of 24 /72 hours depending on the priority;
- the **cleaning and unclogging** of the wells, both through planned interventions and in Emergency situations when a notification is received;
- **extraordinary maintenance**, which includes the replacement and/or reconstruction of the infrastructure (drains, gullies, pipes), unclogging operations using no-dig technology and repair of unsafe road surfaces. **The use of the no-dig technology is particularly useful in reducing the inconvenience** caused by interventions on the road network, above all considering that the work sites for drains can in some cases require significant excavations due to the depth of the sewage pipes.

In 2022, **23,465 maintenance interventions** were carried out, of which almost 90% planned and the remainder following reports of problems. The interventions included the verification and unclogging of manholes, the replacement of 391 manhole covers/drains/gullies (and of the masonry component of the relative manhole), the reconstruction of the collection pipes for 134 connections to the sewerage system, and the creation of new drainage lines with the repair of collapsed, deteriorated, damaged and therefore potentially dangerous road surfaces, for a total of 974 linear metres.

#### **SUSTAINABLE URBAN DRAINAGE intervention in Via Pacini**

*On behalf of the Municipality of Milan, MM will create a new sustainable urban drainage system in Via Pacini (between Via Teodosio and Via Capranica), which in addition to replacing the current system making it more efficient, will redevelop the entire central parterre of the street, transforming it from an abusive car park into a pedestrian area.*

*The sustainable urban drainage system will consist of drains placed along the roadside to intercept rainwater and raised corridors to allow the second rain waters to reach the so-called “**bio-retention areas**” located inside the central parterre. These are light depressions in the ground covered with public greenery, which serve for the collection and treatment of rainwater drained from the surrounding impermeable surfaces (such as paved roads) and which allow for natural filtering and purification of the water, favouring the increase of biodiversity, reducing the hydraulic risk, as well as serving as an urban furnishing element. In addition to the creation of the urban drainage system, the project also provides for the enlargement of the parterre for the **creation of green areas**, characterised by plant species selected to reflect the ecological environment in which they will be planted. A permeable pavement will therefore be created inside the parterre, configured to allow the direct absorption of rainwater.*

*This type of urban redevelopment project – the **first in the area of the Municipality of Milan** – aims to improve urban drainage, increasing the flow capacity of water collected from the street, and to reduce the flow of water directed to the sewer during extreme weather events.*

**Wastewater flows through the sewer system**, which has manifolds which gradually increase in size and structures capable of maintaining a good velocity of water outflow so as to limit the formation of deposits on the bottom of canals and reduce bacteria proliferation. The **collection system is shared**, with both wastewater and rainwater being collected in a single conduit without distinction. The system mainly works by gravity, exploiting the structure of the soil in the Lombardy area with a slight slope running from north-northwest to south-southeast<sup>97</sup>. The looped structure of the sewer network allows to store large amounts of rainwater inside the system, boosting the city's resilience and allowing water to drain from the road in the event of flooding (for instance Seveso). However, the effect of climate change on the city of Milan subjects the entire urban drainage system to increasingly violent and extreme phenomena that alternate rainy seasons with periods of drought.

MM is responsible for **controlling and checking discharges from production activities into the sewer system** for approximately 834 companies operating in the Milan municipality area. During 2022 the Company

<sup>96</sup> Roadside wells refer to the elements placed under pavements consisting of a manhole or a grill and siphons, including “basket” manholes.

<sup>97</sup> With the city's expanding urbanisation to the south, a number of water lifting and pumping plants have been built. These have modest potential and ensure collection from 100% of the city area.

conducted 201 surveys, taking 174 samples, and processed 546 dossiers concerning said production activities as well as 223 dossiers related to construction projects authorised by the Municipality of Milan, increasing compared to 2021<sup>98</sup>.

### The SMAU 2022 INNOVATION award to MM

In 2022 MM received the Smau Innovation award in the “Italian excellence, innovation model for companies and public administrations” category for its **role in the digitisation of the sewage network**, with the aim of achieving the highest standards of safety and efficiency of the service and correctly planning infrastructure investments.

One of the first in Europe, MM has developed a **permanent, ecological and low energy consumption monitoring system applied to the sewage network of the historic centre** of the Municipality of Milan. The system uses optical fibre for the real-time control of the flow parameters (level, speed, temperature, flow rate, formation and laying of debris), the possible presence of parasitic water and the structural stability of pipelines and collectors (deformation, sagging, manhole openings/closings).

**Milan’s wastewater treatment system** falls within the scope of MM’s activities and consists of two main wastewater treatment plants (**San Rocco and Nosedo**) capable of serving up to 2,286,000 population equivalents (authorised capacity), treating approximately 90% of the wastewater generated in the Milan area<sup>99</sup>.

Both plants are designed with advanced treatments capable of returning the treated water both for irrigation purposes and to surface water bodies, feeding the irrigation ditches of a rural area of over 3,700 hectares south of Milan (in compliance with Ministerial Decree 185/2003), and are considered real safeguards of the circular economy (see paragraph 5.3.2 “Treatment system and quality of water discharges”).

A close-knit network of **relationships with the Authorities and entities** that play an important role within the Integrated Water Service contributes to the effective and efficient management of the service provided by MM. In particular:

Entity	Main areas of responsibility
<b>ARERA (Italian Regulatory Authority for Energy, Networks and Environment)</b>	Regulation of the service (tariff scheme, contractual and technical quality of the service, social water bonus, accounting unbundling, transparency of bills, service charter, arrears, etc.) with sanctioning powers.
<b>Optimal Territorial Area Authority (ATO) Area Office for the Metropolitan City of Milan</b>	Assignment of service management, definition of the Area Plan and of the related investments, planning of interventions, definition of the basic tariff schemes, issue of authorisations for the discharge of production activities into the sewer.
<b>Lombardy Region</b>	Definition of rules and regulations on the subject, granting of concessions for large public water derivations (potable water supply stations), application of fees for interference between the main water network and the IWS networks.
<b>Metropolitan City of Milan</b>	Issuing authorisations for discharges into surface water (qualitative authorisation) and groundwater, and PAUR (Single Regional Authorisation) authorisations.
<b>Municipality of Milan</b>	Issuing authorisations for discharges into surface water (quantitative authorisation). It is the body responsible for the service and the owner of networks and plants.

<sup>98</sup> In 2021, the activities involved around 778 operating companies and requested 182 site inspections and 212 samplings, with 601 cases processed regarding the aforementioned production users and 148 regarding building projects authorised by the Municipality of Milan.

<sup>99</sup> Milan’s wastewater treatment system also includes, on a residual basis, the **Peschiera Borromeo plant**, the management of which is not the responsibility of MM. The plant is equipped with a line dedicated to the treatment of sewage from the eastern districts of the city of Milan, which accounts for the remaining 10% or so of the wastewater produced in the Milan area. The city’s system thus reaches up to 2,486,000 population equivalents (authorised capacity).

<b>Health Protection Agency (ATS) for the City of Milan (former Local Health Agency)</b>	<i>Control of the suitability of water intended for human consumption, issuing of provisions in the event of supplies that do not comply with current legislation and verification of their adoption.</i>
<b>ARPA Lombardia (Regional Environmental Protection and Prevention Agency)</b>	<i>Technical support and preliminary investigation for the release of authorisations for discharge, control of water quality along the entire cycle (on behalf of the Health Protection Agency (ATS)), environmental controls and verification of compliance with the prescription limits, environmental monitoring of watercourses.</i>

MM also promotes **collaborations with universities, research centres and other companies** to develop innovative projects – technological and process-oriented – which improve the quality of the service, with a view to efficiency and sustainability of the water cycle.

An area in which MM has always invested is the **application of “no-dig”** (or trenchless) **technologies in the laying and rehabilitation of Milan’s Integrated Water Service networks**, carried out without (or with a limited) recourse to traditional open air excavations. Inspection and intervention techniques and systems with reduced environmental impact and a low social cost, which guarantee speed of execution, less handling and production of waste materials, low interference from surface activities and fewer risks to the health and safety of operators on worksites.

In 2021 MM adopted the “no-dig relining” technology to carry out, among others, a significant intervention on various sewage collectors in the heart of the Fashion District (between Via della Spiga and Via Montenapoleone), extending the useful life of the infrastructure by at least 50 years and saving about 43 tons of CO<sub>2</sub> compared to replacement with traditional excavation. **In 2022 MM collaborated with IATT** (Italian Association for Trenchless Technology), the **Polytechnic University of Marche** and **Ref Ricerche** in conducting a study focused on the comparative evaluation through analysis of the life cycle (LCA - Life Cycle Assessment) of interventions on water infrastructures (aqueduct and sewerage) built with open excavation solutions and “no-dig” technologies, to scientifically analyse their environmental, energy-related and social benefits. The results of the study demonstrate how these technologies are certainly innovative engineering methodologies, but also energy efficiency tools that could lead to a future recognition of white certificates<sup>100</sup> by the GSE (Energy Services Manager).

Other research projects concern energy efficiency (see paragraph 5.1 “*Fight against climate change*”) and the circular economy (see paragraph 5.4 “*Circular economy projects and interventions*”), and the introduction of digital solutions for innovative data management using artificial intelligence and IoT tools (see paragraphs 3.3. “*Innovation and digital transformation*”, 5.3.1 “*Withdrawal, quality and safety of water distributed to citizens*” and 5.3.2 “*Treatment system and quality of water discharges*”).

### 5.3.1. Withdrawal, quality and safety of water distributed to citizens

MM adopts a conscious and sustainable approach in the management of water resources, with the aim of ensuring the quality and safety of the service, monitoring the risks and introducing technological and process innovations to enhance efficiency (and energy savings) and reduce waste (such as water leaks).

The pumping stations of the Milan water supply system are equipped with an **automation and decision support system** that uses AI algorithms and IoT (Internet of Things) tools and enables more efficient use of the data collected through monitoring activities, in order to improve the energy performance of the water supply phase.

Each plant uses submerged pumps for lifting the water from the groundwater, which is filtered and then deposited in accumulation tanks. From here the water is pushed into the water distribution network by the booster pumps automatically regulated by the **energy DSS** (decision support system) software. This facilitates the energy efficiency of the drinking water pumping stations through the development of a hydraulic model capable of predicting network consumption and pressure, combining mathematical optimisation algorithms for the electric consumption of thrust units with a real-time analysis of the network’s water requirements. Once the optimal combination has been identified, the DSS sends it to the telemetry system which monitors and controls

<sup>100</sup> “White certificates” or Energy Efficiency Certificates are tradable securities certifying the achievement of savings in tonnes of oil equivalent (TOE) in energy end-use through energy efficiency measures and projects.

the pumping stations (flow rates, pressures, accumulation tank levels, etc.) connected to the MM WaterLink fibre optic network in real time.

With the entry into operation of the DSS in 2020, the water consumption weighted on the volumes of water handled monthly by each plant decreased from 0.400 kWh/m<sup>3</sup> in 2019 to 0.364 kWh/m<sup>3</sup> in 2022, with a reduction of approximately 9% of the average net energy consumption index for extraction, treatment and distribution per cubic meter of water ready to be supplied. In absolute terms, the total energy consumption for aqueduct distribution for 2022 went from 86 million kWh in 2019 to nearly 76 million kWh, with a reduction of almost 12%. In 2022, MM received the recognition of so-called **white energy efficiency certificates** from the GSE (Energy Services Manager) for the **additional primary energy** savings of approximately 1,198 tonnes of oil equivalent (TOE) achieved in 2021.

In 2022, the amount of **water withdrawn** was **243.5 million m<sup>3</sup>**, of which 86% came from drinking water wells (second aquifer) and the remaining 14% from the first aquifer, substantially in line with previous years (-0.9%).

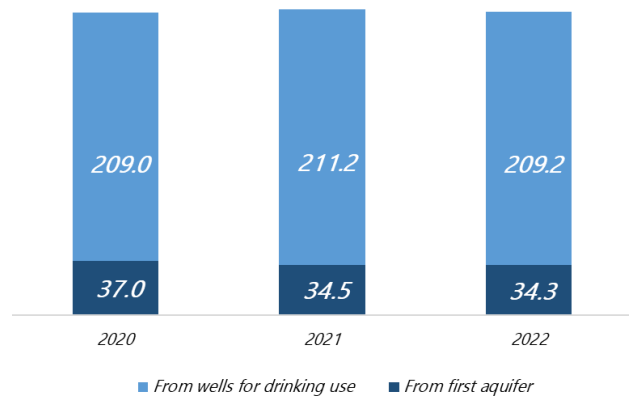
The values for **water introduced into the system** and **water billed** also remained largely unchanged compared to 2021, amounting to **208.5 million m<sup>3</sup>** (-0.5%) and **179.1 million m<sup>3</sup>** (+0.8%) respectively.

The trend in consumption over the last three years is attributable to the external context, which has changed habits leading to a general reduction in demand, particularly from commercial establishments (e.g. offices, gyms and swimming pools), also due to the Covid-19 health emergency.

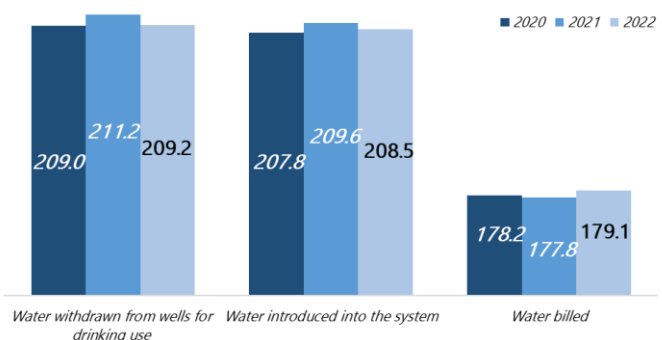
The water drawn from the aquifer is **quality water, naturally purified** because it is filtered through the permeable layers of the soil (often already drinkable from a chemical-physical point of view), better **protected** from contamination and practically unchanged during periods of drought. Before distribution, MM uses purification treatments (filtration on activated carbon and aeration towers) and, if necessary, disinfection with sodium hypochlorite and UV rays. A reverse osmosis system, instead, relies on a physical separation treatment to remove the nitrates in the water and reduce the salt content until they are fully eliminated, without altering the chemical composition. A physical separation treatment based on an osmotic membrane, the real heart of the entire system, which is able to “sieve” the water down to molecular sizes. The water is then remineralised by mixing it with untreated water to make it suitable for human consumption.

MM promotes the use of drinking water from the city aqueduct, also distributed through the **641 drinking fountains** present throughout the city and from the **52 Water Houses** installed to cover the different municipalities and in places that see high traffic such as university campuses and city parks, contributing to counter the effects of heat waves when average seasonal daytime temperatures exceed 36.6 °C<sup>101</sup>.

WATER WITHDRAWN BY WITHDRAWAL SOURCE (MILLIONS OF M<sup>3</sup>)



WATER WITHDRAWN, SUPPLIED AND BILLED (MILLIONS OF M<sup>3</sup>)



<sup>101</sup> To find out where a fountain or Water House is located, users can check the [www.latuacqua.it](http://www.latuacqua.it) website.

**Water Houses**



The **Water Houses** provide fresh, still or sparkling water free of charge to citizens, who can use the service using their health card (for houses existing before 2020) and any other card with a chip and/or magnetic stripe and/or mifare for new generation houses, up to a limit of 6 litres per day. Each house is equipped with a support surface connected to the drain to prevent any dispersions (and ice formation in winter), a bactericidal UV lamp on the dispensing spout to prevent retro-contamination, a low-consumption night lighting system (LED) and security cameras to protect against vandalism. Moreover, the new generation houses are equipped with **multi-parameter probes**, which allow monitoring of the quality of the water dispensed based on a greater number of parameters, continuously and remotely by means of real-time measurements through IoT (Internet of Things) and fibre optics systems.

**Fountains**

Milan's drinking fountains (called "vedovelle" or "small widows" due to the incessant trickle of water flowing out, resembling the weeping of a widow) are made of green cast iron with a dragon-shaped brass spout inspired by the rainwater drains visible on the sides of Milan's Duomo. Almost all of them are equipped with meters equipped with remote reading, like private users. The **continuous cycle water supply** is functional to the correct maintenance of the distribution network since keeping the water moving prevents the formation of bacteria, preserves its freshness and quality, and contributes to the venting of any air pockets in the pipes which can cause malfunctions along the network. Moreover, the water is not dispersed, but collected in the sewers and taken to the purifiers, contributing to the irrigation of agricultural fields south of Milan. The **quality of the fountain water** complies with the parameters established by current legislation and, for greater protection of citizens, the "sentinel" parameters that may vary along the network are analysed.



In 2022 the **Water Houses dispensed** a total of 10,103,524 litres, approximately double compared to 2021, with a saving of over 269 tonnes of plastic and over 313 tonnes of CO<sub>2</sub> avoided.



Houses and drinking fountains contribute to strengthening the **control points along the distribution network**, adding to those installed upstream at the water inlet stations, and monitor the emergence of any anomalies also due to maintenance activities, in line with the **Water Safety Plan** adopted by MM.

**MM'S WATER SAFETY PLAN**

The World Health Organisation (WHO) has introduced the **Water Safety Plan (WSP)** to ensure the safety of water intended for drinking (and therefore human health), through the prevention and management of risks along the supply chain including, in particular, the risk of contamination of water withdrawn from the environment or during storage, eliminating the chemical, microbiological, physical and radiological agents through special treatments.



**MM's WSP** complies with the principles established by international and national standards, rules and guidelines for risk assessment and management along the drinking water supply chain according to the Water Safety Plans model (MD 14/06/2017). The Plan covers the assets of the Milan water supply network broken down into four macro-sections (capture, treatment, accumulation and distribution) and, through the analysis of the processes and the state of the assets, it **accurately identifies the voluntary or involuntary risks of an anthropic or environmental nature for the end user**, presenting the measures already in place for risk control and mitigation and defining further improvement actions to protect the individual assets of the drinking water supply chain. An example is the **action plan to mitigate hydraulic risk for drinking water wells** to manage the risk of flooding of the wells located in areas subject to flooding (Seveso and Lambro). In 2021 the Plan was reviewed by a working group made up of MM, control bodies (ATS and ARPA), the CNR (National Research Council), the University and Municipality of Milan, and in 2022 sent to the Italian Institute of Health for approval and validation.

MM has also adopted a **management plan for aqueduct emergencies and network and plant safety**, which defines the procedures to follow in case of dangerous events. The plan is reviewed every two or five years, or whenever improvement interventions, substantial changes to the water system, or revisions of the parameters on the quality of water intended for human consumption are carried out.

To ensure that the water distributed through the city's water system and the water released into the environment after treatment are of high quality and comply with applicable laws, MM relies on **three in-house laboratories that were accredited under the UNI CEI EN ISO/IEC 17025 standard**<sup>102</sup> (site A/Aqueduct, site B/San Rocco and site C/Nosedo) and are equipped to analyse chemical, chemical/physical and microbiological parameters (see paragraph 2.4 "Management systems and certifications").

**Water from the water supply system is constantly monitored** through a **sampling programme agreed with the Health Protection Agency** (ATS, Agenzia di Tutela della Salute). This programme uses methods approved by the Italian Institute of Health and meeting the requirements of the relevant Local Area Authority. MM carries out controls before sourcing (at pumping wells) and dispensing water (at the inlet and outlet of water treatment plants and pumping stations), as well as during the dispensing of water at drinking fountains and Water Houses. The results of the analyses are reported on bills and can be consulted online based on the user's area of reference<sup>103</sup>.

In 2022, MM's "Aqueduct" laboratory guaranteed compliance with the regulatory parameters defined for water intended for human consumption, carrying out a total of 3,659 samplings and analysing 159,659 parameters, confirming the **"A" class** for the **M3 macro-indicator on the "Quality of the water supplied"**<sup>104</sup>.



As a precautionary measure, in addition to the programme agreed upon with the Health Protection Agency (ATS), MM also carries out sampling following maintenance activities on the network<sup>105</sup> and analyses the

<sup>102</sup> With Ministerial Decree 14-6-2017, the Italian Ministry of Health required the laboratories of IWS operators that test drinking water to be accredited under the UNI EN ISO/IEC 17025:2005 standard, which sets out the «General requirements for the competence of testing and calibration laboratories», by an accreditation body appointed by a Member State of the European Union, as per Regulation (EC) no. 765/2008 (the accreditation and assessment of testing laboratories concern individual tests or groups of tests). Meanwhile, RR no. 6 of 29/03/2019 governs wastewater testing and requires operators to ensure that a testing laboratory accredited under the UNI EN ISO 17025 standard for the parameters BOD5, COD, suspended solids, total phosphorus, and total nitrogen is available.

<sup>103</sup> On the [www.latuacqua.it](http://www.latuacqua.it) website, it is possible to obtain information on water quality in Milan based on an address of interest.

<sup>104</sup> Data on technical quality macro-indicators relating to 2022 are awaiting completion of the validation process by the Area Office of the Metropolitan City of Milan, pursuant to the applicable technical quality regulations.

<sup>105</sup> Outside the scope of the programme agreed upon with ATS, the sampling carried out by MM following maintenance activities is not included in the number of samplings reported for the purposes of this Non-Financial Statement.

compounds indicated in the **DWD European Directive** (*Drinking Water Directive*), in force since 2021 as a new reference standard for the quality of water intended for human consumption in EU countries<sup>106</sup>.

With the aim of reducing waste along the water network and making the water supply service more efficient, MM has also adopted a **water loss recovery plan**<sup>107</sup>. The calculations provided for in the plan are defined by ARERA (Regulatory Authority for Energy, Networks and the Environment) in Resolution 917/2017/R/idr and provide for two approaches depending on the parameters adopted:

<b>LINEAR WATER LOSSES (indicator M1a)</b>	Ratio of the volume of total water losses to the length of the water system in the year considered (mc/km/dd).	<b>In 2022 MM achieved an improvement on both indices:</b>	from 33.10 to <b>29.65</b> (class “C” pursuant to current legislation).
<b>PERCENTAGE WATER LOSSES (indicator M1b)</b>	Ratio of the volume of total water losses to the overall volume of water introduced into the system in the year considered.		from 15.47% to <b>14.02%</b> , (class “A” pursuant to current legislation).

The improvement of performance on both indicators is directly affected, for example, by the **use of the smart metering technology on usage meters** which, by optimising the readings, favours more timely interventions in the event of leaks, illegal withdrawals or faults, a better water balance and a more efficient hydraulic management of the network, as well as reducing disputes with customers. In recent years, MM has launched a massive **renewal program** of approximately 50,000 meters (MD 93/17), which in 2022 reached approximately 93% of the total fleet, with the automated integration of data from smart meters for managing the flow and pressure of the distribution network. In fact, as of December 2022, 47,157 MID meters were installed out of a total of 50,656. Of these, 45,016 are smart meters (about 89% of the total), of which 70% (equal to 31,050 meters) controlled remotely from the fixed network<sup>108</sup> and 30% (equal to 13,966) through walk-by/drive-by<sup>109</sup> with a 169 MHz WM-bus protocol.

**The contribution of the PRESSURE DSS to the reduction of water leaks**

In 2022, the **Pressure DSS** came into operation, a decision support IT system that optimises the hydraulic operation of the water supply system with the aim of monitoring and pre-locating leaks. The system uses **software for monitoring the losses and flow of the water network**, integrated with a **hydraulic simulation model** which creates digital sectoral twins to virtually divide the network into districts<sup>110</sup> and to detect, quantify and locate leaks.

The Pressure DSS uses data from pressure sensors and smart meters to analyse anomalies in the distribution network and provide useful information for intervening with planned or emergency interventions. A special algorithm provides a predictive estimate of the minimum and maximum data relating to the flow of water that will be supplied in subsequent days, making it possible to warn of the presence of anomalies in the reference district in the event of deviations between the estimate and the actual flow supplied.

**The system allows to reduce the occurrence of water losses** through better identification of the areas of the network affected by higher volumes of leaks, **to verify** the timing and effectiveness of pipe **repairs**,

<sup>106</sup> The changes introduced by the DWD include: risk assessment through Water Safety Plans; the identification of potential emerging pollutants in water sources; the assessment of risks associated with distribution, including the line from the meter to the tap in individual houses; and the requirement to effectively and transparently disclose the quality of the water distributed to consumers.

<sup>107</sup> Data on network water losses relating to 2022, which refer to the city of Milan, are awaiting completion of the validation process by the Area Office of the Metropolitan City of Milan, pursuant to the applicable technical quality regulations.

<sup>108</sup> Data measurements are taken without the need for an operator on site, via a telecommunications network connected directly to a centralised control room or to the measurement management system.

<sup>109</sup> In proximity remote reading (walk-by/drive-by) the measurement of the data is detected electronically in the vicinity of the meter (semi-smart mode).

<sup>110</sup> The virtual division into districts reconstructs the distribution of the necessary water demand (considering real consumption and losses) and the flow and pressure data detected on site, avoiding the creation of physical boundaries in the network and the need to measure the actual flow.

and to identify the optimal configurations of pumping systems in the network, reducing the minimum night pressure and ensuring the optimal and most stable configuration of the system.

MM then developed a **risk map** which, starting from a study on the factors that influence the life cycle of water networks carried out in recent years in collaboration with the Milan Polytechnic, associates each pipe with an accurate breakage risk value on the basis of factors such as age and wear. GIS maps and a thorough review of historical data made it possible to date with accuracy 70% of the pipelines of the aqueduct network from 1889 up to the most recent years, with an approximate period of laying being identified for the remaining cases. The map provides information on the occurrence of possible breakages (and therefore potential water leaks) to be used in planning network renewal interventions.

### 5.3.2. Treatment system and quality of water discharges

MM carries out the collection and purification of the water coming from the public water supply system after it has been used for civil and industrial uses, treating it appropriately to then be returned back to the environment.

The purification plants managed by MM are:

#### SAN ROCCO treatment plant



Located in the context of the Parco Agricolo Sud di Milano (Southern Milan Agricultural Park), between the municipalities of Rozzano and Opera, the San Rocco treatment plant has a treatment capacity of over one million population equivalents and covers an area of 101 square kilometres in the western part of the city. Approximately 40% of the wastewater from the Municipality of Milan and a part of the Settimo Milanese sewerage flow into the purifier, which, once treated, are released into the Colatore Lambro Meridionale and into the Pizzabrasa and Carlesca irrigation canals.

#### NOSEDO treatment plant

The Nosedo treatment plant is the largest of the plants managed by MM and manages around 50% of the total wastewater collected by the city sewage system, with a treatment potential of over one million equivalent inhabitants. Located southeast of the city (between the Corvetto-Porto di Mare area and the vast agricultural belt near the Chiaravalle Abbey), the purifier mainly discharges the treated water into the Roggia Vettabbia and Cavo Redefossi canals and feeds the hydrographic network serving of Vettabbia Park. The Park, created as an environmental compensation work, is crossed by the water regenerated by the treatment plant thanks to the reactivation of the Accésio and Martina irrigation ditches and the reconstruction of the "Chiaravalle water meadow", historical testimony of the medieval practices of circular economy adopted by the Cistercian monks.



At the wastewater treatment plants, **two lines of activity** coexist:

WATER line	SLUDGE line
Screening, desanding, biological treatment, chemical phosphorus removal, filtration and disinfection treatments, aimed at purifying incoming wastewater of the pollutants present.	Thickening, stabilization, dehydration and thermal drying treatments to enhance the surplus sludge extracted from the biological sector. Fluid bed thermal treatment of sludge at San Rocco.

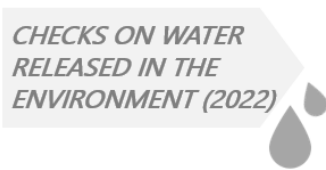
In 2022, the **total volume of waste** treated by the two plants was **197.1 million m<sup>3</sup>** (down by 10.5% compared to 2021 due to low rainfall), 61% of which at the Nosedo plant and 39% at the San Rocco plant.

**38% of the treated flow is destined for irrigation reuse<sup>111</sup>**, up from 28% last year. In line with the calculation methodology adopted in 2020, the figure refers exclusively to the volume of water treated and actually used by the irrigation reuse consortia<sup>112</sup>, and therefore is subject to variability according to their requests based of seasonality (for example, in the summer it is common that on some days all of the treated water is sent for reuse for irrigation).

Wastewater from the Milan wastewater treatment plants is treated from the beginning with advanced tertiary sections, which ensure compliance with the strict Italian regulations (Ministerial Decree 185/2013) in terms of reuse (whether industrial or agricultural). One of the main parameters to be monitored is the bacterial load, which during the irrigation season must be below 10 cfu/100ml in 80% of the samples<sup>113</sup>.

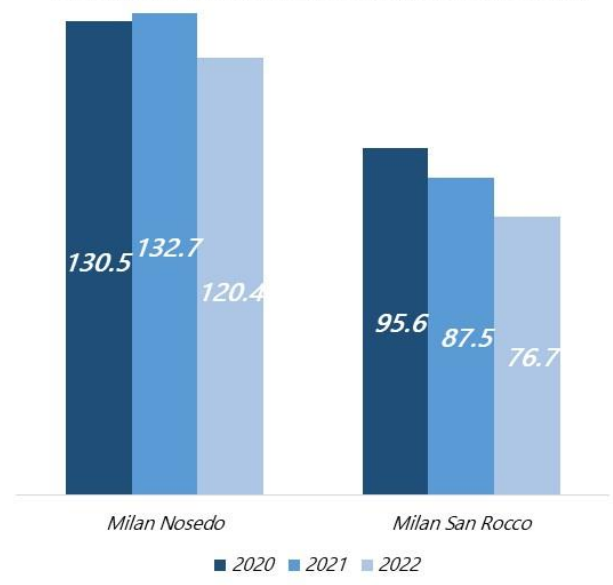
Controls on wastewater and purified water are carried out daily (on samples taken automatically every 10-15 minutes in 24 hours and analysed the following day). This is carried out according to a **sampling plan shared with ARPA and the Lombardy Region**, which verifies the quality of the purified water, the concentrations of pollutants in the wastewater feeding the treatment plant, the biological reactors and the quality and dry content of the biological sludge produced in the process. The analytical reports are then published on the SireAcque online portal managed by the Lombardy Region.

In 2022, the Nosedo and San Rocco laboratories ensured control over compliance with the legal limits concerning discharge, carrying out 6,850 samplings (an increase of around 2% compared to 2021) for a total of 37,800 parameters analysed and 100% compliance.



<b>6,850</b>	SAMPLES
<b>37,800</b>	PARAMETERS ANALYSED
<b>100%</b>	CONFORMITY PERCENTAGE

VOLUME OF WATER DISCHARGES (MILLIONS OF M<sup>3</sup>)



Analysers and probes are also installed at the purifiers to perform **online and real-time monitoring** of the main chemical-physical parameters in the various stages of the process and at discharge. These provide useful information to the control and management systems of the plants to adjust the settings of the machinery and

<sup>111</sup> Recovered wastewater can be reused in both the civil sector (for urban and recreational activities) and in the manufacturing sector (for agricultural and industrial use). In 2020, the European Commission issued the new Regulation 2020/741 on minimum requirements for water reuse.

<sup>112</sup> Before 2020, the figure considered the total volumes of treated irrigation quality water, even when not actually reused. In fact, the Milan Nosedo and San Rocco treatment plants are able to treat all the wastewater entering the treatment plants in dry weather conditions throughout the year, with a quality suitable for direct irrigation reuse, actually sending only the amount requested by the consortia.

<sup>113</sup> It should be noted that bathing waters are considered excellent if the limit of this parameter is 250 cfu/100ml.

optimise the removal of pollutants and energy consumption. Online microbiological load analysers are also installed at the two wastewater treatment plants, particularly for the Escherichia Coli parameter, which provide results approximately every 1-2 hours. The connection of the probe system with the plant control room (manned 24 hours a day, 365 days a year) allows MM technicians to constantly check the water quality and, if necessary, take appropriate action to improve the plant's technical and economic performance.

MM carries out **biological phosphorus removal processes** aimed at removing phosphorus and reducing the use of chemical reagents, helping to achieve the technical quality objectives required by ARERA<sup>114</sup>.

At **San Rocco**, MM installed a chemical phosphorus removal section with ferric chloride dosing and carried out studies and modelling to review the sequence of process phases in the basins of the biological activated sludge section and, consequently, adapt the air diffusion networks and install 32 high-efficiency submersible mixers to create the optimum conditions for biological phosphorus removal. In 2022, the advanced process management software, previously tested on a single line, was extended to the entire organic sector. This, with the aim of increasing the removal of phosphorus by biological means and reducing CO<sub>2</sub> emissions, thus reducing consumption of energy and chemical reagents required by the process.

At the **Nosedo** plant, the Hubgrade® platform has made it possible to obtain improved results in the biological phosphorus removal process based on bacterial metabolism, highlighting the increase in phosphorus-accumulating bacteria in support of chemical phosphorus removal and adjusting the process parameters on the biological sector in order not to affect the nitrification phases and ensure compliance with the safety margins.

#### **The Hubgrade® platform for the DIGITAL MANAGEMENT of the NOSEDO WASTEWATER TREATMENT PLANT**

*In 2020, the Hubgrade® platform was installed at the Nosedo purifier, creating a digitised system that connects the sewage network and the plant. The platform supervises the operation of the purifier, optimising the purification and energy saving performance, and provides forecasts on heavy rain phenomena that could cause flooding. This, starting from the weather forecasts and from the data collected through the existing rain gauges and hydrometers and the network of 420 sensors installed by MM for the hydraulic detection of levels and flows in the sewer. Once the information has been processed by the software, operational responses are activated to increase the hydraulic capacity of the treatment plant, preparing it to deal with any eventual flow peaks, being able to anticipate the event by a few hours before its occurrence. In addition to optimising the plant management process, this second year of operation of the platform (July 2021 - July 2022) has also brought results in terms of energy efficiency of consumption with savings of approximately 13,050 kWh per day.*

**Campaigns** have been underway for years **to monitor the presence of pathogens in the sewage at the entrance to the purifiers**, with benefits for tracing the spread of diseases in the area. The latter have assumed particular importance following the outbreak of the Covid-19 pandemic, offering indications on the epidemiological trend and triggering early warning mechanisms, leading to the development of collaborations between MM, the Italian Institute of Health, other research institutes and universities.

The two purifiers also participate in the **SARI project**, the national environmental surveillance network commissioned by the Italian Institute of Health in collaboration with the Ministry of Health, the Ministry of the Environment and Utilitalia, launched in July 2020 **to detect SARS-CoV-2 in civil wastewater in Italy**. In the first phase, the sampling and analyses concerned only the perimeter of the Water Alliance network, the first network of companies between in-house water companies in the Region of Lombardy to which MM adheres, while subsequently the analysis was also extended in terms of frequency, with the involvement of important research institutions. Finally, in 2022 MM concluded a project for monitoring the spread of the virus in the city areas of Milan using the division by district of the sewage basins, in collaboration with the Department of Virology of the State University.

<sup>114</sup> ARERA requires discharge limits to be assessed on a daily basis, also in respect of the parameters that under the applicable national and regional legislation are assessed on an annual average basis, in particular for macro-indicator M6 on purified water quality.

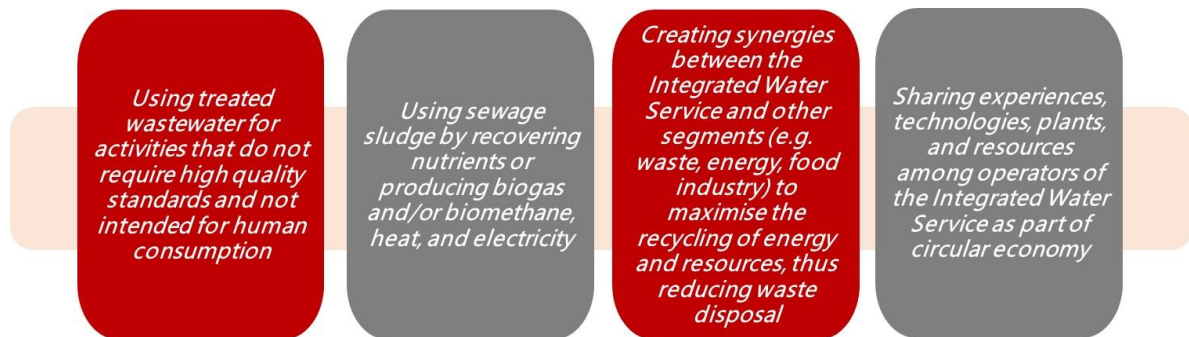
## 5.4. Circular economy projects and interventions

The **Integrated Water Service** provides a **perfect synthesis of the circular economy principles**, which aim to reduce the consumption of raw materials, favouring the adoption of waste recycling processes, also thanks to the introduction of new technological solutions, overcoming the difference between resource and waste.

From an “urban metabolism<sup>115</sup>” perspective, MM makes the water purified by the treatment plants available to the city of Milan, helping to disseminate a new model of use of peri-urban land aimed at its **agro-ecological protection**. In this context, the San Rocco and Nosedo wastewater treatment plants are excellences on the international scene in terms of quantity and quality of the water treated and recycled for irrigation purposes.

In addition, the Nosedo plant is at the centre of an “urban metabolism” project promoted by MM which envisages the construction of an **experimental and research centre (MM Farm) on the recovery of materials and energy from the water service networks and systems and on peri-urban agriculture aimed at protecting the drinking water aquifer** within Cascina Nosedo. In terms of sustainable agriculture, since 2021, the Nosedo purifier has been hosting a full-scale greenhouse for aquaponic crops.

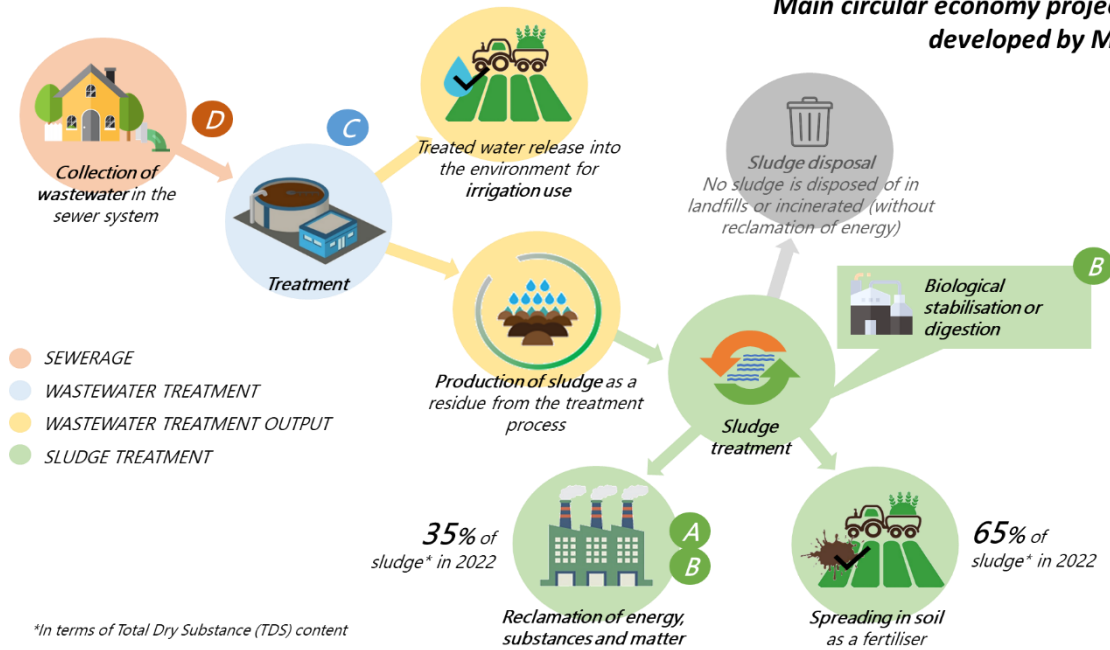
Still on the circular economy subject, the **Area Office of the Metropolitan City of Milan**, in cooperation with MM and the other IWS operators, promotes initiatives to:



For years, MM has been involved in the development of cutting-edge circular economy projects that know how to combine technological innovation, environmental sustainability and energy efficiency: from maximising the value of biological sludge, to the reuse of purified water in agriculture, from the adoption of solutions for the recovery of materials, resources, energy and process waste to initiatives to help raise awareness on the correct management of waste and the responsible use of water.

<sup>115</sup> Studies on urban metabolism, which considers the city as a living organism that needs resources and produces waste and polluting emissions, fit into the idea of smart city. In other words, an intelligent city attentive to the needs of citizens, whose quality of life it improves also thanks to the use of advanced digital technologies, capable of being self-sufficient from an energy point of view and of creating an urban development plan that is sustainable from an economic and environmental point of view.

**Main circular economy projects developed by MM**



**Recovery of sewage sludge**

**A** In 2022, the “SLUDGE - Advanced forms of sewage sludge management within an Innovative Hub in Lombardy” project was completed, led by A2A Ambiente. The project was aimed at the assessment of the health and environmental impact of various solutions for the recovery of sewage sludge, for whose management it is necessary to be able to count on differentiated final treatments that can guarantee continuity over time and recovery of energy and resources. At San Rocco, the **fluidised bed thermal treatment plant** is operational, which burns up to 9 tons/day of biological sludge and hydrochar at different degrees of dryness, obtaining thermal energy and inert ash. Atmospheric emissions are reduced thanks to modern combustion fume treatment techniques and real-time control systems. The process is underway to transform the experimental authorisation into a permanent one, bringing the plant in its final version to a capacity of 19.2 tons/day, equal to up to 40% of the sludge produced by the treatment plant. Other research and development activities are investigating new uses of the ash such as “end of waste” for the phosphorus content and for their intrinsic qualities as aggregates (collaboration with the University of Brescia) and systems to improve the quality downstream of the thermal processes (“Phoster” European call with the Milan Polytechnic and the University of Ljubljana).

The **ash** produced is an inert and non-hazardous material, rich in phosphorus which can be reused in industrial applications. The ash is currently sent to cement factories for the production of clinker. The other product generated by the process is the thermal energy, recovered in order to make the combustion process itself self-sufficient and which subsequently will be used as heat for the sludge drying process.

**B** A **sludge hydrolysis plant with anaerobic digestion and energy recovery** will be built at the Nosedo treatment plant, which will enable greater stabilisation compared to the current process, improving its quality and making it possible to recover materials and energy.

This treatment system **reduces the total quantities of sludge** generated by the purification process, **produces biogas** which can be transformed into **biomethane** and/or **electricity and heat**. In addition, **struvite** (a

Once the feasibility study in collaboration with the Milan Polytechnic was completed, in 2022 the final project was launched with a PAUR<sup>116</sup> authorisation (still ongoing).

phosphorus and magnesium based fertiliser compound) can be extracted from the sludge.

### Reception and treatment of sand (“end-of-waste” process)

**C** The Nosedo purification plant is involved in two interventions for the **reception and treatment of sand**.

In 2022, the **technological and functional improvement planned for the reception and treatment section**, where MM’s gully sucker lorries unload the waste collected in the area, was carried out.

The intervention made it possible to adapt the existing section to also support the reception, screening, washing and disinfection of waste from the cleaning activities of Milan roadside drains.

While the authorisation process has been started for the construction of the second intervention, which provides for the **replacement of extractors and separators of the sand produced by the purifier** in the sections for removing the sand from the sewage waste (as is already the case at San Rocco), with washing of the sand and final disinfection, reducing the amount of organic material present below 3%.

Both interventions are part of the **“end of waste”** process which, through recovery, returns a product and no longer a waste.

### Recovering heat from the sewage system, groundwater and treated water

**D** The **thermal power plant** installed at the Nosedo purifier **recovers the heat from the purified water** to heat and cool the offices and technical rooms of the plant, without qualitative and quantitative alterations of the water resource and with lower greenhouse gas emissions. Moreover, in 2022 the feasibility study was updated for the construction of a **cogeneration plant comprising a heat pump for the recovery of “waste heat” from wastewater** (in collaboration with A2A Calore & Servizi), which would supply electricity to the plant and thermal energy for the benefit of the Milan East district heating network managed by A2A, in support of the Linate and Canavese thermal plants.

The recovery of heat from wastewater contributes to the **protection of aquifers**, minimising drilling, depletion and pollution risks.

In 2022, the works for the construction of the **water heat pump cogeneration plant** were completed at the “Salemi” aqueduct plant which, through heat pumps and cogeneration engines in synergy with the nearby “Comasina” thermal plant managed by A2A Calore & Servizi, recovers energy from the aqueduct waters. The intervention is part of the Sustainable Energy Action Plan promoted by the Municipality of Milan.

The Salemi plant allows **energy recovery** of 1,250 TOE (tons of oil equivalent) and is **innovative in its management methods** thanks to the close collaboration between two of the city’s main utilities operators.

In 2022 the Municipality of Milan, MM and A2A Calore & Servizi signed an **agreement for the use of water drawn from groundwater depression wells in district heating and/or district cooling systems** (Balilla project). Groundwater is used for geothermal purposes in heat pump systems powered exclusively by electricity.

The geothermal use of groundwater already pumped to **control the aquifer** does not produce polluting emissions in Milan and contributes to the **improvement of the city’s air quality**.

<sup>116</sup> The PAUR (Single Regional Authorisation) includes the Environmental Impact Assessment provision and all the authorisations, agreements, concessions, licenses, opinions, arrangements, clearances and permits however denominated, necessary for the realisation and operation of projects subjected to EIA procedures falling under regional jurisdiction and requested by the proposer.



*In synergy between the IWS and the Housing Division, a project is being developed to set up a pilot plant at the heating plant of the public housing complex in Via Dini, consisting of 2022 housing units, which can utilise the heat from the neighbouring DN 156 sewer network in Via Dudovich. The intervention is part of the heat exchange experiments with the sewerage system tested by the MM Water Service Business Unit in synergy with the MM Housing Business Unit.*

*The plant would represent the **first installation of its kind in Italy** in the context of residential buildings, qualifying as an innovative and environmentally sustainable renewable energy production initiative.*

### 5.4.1. Waste and biological sludge management

The **waste produced by MM** is mainly in relation to managing the wastewater treatment plants. This includes biological sludge and other waste, which can be attributed to screening and grit removal operations as part of the treatment cycle, **along with laboratory activities**. MM's waste recovery processes comply with current legal provisions at a regional and national level.

In line with MM's Environmental Policy, waste management is aimed at reducing its impact on human health and the environment, through careful planning of the activities for the disposal of residual substances and materials from corporate processes and activities. A special **operating procedure** identifies the correct management methods for each type of waste, providing support in the application of the complex regulatory provisions on the subject and ensuring the adoption of a systematic and documented verification process compliant with the Environmental Management System. Moreover, MM adopts the "Minimum Environmental Criteria"<sup>117</sup> for the purchase of specific supplies (paper, office furniture and building materials) or services (cleaning and sanitising of environments). MM promotes **training activities** for employees to update their skills on waste management methods **and to help raise awareness** on waste reduction and the adoption of more sustainable behaviours (e.g. through the dematerialisation of processes and the introduction of separate waste collection at corporate offices).

MM has consolidated a collaboration relationship with a **company specialised** in the management (brokerage without holding) of waste disposal. Launched on an experimental basis in 2019 on the Via Sforza site with excellent results, the activity was extended starting from 2020 to all Integrated Water Service sites and then renewed in 2022 through a new procedure for awarding the service until 2023. This management solution for ordinary waste disposal and recovery activities (including ferrous scrap) has proven to be efficient and effective in terms of environmental and economic sustainability, ensuring full compliance with the relevant regulatory obligations.

In 2022, standardisation activities were also carried out on the **transport of dangerous goods subject to the ADR**<sup>118</sup> agreement, with audits and inspections that led to the drafting of a specialist technical report and the appointment of an ADR Manager, with the start of training activities for the MM personnel concerned (which will continue in 2023).

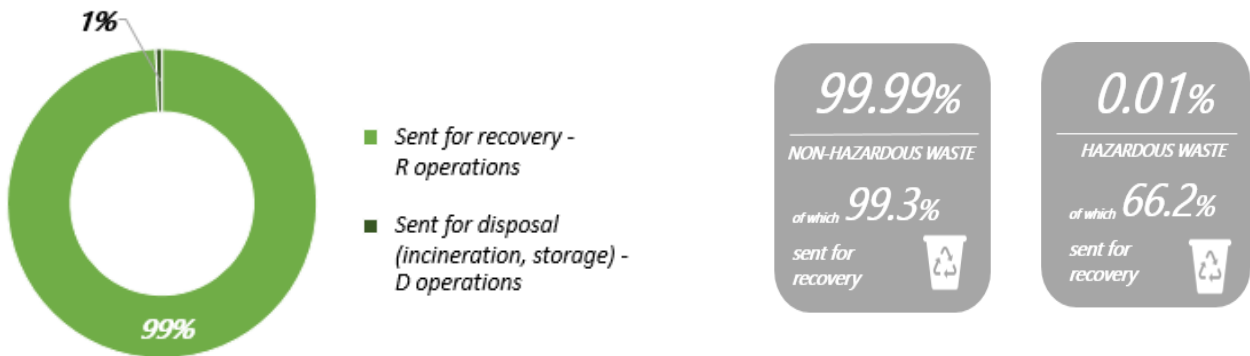
In 2022, the amount of waste produced by MM<sup>119</sup> was **approximately 69,468 tonnes**, up by 12% compared to 2021. Almost all waste (99.4%), both hazardous and non-hazardous, is sent for recovery, while only a residual part is sent to a landfill or for incineration.

<sup>117</sup> When designing company documentation for projects and tenders, MM translates the Minimum Environmental Criteria into technical specifications and contractual clauses requiring compliance in order to guarantee the achievement of the environmental objectives set out in the Action Plan for the environmental sustainability of consumption in the Public Administration sector.

<sup>118</sup> ADR is the agreement that regulates the road transport of goods and dangerous substances at the European level, defining the rules regarding the marking and labelling of packages, plating and marking of means of transport, structure of vehicles and tanks, requirements for transport and necessary travel documents. Launched in 1965, it is updated every two years to ensure that it is up to date with the changes introduced by new technologies.

<sup>119</sup> The reported amounts refer exclusively to waste generated by MM.

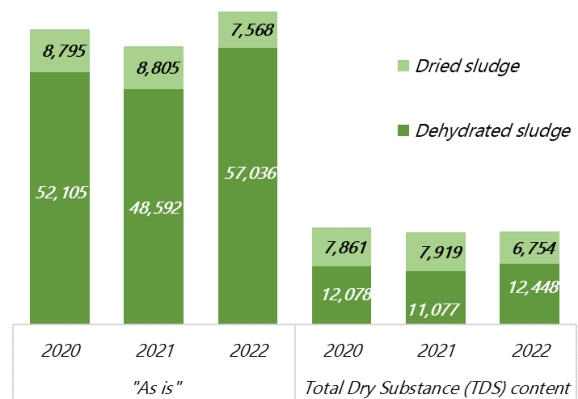
**TOTAL WASTE BY DISPOSAL METHOD**



The majority of waste is composed of **biological sludge** resulting from the purification process of wastewater and which, for many years now, are sent to recover materials and energy to be reused, for example, in the cement industry and in agriculture. This approach has allowed MM to once again place itself in 2022 in **class “A” for macro-indicator M5 “Sludge disposal in landfills”** identified by ARERA in the regulation of the IWS technical quality (Resolution 917/2017/R/idr), which requires the absence of sludge disposed in landfills<sup>120</sup>.

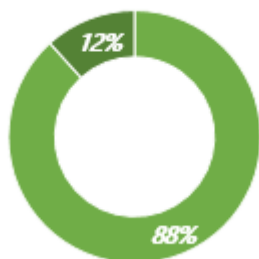
The sludge produced by the two San Rocco and Nosedo purifiers is distinguished by type as **dehydrated and dried**. It is also useful to differentiate **sludge “as is”**, which includes the share of water contained therein, which are sent for recovery after treatments, and sludge in terms of **Total Dry Substance (TDS)** content, namely net of the water contained therein<sup>121</sup>. In 2022, the amount of sludge treated by purifiers is in line with 2021 for TDS and has increased by 13% for “as is”. In general, there has been an increase in dehydrated sludge (with a higher water content) and a consequent reduction in dried sludge to cope with the price trend of the methane necessary for the drying process.

**GENERATION OF SLUDGE “AS IS” AND IN TERMS OF TOTAL DRY SUBSTANCE CONTENT (T)**

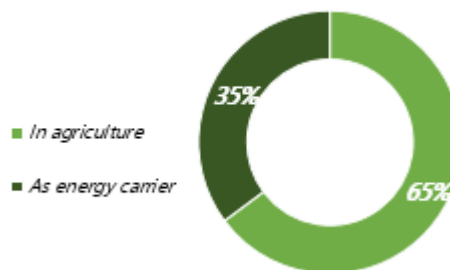


Moreover, with reference to TDS sludge, in 2022 there was a **greater recourse to recovery in agriculture (+30%) compared to use as an energy carrier (-28%)**, re-establishing the ratio prior to the pandemic period which had partly influenced the sludge recovery choices.

**USE OF SLUDGE “AS IS”**



**USE OF SLUDGE AS TDS CONTENT**



<sup>120</sup> Data on technical quality macro-indicators relating to 2022 are awaiting completion of the validation process by the Area Office of the Metropolitan City of Milan, pursuant to the applicable technical quality regulations.

<sup>121</sup> The amounts for sludge as “dry substance content” are calculated based on the monthly average desiccation of “as is” sludge sent for recycling.

## 6. We care for the city and its citizens

MM accompanies the development of the city of Milan, providing the skills and experience gained every day in **taking care of the city and its citizens**, both with small maintenance works and by targeting large infrastructural projects.

MM views the “**culture of care**” as a tool to achieve a real and inclusive benefit, which puts the citizen and his or her needs as a service user at the centre. In the same way, the “**culture of competence**” is a fundamental concept for carrying out the necessary activities in a transversal, continuous and effective way.

To meet stakeholder expectations by providing services that can be used in an increasingly extensive, continuous and inclusive way, it is necessary **to guarantee excellent performance through efficiency, quality and competence**, including in emergency situations, **and to build solid relationships oriented towards transparency and trust**, both with the clients of the works, as well as with the customers who use the services provided, up to and including all citizens.

### The QUALITY POLICY and management system

The Quality Policy expresses MM's commitment to guarantee **a process of continuous improvement and growth in customer and stakeholder satisfaction levels** and represents a useful tool for supporting the Company's strategic guidelines and increasing its competitiveness.

The **Quality Management System** adopted by MM is based on the satisfaction of stakeholders through the achievement of measurable objectives through specific KPIs. This takes place with a view to enhancing the efficiency of corporate processes (covered by the reference procedures), risk management and monitoring opportunities for critical issues and related corrective or improvement actions.

The system envisages the gradual integration of activities and the inter-functional sharing of objectives and methodologies. This, thanks to the direct involvement of top management and the **promotion of excellence in MM's people** through training programmes and development paths dedicated to enhancing skills and awareness of everyone's role in optimising the system.

With this in mind, the **widespread diffusion** of the principles **of the Quality Policy** continued in 2022 with meetings, training “pills” and the publication of new procedures.

### 6.1. Care of the public heritage and its infrastructures

MM runs some of the main urban transformation and public infrastructure maintenance projects in the city of Milan. These projects contribute to **improve the quality of public space and living conditions in neighbourhoods**, with the aim of creating an increasingly accessible and resilient city.

For some years now MM has been gradually introducing the **BIM** (Building Information Modeling) **methodology**<sup>122</sup> in the integrated design of works with linear and punctual development, promoting collaboration between project teams, coordination, communication and information sharing through collaborative project management processes and interoperability between software for modelling and support for project development. In addition, MM has adopted an IT platform (ACDat) for the organised and shared collection of data relating to the digital project documentation. In 2022, as in previous years, specific training courses for the design of engineering works in BIM were carried out (see paragraph 4.2 “*Training as a strategic lever for professional development*”).

**MM uses this methodology in some mobility and building projects**, maximising the advantages provided by the virtual processing of the work which allows the data acquired in the various phases of construction to also be used from a life cycle perspective, facilitating monitoring of the age of the materials for maintenance purposes.

Other intelligent applications are used in the **renovation and recovery of vacant real estate units** through joint initiatives between MM and the Municipality of Milan. The public housing stock owned by the Municipality

<sup>122</sup> BIM is the digital representation of the physical and functional characteristics of an object (applicable to buildings, infrastructure, etc.). Unlike CAD, which allows to work on projects through 2D or 3D drawings, BIM specifies the functionality and performance of each object in the project, combining graphical information (e.g. thickness and height of walls) with information on acoustic or thermal insulation, etc.

of Milan is characterised by a historical stratification linked to the cyclicity with which housing interventions have followed one another in support of the less well-off sections of the population, which makes it extremely heterogeneous, with buildings with architectural and/or archaeological prescriptions also falling under direct and/or indirect protection. Knowledge of the assets managed by MM, including common areas, technological systems and facades, and the classification into recurring types of building therefore becomes fundamental for optimising the interventions. The objective is the creation of a **georeferenced 3D mapping of the entire housing stock** that can be consulted remotely through on-site surveys and subsequent verification and validation of the acquired data with high-resolution photographs and innovative tools (mobile mapping, 3D point clouds), reducing the duration of the inspections, facilitating the definition of intervention priorities and speeding up the planning and execution of ordinary and extraordinary maintenance activities. In 2022, a first pilot test on the Via Rizzoli complex was concluded with positive results.

### The RENOVATION ACTIVITIES of the ERP real estate units

For the planning of the renovations, the 149 prototypes identified in 2021 and referring to approximately 15,600 real estate units with similar distributive-functional and dimensional characteristics are currently used (this method will also be used in the future in specific cases such as the design of housing for people with disabilities). In 2022, the **renovation and recovery of vacant public housing units** slowed down compared to the 2019-2021 three-year period for various reasons attributable to the generalised increase in market prices and the difficulty in obtaining resources and materials by contractors in the wake of pandemic restrictions.

Year	m.u.	2020	2021	2022	Total units recovered
Municipality of Milan		167	189	92	448
MM	No.	931	697	217	1,845
<b>Total units recovered</b>		<b>1,098</b>	<b>886</b>	<b>309</b>	<b>2,293</b>

In 2022, the main engineering interventions carried out by MM and attributable to **three areas of intervention** include:

#### SUSTAINABLE MOBILITY

##### PROJECTS

- Extension of line M1 to Baggio
- Extension of line M4 to Segrate
- Northern Interdistrict LTR (Niguarda – Cascina Gobba stretch)
- New cycle route in Corso Sempione

#### SUSTAINABLE CONSTRUCTION

##### PROJECTS

- Redevelopment of school buildings
- Redevelopment of buildings in via dei Giaggioli
- New mechanised archive in via Gregorovius
- Energy requalification of buildings in via Rizzoli
- Reclamation of the former Innocenti/Maserati area in via Rubattino

#### WATER OPTIMISATION

##### PROJECTS

- Seveso storm drain

### Extension of metro LINE M1 to BAGGIO

The extension of the M1 line from the Bisceglie terminus to Baggio covers a 3 km tunnel and includes 3 stations (Parri/Valesia, Baggio and Olmi), 6 buildings and a new train depot at the end of the route.

To reduce the impacts on the surface, the excavation of the tunnels will be carried out with a mechanised shield (TBM), with the exception of the three stations and the construction work where open excavation is necessary.

The redevelopment of the areas surrounding the work is planned, with the creation of urban parks (e.g. ecological reconnection interventions and new plantings), and multifunctional spaces to be used for recreational and sporting activities for the community, such as for example near Via degli Ulivi. The existing AICS Olmi Sports Centre, affected by the station in the Olmi district, will also be completely refurbished. Other design choices with a positive impact on the environment concern: the installation of photovoltaic panels to cover the train depot and some buildings of the Olmi Sports Centre; the use of low-maintenance green roofs for bicycle stalls; the adoption of hydro-retainers as a gradual release water reserve for planted land; the irrigation system optimised to enable water savings.

→ In 2022 MM completed the executive project developed with the BIM methodology, which also allows to evaluate the impact on the environment throughout the work's life cycle.



### Extension of metro LINE M4 to SEGRATE Porta Est

The extension of the underground line 4 from Linate to Segrate Porta Est extends for about 3 kilometres entirely in tunnels. To reduce the impacts on the surface, the excavation of the tunnels will be carried out with a mechanised shield (TBM), with the exception of the two stations and the construction work where open excavation is necessary.

In order to ensure the sustainability of the entire life cycle of the work, the project integrates energy efficiency and water saving measures, as well as solutions to reduce the occupation of new land (e.g. sharing and re-functionalising existing structures to be used as car parks). Other design choices with a positive impact on the environment include, for example: the installation of photovoltaic panels on the roofs of cycling stations; the use of low-maintenance green roofs for the park and drive facility; the adoption of hydro-retainers as a gradual release water reserve for planted land; the irrigation system optimised to enable water savings.

→ In 2022 MM developed the technical-economic feasibility project.



### Northern Interdistrict LTR (Niguarda – Cascina Gobba stretch)

In its final configuration, the “Northern Interdistrict LRT” will connect the Certosa FS railway station with the Cascina Gobba M2 underground station, crossing the city from north-west to north-east. The intervention in question, consisting of the Adriano–Cascina Gobba M2 (1.4 km / 3 stops) and Testi–Pronto Soccorso Niguarda (1.7 km / 3 stops) sections, was included among the works eligible for funding under the National Recovery and Resilience Plan and provides for over four hectares of green areas and the planting of about 300 trees and various other plant species, with the possibility of burying the present power line in the future. The infrastructure interferes with the Lambro river and with the Martesana canal: in the first case, a protective embankment has been planned upstream of the tramway to minimise river runoff impacts; while in the second case, a tram bridge and a road bridge will be built to cross the canal.



The intervention was subjected to an assessment of compliance with the “Do No Significant Harm” (DNSH) principle, as envisaged for the measures of the National Recovery and Resilience Plan to verify its subjectability to the EIA procedure.

→ In 2022 MM developed the definitive design of the Niguarda – Cascina Gobba section.

### New CYCLING ROUTE IN CORSO SEMPIONE

The intervention in Corso Sempione is the natural extension of the network of pedestrian and cycle paths under construction in the north-western sector of the historic centre of Milan and is part of the routes known as “EUROVELO”, long-distance European cycle-routes with common characteristics (e.g. gradients greater than 8% and vehicular traffic of less than 1,000 cars/day).

The project provides for the construction of a new cycle path in a reserved area along both sides of the Corso Sempione carriageway, flanked by pedestrian paths inside the existing flowerbeds, with high safety and comfort characteristics and, on the odd street number side, connected to the tram stop platforms. The objective is twofold: on the one hand, **to make the road axis more attractive and safer** for pedestrians and cyclists, eliminating illegal parking and creating new spaces for regular parking; on the other, **to contribute to the redevelopment of Corso Sempione** from a landscape and environmental point of view, integrating the existing trees and creating new green and refreshment areas with benches, fountains and shaded areas.



→ In 2022 MM started the works for the construction of the new cycle path.

### REDEVELOPMENT of SCHOOL BUILDINGS

In 2022, the demolition of the **school in Via Crespi 40** was completed, following the removal of asbestos, with the start of the executive design by the contractor for the construction of the new secondary school classified as a NZEB (Nearly Zero Energy Building). The building will house a total of 540 students, 18 classrooms, 8 laboratories, a library for school use, a canteen, administrative offices, a gymnasium and a multipurpose space (both of which can also be used after school hours), while didactic and recreational-sports zones will be created in the external areas.

In 2022 the demolition of the **secondary school in Via Catone 24** was completed, with the start of construction of the new complex classified as NZEB (Nearly Zero Energy Building), consisting of two volumes: a four-storey building on Via Catone which will house the atrium, library, changing rooms, 12 classrooms, 5 laboratories and administrative offices; and a two-story building on Via Maffucci, which will house the gymnasium and the canteen.

In 2022, the **energy redevelopment of the nursery school in Via Narcisi 1** started, which involves the completion of civil, construction and finishing works, structural and consolidation works, plant engineering and reclamation, thus enabling the property to reach a high level of energy efficiency.

In 2022, the works for the restoration of the school complex in **Via Brunacci** focused on the nursery school from the 1930s to allow lessons to resume in September, while for the primary school from the early 1900s, works are being carried out on a rotation basis on the spaces not used for educational activities. The project will ensure compliance of the spaces with current regulations on school construction and fire prevention, the elimination of architectural barriers, and the safety of the systems and materials used. Moreover, interventions are planned to improve the energy performance of the building and the layout of the internal courtyards, resurfacing the rubber flooring in the play areas and re-landscaping the green areas, including with the planting of new trees.

### REDEVELOPMENT of buildings in Via DEI GIAGGIOLI ("Quality of Living" competition, Public Housing property)

The intervention involves the **demolition and reconstruction of three public housing buildings in Via dei Giaggioli at numbers 7-9-11** (Borough 6), improving the living quality of housing and outdoor spaces, the energy, plant and seismic efficiency, and the accessibility for people with reduced mobility. The green areas will also be completely reorganised for collective use, creating new features to promote social interaction between tenants and the neighbourhood. The interventions will be carried out in successive phases, using off-site prefabricated technologies, to minimise the impacts on residents and allow for the mobility of tenants in phases.

The buildings will qualify as **NZEB** thanks to design solutions adopted, including the connection to the city's district heating grid, the installation of photovoltaic panels, the integration of an underfloor radiant panel heating and cooling system, as well as the installation of energy-efficient windows and exterior walls.

The intervention is one of the projects financed by the National Recovery and Resilience Plan and has been subjected to an assessment of compliance with the principle of "Do No Significant Harm" (DNSH), as required by the measures of the aforementioned Plan.



→ In 2022 MM completed the executive design of the intervention.

#### New MECHANISED ARCHIVE in Via Gregorovius

In 2022 MM completed the design of the **new mechanised archive in Via Gregorovius** (Borough 9), which involves the construction of a building consisting of two adjacent areas to house the archive and the related loading bay.

The intervention consists in the recovery of part of the existing industrial warehouses to create the spaces for welcoming the public and workers (e.g. consultation room and offices) and the common areas. Where possible, an attempt was made to maintain the existing volumes by intervening based on a “box in the box” logic. In addition, a facade on Via Gregorovius with a high symbolic value will be created. The intervention has the dual function of reconstructing the facade in line with the appearance of the pre-existing one, as well as representing an iconographic element for the new Archive.



The intervention ensures the conservation of the catalogued documents through a system that contributes to greater safety and resilience of the building to extreme events (e.g. fires).

#### ENERGY REQUALIFICATION of the buildings in Via Rizzoli 13-45 and 73-87 EAST – TECHNICAL-ECONOMIC FEASIBILITY PROJECT

The **energy requalification of the buildings in Via Rizzoli 13-45 and 73-87** consists in the renovation of the facades of the first complex, with changes to the buildings’ architectural image (e.g. greater variety of horizontal development, updating of finishing materials and colour palette) and the replacement of the external doors and windows of the heated premises in the second complex, as well as the installation of thermostatic valves on all the radiators of the building units. The installation of a shielding system for the stairway openings is also planned, to prevent access by birds, while keeping the stairs “open” for fire prevention purposes. The intervention is one of the projects financed by the National Recovery and Resilience Plan with the end of the works scheduled for 2026.

→ In 2022 MM concluded the technical-economic feasibility project for which a tender will be issued.

#### Pavilions of SogeMi’s FOODY FOOD MARKET

The project of the new logistics and fruit and vegetable pavilions of SogeMi’s Foody Food Market is **one of the most complete experiences where the BIM methodology has been applied at MM**, considering, among other things, the modularity and the structure of the building itself, which was built using prefabricated elements. The modelling of the area of intervention allowed the volumes of excavation and earth movement to be calculated with accuracy, while the creation of computer models allowed any interferences to be identified and solved in a timely fashion. In line with the objectives of the Milano 2030 Land Use Plan<sup>123</sup>, the project stands out for the adoption of low environmental impact solutions (e.g. recycled construction materials, reuse of rainwater, photovoltaic panels for the roof of the building, creation of green walls, tree-lined flower beds and green spaces), including those aimed at minimising the production of hazardous waste during the processing phases.

→ In 2022, work began on the construction of the first pavilion, which sees MM involved as Works

<sup>123</sup> The Milano 2030 Land Use Plan, approved by the City Council on 14 October 2019, sets the objectives towards Milan 2030 in a phase of growth for the city in terms of demographics, economy and tourism. In particular, Article 10 of the implementing rules “lays down provisions to promote and foster environmental sustainability and urban resilience”.





Management and Safety Coordination for the Logistics Platform, while for the second pavilion the project was completed in 2021.

**Reclamation of the FORMER INNOCENTI/MASERATI AREA in Via Rubattino**

**In 2022 MM finalised the tender documentation for the reclamation of the areas involved in the expansion project of the Lambretta Park** (Lambrate district, Borough 3), which includes approximately 88,990 m2 north and south of Via Caduti di Marcinelle to be used for the creation of laboratories and warehouses for the Teatro alla Scala and approximately 69,520 m2 to be used as an urban park with various facilities, possibly enriched with public interest functions also connected to the activities carried out by the Teatro alla Scala.

**WATER OPTIMISATION**

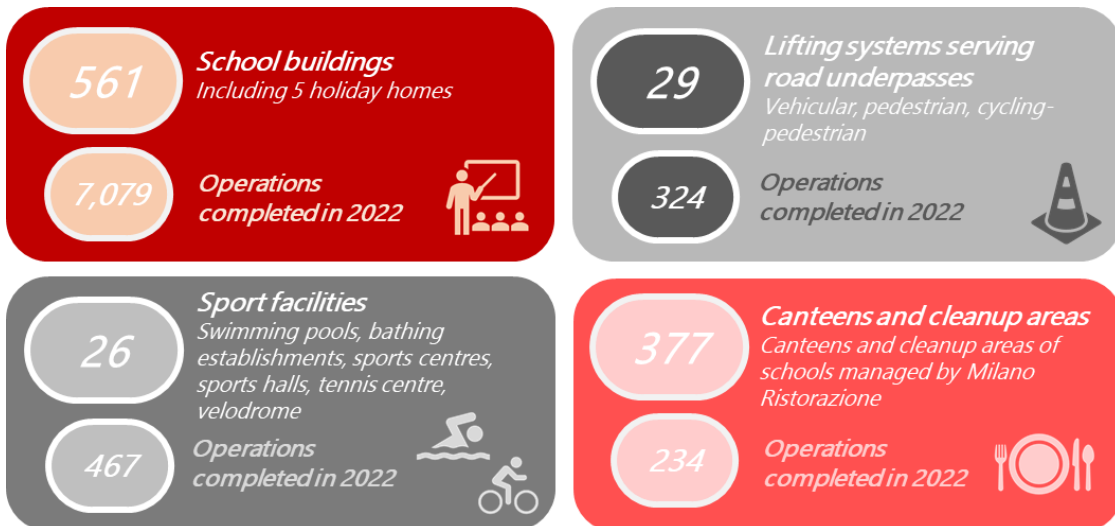
**SEVESO STORM DRAIN**

To contain the inconvenience caused by the flooding of the Seveso torrent, particularly in the Niguarda area north of Milan, the Lombardy Region and the Municipality of Milan have defined a series of storm drain projects which will serve as basins for the collection of rainwater during high intensity stormy events, allowing its controlled outflow and reducing the danger of flood waves.

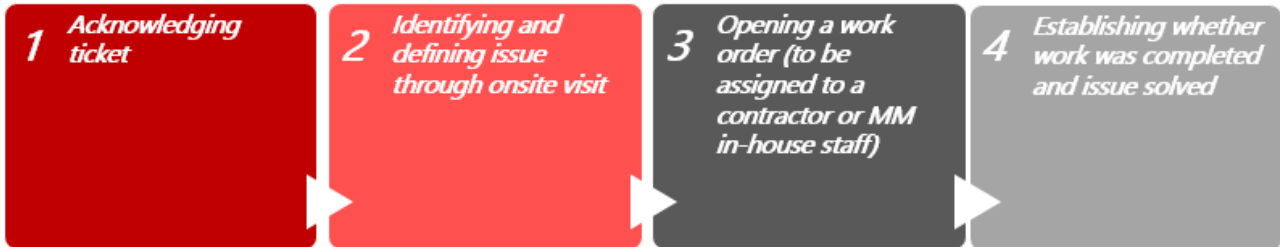
**MM was entrusted with the design and construction of the work, falling under the responsibility of the Municipality of Milan, for the management of flood phenomena** affecting the section between the Palazzolo hydraulic junction and the beginning of Milan’s inhabited centre (Via Ornato). An area within Parco Nord, particularly sensitive from a landscape, ecosystem and social point of view as, in turn, it is located in a densely populated area between the Municipalities of Milan and Bresso. The project includes the creation of a lake fed with groundwater and completed with a perimeter maintenance track, as well as the protection of the surrounding woodland which will be bordered and replanted with new trees on the south side of the lake along Via Aldo Moro. The lake will have a recreational-landscape function, with cycle and pedestrian paths and areas for various activities, except during flood events (on average 6 times a year), during which it will be used to protect the urbanised area. The end of the works was postponed to 2023 due to the challenges in procuring raw materials characterising the year that has just ended.

**6.1.1. Facility management activities**

MM contributes to caring for the city of Milan by also carrying out **facility management** activities that concern the **maintenance of a substantial part of the urban public assets** owned by the Municipality of Milan (see paragraph 1.3 “Business Areas”). In 2022 these consisted of:



To manage these activities, MM has gradually been acquiring its own resources with respect to the early stages of intervention, mostly carried out using external contractors. In addition, MM has adopted a **Customer relationship management (CRM) system**, which initially covered exclusively the school buildings managed and, as of 2022, also extended to sports facilities, with differentiated access for entering the maintenance needs of the schools and Milanosport. The system consists of four phases:



The entire process is based on:

- the **management of “trouble tickets”**, involving the receipt of reports (from users through the two Contact Centre communication channels (toll-free number and email) and their “end to end” management aimed at resolving of the problem<sup>124</sup>;
- a **“customer care and feedback” user management**, through a dedicated application that allows authorised users to monitor, in real time, the progress status, intervention methods and resolution timeframes of the reports made to the Contact Centre.

## SCHOOL BUILDINGS

With regard to **school buildings**, during 2022 MM carried out a total of **7,079 interventions**, up by 51% compared to 2021. The types of interventions vary significantly and, although they may not present a particularly high level of technical complexity, their value is more closely attributable to the social sphere considering the impact on those who use the service.

For example:

- the **removal of architectural barriers at the complex in Via Fortis 10**, following the notification by the childcare services manager, with the installation of a concrete ramp located at the entrance, eliminating all architectural barriers. The intervention allowed a father with disabilities to accompany his son, a new student, on his first day of school;
- the **complete refurbishment of the bathrooms in the nursery school in Via Sant’Uguccione 10**, in collaboration with the Technical Schools area of the Municipality of Milan, has resolved a problem that has persisted for over ten years;
- the **painting of the primary school in Via Colletta 72** has given a new look to an imposing building, with a total size of over 2,200 m<sup>2</sup>, improving the teaching environment for both students and teachers.

## SPORT FACILITIES

In 2022 MM carried out **467 operations at 26 sports facilities** owned by the Municipality of Milan and managed by Milanosport, with the transition from a primarily call-based management system for technical-maintenance services, to a management focused on preventive and scheduled management of maintenance operations and of the necessary resources, thanks to an integrated ticket management system. In addition to the normal activities to ensure the functionality and operation of the sports facilities, MM has also ensured that specific works will be carried out to reopen outdoor swimming centres.

<sup>124</sup> MM has adopted the software in use by the Water Service and Public Housing Business Units, adapting it to the specific school building management requirements, i.e. the variety of internal and external operators involved in operations and the need to prioritise reports based on fault complexity and criticality.

## UNDERPASS

In 2022 MM carried out **324 interventions on the lifting systems and waste water collection tanks of the road and pedestrian underpasses** of the Municipality of Milan, reducing the risk of flooding – due to intense but short-lived rainfall – and the consequent road traffic problems, and ensuring more timely and effective checks in the event of system malfunctions. Through ordinary maintenance and repair activities, MM carried out electrical and equipment interventions on the pumps and on the command and control panels, in addition to cleaning and draining the collection tanks, including in emergency conditions<sup>125</sup>.

## CANTEENS

At the end of 2022, following a start-up phase that lasted about four months and that was concluded with positive results, MM signed a contract for the execution of **ordinary maintenance services at the 377 canteens and clean-up areas of the schools managed by Milano Ristorazione**, initiating the so-called transitional phase until August 2023. During the first months of activity, **234 interventions** have already been carried out. The operating model will be similar to the one currently in use for schools and sports facilities, with a similar CRM and ticket management system. In fact, the mandate foresees an extension of the perimeter of the activities already carried out at the schools, allowing to manage the maintenance needs of the same school buildings **more efficiently**, albeit on the indications received from the different subjects involved. The system will also make it possible to **reduce the areas of intermediation** of the causes and responsibilities of any failures that may occur in spaces adjacent to those where the interventions are carried out.

## LOOKING TO THE FUTURE

The adoption of the School Portal is expected in 2023, with the aim of making the management of reports more efficient and optimising the relationship between MM and the school world. The Portal functionality includes: direct and immediate entry of reports, monitoring of progress, the ability of sending reminders and viewing the history of closed reports, smarter use through the mobile application and user profiling with customised display of the app.

## 6.2. Care in customer relations

**Guaranteeing citizens quality, efficient and safe services in every aspect** is a priority for MM. This, especially considering its role as a strategic partner of the Municipality of Milan for the infrastructural development of the city and the management of services, networks and public real estate.

**MM's Customer Helpdesk** in Via Borsieri 4, open to the public from Monday to Saturday, serves both Integrated Water Service customers and public housing tenants, with offices dedicated to the two operational areas and specialised staff. Other tools are also available, based on a multi-channel approach, used by the Water Service Business Unit and the Housing Business Unit for relationship management.

### 6.2.1. Services for IWS customers

The **Service Charter** describes MM's commitments to its customers, the principles that guide the management of the Integrated Water Service and the contractual quality standards to be observed. These are defined by ARERA and also include the methods for recording, communicating, and verifying the data on the services provided by operators—introducing automatic refunds or penalties in the event of non-compliance with specific or general quality standards.

<sup>125</sup> For the management of underpasses, MM has adopted a special procedure that makes it possible to provide the necessary information and operating methods for the safe management of the activities to be carried out inside the confined spaces, in accordance with the provisions of Articles 66 and 121 of Legislative Decree no. 81/2008, as amended and Presidential Decree no. 177/2011.

The **Integrated Water Service Regulations of the city of Milan** govern the supply of water and the conditions for the construction or modification of the connection to the distribution network, define the rules for the introduction of wastewater into the sewerage network and the rules for the purification of collected water.

In 2022, an updated version of both documents was adopted to implement the latest changes to the regulatory framework<sup>126</sup>, introducing greater protection for customers, such as: alerts for the reading of inaccessible or partially accessible meters at least 48 hours before the activity, reductions in the invoiced amounts, including the water share in case of hidden

water leaks, where repaired within the required timeframes, the communication of anomalous consumption detected during the readings to promote greater awareness as well as the repair of leaks to protect the water resource.

Internally, MM has adopted a **“Water service customer management” procedure** that defines the roles and responsibilities of the functions involved in the provision of the service, provides indications to make the management processes more efficient and is periodically updated so that it remains aligned with the provisions of the Charter and of the Regulation, ensuring greater protection of customer rights.

The new **“LaTuaAcqua”** website ([www.latuaacqua.it](http://www.latuaacqua.it))<sup>127</sup> has been fully operational since 2022, which improved the user experience of Integrated Water Service customers, facilitating access to services and to the forms required for their activation, also for indirect customers (“Your needs” section). Through their own “Reserved Area”, each user can independently manage their water consumption, request information, technical checks on the operation of the meter, clarifications on bills, submit complaints or billing adjustments, and use the self-reading service (which has reached **3,434** users during the year and represents a useful tool for disseminating greater awareness among citizens towards responsible management of water resources and the reduction of consumption). Moreover, a tool for simulating the distribution of consumption is available for condominium users. The “Milan water” section, open to everyone, has also been implemented, which provides information on the city’s water cycle and the quality of the water supplied. The section also makes it possible to view the position of Water Houses, drinking fountains and construction sites along the city network, via a GIS application.

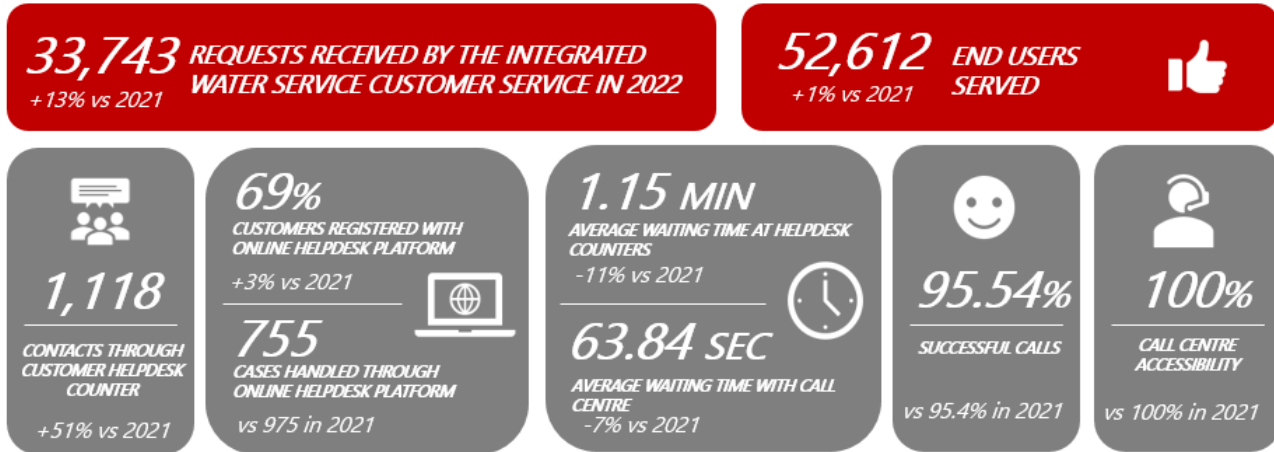
Moreover, customers have **other contact channels** at their disposal, including: sending requests by registered mail or by fax, the free call centre (toll-free number 800.021800) and the live chat with operators (Monday to Friday from 8:15 AM to 4:15 PM) to request information, forms and assistance filing out applications before submitting them to MM’s Customer Service.

In 2022 the **Customer Service** received a total of **33,743 requests**, an increase of 13% compared to 2021. These consisted of: communications received in digital format, telephone requests through the call centre (which recorded a 7% reduction in the average waiting time compared to the previous year, with a slight but continuous increase in successful calls), electronic requests through the LaTuaAcqua portal (a total of 755 requests, a slight decrease compared to 2021) and paper requests submitted at the physical Customer Helpdesk (for a total of 1,118 requests, an increase of 51% compared to 2021, also due to the numerous requests for use of the Water Bonus). Overall, the Customer Service served **52,612 end customers** in 2022, in line with 2021 (+1%).



<sup>126</sup> The Service Charter and the Regulations currently in use were adopted with a mandatory and binding opinion resolution of the Conference of Municipalities of the Territorial Area Authority of the Metropolitan City of Milan no. 4 of 11/10/2022.

<sup>127</sup> The LaTuaAcqua site has replaced the previous MilanoBlu portal, incorporating all the functionalities of the online Helpdesk Counter, launched by MM in 2017 to support condominium administrators and utility account holders.



Since 2018, the customers of the IWS in financial distress are eligible for a discount on their bill through the **water social bonus**<sup>128</sup>. The applications filed with the Taxpayer Assistance Centres delegated by the Municipality of Milan (together with those for the electricity and/or gas bonus) are subsequently processed by MM's Customer Service, which verifies the information also by accessing the GIS databases and performing inspections. In addition to the water social bonus **regulated by ARERA** in accordance with Italian law, there is also a **supplementary water bonus introduced by the Metropolitan City of Milan's Area Office** to provide additional protection to financially vulnerable customers<sup>129</sup>. In 2021, the new sector legislation had changed the method for the payment of the social water bonus, with delays on the part of the regulatory bodies involved that had led to the postponement of the disbursement of the bonus for the year 2021 to 2022.

During the year, despite the high number of requests received, including with reference to the 2022 financial year, **all requests were managed in compliance with the deadlines set by ARERA.**

Water Social Bonus	m.u.	2020	2021	2022
Requests received	no.	1,777	55,391	95,913
Requests granted	no.	1,736	55,188	50,808

Finally, IWS customers also have access to the **settlement service** made available by ARERA (Regulatory Authority for Energy, Networks and the Environment) in the same way as electricity and gas customers.

#### ARERA SETTLEMENT service

The settlement service is an out-of-court protection measure that can be activated by the client if the reply to a complaint filed with the Integrated Water Service operator proves unsatisfactory, or if 50 days have passed since the complaint was filed and no reply has yet been received (ARERA Resolution 55/2018/E/idr as amended and supplemented). The online procedure is free of charge and is managed by a third-party impartial conciliator who helps the parties reach a settlement agreement. However, dissatisfied customers can also turn directly to ordinary justice, since an attempt at settlement is not yet mandatory as is the case instead in the electricity and gas sectors.

In 2019 ARERA identified the water sector operators, including MM, who are required to participate, effective 2019, in the dispute settlement procedures voluntarily initiated by end users before the Settlement Service using the platform (Resolution 142/2019/E/idr). **MM has created a dedicated function** for the management of obligations and responsibilities related to settlement requests, with

<sup>128</sup> The water social bonus, governed by ARERA's Resolution no. 897/2017/R/IDR, is a subsidy intended to reduce the water bill for households in financial and social distress. The bonus relieves residential customers from paying the amount considered necessary to meet their essential needs, i.e. 50 litres per day for each individual. The discount is applied directly to the bill for direct account holders or paid through direct deposit to indirect ones (e.g. condominium).

<sup>129</sup> This additional benefit is automatically provided to those entitled to the water social bonus and it amounts to €15 per year per family member.

definition of the process to be followed within the “Water service customer management” procedure<sup>130</sup>. In addition, each year a report is drafted on the number of settlement proposal requests received by ARERA and their outcome, which is shared with the corporate functions involved, with the Water Service Business Unit and with the Chief Executive Officer, to ensure a continuous improvement in service quality.

### LOOKING TO THE FUTURE

Among the various interventions aimed at improving the service, in 2023 MM plans to: simplify the reading of the water bill to increase awareness of consumption and costs; update the contact details and the preferences expressed by customers regarding the receipt of a digital-only bill (paperless policy), the transmission of self-readings and the automated payment of bills, and analyse the main causes for settlement requests in order to define the upstream corrective actions to improve the quality of the service.

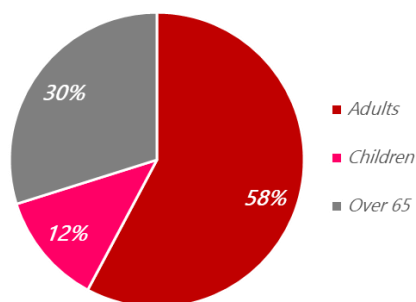
## 6.2.2. Services for Public Housing customers

In agreement with the Municipality of Milan, MM has introduced structural changes in how it engages and communicates with tenants, on the one hand providing **efficient management solutions** capable of responding to the real needs of those who live in complex and even very different contexts, while on the other, focusing on people by getting to **know those who live within Milan's public housing properties** and promoting **caring for places**, so that they become an asset for tenants and for the inhabitants of the neighbourhoods, as well as a tool for acceptance and inclusion.

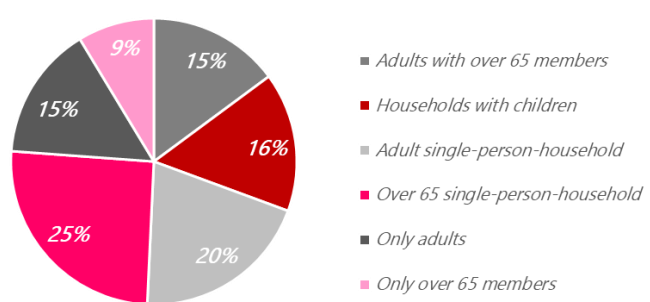
Since 2015, MM has been updating the **User Registry** every two years, a profiling activity that provides an updated picture of tenants and collects the information necessary to calculate the rent (e.g. composition and type of households, confirmation that tenants meet the requirements to receive permission to stay in the accommodation, etc.). The information is collected by making an appointment at the territorial offices or through a home visit for situations involving particular hardship or disability. Information is also collected by email and through the Tenant portal.

Although the update scheduled for 2021 was first postponed to 2022 and then again to 2023 (due to a change in regional legislation<sup>131</sup>), MM continued contacting tenants and **verifying the database, for a total of 18,308 households and 37,435 tenants**. The result is a Public Housing tenant profile divided as follows:

HOUSEHOLD BREAKDOWN BY AGE



COMPOSITION OF HOUSEHOLDS



The updating of the data contained in the User Registry is also preparatory for **credit recovery activities and the stipulation of settlement agreements** envisaged by the relative Municipal resolutions (no. 27/2017 and 36/2020) and by the agreements with the tenants' trade union organisations.

The User Registry is part of the broader **digitisation** project launched by MM to make 100% of the administrative and technical files accessible. This includes both those produced by the MM Housing Business

<sup>130</sup> In order to collect the necessary information, a format has been created that defines, for each corporate function involved, the respective areas of expertise, according to the nature of the dispute. In addition, each year a report is drafted on the number of settlement proposal requests received by ARERA and their outcome, which is shared with the corporate functions involved, with the Water Service Business Unit and with management, to ensure a continuous improvement in service quality.

<sup>131</sup> Article 43, paragraph 11 ter of Regional Law 16/2016, as modified by Regional Law 18/2020.

Unit in the current year (**6,256 scans** in 2022), and paper files inherited from previous managements (**2,027 scans** in 2022), kept in the robotic archive at the Cittadella degli Archivi of the Municipality of Milan.

In 2022, the "Housing Business Unit user relationship management" function was created within the Housing Business Unit with the aim of **enhancing and making relationship activities with tenants more effective** through the development and integration of the various physical and digital contract tools, made available to tenants:

<b>4 LOCAL OFFICES</b> <b>3 BRANCH OFFICES</b> <b>1 MISCELLANEOUS USE OFFICE</b>	<i>Located in different areas of the city to ensure a widespread coverage of the municipal area, they are tasked with providing clarifications on rent and ancillary expenses, updating tenants' information, handling technical and administrative issues as well as reports and complaints related to the services<sup>132</sup>.</i>
<b>CONTACT CENTRE</b> <b>(800 013 191)</b>	<i>Toll free number, for requesting information, arranging an appointment at a local office or reporting emergency situations and/or unlawful occupancy<sup>133</sup>.</i>
<b>TENANT PORTAL</b> <b>(www.casa.mmspa.eu)</b>	<i>By accessing a restricted area, contract holders can use this <b>Portal</b> to view general information and contract data, submit administrative requests, download bills to be paid, open trouble tickets and monitor their progress, and manage appointments at local offices.</i>
<b>OTHER CHANNELS</b>	<i>Customised <b>correspondence</b>, email address of local offices, home inspections and checks, <b>condominium meetings, meetings</b> with tenants' committees and local associations, custodians, etc.</i>

A system is in use for monitoring the service provided by the Contact Centre and the appointments conducted with MM operators in the local offices. In total, **155,366 calls** were received in 2022, with a response rate of 75.9%, of which **35% were answered within 30 seconds**. Overall, the average waiting time is approximately 4 minutes and the conversation time is 3.7 minutes.

In 2022, **22,992 appointments** were also conducted, of which 21% face-to-face and 79% via telephone and/or digital contact. The average request handling time, in other words the period between the request date and the appointment date, was an average of 11 days (9 for face-to-face appointments and 12 for telephone ones).

Moreover, improvement elements have been introduced in the management of the service, such as the creation of a cloud interchange environment for sharing operating instructions and useful information for Contact Centre operators to provide answers to customers in real time.

In 2022 the new function worked on the **development** of some **tools already in use**, in order to enhance their performance, in particular:

- **Tenant portal** / enrichment of the digital content of the public area with publication of initiatives (and related information materials) organised by entities and associations in collaboration with MM within the Public Housing buildings, as well as simplification of the area reserved for tenants, with availability of the downloadable and usable forms for submitting administrative and technical requests;
- **Service communication** / support to the territorial offices in the creation of a shared format for posters and notices to tenants (e.g. timing of the implementation of interventions in the event of a breakdown, start of the heating season, events in the area);
- **Custodians** / strengthening of the presence of custodians for overseeing the public housing property (in 2022 the number reached 127 thanks to new hires). Custodians are responsible for: ensuring the cleanliness and decorum of the guardroom and entrances, monitoring the presence of service providers and the quality of their work, handling mailing properly, and detecting potential dangers and/or illegal activity, promptly notifying MM.

<sup>132</sup> MM Housing Business Unit's offices are located in: via Senigallia (North West Local Office) and via Civitavecchia (North East Local Office) opened in 2014, piazzetta Capuana (branch office), via Spaventa (South East Local Office), via Forze Armate (South West Local Office) opened in 2015, via Borsieri (branch office) opened in 2017, via Strehler (Miscellaneous Use Management Office) opened in 2018 and viale Faenza (branch office) opened in 2019. For information: <https://www.mmspa.eu/wps/portal/mmspa/it/home/mm-per-milano/casa/dove-siamo>.

<sup>133</sup> The Contact Centre is open 7 days a week to handle administrative and technical notifications, whereas emergencies are managed 24/7 and may concern squatting attempts and technical emergencies.

### CUSTODIANS of MM's PUBLIC HOUSING property

The high number of custodians, all MM's employees, makes them a "human" asset of inestimable value and represents a unique feature compared to other operators of the Public Housing property service in the local and national landscape. In 2022, a survey was carried out on the characteristics of the service provided by the custodians and the definition of a project for the redesign of their role in a changed context following the Covid-19 pandemic.

In 2022, **contacts with tenants** through the main tools totalled **256,718**, more or less in line with the previous year.



Building on the experience gained in recent years (including during the pandemic), the use of virtual communication channels for the remote handling of requests and reports continued in 2022. In particular, **appointments** taken through the Contact Centre are **mainly conducted virtually**, while access to the physical counters at MM's local offices is reserved for cases with special needs (e.g. to ensure full accessibility to users without adequate digital equipment). All appointments are preceded by **telephone contacts** by the operators of the local offices to understand the needs of the person and check if they can be managed remotely or face-to-face.

MM has defined the **operating procedures for managing reports and requests** from Public Housing customers **and the related responsibilities** in the event of interventions attributable to the facility and property areas. The process is initiated by collecting and classifying the notifications. Different tickets are then opened (and closed) based on whether they relate to administrative issues (requiring disclosure of information or handling a procedure) or technical issues (implying scheduling and managing on-site work). Within the system for the management of technical and maintenance needs, the **Building Manager** represents an added value for the CRM (Customer Relationship Management) model adopted by MM. These figures look after the public housing property buildings from a technical point of view (both inside and outside the boundaries of the Municipality of Milan) and carry out the necessary maintenance interventions, providing technical feedback to colleagues in MM's Housing Business Unit, carrying out a supervisory function on the territory and acting as a first on-site point of contact with tenants.

Finally, in 2022, the "Housing Business Unit user relationship management" function collaborated in the launch of the management activity of the public housing property of the **Municipality of Bergamo**. This included overseeing the organisation of the new contact centre service, through the drafting of documents and operating instructions and providing support in training operators to use the management programme; defining, together with the representatives of the Municipality of Bergamo, the content of privacy and data processing policies to be used in the request forms for tenants; and developing communications to announce the change in service management.

In terms of communication focused on tenants (and not only), MM also publishes magazines and periodicals that provide information on the world of public housing, such as "Ghe sem", "La tua casa" and "POP! Abitare, voce del verbo popolare", available on the Publications section of the [www.mmspa.eu](http://www.mmspa.eu) website.

#### LOOKING TO THE FUTURE

Over the next few years, new tools will be developed to foster relations with tenants, including: launch of a newsletter service; creation of a welcome kit to be delivered to the tenant after signing the contract; drafting of guides for reading water bills, estimates and final costs; development of new features of the tenant portal (e.g. update of the user registry); promotion of measures (agreements, grants, etc.) aimed at tenants to increase the energy efficiency of rented accommodation; installation of digital bulletin boards for institutional and service-related communication.



### 6.2.3. Social interventions in the Public Housing context

The social interventions promoted by MM within the public housing properties are aimed at **creating resilient communities**, where tenants are not only beneficiaries of a service, but active protagonists in the development of the place where they live, driven by a sense of identity and belonging.

MM's approach wants to integrate the traditional management of the public housing stock, with an **offer of services in support of housing**, which can contribute to addressing the difficulties and fragility characterising the housing need. The idea that the **sustainability of the public house** is closely connected to its inhabitants makes it necessary to experiment with community listening actions and start tenant involvement processes to plan housing support initiatives, whose social and environmental impacts must be carefully evaluated.

In 2022, MM's Housing Business Unit decided to create a **function dedicated to the management of social interaction**, with the aim of improving the quality of living in public housing districts through social and territorial promotion initiatives.

The new function oversees the activities aimed at providing support to tenants who find themselves in particular situations of social and economic fragility and at enhancing the human resources and collective spaces present in the neighbourhoods, carrying out activities related to social engagement, to living support and to the relationship with the **Tenant Committees**. The latter are an expression of the direct participation of the tenants in the management of the public housing property, in which they also collaborate by reporting problems that exist in the buildings and the administration of some services. In 2022, their number reached a total of 60.

MM collaborates with the **Social Custodians** present in the buildings of the 9 Municipalities and made available by the Social Custodial service of the Municipality of Milan (Domiciliary Services Coordination Unit) for residents in Public Housing lodgings in conditions of discomfort and social fragility, which ensure a presence of constant reference and offer support in fulfilling administrative procedures and in monitoring the condition of the accommodation.

MM offers technical support to **temporary housing projects** carried out by voluntary associations and social cooperatives. The projects are created in vacant residential units and belonging to the public housing property owned by the Municipality of Milan. An example is the "Solidarity Hospitality" project, developed by Dar=CASA, Arci Milano, Comunità Progetto, and aimed at the recovery of "below-threshold" lodgings to be allocated to students or young workers in precarious employment (between 18 and 30 years of age) who are subsequently involved in social cohesion and supportive neighbourhood activities<sup>134</sup>.

In 2022 the main projects promoted by MM directly or in collaboration with the network of entities that operate in the community and with non-profit organisations, to which it provides technical and operational support, relate to **three areas of social intervention**<sup>135</sup>:



<sup>134</sup> In 2022 the project involved the lodgings located in Via del Turchino, 18, Via del Turchino, 20-22 and Via Demonte, 8.

<sup>135</sup> For further information on the housing support projects promoted by MM over the years, please refer to the 2019, 2020 and 2021 Sustainability Reports published on the corporate website in the "Sustainability > Social Reports" section.



<b>APARTMENT BLOCK CARE</b> <i>(urban regeneration)</i>	<b>GOAL</b> <i>Improve the quality of living in public housing neighbourhoods, promoting security, development and social cohesion and providing support to those who live in situations of social and economic fragility.</i>	<b>ACTIVITIES</b> <ul style="list-style-type: none"> <li>▪ Provide support to those who live in situations of social and economic fragility.</li> <li>▪ Make tenants actors of change, able to protect the place where they live from degradation and improve it over time.</li> </ul>	<b>PROJECTS</b> <ul style="list-style-type: none"> <li>▪ Via Satta 7 park</li> <li>▪ Montestella &gt; Co-management of green areas for tenants</li> <li>▪ Riattiva &gt; Reaction Programme</li> <li>▪ Rivivi &gt; Reaction Programme</li> </ul>
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<b>RELATIONSHIPS WITH TENANTS</b>	<b>GOAL</b> <i>Integrate housing interventions with tenant engagement activities oriented towards solidarity, promoting collective home regenerative actions capable of re-designing the living experience.</i>	<b>ACTIVITIES</b> <ul style="list-style-type: none"> <li>▪ Coordinate housing services and general value for tenants and the territory.</li> <li>▪ Promote social accompaniment interventions and proximity oversight.</li> </ul>	<b>PROJECTS</b> <ul style="list-style-type: none"> <li>▪ Busta Rossa (Red Envelope)</li> <li>▪ Critical health and hygiene issues</li> <li>▪ "Casecittà" Award</li> <li>▪ Disabled lifts (disability manager)</li> <li>▪ Rimargina &gt; Reaction Programme</li> <li>▪ MM Giuffrè-Villani Helpdesk Counter</li> </ul>
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<b>OPENING UP TO THE NEIGHBOURHOOD AND THE COMMUNITY</b>	<b>GOAL</b> <i>Satisfy the widespread need for social interaction, enhancing the value of living places that become unconventional spaces of aggregation, where culture can be disseminated.</i>	<b>ACTIVITIES</b> <ul style="list-style-type: none"> <li>▪ Organise events and artistic and cultural initiatives among the tenements.</li> <li>▪ Create leisure opportunities for tenants.</li> <li>▪ Make culture accessible to all.</li> </ul>	<b>PROJECTS</b> <ul style="list-style-type: none"> <li>▪ Urban art</li> <li>▪ Open classical</li> <li>▪ PIDS events</li> <li>▪ La città che sale</li> <li>▪ Piano city</li> <li>▪ PON Metro "Connected Neighbourhoods"</li> </ul>
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<b>APARTMENT BLOCK CARE</b>	<b>Via SATTA 7 PARK</b>	
	<b>Target:</b> Improving living conditions inside public residential housing complexes, creating pleasant and usable external common spaces for the inhabitants (in line with the "Milan 2030 - a city that enhances neighbourhoods starting from public spaces" Land Use Plan and the ForestaMI programme).	
	In 2022 MM carried out works on the courtyard of the building in Via Satta 7 (Quarto Oggiaro), a large but little used space as it was bare, completely exposed to the sun, without any seating and spaces dedicated to play. The intervention will transform the courtyard into a green and shady place available to residents of the complex with: the planting of 30 new trees, about 200 metres of hedging along the perimeter and a rosebush of about 100 meters, street furnishings (baskets, benches and bicycle racks); the creation of a playground, a sports (football field) and play area, with perimeter fencing and an access ramp for disabled people. Involving the tenants was crucial to achieving the project objectives in order to find out how outdoor spaces are used and to receive suggestions from the inhabitants on how they would like to live their courtyards in the future.	
<b>MONTESTELLA (co-management of green areas for public housing tenants)</b>		
<b>Target:</b> Promoting greater awareness on how to best live and manage the common green areas.	<b>Partners:</b> Municipality of Milan, AmbienteAcqua, Agriporto, AIPIN Lombardy Section, CAI Milan Section, Fondazione dell'Ordine degli Architetti Prov. Milan, Gallab, Not Reserved	

MM's Housing Business Unit and Public Housing Property Green Area Management Function involved the tenants of two public housing courtyards in Via Fratelli Rizzardi, 22 and Via Cesare Pascarella 29/33 in the construction of self-built planters, for the cultivation of plants to be transferred to Monte Stella in the future and small shared gardens. Moreover, a brochure has been created in several languages with information on how to best enjoy the common green area, embracing the multicultural nature of the places.

#### RIATTIVA (Reaction Programme)

**Target:** Experimenting with new forms of community empowerment and civil economy, through the development or strengthening of latent skills and abilities in unemployed people living in Milan's public housing buildings.

**Partners:** Municipality of Milan, Spazio Aperto Servizi, A&I, Consorzio SIR, Lavoro e Integrazione, Codici, in cooperation with MM.

In 2022, "specialised volunteering" training courses in the maintenance of neighbourhood greenery and the micro-regeneration of common spaces were launched, aimed at the tenants of the buildings in Via Lorenteggio, 178, Via Val Bavona, 2 and Largo Gelsomini, 1-3, with a total of 136 people involved. The restyling of the reception desk in Via Val Bavona, 2 was also carried out.

#### RIVIVI (Reaction Programme)

**Target:** Experimenting with new forms of social interaction and collaborative civic projects, which strengthen the local community, improving well-being through the co-production of inclusive actions and the development of strong relationships with the surrounding urban context.

**Partners:** Municipality of Milan, Tempo per l'Infanzia, Nave del Sole, Teatro Officina, Comunità Progetto, Lavoro e Integrazione, Codici, in cooperation with MM.

In 2022, in the public housing buildings in Via S. Erlembardo 2 (Gorla) and Viale Monza 142, a project focused on social and cultural animation, regeneration and revitalisation of common spaces was launched, with the creation of micro-laboratories to develop civic projects and actions to accompany the inhabitants, which involved 525 people.

#### BUSTA ROSSA (RED ENVELOPE)

**Target:** Increasing the sense of psychophysical security and wellbeing of citizens in difficulty or in situations of isolation and emergency, facilitating their ability to stay at home and the necessary support in case of health emergencies.

**Partners:** Municipality of Milan, in cooperation with MM.

MM supports the "More Involved & Safer Citizens" project promoted by the Municipality of Milan, known as "Busta Rossa" and aimed at the most fragile people of all age groups. An assistance programme managed by social-health service operators and volunteers to prepare information tools (the so-called "Red Envelopes") useful in daily life and essential in situations of difficulty and medical-health emergencies, as they clearly identify the state of the person, which must be kept at home, available both for ordinary daily needs and in critical situations. In 2022, 70 red envelopes were completed (and another 22 are pending) in the buildings in Via Rizzoli, 13-45, Via Palmanova, 59, Via Tarabella, 4, Via Cesana, 3, Via S. Erlembaldo, 2 and P.zale Dateo, 5.

#### CRITICAL HYGIENE AND SANITATION ISSUES

**Target:** Identifying critical situations and providing support to tenants with psychiatric frailties and to tenants identified as serial hoarders of objects, garbage and/or animals.

**Partners:** Municipality of Milan Housing Policy Departments, Social Policies, Safety and Animal Protection - Local Police and Social Emergencies Unit, MM.

Activation of a network of local actors for the implementation of coordinated intervention actions in the most fragile situations, monitoring developments over time. In this context, as soon as it

receives a report, MM takes action by organising joint inspections with the relevant bodies and quickly implementing targeted remedial actions. In 2022, around 20 new reports were managed.

#### “CASECITTÀ” AWARD

**Target:** Increasing the offer of local animation activities and collaborative micro-services within social housing in Milan, strengthening the presence and operation of Tenant and Independent Management Committees.

**Partners:** Municipality of Milan, MM.

In 2020 for the first time in Italy, a public sector operator provided financial support, by awarding a one-off prize, to the best initiatives that involve the residents of council houses in looking after their neighbourhood, promoting quality of life and social inclusion. Nine Tenant Committees participated in the tender and eight projects were selected, three of which were extended for a further 6 months until June 2022. MM has provided ongoing support to the Committees in the performance of their activities, in communicating the initiatives to the tenants and in the obligations associated with intermediate and final reporting.

#### DISABLED LIFTS (and disability manager)

**Target:** Providing a non-emergency transport service to tenants with disabilities or motor difficulties (permanent or temporary) of public housing buildings.

**Partners:** Italian Red Cross, MM.

In the wake of the experimentation launched with the Municipality of Milan between 2018 and 2020, MM continues to provide tenants who request it for justified reasons with the transport service from the accommodation to the street level and vice versa, both in buildings where lifts are blocked or under maintenance, or where they are absent. During 2022, 220 interventions were carried out. This assistance service is part of the broader Disability manager function, promoted by MM in collaboration with the Housing and Social Policies Department of the Municipality of Milan. The Department is responsible for handling the requests from disabled tenants and their families and activating possible work paths and implementing actions to promote accessibility and avoid all forms of discrimination.

#### RIMARGINIA (Reaction Programme)

**Target:** Experimenting with social interaction actions and promoting public health in the Gallarate area.

**Partners:** Municipality of Milan, Consorzio Farsi Prossimo, SocioSfera, Pratica, Lavoro e Integrazione, Codici, in cooperation with MM.

In 2022 MM collaborated in the promotion of social units to develop coordination between players operating across the territory and innovative services related to the theme of health prevention and healthy and active ageing. The project involved 226 people in the complexes at Via Appennini 92 and 68.

#### MM GIUFFRÈ-VILLANI helpdesk counter

**Target:** Providing clarifications and technical assistance on works of particular impact at some public housing buildings.

**Partners:** MM.

Extraordinary maintenance work began in 2020 for the adoption of energy efficiency measures in the residential complex in Via Giuffrè 8 and Via Villani 3 (Borough 9) and MM decided to continue the experience begun with the Giuffrè Villani Social Laboratory, with the availability of an information point on the works in progress and their planning, playing the role of facilitator to explain to the tenants the interventions planned by the maintenance work, including from a technical point of view. The activity of the info point, which continued throughout 2022, responds to the commitment to be close to the community, leveraging on the direct knowledge of tenants and their problems.

### URBAN ART

**Target:** Promoting the creation of narrative walls in public housing property owned by the Municipality of Milan, both as urban redevelopment interventions and for the positive social impact generated.

**Partners:** associations, artists, in cooperation with MM.

The most significant projects carried out in 2022 include:

- **Live painting** (Stadera district – Borough 5), created by the Worldrise Onlus Association, Fantastudio and the A M'L RUM DA ME artists collective, deals with the themes of solidarity and respect for the environment, focusing on the pollution of the seas caused by poor waste management and involving tenants with workshops for children and street cleaning activities for adults;
- **Tribute to diversity** (Crescenzago district – Borough 2), created by the Or.Me Association and the Orticanoodles artistic collective, aims to encourage virtuous processes for caring for the territory and promoting the value of memory, involving tenants in the planning and execution phases of the works;
- **The paladines of dreams** (Spaventa district – Borough 5) created by the ActionAid Association and La Fille Bertha artist as part of Wish Mi (Wellbeing Integrated System of Milan), are an expression of the community seen through the eyes of young people, involved in a Street Art Lab;
- **CORBA** (Villaggio dei Fiori in Via dei Gigli – Borough 6), created by the Stradedarts Urban Gallery, is a widespread and participatory art project dedicated to the 2026 Winter Olympics, which aims to transform the Milan district into an artistic district of contemporary art.

### OPEN CLASSICAL

**Target:** Bringing music to the courtyards of social housing properties to allow tenants to harmonise cultural diversity and overcome social barriers.

**Partners:** Associazione per Mito Onlus, in cooperation with MM.

Music is an extraordinary unifying tool and the sharing of musical initiatives in the community is crucial for promoting the integration and cultural growth of citizens. MM collaborates with the association providing support in identifying the locations, in the logistical planning of the events and in ensuring the absence of interference.

### PIDS EVENTS in the COURTYARDS of the PUBLIC HOUSING BUILDINGS

**Target:** Authorising and supporting the implementation of PIDS events in the courtyards of public housing properties.

**Authorising bodies:** Municipality of Milan, MM.

PIDS are “small, widespread initiatives of a social and cultural nature”, of limited size (maximum 100 participants), free, which do not require a performance license and have as their main purpose social interaction, meeting people and regenerating places (resolution of the City Council of Milan no. 813 of 03/06/2022). MM, as the authorisation body appointed by the Municipality of Milan, authorises and provides assistance in carrying out these activities within the courtyards of the public housing properties it manages.

### LA CITTÀ CHE SALE

**Target:** Moving the city centre with concerts and cultural initiatives towards its more decentralised districts, rethinking the public space of courtyards and houses as a place for conviviality and socialising.

**Partners:** Associazione Musicamorfosi, in cooperation with MM.

In 2022, the Festival focused on the Social Music–Magic Bus initiative, totally free for citizens, a musical tour aboard a double-decker bus through the city’s neighbourhoods, and on two special evenings organised with the Tenant Committees of Palmanova-Tarabella-Cesana, Dateo, Gandino, Saint Bon and Cogne, in which tenants and citizens travelled to Castello Sforzesco for an open-air concert, in collaboration with Radio Popolare. MM provided support in identifying the

buildings, organising the site inspections, verifying the feasibility of the scheduled events and involving the tenants. Each appointment involved about 100 people.

#### PIANO CITY 2022

**Target:** Launching participatory processes to support inclusive cultural quality, with dynamics that see music meeting the public even in unconventional spaces such as public housing.

**Partners:** Municipality of Milan, Associazione Piano City Milano, Ponderosa Music & Art. in institutional collaboration with MM.

Piano City Milano is the first city-wide festival, now in its fourth edition which, in 2022, was also organised in the courtyards of public housing properties (following the interruption caused by the pandemic). Four special concerts were staged together with MM, transforming the festival into an opportunity for sharing that involved a total of 550 tenants.

#### PON METRO "CONNECTED NEIGHBOURHOODS"

**Target:** Promoting participatory urban regeneration projects, environmental redevelopment, and social and economic revitalisation, especially in public housing properties.

**Partners:** Municipality of Milan, voluntary organisations, MM.

The first projects were launched in 2022 with the assignment of spaces to non-profit associations in the "innovative services and animation" and "business and community" areas, with the support of MM in case of administrative or technical-maintenance problems.

### 6.3. Care in relations with the territory

MM promotes the relationship with the local area and its citizens including through the creation of dissemination and community involvement initiatives at Milan's Centrale dell'Acqua, with cultural programmes, exhibitions, educational activities and guided tours, and the management of work site communication, keeping people updated on the work in progress for the transformation of the city.

#### 6.3.1. Milan's Centrale dell'Acqua

Milan's Centrale dell'Acqua (or "CAMI") is one of the oldest water plants in the city's water supply system, in operation from 1906 until the 1980s. MM oversaw the redevelopment project that transformed the plant into a **cultural and multifunctional space entirely dedicated to water and sustainability topics** ([www.centraleacquamilano.it](http://www.centraleacquamilano.it)). Since its inauguration in 2018, the Centrale has become a place of inclusion, dissemination, culture and meeting for Milan, at the complete service of citizens and in continuous dialogue with the community and local institutions.



As an MM business museum, the Centrale is part of the Italian Association of Business Archives and Museums, which brings together over 100 museums and archives of large, medium and small Italian companies. The Centrale is committed to disseminating the **entrepreneurial culture of MM** and its history, safeguarding its memory and promoting the manufacturing activity which is the engine of sustainable development and the cornerstone of a widespread economic, social and civil culture.

In 2022 the **"#InCentrale"** cultural programme once again offered a range of events and guests, with at least two face-to-face events a week and streamed live on the Centrale's social channels, and many collaborations (with Teatro Out Off for the production of the "Noècene" show, Piano City, Verde&Blu Festival, Palazzo Marino in musica, Ocean Week, the Pianeta Mare film festival, Operitage).

During the first half of the year, around 6,000 people visited the **"Che impresa fare città"** ("What a business, making cities") exhibition on from October 2021 to June 2022, which retraced the history of MM in its almost seventy years of activity. The exhibition is a material and immaterial "excavation" into local history: a history of pride, of belonging, of expertise, in the experience of all native and adoptive Milan residents and city-users. Among the other exhibitions hosted: **"Lessico e Nuvole"** on the language of the climate crisis organised by the University of Turin, **"Archicreature"** by artist *Gaia Cairo* and **"Water, making the invisible visible"**.

The **"Passaggi sull'acqua"** column continued, entirely dedicated to the Integrated Water Service of Milan, and the following activities were proposed:

<b>PORTAMI AL MUSEO (TAKE ME TO THE MUSEUM)</b>	Column dedicated to museums, their indispensable role in society and their transformation.	Among the guests: <ul style="list-style-type: none"> <li>▪ James Bradburne (director of the Pinacoteca di Brera)</li> <li>▪ Christian Greco (director of the Egyptian Museum of Turin)</li> </ul>
<b>LE PAROLE PER DIRLO (THE WORDS TO SAY IT)</b>	Column dedicated to the health of men and of our planet, and on how to narrate the ongoing environmental crises.	Among the guests: <ul style="list-style-type: none"> <li>▪ Patrizia Caraveo (astrophysicist)</li> <li>▪ Dennis Meadows (scientist)</li> <li>▪ Salvatore Settis (archaeologist)</li> <li>▪ Massimo Polidoro (journalist and popliser)</li> <li>▪ Elisa Palazzi (climatologist)</li> <li>▪ Giorgio Vacchiano (researcher)</li> <li>▪ Cristiano Godano (singer of Marlene Kuntz)</li> </ul>
<b>DIVENTITÀ</b>	Column dedicated to the theme of identity, between stability and perennial becoming.	Among the guests: <ul style="list-style-type: none"> <li>▪ Ugo Morelli (psychologist)</li> <li>▪ Giorgio Manzi (paleoanthropologist)</li> <li>▪ Giorgio Vallortigara (neuroscientist)</li> <li>▪ Guido Barbujani (geneticist)</li> </ul>
<b>MILANO PER NOI (MILAN FOR US)</b>	Column dedicated to the story of the city of Milan, through the voices of its intellectuals and artists.	Among the guests: <ul style="list-style-type: none"> <li>▪ Elena Granata (professor of urban planning)</li> <li>▪ Silvia Giacomoni (journalist)</li> <li>▪ Giorgio Falco (writer)</li> <li>▪ Alberto Saibene (historian)</li> <li>▪ Silvio Soldini (director)</li> </ul>

Overall, the activities saw the participation – online and live – of tens of thousands of people throughout the year.

### 6.3.2. Activities with schools and families

In 2022, thanks to the collaboration with Verdeacqua, the Centrale dell'Acqua was among the most active museums in Milan on an educational level, with 317 classes for a total of **6,340 students involved**, becoming a point of reference for schools in Milan and beyond.

The didactic activities have the dual objective of proposing a **path of environmental and scientific education**, exploring the chemical-physical properties, the biological importance and the natural cycle of water, and to **raise awareness of the industrial organisation** and the passion of men and women who make the operation of the Integrated Water Service of Milan possible. The direct involvement of students, differentiated according to age groups, by recreational and scientific, experiential, immersive approaches and the use of new technologies, favours the effectiveness of the activities<sup>136</sup>. Each proposal aimed at schools also addresses transversal issues such as environmental sustainability, the right and accessibility to water, civic education and active citizenship.

Among the initiatives organised in 2022, the **“ACQUA” project carried out with the Rinnovata Pizzigoni comprehensive institute in Milan** helped create a stable link with the school proposing an educational and pedagogical project linked to the territory, according to the “Community educational pacts” formula promoted by the Ministry of Education<sup>137</sup>. The project, which began in November 2021 and was completed in March 2022, involved two combined primary school classes (for a total of 14 classes between second and fourth grade) in a cycle of three meetings dedicated to water, life at sea and the plastic problem.

<sup>136</sup> For more information on the laboratories organised by the Centrale dell'Acqua, please see the section dedicated to schools on the [www.centraleacquamilano.it/laboratori/](http://www.centraleacquamilano.it/laboratori/) site.

<sup>137</sup> The “Community educational pacts” are operational tools for the post-Covid restart introduced by the Ministry of Education to prevent and combat educational poverty and early school dropout through a participatory, cooperative and supportive approach between schools, local authorities, public and private institutions, non-profit associations and citizens.

### Laboratories as part of the “Lessico e Nuvole” exhibition



In autumn 2022, the Centrale dell'Acqua hosted the “**Lessico e Nuvole**” (“Lexicon and Clouds”) exhibition, inspired by the linguistic and scientific guide created by the University of Turin, to promote understanding and multidisciplinary study of the climate crisis<sup>138</sup>. The exhibition was a popular and educational tool for understanding the language mechanisms that contribute to the construction of the climate crisis in our

imagination, exploring the many forms of communication adopted to represent it and the social and psychological processes through which people process information. In parallel with the exhibition, dedicated educational services were organised with guided tours and practical laboratory activities for secondary schools.

The initiatives aimed at families included “The thousand faces of H<sub>2</sub>O” **summer camp**, held in the first week of September and aimed at children between 6 and 11 years of age with laboratory activities at the Centrale and visits to museums and green areas in Milan (including Vettabbia Park with a visit to the Nosedo purifier), and some events on the occasion of **World Water Day** and of **Green Week**.

### World Water Day 2022



“**Like drinking a glass of water – science and the environment narrated in the language of comics**” is the event created by MM for 22 March 2022 and dedicated to secondary schools. An online connection with 50 classes between Milan, Pavia, Perugia and Senago to answer some of the most common questions such as: “Where does the water we drink come from?”, “How is it controlled and distributed in cities?”, “What can we do to adopt more sustainable behaviours?”. Many activities and experiments

promoted by Verdeacqua together with the manager of the MM aqueduct analysis laboratory and with the help of the “Fuga di notizie” (Tunué) comic strip, which tells the story of a girl who wants to discover the truth about a case of pollution in her city.

### Milano Green Week



For the Milano Green Week event promoted by the Municipality of Milan, MM organised a series of free events open to the city, including:

- the “**A forest on the terrace**” workshop (for children 6 to 11 years of age and families), dedicated to greenery and green spaces in homes, in particular balconies and gardens, with advice and technical suggestions for creating “biodiverse” balconies, capable of making the city a more comfortable environment for nature;
- the “**Steps on water**” special together with the heads of the Integrated Water Service of Milan to talk about how climate change affects the water cycle in the city;
- the “**Of water and sky**” naturalistic excursion in collaboration with LIPU Milano to get to know the birds of the South Agricultural Park with a visit to the Nosedo purifier.

To learn about the natural and industrial cycle of water, it is also possible to book **guided tours** of the Integrated Water Service plants and the Centrale dell'acqua ([www.centraleacquamilano.it](http://www.centraleacquamilano.it)).

<sup>138</sup> The guide can be downloaded free of charge from the <https://zenodo.org/record/4276945#.ZB2FXHbMI2w> platform.



### 6.3.3. Building site communication: the experience of the M4 Line

Communication plays a fundamental role in the construction of large works and infrastructure, especially in highly urbanised contexts where the works cause inconvenience for residents and businesses. MM uses **narration as a tool to explain the transformations of the city** and how the Company provides operational and strategic support to the Municipality of Milan in accompanying the change. In this approach, which extends beyond the more traditional service communication, each intervention becomes part of a single story that tells of a city that looks to the future, to sustainable development, to social well-being and to the quality of life of citizens.

MM is in charge of the communication activities which, for over 8 years, have been accompanying the **construction of the M4**, the new metro line that will connect the south-west area of Milan from San Cristoforo to the east one up to Linate Airport, passing through the historic centre. The new line includes 21 stations along a route about 15 km long and estimates about 86 million passengers a year. However, to date it has meant the almost simultaneous opening of 53 construction sites, 13 of which are inside the Cerchia dei Navigli, and a strong impact on the viability and daily life of the inhabitants and city users of Milan.

The M4 communication plan responds to the desire to **encourage the participation of those who live and work along the route**. From January 2015 (start date of the construction sites) to today, there have been local meetings, public presentations, constant dialogue with Town Halls, neighbourhood committees, associations, individual citizens, which have also led to significant changes to the project. An example is the different methods adopted for disposing of the earth excavated by the “moles” that dig the tunnels, which is transported via underground conveyor belts, avoiding the use of trucks which would have congested traffic and reducing the overall size of the construction site.

To offer citizens the possibility of a direct and daily dialogue with regard of the works, various channels have been activated: the Metro4milano.it website and the *Facebook* page publish real-time updates on the construction sites, including information on changes to the road network, while videos and photos document the progress of the works; moreover, questions and reports can be sent to [info@metro4milano.it](mailto:info@metro4milano.it). At the same time, initiatives were promoted to involve the local area such as the “M4 Open Day”, the promotion of archaeological finds and the “Ideas on the construction site” workshop<sup>139</sup>. The workshop collected from citizens, associations and professional studios projects to redevelop the intervention areas, at the time the works were being carried out, leading to the creative decoration of the perimeter of the construction sites and the organisation of cultural events along the route.

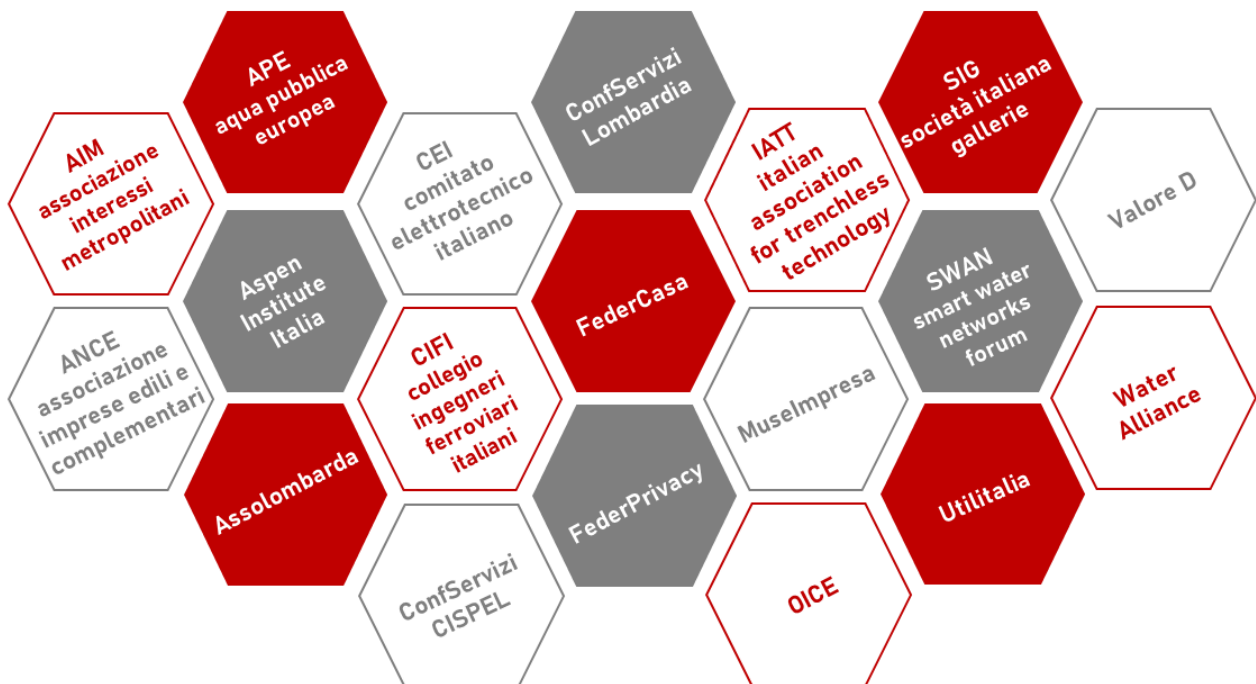
In 2022, communication activities focused on the **opening of the first section**, consisting of six stops from Linate airport to the Dateo station. MM coordinated the organisation of the maiden voyage on 26 November 2022 to the Susa station, which took place in the presence of the Minister of Infrastructure and Transport, Matteo Salvini, and the Mayor of Milan, Giuseppe Sala, and all related activities. In particular, citizens were able to enjoy a day of celebration along the renovated central parterre that runs through Viale Argonne to Piazzale Susa, enlivened by sports activities, puppet shows and theatre workshops.

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<sup>139</sup> For more details, see the NFS from previous years.

## 6.4. Collaborations with the world of associations

MM belongs to numerous trade associations and organisations of both an institutional and technical nature, promoting collaboration and the exchange of experiences at a national and international level. These included:



Since 2019 MM has been part of **the Water Alliance - Acque di Lombardia**, the network of 13 in-house public companies that manage the integrated water service of the Lombardy Region, supplying more than 1,200 municipalities for a total of 8.5 million inhabitants, total revenues exceeding €960 million and investments of over €2 billion<sup>140</sup>. The purpose of the Water Alliance is the creation of a “*network of companies that implements industrial collaboration in order to promote innovation, efficiencies, process rationalisation, economies of scale, sharing of best practices and the exchange of information*” in the management of public water. Activities are organised by working groups on specific topics considered strategic for water operators. **MM took over the coordination of the “Regulatory Affairs” working group**, which oversees the evolution of ARERA regulations, supports partners in the interpretation of sector regulations and coordinates the collection of positions taken in response to consultations with the Authority, with particular focus on tariff-related issues.

### LOOKING TO THE FUTURE

*As part of the activities of the Water Alliance to be carried out in 2023, the preparation of the “Manifesto on sustainable water” is planned, a document summarising the integrated vision of the commitments and lines of action adopted by the managers to generate a positive impact from an environmental, economic and social point of view.*

## 6.5. MM and international cooperation

MM’s technical skills and expertise in water service management are made available to the Municipality of Milan and to the other members for international cooperation actions as part of the “**City to City Cooperation**” strategic line, which aims to support and enhance the exchange of best practices and the transfer of capacity building among international cities.

The joint efforts of the Municipality and MM have focused on **Mozambique**, which offers relative stability within an area subject to significant political and social tensions. In 2021, three of the four projects launched were completed (Fruitful Cooperation, Quelimane Agricola and Sub Urbs)<sup>141</sup>, which saw MM playing the role of consultant to the Municipality of Milan for the technical aspects related to water management. In 2022, instead, the **MaisPemba project** continued, now in its second-last year of development with the collaboration of the Municipality of Reggio Emilia, the Municipality of Milan, the Municipality of Pemba in Mozambique, the E35 Foundation, IREN Spa, the National Council of Architects and the Mondlane University. As a technical partner of the Municipality of Milan, MM provides remote and on-site technical assistance on the management of

<sup>140</sup> For more information: [www.wateralliance.it](http://www.wateralliance.it).

<sup>141</sup> For a detailed description of the projects in Mozambique, see the 2020 NFS.

municipal water and sanitation management services. In particular, MM is providing support to the Municipality of Pemba, engaged in the definition of the integrated urban development plan, identifying some pilot interventions to help improve the efficiency of the water service (e.g. actions for the expansion of the water network and the collection of water from the aquifer, the installation of rainwater accumulation systems on homes or public buildings to be used for purposes other than human consumption and the construction of rainwater drainage infrastructure in the streets).

Two three-year projects were launched in 2022:

<b>Enacting SDG6<sup>142</sup></b>	<b>In Tunisia</b>	
	<p><b>Target:</b>  <i>Improve Sonede's economic, social and environmental performance in water management for the benefit of the Gabes urban area.</i></p>	<p><b>Lead partner:</b> MM.  <b>Partners:</b> Municipality of Gabes, Sonede company (Société nationale d'exploitation et de distribution des eaux), Municipality of Milan, AVSI Foundation, UTSS (Union Tunisienne de Solidarité Sociale).</p>
	<p><b>MM activity:</b>  <i>Transfer of skills (on-site training and webinars and pilot projects) on the topics of leak detection, non-invasive maintenance of networks, data management with GIS systems and creation of forecast maps on the vulnerabilities of the water infrastructure system, drainage systems that improve the urban landscape and the microclimate.</i></p>	
<b>Remirio<sup>143</sup></b>	<b>In Brazil</b>	
	<p><b>Target:</b>  <i>Develop sustainable integrated urban regeneration actions and social inclusion practices in the Vila Operaria area in Rio de Janeiro that enhance the intangible and tangible cultural heritage, the liveable public spaces and public housing.</i></p>	<p><b>Lead partner:</b> city of Rio de Janeiro.  <b>Partners:</b> Municipality of Milan, MM, Milan Polytechnic, Getulio Vargas Foundation.</p>
	<p><b>MM activity:</b>  <i>Implementation of two pilot projects on the subject of "green infrastructure solutions" and exchange of know-how on processes and methodologies for the early detection of Covid-19 (and similar viruses) through the analysis of wastewater.</i></p>	

<sup>142</sup> Enacting SDG6 - Enhancing Management Capacities of Water Operators in Gabes towards SDG6 project.

<sup>143</sup> Remirio - Integrated and Sustainable Urban Regeneration Milan-Rio.

## Annexes

### Methodological Note

Since 2017, MM Spa (hereinafter also referred to as “MM” or the “Company”) has been preparing the **Separate Non-Financial Statement** (hereinafter also referred to as the “NFS”) on an annual basis pursuant to Italian Legislative Decree no. 254 of 30 December 2016 (hereinafter also referred to as the “Decree”), since it is a public-interest entity (pursuant to article 16, paragraph 1, of Italian Legislative Decree no. 39 of 27 January 2010). As required by article 5 of Italian Legislative Decree 254/16, this document forms a separate report which is properly defined.

To ensure greater transparency and effectiveness in providing information of a non-financial nature, starting from the 2020 financial year, MM has decided to include the reporting of sustainability performance in a single document. This combined document, previously distinct, will act both as a Sustainability Report, as well as a NFS pursuant to Decree 254/16. Hereinafter, this document will be referred to as the “2022 Sustainability Report”.

This document has been prepared to ensure an understanding of the operations, performance and results of the business, along with the resulting impact these activities have in relation to issues deemed to be relevant and necessary under article 3 of Italian Legislative Decree 254/2016 (environmental, social, employee-related and anti-corruption and bribery matters) with reference to the year 2022 (from 1 January to 31 December). With respect to said issues, this document also includes a description of the management models, the policies adopted, the main risks, generated or incurred, and the relevant methods to manage them.

The 2022 Sustainability Report was prepared in accordance with the GRI Sustainability Reporting Standards issued by the Global Reporting Initiative (GRI) and revised in 2021, using the “in accordance with” option. Furthermore, this document was subject to a limited review by PricewaterhouseCoopers (“Limited Assurance Engagement” according to the criteria indicated in the ISAE 3000 Revised). This audit was carried out in accordance with the procedures indicated in the “Independent Auditor’s Report”, as included in this document.

Disclosures referring to the reporting period spanning 1 January 2022 - 31 December 2022 reflect the principle of materiality, an element required by the applicable legislation and defining the GRI Standards. The materiality analysis and the sustainability issues relevant to MM are described under paragraph 2.2 “*Materiality analysis and material topics for MM*”. Specifically, considering the industry as well as the regulatory and operational framework in which MM operates, the topic of human rights was not found to be highly material following the materiality analysis. However, the Company has addressed this topic as part of the management of its relationships with employees, freelancers, suppliers, and contractors, in accordance with the principles and values set out in the Code of Ethics. Therefore, while ensuring an appropriate understanding of the Company’s operations, such information as per article 3, paragraph 2, of Italian Decree 254 was not specifically reported in this document. In any case, please note, in particular, that MM is equipped with procedural and organisational safeguards directed at managing and monitoring this issue in relation to current relevant regulatory provisions (see paragraph 3.4 “*Supply chain management*”; chapter 4 “*We value MM’s people*”).

The reporting boundary of the data and information provided in this document matches the reporting scope of the 2022 Financial Statements (published on MM’s website), with any exceptions thereto being outlined in the individual sections. In 2022, the MM Shareholders’ Meeting approved the appointment of a Chief Executive Officer, mandating the Board of Directors to grant the latter broad management and organisational powers and mandates. There were no other significant changes regarding the ownership structure, organisational structure or supply chain of MM.

In order to allow comparison of data over time, data relating to 2020 and 2021 has been added for comparative purposes where possible. For an accurate representation of performance and to guarantee data reliability, the use of estimates has been limited as much as possible, and where present, they have been appropriately indicated. The GRI Content Index is provided at the end of this document, and it shows full coverage of the GRI indicators associated with material topics.

In addition, starting from the financial year ending 31 December 2021, MM conducted an initial exercise to adapt to the requirements of the European Taxonomy, in line with the requirements set out in Article 8 of Regulation (EU) 2020/852. The aim is to provide investors and the market with a comprehensive view of the Company’s economic activities with respect to the first two objectives of climate change mitigation and



adaptation, the so-called Taxonomy-Eligible activities. In this document, relating to the financial year ended 31 December 2022, the information required by the European Taxonomy also extends to the analysis of the technical screening criteria of the Taxonomy-Eligible economic activities. This, in order to verify their actual alignment with the requirements of the regulation, the so-called Taxonomy-Aligned activities. For detailed information, please refer to paragraph 3.2 “*Creating value for stakeholders*” and “*The European Taxonomy: Supporting Information*” in the Annexes.

The 2022 Sustainability Report was approved by the Board of Directors on 18 April 2023.

The 2022 Sustainability Report is available on MM’s website: [www.mmspa.eu](http://www.mmspa.eu) (“The company – Financial information” section), together with previous editions of the document. In the “Sustainability – Sustainability Report” section, MM’s Sustainability Reports up to financial year 2019 may be viewed.

For any enquiry in relation to this document, please contact the MM’s Administration, Finance, Control and Regulation Department at the following address: [dacr@mmspa.eu](mailto:dacr@mmspa.eu).

## The European Taxonomy: Supporting Information

### PROCESS FOR DEFINING ACTIVITIES ALIGNED TO TAXONOMIC REQUESTS

To verify the eligibility and subsequent alignment of its business activities with the EU Taxonomy, MM involved various corporate business units and functions in a 4-step analysis process:

- 1) **Identification of eligible activities:** preliminary mapping of the activities included in MM's business perimeter, in order to identify those eligible for the Taxonomy in line with the definitions and qualitative descriptions of the activities reported in the Annexes to the Delegated Regulations. The activities that emerged were subsequently investigated with the related corporate contacts.
- 2) **Assessment of technical criteria, DNSH requirements and minimum social safeguards:** for each eligible activity, the specific technical screening criteria and DNSH ("Do No Significant Harm") requirements provided for by the Taxonomy are evaluated. The individual assets, the service perimeters and the work orders were taken as a reference, according to the eligible activities identified and analysed. At the same time, an analysis of the verification of compliance with the minimum social safeguards at a corporate level was carried out.
- 3) **Calculation of economic-financial performance indicators (KPIs):** identification, for each individual activity, of the related economic values generated in 2022 with reference to revenues, capital expenditure and operating costs recognised by the EU Taxonomy through an analysis of account items and analytical accounting.
- 4) **Representation of the results** through the preparation of the reporting schemes described in the "Reporting schemes of the EU Taxonomy" paragraph.

### 1. IDENTIFICATION OF ACTIVITIES

With regard to the identification of eligible activities, an update of the analysis and assessment of the specific *Business Units* was carried out: Water Service, Engineering, Management of Public Housing Property, Routine Plant and Infrastructure Maintenance (Schools, Sports, Underpasses), Plant and Real Estate Management, Management of Green for Public Housing and Management and Staff functions. For each business area, the potential economic activities eligible for the European Taxonomy were mapped out and identified, consulting the annexes to the Delegated Regulations, mainly considering the consistency with the definitions provided. Subsequently, MM proceeded to take a closer look and refine the identification with the analysis of the work orders, through the involvement of the contacts of the individual Business Units. This analysis led to a slight increase in the identified eligibility perimeter compared to 2021. In addition to the activities specifically related to MM's business, investment activities or operations identified by the Taxonomy as activities that can make a substantial contribution to the objective of mitigating climate change were also taken into consideration, such as, for example, the management of the corporate vehicle fleet and building construction investments.

The result of the assessment of the identified taxonomic economic activities that generated revenues or were affected by investments and operating costs in 2022 is shown below.

<b>ELIGIBLE</b>		
<i>Business Unit</i>	<i>MM activity</i>	<i>Taxonomic activity</i>
<b>Water Service</b>	<i>Investments for the installation of photovoltaic systems</i>	<i>4.1. Electricity generation using solar photovoltaic technology</i>
<b>Water Service</b>	<i>Investments for the Salemi cogeneration plant</i>	<i>4.30. High-efficiency co-generation of heat/cool and power from fossil gaseous fuels</i>
<b>Water Service</b>	<i>Management of the water supply system of the City of Milan and expansion and management investments</i>	<i>5.1. Construction, expansion and management of water collection, treatment and supply systems</i>
<b>Water Service</b>	<i>Investments for the renewal of the aqueduct system of the City of Milan</i>	<i>5.2. Renewal of water collection, treatment and supply systems</i>
<b>Water Service</b>	<i>Management of the sewage-purification system of the City of Milan and expansion and management investments</i>	<i>5.3. Construction, expansion and management of wastewater collection and treatment systems</i>

<b>Water Service</b>	<i>Investments for the renewal of the sewage-purification system of the City of Milan</i>	5.4. Renewal of wastewater collection and treatment systems
<b>Water Service</b>	<i>Investments for the construction of anaerobic digesters</i>	5.6. Anaerobic digestion of sewage sludge
<b>Water Service</b>	<i>Use of leased electric bicycles</i>	6.4. Operation of personal mobility devices, cycle logistics
<b>All BUs</b>	<i>Company fleet management</i>	6.5. Transport by motorbikes, passenger cars and light commercial vehicles
<b>Engineering</b>	<i>Urban transformation projects relating to the creation of cycle-pedestrian paths</i>	6.13. Infrastructure for personal mobility, cycle logistics
<b>Engineering</b>	<i>Design work for railways, subways and related structures for foreign customers</i>	6.14. Rail transport infrastructure
<b>Engineering</b>	<i>Design and works supervision of infrastructure and works for public mobility (metro and tramway lines, urban/extra-urban road rehabilitation, parking lots and interchange areas)*</i>	6.15. Infrastructure enabling low-carbon road transport and public transport
<b>Engineering</b>	<i>Design work for the construction of schools and public buildings</i>	7.1. Construction of new buildings
<b>Engineering, Housing, Water Service</b>	<i>Design and execution of renovation works for public housing properties and real estate units under MM's management**</i>	7.2. Renovation of existing buildings
<b>Plant and Real Estate Management</b>	<i>Property management</i>	7.7. Acquisition and ownership of buildings

\* Compared to the 2021 reporting, the work orders relating to construction interventions or works for the metro associated with activity 6.14. have been re-associated with activity 6.15. deemed more pertinent by the reference corporate functions. The work orders that are still in the preliminary phase of the feasibility study and those that only concern consultancy activities (vibro-acoustic field or for surface landscaping and street furniture), as well as works related to circumscribed and limited technical activities, such as work site and structure safety plans, testing, investigations and ADR, technical support for system installations, RAMS and project verification activities were not taken into consideration as part of the activity, since they were assessed as irrelevant.

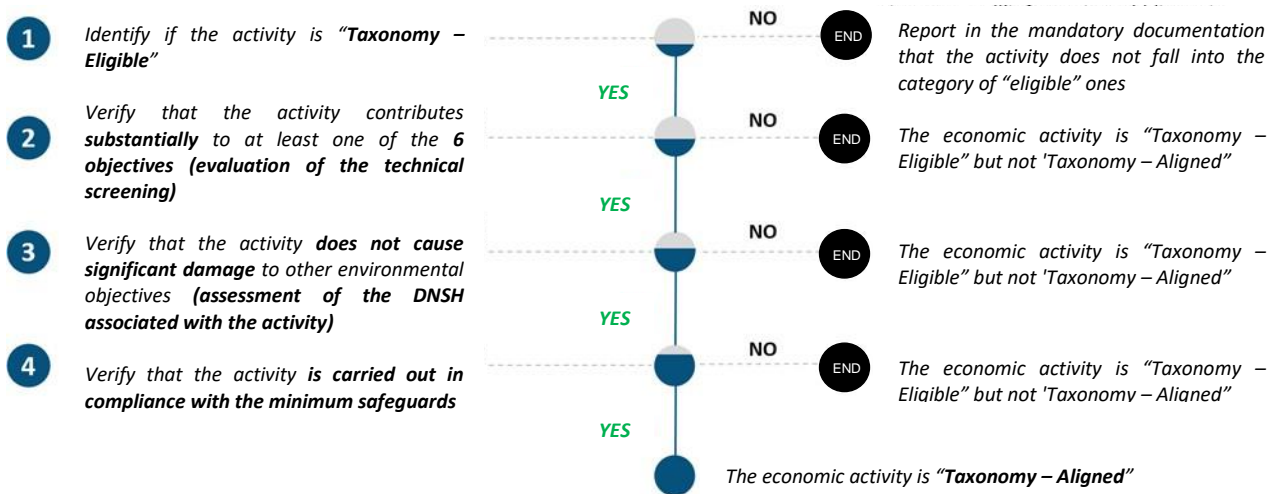
\*\* 13 work orders include multiple interventions of the same type and concern the maintenance of vacant housing, renovation of vacant housing, maintenance for asbestos remediation, maintenance of lifts, conversion of thermal power plants, work to obtain fire prevention certificates and were associated with activity 7.2. based on a criterion of prevalence. 15 work orders relate to framework agreements or works that encompass multiple interventions of different types, for which it was not possible to evaluate the individual interventions and promptly identify the related expenses; these works have been associated with activity 7.2. based on a criterion of prevalence, but it was not possible to evaluate them with reference to the technical screening criteria and DNSH requirements, therefore not being considered as aligned.

## 2. ANALYSIS OF COMPLIANCE WITH TECHNICAL SCREENING, DNSH REQUIREMENTS AND MINIMUM SOCIAL SAFEGUARDS

Following the identification of the activities ("Taxonomy eligible"), an analysis of the substantial contribution to the objective of "Climate change mitigation" and of the requirements aimed at verifying that no significant damage is caused to other environmental objectives identified by the EU Taxonomy, according to the Do No Significant Harm principle (hereinafter also DNSH), to assess their effective alignment with the EU Taxonomy ("Taxonomy aligned") was subsequently carried out. This assessment was carried out for each activity through the collection of qualitative and quantitative information and documented analyses per individual asset, scope of services or work order analysed, according to the requirements of the Taxonomy and the characteristics of the business conducted.

The alignment evaluation took place according to the steps shown in the following graphic.

**PATH FROM “TAXONOMY ELIGIBLE” TO “TAXONOMY ALIGNED”**



Article 18.1 of the EU Taxonomy Regulation describes so-called Minimum Safeguards as procedures implemented by a company to ensure that its economic activities are aligned with an internationally recognised set of standards. In line with what was described in the “Final Report on Minimum Safeguards” of the Platform on Sustainable Finance of October 2022, MM carried out an assessment of the areas of application of the minimum safeguards: human rights, corruption, taxation and competitive practices. Over the years, the company has adopted adequate processes for managing these aspects and has not received significant sanctions in relation to them in the reporting year.

For more information on how MM manages these issues, please refer to Chapter 3 “We believe in responsible business” (par. 3.1, 3.2, 3.4) and to Chapter 4 “We value people” (“MM and respect for human rights” box).

**3. KPI CALCULATION METHODOLOGY**

The economic and financial indicators on which the shares of eligible and aligned assets are based, are determined on the basis of data from MM’s financial statements, drawn up in accordance with the IFRS international accounting standard.

**1) KPI – Revenues**

$$Revenues\ KPI\ (\%) = \frac{Revenues\ deriving\ from\ activities\ aligned\ with\ the\ EU\ Taxonomy}{Total\ Revenues}$$

Consistent with the provisions of Delegated Regulation 2021/2178, the revenue KPI is calculated as the ratio of revenues from economic activities that are aligned to the European Taxonomy to total MM revenues. For the purposes of this calculation, only the “Revenues” sub-items, net of the accounting effects resulting from the application of the IFRIC-12 tax, and the “Other revenues and income”, net of increases in fixed assets for internal use, were considered. Other components are excluded (“Revenues arising from work on infrastructure subject to service concession arrangements” to avoid double counting with Capex shares and “Changes in inventories”, which in the reclassified IFRS statements do not fall under revenue components, but under cost components). The aligned revenues were identified through reconciliation with the economic activities valued according to the process described in the previous sections.

It should be emphasised that, in order to identify the admissible and aligned revenue shares for the various activities, the revenues directly attributable to the plants, the service perimeters and the work orders were considered with the help of analytical accounting. In the absence of a direct connection, the allocation of revenues between the sewage-purification systems was carried out on the basis of the percentage of wastewater collected and sent to each treatment plant. To obtain an estimate of the revenues deriving only from the leases of owned buildings, instead, since they are included in the “revenues from property rentals”



item together with other rentals, the weight of the depreciation of the buildings was used as a proxy (depreciation rate equal to 3%) on the total property depreciation from the asset book, subsequently distributing this amount between buildings on the basis of their heated and cooled floor area.

## 2) KPI – Capital expenditure (Capex)

$$\text{Capex KPI (\%)} = \frac{\text{Capex linked to activities aligned with the EU Taxonomy}}{\text{Total Capex}}$$

The capex KPI was quantified in line with the provisions of Delegated Regulation 2021/2178, as the ratio of taxonomy-aligned Capex to total MM Capex. The total denominator was calculated considering the value of the increase in tangible and intangible fixed assets during the year for the IAS 16 - Property, plant and equipment, IFRIC 12 - Rights over the infrastructure relating to service concession arrangements and IAS 38 - Other intangible assets items. A refinement of the analysis compared to 2021 has also led to the inclusion of leases with right of use (IFRS 16) which for 2022 only concern property leases. It should be noted that items relating to decreases due to adjustments, write-downs and foreign branch exchange differences have not been taken into account in the quantification of MM's Capex.

The capex have been associated through a precise attribution of the investment work orders of each Business Unit to the taxonomic activities, on the basis of the type and purpose of the intervention and the alignment assessed according to the process described in the previous sections.

## 3) KPI – Operating expenses (Opex)

$$\text{Opex KPI (\%)} = \frac{\text{Opex recognised linked to activities aligned with the EU Taxonomy}}{\text{Opex recognised by the EU Taxonomy}}$$

The opex KPI is calculated as the ratio between the opex connected to economic activities aligned with the European Taxonomy and the total MM opex recognised by the EU Taxonomy. Only the types of operating costs provided for in Annex 1 to Delegated Regulation 2021/2178 were considered in both the numerator and denominator, i.e. the non-capitalised direct costs that refer to research and development, building renovation measures, short-term leases, maintenance and repairs and any other direct expenditure relating to the day-to-day maintenance of the property, plant and equipment by the company or by third parties to whom activities are outsourced, which are necessary to ensure the continued operation and effectiveness of these assets, net of the accounting effects deriving from the application of IFRIC-12. For the identification of the opex, a precise analysis was carried out by nature of the cost items, in order to define a perimeter consistent with the provisions of the aforementioned Regulation (for example, general and administrative costs, purchase costs of raw materials, with the exception of the cost items referring to maintenance materials, were excluded from the calculation) which were subsequently associated with the taxonomic activities, refining the evaluation, where necessary, with the help of information present in the analytical accounting. In defining the operating costs, all the daily maintenance costs necessary to guarantee the continuous and effective functioning of the activity were considered, including the portion of the costs relating to the purchase of materials, services and personnel costs directly attributable to the maintenance activity. With specific reference to personnel costs, to quantify the share to be taken into account for the calculation of the indicator, an analysis was carried out that led to the identification of cost centres and job orders that clearly make reference to maintenance activities or activities closely related to the assets. The types of costs recognised by the European Taxonomy are included in the "Costs for raw materials, consumables and goods", "Costs for services" and "Personnel costs" items of the financial statements. It should be noted that the denominator does not coincide with the totals of these items, since they also include types of operating costs not recognised by the Taxonomy.

In order to identify the share of eligible and aligned operating costs for the various activities, where the opex component was found to be directly allocated, the amount was punctually assigned to the single activity of the Taxonomy, while in cases where the component had an impact on multiple activities drivers were used to reallocate the amount between activities. Moreover, in the absence of a direct connection with the service perimeters, the allocation of revenues between the sewage-purification systems was carried out on the basis of the percentage of waste water collected and sent to each treatment plant and, in the case of vehicle maintenance costs for the vehicle fleet, on the basis of rental fees.





Infrastructure for personal mobility, cycle logistics	6.13.	72,979	0.0%	100%	0%		NO	YES	YES	YES	YES	YES	0%	E	
Infrastructure for personal mobility, cycle logistics	6.13.	48,969	0.0%	100%	0%		NO	YES	NO	YES	YES	YES	0%	E	
Infrastructure for personal mobility, cycle logistics	6.13.	19,021	0.0%												
Rail transport infrastructure	6.14.	999,590	0.4%												
Infrastructure enabling low-carbon road transport and public transport	6.15.	6,503,208	2.8%	100%	0%		NO	YES	YES	YES	YES	YES	0%	E	
Infrastructure enabling low-carbon road transport and public transport	6.15.	2,050,683	0.9%	100%	0%		NO	YES	NO	YES	NO	YES	0%	E	
Infrastructure enabling low-carbon road transport and public transport	6.15.	1,119,382	0.5%	100%	0%		NO	YES	NO	YES	YES	YES	0%	E	
Infrastructure enabling low-carbon road transport and public transport	6.15.	90,776	0.0%	100%	0%		NO	YES	NO	NO	YES	YES	0%	E	
Infrastructure enabling low-carbon road transport and public transport	6.15.	68,356	0.0%	100%	0%		NO	YES	NO	NO	NO	YES	0%	E	
Infrastructure enabling low-carbon road transport and public transport	6.15.	143,248	0.1%	100%	0%		NO	NO	NO	NO	NO	YES	0%	E	
Infrastructure enabling low-carbon road transport and public transport	6.15.	4,188,474	1.8%												
Construction of new buildings	7.1.	122,726	0.1%	100%	0%		NO	YES	YES	YES	YES	YES	0%		
Construction of new buildings	7.1.	737,410	0.3%												
Renovation of existing buildings	7.2.	111,469	0.0%	100%	0%		NO	NO	NO	NO		YES	0%		T
Renovation of existing buildings	7.2.	363,269	0.2%	100%	0%		NO	YES	YES	YES		YES	0%		T
Renovation of existing buildings	7.2.	458,928	0.2%	100%	0%		NO	NO	YES	YES		YES	0%		T
Renovation of existing buildings	7.2.	140,597	0.1%	100%	0%		NO	YES	NO	NO		YES	0%		T

Renovation of existing buildings	7.2.	4,911,820	2.1%						
Acquisition and ownership of buildings	7.7.	681,767	0.3%						
<b>Turnover from activities eligible for the taxonomy but not environmentally sustainable (activities not aligned with the taxonomy) (A.2)</b>		<b>141,333,637</b>	<b>60.0%</b>						
<b>Total (A.1 + A.2)</b>		<b>202,810,260</b>	<b>86.1%</b>						
<b>B. ACTIVITIES NOT ELIGIBLE FOR THE TAXONOMY</b>									
Turnover from activities not eligible for the taxonomy (B)		32,609,427	13.9%						
<b>TOTAL (A+B)</b>		<b>235,419,687</b>	<b>100.0%</b>						

NV= cannot be evaluated since the order is still in the planning stage and the information to evaluate the specific DNSH criterion is not yet available.

NB: following a precautionary approach, in case of unavailability of information to evaluate the taxonomic criteria, these were not considered met.

SHARE OF CAPITAL EXPENDITURE (CAPEX) ASSOCIATED WITH ECONOMIC ACTIVITIES ALIGNED WITH THE TAXONOMY – INFORMATION RELATING TO THE YEAR 2022

Economic activities	Code	Capital expenditure in absolute terms [euro]	Share of capital expenditure [%]	Substantial contribution		DNSH criteria						Minimum safeguards [YES/ NO]	Share of capex aligned with the Taxonomy, year 2022 [%]	Enabling activities E	Transitional activities T
				Climate change mitigation [%]	Climate change adaptation [%]	Climate change mitigation [YES/ NO]	Climate change adaptation [YES/ NO]	Water and marine resources [YES/ NO]	Circular economy [YES/ NO]	Pollution [YES/ NO]	Biodiversity and ecosystems [YES/ NO]				
<b>A. ACTIVITIES ELIGIBLE FOR THE TAXONOMY</b>															
<b>A.1 Environmentally sustainable activities (aligned with the taxonomy)</b>															
Construction, extension and operation of water collection, treatment and supply systems	5.1	7,444,607	11.9%	100%	0%		YES	YES			YES	YES	11.9%		
Transport by motorbikes, passenger cars and light commercial vehicles	6.5	20,959	0.0%	100%	0%		YES		YES	YES	YES	YES	0%		
<b>Capital expenditure of environmentally sustainable activities (aligned with the taxonomy) (A.1)</b>		<b>7,465,566</b>	<b>12.0%</b>										<b>12.0%</b>		
<b>A.2. Activities eligible for the taxonomy but not environmentally sustainable (activities not aligned with the taxonomy)</b>															
Electricity generation using solar photovoltaic technology	4.1	318,623	0.5%	100%	0%		NO		YES		YES	YES	0%		
Electricity generation using solar photovoltaic technology	4.1	81,005	0.1%	100%	0%		NV		NV		YES	YES	0%		

High-efficiency co-generation of heat/cool and power from fossil gaseous fuels	4.30	858,341	1.4%												
Renewal of water abstraction, treatment and distribution systems	5.2	19,580,444	31.4%												
Construction, extension and operation of waste water collection and treatment systems	5.3	1,779,860	2.9%												
Renewal of wastewater collection and treatment systems	5.4	1,572,152	2.5%	100%	0%		NO	YES	YES		YES	YES	0%		
Renewal of wastewater collection and treatment systems	5.4	18,645,275	29.9%												
Anaerobic digestion of sewage sludge	5.6	204,923	0.3%												
Renovation of existing buildings	7.2	1,121,890	1.8%	100%	0%		NO	YES	NO	NO		YES	0%		
Renovation of existing buildings	7.2	192,248	0.3%												
<b>Capital expenditure of activities eligible for the taxonomy but not environmentally sustainable (activities not aligned with the taxonomy) (A.2)</b>		<b>44,354,762</b>	<b>71.0%</b>												
<b>Total (A.1 + A.2)</b>		<b>51,820,329</b>	<b>83.0%</b>												
<b>B. ACTIVITIES NOT ELIGIBLE FOR THE TAXONOMY</b>															
<b>Capital expenditure of activities not eligible for the taxonomy (B)</b>		<b>10,622,454</b>	<b>17.0%</b>												
<b>TOTAL (A+B)</b>		<b>62,442,782</b>	<b>100.0%</b>												

NV= cannot be evaluated since the order is still in the planning stage and the information to evaluate the specific DNSH criterion is not yet available.

NB: following a precautionary approach, in case of unavailability of information to evaluate the taxonomic criteria, these were not considered met.

SHARE OF OPERATING EXPENSES, RECOGNISED BY THE TAXONOMY, (OPEX) ASSOCIATED WITH ECONOMIC ACTIVITIES ALIGNED WITH THE TAXONOMY – INFORMATION RELATING TO THE YEAR 2022

Economic activities	Code	Operating expenses in absolute terms [euro]	Other operating expenses [%]	Substantial contribution		DNSH criteria						Minimum safeguards [YES/NO]	Share of opex aligned to the Taxonomy, year 2022 [%]	Enabling activities E	Transitional activities T
				Climate change mitigation [%]	Climate change adaptation [%]	Climate change mitigation [YES/NO]	Climate change adaptation [YES/NO]	Water and marine resources [YES/NO]	Circular economy [YES/NO]	Pollution [YES/NO]	Biodiversity and ecosystems [YES/NO]				
<b>A. ACTIVITIES ELIGIBLE FOR THE TAXONOMY</b>															
<b>A.1 Environmentally sustainable activities (aligned with the taxonomy)</b>															
Construction, extension and operation of water collection, treatment and supply systems	5.1.	9,444,696	28.7%	100%	0%		YES	YES			YES	YES	28.7%		
<b>Operating expenses of environmentally sustainable activities (aligned with the taxonomy) (A.1)</b>		<b>9,444,696</b>	<b>28.7%</b>										<b>28.7%</b>		
<b>A.2. Activities eligible for the taxonomy but not environmentally sustainable (activities not aligned with the taxonomy)</b>															
Electricity generation using solar photovoltaic technology	4.1.	234	0.0%	100%	0%		NV		NV		NV	YES	0%		
Construction, extension and operation of waste water collection and treatment systems	5.3.	7,028,215	21.4%												
Operation of personal mobility devices, cycle logistics	6.4.	5,889	0.0%	100%	0%		NO		NO			YES	0%		

Transport by motorbikes, passenger cars and light commercial vehicles	6.5.	- 8,236	0.0%	100%	0%		NO		YES	NO		YES	0%		
Transport by motorbikes, passenger cars and light commercial vehicles	6.5.	253,133	0.8%												
Infrastructure for personal mobility, cycle logistics	6.13.	2,168	0.0%												
Rail transport infrastructure	6.14.	22,636	0.1%												
Infrastructure enabling low-carbon road transport and public transport	6.15.	235,941	0.7%												
Construction of new buildings	7.1.	27,103	0.1%												
Renovation of existing buildings	7.2.	1,725,851	5.2%												
<b>Operating expenses for activities eligible for the taxonomy but not environmentally sustainable (activities not aligned with the taxonomy) (A.2)</b>		<b>9,292,934</b>	<b>28.2%</b>												
<b>Total (A.1 + A.2)</b>		<b>18,737,630</b>	<b>56.9%</b>												
<b>B. ACTIVITIES NOT ELIGIBLE FOR THE TAXONOMY</b>															
<b>Operating expenses for activities not eligible for the taxonomy (B)</b>		<b>14,177,715</b>	<b>43.1%</b>												
<b>TOTAL (A+B)</b>		<b>32,915,346</b>	<b>100.0%</b>												

NV= cannot be evaluated since the order is still in the planning stage and the information to evaluate the specific DNSH criterion is not yet available.

NB: following a precautionary approach, in case of unavailability of information to evaluate the taxonomic criteria, these were not considered met.



## Mapping sustainability-related risks

Area discussed in Decree 254/16	Material topics	Risks (consolidated)	Management methods (consolidated)
<b>ENVIRONMENTAL</b>	<b>Circular economy</b>	<ul style="list-style-type: none"> <li>▪ Difficulty in disposing of the waste produced (above all dangerous) and of the sewage sludge connected to MM's dependence on external suppliers to whom the service is contracted out.</li> <li>▪ Failure to comply with the requirements of ISO 14001 or current environmental regulations, with possible loss/suspension of certification, exclusion from tenders and application of sanctions.</li> <li>▪ Inadequate monitoring of national/international regulatory changes on environmental issues.</li> <li>▪ Increase in the costs of production, transport and disposal of sludge and treatment of purified water (e.g. increase in the prices of energy vectors).</li> </ul>	<ul style="list-style-type: none"> <li>▪ Issue of tenders for the disposal of sludge ensuring the participation of suppliers of different sizes and recovery chains and with the inclusion of environmental clauses.</li> <li>▪ Presence of corporate procedures that identify responsible figures and tools (including digital) for the correct management of waste.</li> <li>▪ Adoption and maintenance of an ISO 14001 certified system which includes risk analyses, internal and external audits and improvement plans.</li> <li>▪ Constant updating of the supervision relating to environmental legislation (Legislative Decree 152/2006), also through participation in working groups with institutions and other stakeholders.</li> <li>▪ Provision of specialised training in environmental matters and waste management.</li> </ul>
	<b>Fight against climate change (Increasing energy consumption efficiency)</b>	<ul style="list-style-type: none"> <li>▪ Increase in energy procurement costs with possible slowdown of activities.</li> <li>▪ Presence of a fleet of vehicles not fully sized with respect to the company's needs and compliant with the evolution of the reference legislation.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Evaluation of the opportunity to join purchasing groups or partnerships for the supply of the energy vector (e.g. tender with the Water Alliance utilities).</li> <li>▪ Preparation of annual purchase contracts at variable prices and possible use of the free market.</li> <li>▪ Presence of a business function dedicated to fleet management and the search for solutions to progressively increase the share of low-emission vehicles.</li> <li>▪ Efficiency plans for corporate offices and IWS plants.</li> <li>▪ Adoption and maintenance of an ISO 50001 certified system which includes risk analyses, internal and external audits and improvement plans.</li> </ul>
	<b>Fight against climate change (climate change)</b>	<ul style="list-style-type: none"> <li>▪ Please refer to the dedicated in-depth section at the bottom of this table.</li> </ul>	



Area discussed in Decree 254/16	Material topics	Risks (consolidated)	Management methods (consolidated)
	<p><b>Sustainability and quality of the integrated water cycle</b></p>	<ul style="list-style-type: none"> <li>▪ Failure to comply with the compliance limits of the water supplied.</li> <li>▪ Ineffectiveness of interventions to reduce water losses.</li> <li>▪ Failure to achieve the objectives set by the IWS intervention programme and the ARERA technical quality macro-indicators.</li> <li>▪ Failure to adhere to the compliance limits of the water released into the environment downstream of the purification processes.</li> <li>▪ Possible water contamination, inefficiencies related to the services and non-drinking ordinances due to malicious acts involving the IWS networks and plants.</li> <li>▪ Difficulty in managing unforeseen events and malfunctions of drains, underpasses and the sewer system, with flooding, spills, disruptions and damage to third parties.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Continuous monitoring of ARERA and Territorial Area Authority communications.</li> <li>▪ Sampling programme for the quality of water and discharges shared with the competent authorities.</li> <li>▪ Adoption and maintenance of ISO/IEC 17025 certification as "Test Laboratories" for the three internal laboratories.</li> <li>▪ Carrying out of external audits by specialised companies and monitoring of regulatory standards.</li> <li>▪ Definition of ordinary and extraordinary maintenance procedures and activities and online monitoring of water quality through the use of smart solutions (e.g. probes, no-dig, video surveillance systems, etc.).</li> <li>▪ Timely notification to the authorities of any episodes that may affect the quality of the water supplied, with activation of the 24-hour emergency service.</li> <li>▪ Provision of specialised training on the management of the IWS (e.g. regulatory updates, new technologies, etc.).</li> <li>▪ Protection of IT systems installed in the IWS plants and networks.</li> <li>▪ Recruitment of personnel dedicated to the maintenance and cleaning of drains and underpasses, operating with the necessary equipment (e.g. vacuum trucks, etc.).</li> <li>▪ Adoption of the Water Safety Plan and the Management Plan for aqueduct emergencies and the safety of the network and plants, with monitoring of the procedures in order to improve performance.</li> </ul>
	<p><b>Air quality and pollution</b></p>	<ul style="list-style-type: none"> <li>▪ Inadequate management of the various types of pollution (polluting gases, odours or dust, waste, vibro-acoustic pollution) generated by company activities.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Adoption and maintenance of an ISO 14001 certified system which includes risk analyses, internal and external audits and improvement plans.</li> <li>▪ Monitoring of compliance with current legislation by contractors on construction sites through specific environmental checklists.</li> <li>▪ Use of smart systems (e.g. probes, etc.) for real-time monitoring of anomalous discharges along the network.</li> <li>▪ Adoption of innovative solutions for monitoring and reducing the impact of vibrations and noise produced by construction sites.</li> </ul>
<p><b>SOCIAL</b></p>	<p><b>Business ethics and integrity (privacy and cybersecurity)</b></p>	<ul style="list-style-type: none"> <li>▪ Loss of sensitive data/information due to inappropriate employee behaviour or accidental causes, with possible inefficiencies related to the services.</li> <li>▪ Non-compliance with the General Data Protection Regulation (GDPR).</li> </ul>	<ul style="list-style-type: none"> <li>▪ Periodic updating of software and use of encrypted corporate devices.</li> <li>▪ Implementation of GDPR procedures.</li> <li>▪ Availability of a user management and multi-factor authentication system.</li> <li>▪ Raising awareness and training of employees on the correct procedures for using devices and data protection.</li> <li>▪ Data Loss Prevention platform and provision of different data backup methods.</li> <li>▪ Appointment of a DPO within the Compliance</li> </ul>



Area discussed in Decree 254/16	Material topics	Risks (consolidated)	Management methods (consolidated)
			<p>function.</p> <ul style="list-style-type: none"> <li>Adoption of procedures relating to: user life cycle, management of vulnerabilities and security incidents, information logging.</li> </ul>
	Creating value for stakeholders	<ul style="list-style-type: none"> <li>Failure to achieve the expected levels of investment and economic-financial performance.</li> </ul>	<ul style="list-style-type: none"> <li>Adoption of a Business Plan with strategic objectives to be monitored through specific KPIs, also with a view to sustainability.</li> <li>Internal coordination of the functions involved in the investment plan and in the half-yearly reporting of the progress of the activities.</li> </ul>
	Supply chain management	<ul style="list-style-type: none"> <li>Critical issues raised by suppliers/contractors for breaches/service inefficiencies by MM.</li> <li>Excessive dependence and/or loss of suppliers/contractors.</li> <li>Inadequate monitoring of the social and environmental performance of suppliers/contractors, with impacts on MM as a client (e.g. involvement in disputes as an injured party).</li> <li>Unavailability and increased costs of critical raw materials due to the instability of the macroeconomic and geo-political context.</li> </ul>	<ul style="list-style-type: none"> <li>Adoption of the Procurement procedure, including defining contracts which have adequate requirements, clauses and technical specifications.</li> <li>Adoption of the Vendor Rating procedure for assessing the performance of suppliers/contractors.</li> <li>During the tender process or conclusion of the contract, verification of the documentation relating to tax and administrative obligations and the financial rating of suppliers/contractors.</li> <li>Management of eventual disputes by the Legal, Tendering and Procurement Department, including with the support of external professional firms.</li> <li>Mapping of suppliers' social and environmental certifications during registration in the Register.</li> </ul>
	Innovation and digitalisation	<ul style="list-style-type: none"> <li>Cyber attacks due to inadequate management of IT security, with possible service inefficiencies and/or loss of information.</li> <li>Delays in digital transformation and difficulty in attracting resources with a high level of IT/digital skills.</li> </ul>	<ul style="list-style-type: none"> <li>Adoption of IT system security monitoring mechanisms.</li> <li>Periodic assessment of cyber risks, including through vulnerability assessment activities and the drafting of a Remediation Plan.</li> <li>Provision of employee training and awareness-raising activities to increase cybersecurity awareness and IT skills.</li> <li>Start of the ISO 20000 certification process of the IT management system.</li> <li>Definition of a system of responsibility, procedures and insurance coverage in the IT and cybersecurity fields.</li> </ul>
	Relations with customers	<ul style="list-style-type: none"> <li>Inadequate management of negative information published by the media and on social media channels, even if not attributable to MM's responsibility.</li> <li>Ineffective channels of dialogue and contact with customers to allow access to services and ensure high service levels.</li> <li>Inability to maintain credit against defaulting customers "active" through time-barring.</li> </ul>	<ul style="list-style-type: none"> <li>Monitoring and updating of institutional websites and corporate social profiles.</li> <li>Adoption of a Crisis Management Procedure.</li> <li>Accessibility and multi-channel approach of contact tools with Public Housing and IWS customers (e.g. customer service, portals, toll-free numbers, etc.).</li> <li>Management of complaints through dedicated channels (e.g. ARERA settlement service, etc.).</li> <li>Credit recovery activities and stipulation of settlement agreements, issue of reminders and time-barring.</li> </ul>

Area discussed in Decree 254/16	Material topics	Risks (consolidated)	Management methods (consolidated)
	Quality and continuity of service	<ul style="list-style-type: none"> <li>▪ Non-timely management of breakdowns in the IWS network, with possible service inefficiencies/disruptions for customers and citizens.</li> <li>▪ Inadequate management of the ordinary and extraordinary maintenance of the various managed assets, with possible service inefficiencies/disruptions for customers and citizens.</li> <li>▪ Non-continuity of the water service due to external events which can cause blackouts or damage to the systems, with possible service inefficiencies/disruptions.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Drafting of preventive maintenance plans, prompt intervention and redevelopment of networks and infrastructure.</li> <li>▪ Risk analysis and technical assessments on the state of infrastructure, networks and plants to assess system vulnerabilities, plan interventions and related investments.</li> <li>▪ Adoption of procedures for the management of emergencies and prompt intervention.</li> <li>▪ Provision of specialised training aimed at technical personnel.</li> <li>▪ Power supply of the plants on a privileged basis by A2A with related controls.</li> </ul>
	Community engagement	<ul style="list-style-type: none"> <li>▪ Inability to intercept and respond to the social and environmental expectations of the community and of the local area.</li> <li>▪ Difficulty in involving the community in the dissemination of positive behaviours that respect the environment and the managed assets.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Definition of initiatives for the involvement of citizens (e.g. public housing social intervention events, M4 construction site open days, etc.).</li> <li>▪ Development of the cultural programme at the Centrale dell'Acqua and of educational activities aimed at schools and families.</li> <li>▪ Implementation of communication activities on construction sites.</li> <li>▪ Listening activities aimed at intercepting and responding to the needs of the community and of the local area (e.g. surveys, workshops, etc.).</li> </ul>
	Caring for the city and its citizens	<ul style="list-style-type: none"> <li>▪ Design and implementation of infrastructural interventions, redevelopment and expansion of networks with possible service inefficiencies/disruptions and inconvenience for citizens.</li> <li>▪ Complaints by stakeholders opposed to the implementation of infrastructure projects or dissatisfied with communication activities, with possible delays and/or the need for redesigns.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Public presentations of the projects, in collaboration with the Municipality of Milan and all the subjects involved in the implementation.</li> <li>▪ Participation in Service Conferences and coordination with other sub-service managers.</li> <li>▪ Preventive validation by the Project Validation Technical Unit for large projects.</li> <li>▪ Adoption of intelligent solutions for the design of interventions (e.g. BIM, etc.).</li> <li>▪ Provision of training and professional development.</li> </ul>
	Partnerships to enable development	<ul style="list-style-type: none"> <li>▪ Loss of competitiveness due to lack of coordination with other bodies, institutions and managers active in the area.</li> <li>▪ Reputational damage for supporting projects that do not adhere to the company mission or of little value to the community.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Participation in projects and working tables with bodies, institutions and other managers to develop common interventions for the benefit of the local area and more efficient and sustainable management solutions.</li> <li>▪ Collaboration in international cooperation projects for the development of good practices in the management of the water service.</li> </ul>
STAFF-RELATED	Inclusion and corporate welfare	<ul style="list-style-type: none"> <li>▪ Incentives, bonuses and benefits that do not meet employee expectations/needs.</li> <li>▪ Difficulty in guaranteeing employees an adequate work-life balance.</li> <li>▪ Ineffective promotion of company wellness initiatives.</li> <li>▪ Non-compliance with diversity, inclusion and equal opportunity</li> </ul>	<ul style="list-style-type: none"> <li>▪ Development of initiatives aimed at promoting corporate well-being and work-life balance (e.g. welfare platform).</li> <li>▪ Adoption of the People strategy (e.g. talent and mentoring programme, etc.).</li> <li>▪ Development of the corporate Intranet based on a collaborative logic supported by a broad editorial staff.</li> <li>▪ Monitoring of regulatory developments/changes in the field of diversity,</li> </ul>



Area discussed in Decree 254/16	Material topics	Risks (consolidated)	Management methods (consolidated)
		<p>norms, rules or standards.</p> <ul style="list-style-type: none"> <li>▪ Involvement in practices or behaviours that may favour forms of discrimination.</li> </ul>	<p>inclusion and equal opportunities.</p> <ul style="list-style-type: none"> <li>▪ Adoption of a whistleblowing procedure to report and analyse possible episodes of discrimination.</li> <li>▪ Partnerships with other investees to share best practices and initiatives.</li> </ul>
	People's skills and professional expertise	<ul style="list-style-type: none"> <li>▪ Loss of key figures and difficulty in finding suitable professionals to support the needs and growth of the company.</li> <li>▪ Training programmes not adequate to ensure the development of distinctive business skills.</li> <li>▪ Management training programme that does not adhere to the heterogeneous needs/professionalism of managers.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Mapping of key roles and standardisation of tasks in relation to competencies.</li> <li>▪ Implementation of succession plans in the event of resignation or retirement.</li> <li>▪ Adoption of the People strategy (e.g. performance evaluation system, weighing of positions, etc.).</li> <li>▪ Definition of a training and skills development plan in line with the corporate strategy, with particular attention to managerial training.</li> <li>▪ Diversification of profiles and enhancement of recruitment channels.</li> </ul>
	Industrial relations	<ul style="list-style-type: none"> <li>▪ Industrial relations not capable of developing a constructive dialogue with union representatives.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Organisation of meetings with trade union representatives to encourage dialogue and constructive exchange on topics of interest to workers.</li> </ul>
	Occupational health and safety	<ul style="list-style-type: none"> <li>▪ Outbreak of pandemics with possible interruption and/or slowdown in activities and inability to guarantee essential public services.</li> <li>▪ Non-compliance with occupational health and safety regulations.</li> <li>▪ Cases of occupational accidents/diseases with serious consequences.</li> <li>▪ Inadequate assessment of psychosocial risks related to work-related stress.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Adoption of a Pandemic Emergency Management Plan (Covid-19) and development of procedures for carrying out activities remotely.</li> <li>▪ Regulatory monitoring in occupational health and safety.</li> <li>▪ Establishment of a system of proxies and powers of attorney in occupational health and safety.</li> <li>▪ Adoption and maintenance of an ISO 45001 certified system which includes risk analyses, internal and external audits and improvement plans.</li> <li>▪ Provision of dedicated training and adoption of a health surveillance plan.</li> </ul>
<b>FIGHT AGAINST ACTIVE AND PASSIVE CORRUPTION</b>	Business ethics and integrity (anti-corruption)	<ul style="list-style-type: none"> <li>▪ Incidents of active and passive corruption and non-compliance with internal rules and regulations on business ethics by employees and/or partners.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Adoption of an Anti-Corruption Policy, Code of Ethics, whistleblowing procedure, "Management of conflict of interest" document and "Organisational Model 231" (for the prevention of crimes envisaged by Legislative Decree 231/2001).</li> <li>▪ Provision of dedicated training and sharing of the Code of Ethics with new hires.</li> <li>▪ Internalisation of services in areas at "risk" of crimes being committed.</li> <li>▪ Rotation mechanisms of work assignments and suppliers.</li> <li>▪ Audit plans and monitoring of regulatory developments in the anti-corruption field.</li> </ul>
<b>BUSINESS MANAGEMENT</b>	Business ethics and integrity	<ul style="list-style-type: none"> <li>▪ Involvement in investigations by authorities (judicial and otherwise), with delays in activities and legal implications.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Provision of dedicated training and sharing of behaviours to be followed in conducting business activities, with induction sessions for new hires.</li> </ul>

Area discussed in Decree 254/16	Material topics	Risks (consolidated)	Management methods (consolidated)
		<ul style="list-style-type: none"> <li>Failure to comply with the fiscal and tax obligations established by law.</li> </ul>	<ul style="list-style-type: none"> <li>Carrying out of internal audits and verification of the tax and compliance declaration by the Independent Auditors.</li> <li>Adoption of safeguards to guarantee the traceability of documentation.</li> <li>Structural coordination with the Register of Suppliers to verify supplier information.</li> <li>Establishment of a function dedicated to general accounting activities and tax and fiscal compliance.</li> </ul>
	Integrated risk management	<ul style="list-style-type: none"> <li>Failure to activate insurance policies.</li> <li>Inadequate integration of social and environmental aspects into risk assessment, management and mitigation systems.</li> <li>Inadequate crisis management safeguards.</li> </ul>	<ul style="list-style-type: none"> <li>Taking out insurance policies to cover the various areas of business intervention.</li> <li>Establishment of an Enterprise Risk Management (ERM) framework for the analysis and monitoring of risks in an integrated logic, and periodic updating of the risk map.</li> <li>Progressive integration of ESG risks with identification of potential economic-financial-operating impacts in the ERM framework.</li> </ul>

In 2022 MM carried out an **initial analysis** to identify the main **risks related to climate change** to which it is exposed due to its activities and related impacts, inspired by the classification of climate risks proposed by the Task Force on Climate-related Financial Disclosures (TCFD).

Category	Description	Impact
<b>PHYSICAL RISKS</b>		
Acute	The increase in the frequency and intensity of extreme weather events can have repercussions on the functioning and efficiency of the Integrated Water Service plants and networks, causing physical damage to the structures, flooding and spills of untreated wastewater into the soil and water bodies and inconvenience to the local area.	<ul style="list-style-type: none"> <li>Increase in costs and decrease in revenues</li> <li>Damage to corporate assets with interruption/slowdown of activities</li> <li>Reputational damage</li> </ul>
Chronic	The steady rise in average temperatures can favour the presence of bacteria in the water distribution network pipes and the increase in episodes of microbiological contamination, with a consequent gradual worsening of the quality of the water supplied and possible inconvenience for citizens.	<ul style="list-style-type: none"> <li>Increase in costs</li> <li>Economic damage</li> <li>Reputational damage</li> </ul>
Chronic	The intensification of heat waves can lead to episodes of blackouts in the electricity grid with possible blockage of the Integrated Water Service systems and consequent spills of unpurified wastewater into the ground and into surface water bodies, and disruptions for citizens tied to the interruption of the water supply. Moreover, there could be sudden peaks in the demand for drinking water to cope with heat waves, with impacts on the operational management of the networks.	<ul style="list-style-type: none"> <li>Reduction of revenues due to business interruptions</li> <li>Reputational damage</li> </ul>
Chronic	Changes in rainfall patterns (e.g. quantitative and temporal distribution of rainfall) can cause a reduced/lack of water resource availability, especially in prolonged periods of water stress or drought, with effects on the ability to meet the demand for drinking, industrial and irrigation water. Moreover, it may lead to the need to make changes to water treatment, distribution and purification practices and technologies.	<ul style="list-style-type: none"> <li>Increase in costs and decrease in revenues</li> <li>Reputational damage</li> </ul>
<b>TRANSITION RISKS</b>		

Market	<p>An inadequate assessment within the Business Plan of the impact of climate change on the evolution of the macro-economic (e.g. energy crisis), geo-political (e.g. Russian-Ukrainian conflict) and socio-environmental (e.g. Covid-19 pandemic) scenario could cause negative impacts on the economic and financial performance in terms of loss of competitiveness and reputational damage.</p>	<ul style="list-style-type: none"> <li>▪ Increase in costs and difficulty in getting access to funding</li> <li>▪ Reputational damage</li> </ul>
Policies	<p>The introduction and development of policies and regulations at an international, European and national level to help combat climate change can have an impact on investments and operating costs. In particular, the commitments undertaken by the European Commission for climate neutrality by 2050, compliance with the Paris Agreements and the adoption of the new Corporate Sustainability Reporting Directive (CSRD) can lead to damage (reputational and/or legal) resulting from failure to achieve the set goals.</p>	<ul style="list-style-type: none"> <li>▪ Increase in costs and difficulty in getting access to funding</li> <li>▪ Reputational damage</li> </ul>
Reputational	<p>Insufficient commitment to combating climate change, the occurrence of negative events due to extreme weather events, and lack of transparency and/or ambition in reporting information on climate change could lead to a deterioration in stakeholder perception.</p>	<ul style="list-style-type: none"> <li>▪ Increase in costs and difficulty in getting access to funding</li> <li>▪ Reputational damage</li> </ul>
Technological	<p>Insufficient investments in innovation towards low-emission technologies and solutions could lead to the inability to adapt and anticipate market demands, with consequences in terms of loss of competitiveness.</p>	<ul style="list-style-type: none"> <li>▪ Increase in costs and decrease in revenues</li> <li>▪ Reputational damage</li> </ul>

## Detail tables

### Chap. 3 | We believe in responsible business |

#### Direct economic value generated and distributed

##### GRI Standard 201-1 (2016)

	m.u.	2020	2021	2022
Direct economic value generated	€	189,814,848	178,521,203	212,532,575
Economic value distributed		166,887,228	169,394,081	206,537,009
Operating costs		82,831,670	86,740,604	128,503,674
Salaries and benefits		66,930,266	71,507,890	69,905,377
Payments to capital providers		6,419,988	6,000,644	6,800,108
Payments to the Public Authorities		10,627,374	5,091,943	1,308,850
Investments in the Community		77,930	53,000	19,000
Economic value retained		22,927,620	9,127,122	5,995,566

#### Suppliers assessed according to social and environmental criteria<sup>144</sup>

##### GRI Standard 308-1 | 414-1 (2016)

New suppliers with social, environmental and quality certifications	m.u.	2022	
		no.	% of total new suppliers
Social certification SA8000	No.	106	16%
Occupational Health and Safety Management System (OHSAS 18001, ISO 45001)		283	43%
Environmental Management System (ISO 14001, ISO 50001)		313	48%
Quality Management System (ISO 9001)		469	72%

### Chap. 4 | We value MM's people |

#### Employees by employment contract, type of employment and gender

##### GRI Standard 2-7 (2021)

m.u.		2020			2021			2022		
		Men	Women	Total	Men	Women	Total	Men	Women	Total
Permanent contracts	No.	803	385	1,188	841	406	1,247	914	412	1,326
Fixed-term contracts		63	42	105	46	29	75	28	15	43
<b>Total employees</b>		<b>866</b>	<b>427</b>	<b>1,293</b>	<b>887</b>	<b>435</b>	<b>1,322</b>	<b>942</b>	<b>427</b>	<b>1,369</b>

m.u.		2020			2021			2022		
		Men	Women	Total	Men	Women	Total	Men	Women	Total
Full-time	No.	863	392	1,255	884	398	1,282	941	390	1,331
Part-time		3	35	38	3	37	40	1	37	38
<b>Total employees</b>		<b>866</b>	<b>427</b>	<b>1,293</b>	<b>887</b>	<b>435</b>	<b>1,322</b>	<b>942</b>	<b>427</b>	<b>1,369</b>

<sup>144</sup> Some suppliers may have more than one certification and/or management system. Upon their inclusion in the Register, economic operators are required to disclose whether they have environmental and social certifications and/or management systems. Meeting these criteria may be considered a minimum criterion for participation in tenders or a plus when assessing and selecting suppliers. The data is only available for 2022 as, due to the migration to the new e-procurement platform, it is not possible to access the information on certified suppliers for the years 2020 and 2021. For these, please refer to the data calculated using the previous methodology published in the 2021 NFS.



## Workers who are not employees

### GRI Standard 2-8 (2021)

m.u.	No.	2020			2021			2022		
		Men	Women	Total	Men	Women	Total	Men	Women	Total
Interns		1	1	2	1	-	1	-	-	-
Associates		6	1	7	6	2	8	6	1	7
Leased employees		15	6	21	6	9	15	8	3	11
<b>Workers who are not employees</b>		<b>22</b>	<b>8</b>	<b>30</b>	<b>13</b>	<b>11</b>	<b>24</b>	<b>14</b>	<b>4</b>	<b>18</b>
<b>Total workforce</b>		<b>888</b>	<b>435</b>	<b>1,323</b>	<b>900</b>	<b>446</b>	<b>1,346</b>	<b>955</b>	<b>431</b>	<b>1,387</b>

## Annual total compensation ratio<sup>145</sup>

### GRI Standard 2-21 (2021)

	2021	2022
Ratio of total annual earnings of the highest paid individual to the median total earnings of all employees (excluding the highest paid individual)	7.66	5.57

## Employees by age and professional category

### GRI Standard 405-1 (2016)

m.u.	No.	2020			2021			2022		
		Men	Women	Total	Men	Women	Total	Men	Women	Total
<b>Senior managers</b>		<b>27</b>	<b>9</b>	<b>36</b>	<b>25</b>	<b>10</b>	<b>35</b>	<b>22</b>	<b>11</b>	<b>33</b>
under 30 years old		-	-	-	-	-	-	-	-	-
30-50 years old		8	6	14	7	6	13	8	6	14
over 50 years old		19	3	22	18	4	22	14	5	19
<b>Middle managers</b>		<b>53</b>	<b>25</b>	<b>78</b>	<b>52</b>	<b>27</b>	<b>79</b>	<b>55</b>	<b>22</b>	<b>77</b>
under 30 years old		-	-	-	-	-	-	-	-	-
30-50 years old		17	15	32	15	15	30	18	12	30
over 50 years old		36	10	46	37	12	49	37	10	47
<b>Clerical workers</b>		<b>483</b>	<b>337</b>	<b>820</b>	<b>480</b>	<b>342</b>	<b>822</b>	<b>499</b>	<b>337</b>	<b>836</b>
under 30 years old		41	18	59	35	19	54	39	14	53
30-50 years old		295	251	546	301	253	554	317	250	567
over 50 years old		147	68	215	144	70	214	143	73	216
<b>Apprentices</b>		<b>5</b>	<b>-</b>	<b>5</b>	<b>2</b>	<b>-</b>	<b>2</b>	<b>-</b>	<b>-</b>	<b>-</b>
under 30 years old		3	-	3	1	-	1	-	-	-
30-50 years old		2	-	2	1	-	1	-	-	-
over 50 years old		-	-	-	-	-	-	-	-	-
<b>Workers</b>		<b>298</b>	<b>56</b>	<b>354</b>	<b>328</b>	<b>56</b>	<b>384</b>	<b>366</b>	<b>57</b>	<b>423</b>
under 30 years old		5	-	5	11	-	11	14	-	14
30-50 years old		155	28	183	167	27	194	195	29	223
over 50 years old		138	28	166	150	29	179	157	28	185
<b>Total employees</b>		<b>866</b>	<b>427</b>	<b>1,293</b>	<b>887</b>	<b>435</b>	<b>1,322</b>	<b>942</b>	<b>427</b>	<b>1,369</b>
under 30 years old		49	18	67	47	19	66	53	14	67
30-50 years old		477	300	777	491	301	792	538	297	834
over 50 years old		340	109	449	349	115	464	351	116	467

<sup>145</sup> Total annual remuneration refers to the sum of the fixed and variable short-term remuneration. All employees employed by the Company as at 31/12 were taken into consideration, restated according to the type of employment (part-time or full-time) and the dates of employment for new hires.

## Employees belonging to protected and vulnerable groups

### GRI Standard 405-1 (2016)

	m.u.	2020	2021	2022
<b>Total protected categories</b>		<b>37</b>	<b>34</b>	<b>38</b>
of whom protected groups under Article 18	No.	2	2	2
of whom legally disabled		35	32	36

## Diversity in governing bodies<sup>146</sup>

### GRI Standard 405-1 (2016)

	m.u.	2022		
		Men	Women	Total
<b>Board of Directors</b>	No.	<b>3</b>	<b>2</b>	<b>5</b>
under 30 years old		-	-	-
30-50 years old		1	-	1
over 50 years old		2	2	4
<b>Board of Statutory Auditors</b>		<b>2</b>	<b>1</b>	<b>3</b>
under 30 years old		-	-	-
30-50 years old	-	1	1	
over 50 years old	2	-	2	
<b>Audit, Risk Management and Sustainability Committee</b>	No.	<b>1</b>	<b>2</b>	<b>3</b>
under 30 years old		-	-	-
30-50 years old		-	-	-
over 50 years old		1	2	3

## New employee hires and employee turnover<sup>147</sup>

### GRI Standard 401-1 (2016)

Number of new hires by age	m.u.	2020			2021			2022		
		Men	Women	Total	Men	Women	Total	Men	Women	Total
under 30 years old	No.	17	9	26	20	10	30	29	11	40
30-50 years old		53	31	84	57	21	78	105	23	128
over 50 years old		7	-	7	13	3	16	12	3	15
<b>Total new employee hires</b>		<b>77</b>	<b>40</b>	<b>117</b>	<b>90</b>	<b>34</b>	<b>124</b>	<b>146</b>	<b>37</b>	<b>183</b>

New employee hire rate	m.u.	2020			2021			2022		
		Men	Women	Total	Men	Women	Total	Men	Women	Total
under 30 years old	%	35%	50%	39%	43%	53%	45%	55%	79%	60%
30-50 years old		11%	10%	11%	12%	7%	10%	20%	8%	15%
over 50 years old		2%	0%	2%	4%	3%	3%	3%	3%	3%
<b>Total</b>		<b>9%</b>	<b>9%</b>	<b>9%</b>	<b>10%</b>	<b>8%</b>	<b>9%</b>	<b>15%</b>	<b>9%</b>	<b>13%</b>

## Number of employment terminations (excluding expired employment contracts)

	m.u.	2020			2021			2022		
		Men	Women	Total	Men	Women	Total	Men	Women	Total
under 30 years old	No.	2	2	4	4	1	5	8	2	10
30-50 years old		19	14	33	31	16	47	44	31	75
over 50 years old		33	9	42	30	7	37	32	11	43
<b>Total terminations</b>		<b>54</b>	<b>25</b>	<b>79</b>	<b>65</b>	<b>24</b>	<b>89</b>	<b>84</b>	<b>44</b>	<b>128</b>

<sup>146</sup> For the composition of the Board of Directors relating to previous years, please refer to the 2021 NFS.

<sup>147</sup> Transfers within the group have been excluded from the calculation of turnover.

**Turnover rate (excluding expired employment contracts)**

m.u.		2020			2021			2022		
		Men	Women	Total	Men	Women	Total	Men	Women	Total
under 30 years old	%	4%	11%	6%	9%	5%	8%	15%	14%	15%
30-50 years old		4%	5%	4%	6%	5%	6%	8%	10%	9%
over 50 years old		10%	8%	9%	9%	6%	8%	9%	9%	9%
<b>Total</b>		<b>6%</b>	<b>6%</b>	<b>6%</b>	<b>7%</b>	<b>6%</b>	<b>7%</b>	<b>9%</b>	<b>10%</b>	<b>9%</b>

**Number of employment terminations (including expired employment contracts)**

m.u.		2020			2021			2022		
		Men	Women	Total	Men	Women	Total	Men	Women	Total
under 30 years old	No.	3	4	7	5	1	6	9	3	12
30-50 years old		26	18	44	35	17	52	48	31	79
over 50 years old		34	10	44	30	7	37	34	11	45
<b>Total terminations</b>		<b>63</b>	<b>32</b>	<b>95</b>	<b>70</b>	<b>25</b>	<b>95</b>	<b>91</b>	<b>45</b>	<b>136</b>

**Turnover rate (including expired employment contracts)**

m.u.		2020			2021			2022		
		Men	Women	Total	Men	Women	Total	Men	Women	Total
under 30 years old	%	6%	22%	10%	11%	5%	9%	17%	21%	18%
30-50 years old		5%	6%	6%	7%	6%	7%	9%	10%	9%
over 50 years old		10%	9%	10%	9%	6%	8%	10%	9%	10%
<b>Total</b>		<b>7%</b>	<b>7%</b>	<b>7%</b>	<b>8%</b>	<b>6%</b>	<b>7%</b>	<b>10%</b>	<b>11%</b>	<b>10%</b>

**Employees covered by an occupational health and safety management system<sup>148</sup>**
**GRI Standard 403-8 (2018)**

	m.u.	2022	
		No.	%
Employees covered by an occupational health and safety management system	No. / %	826	60%

**Employee work-related injuries and work-related injury rates**
**GRI Standard 403-9 (2018)**

	m.u.	2020	2021	2022
<b>Recordable injuries<sup>149</sup></b>		<b>3</b>	<b>8</b>	<b>2</b>
<i>of which High-consequence injuries<sup>150</sup></i>	No.	-	-	-
Deaths		-	-	-
Hours worked	hours	1,483,624	2,479,895	2,520,592
<b>Rate of recordable work-related injuries<sup>151</sup></b>		<b>0.40</b>	<b>0.65</b>	<b>0.16</b>
<b>Rate of high-consequence work-related injuries<sup>152</sup></b>		-	-	-
<b>Fatality rate<sup>153</sup></b>		-	-	-

<sup>148</sup> The data refers to 2022, the year in which the health and safety management system was certified by an external third party, in line with the ISO 45001 standard: 2018.

<sup>149</sup> The term "recordable work-related injuries" is taken to mean all accidents that result in any of the following: death, days away from work, restricted work or transfer to another job, medical treatment beyond first aid, or loss of consciousness. It includes all injuries caused by risks or dangers that workers may be exposed to in the workplace (e.g. death, amputation of a limb, laceration, fracture, hernia, burns, loss of consciousness, and paralysis).

<sup>150</sup> The term "high-consequence work-related injuries" is taken to mean injuries from which the worker cannot, does not, or is not expected to recover fully to a pre-injury health status within 6 months, excluding deaths.

<sup>151</sup> The calculation of the "Rate of recordable work-related injuries" is based on 200,000 hours worked, using the following formula: (Total recordable work-related injuries + Total deaths) / Hours worked \* 200,000.

<sup>152</sup> The calculation of the "Rate of high-consequence work-related injuries" is based on 200,000 hours worked, according to the following formula: (Total high-consequence work-related injuries / Hours worked) \* 200,000.

<sup>153</sup> The calculation of the "Fatality rate" is based on 200,000 hours worked, using the following formula: (Total deaths / Hours worked) \* 200,000.

### Work-related ill health involving employees

#### GRI Standard 403-10 (2018)

	m.u.	2020	2021	2022
Cases of work-related ill health	No.	-	-	-

### Average and total hours of training per year by gender and employee category

#### GRI Standard 404-1 (2016)

	m.u.	2020			2021			2022		
		Men	Women	Total	Men	Women	Total	Men	Women	Total
Senior managers	No.	538	174	<b>711</b>	1,868	581	<b>2,448</b>	1,177	449	<b>1,626</b>
Middle managers		932	692	<b>1,624</b>	2,751	1,792	<b>4,543</b>	2,262	1,371	<b>3,632</b>
Clerical workers		7,510	5,859	<b>13,368</b>	9,384	6,360	<b>15,743</b>	11,144	7,521	<b>18,665</b>
Workers		959	63	<b>1,022</b>	3,614	63	<b>3,677</b>	5,298	319	<b>5,617</b>
Apprentices		100	-	<b>100</b>	45	-	<b>45</b>	72	-	<b>72</b>
<b>Total hours of training</b>			<b>10,038</b>	<b>6,787</b>	<b>16,824</b>	<b>17,660</b>	<b>8,795</b>	<b>26,455</b>	<b>19,952</b>	<b>9,660</b>

	m.u.	2020			2021			2022		
		Men	Women	Total	Men	Women	Total	Men	Women	Total
Senior managers	No.	19.9	19.3	<b>19.8</b>	74.7	58.1	<b>69.9</b>	53.5	40.8	<b>49.3</b>
Middle managers		17.6	27.7	<b>20.8</b>	52.9	66.4	<b>57.5</b>	41.1	62.3	<b>47.2</b>
Clerical workers		15.5	17.4	<b>16.3</b>	19.5	18.6	<b>19.2</b>	22.3	22.3	<b>22.3</b>
Workers		3.2	1.1	<b>2.9</b>	11.0	1.1	<b>9.6</b>	14.5	5.6	<b>13.3</b>
Apprentices		19.9	-	<b>19.9</b>	22.5	-	<b>22.5</b>	-	-	<b>-</b>
<b>Average hours of training per capita</b>			<b>11.6</b>	<b>15.9</b>	<b>13.0</b>	<b>19.9</b>	<b>20.2</b>	<b>20.0</b>	<b>21.2</b>	<b>22.6</b>

### Number and percentage of employees who underwent performance reviews by gender and professional category

#### GRI Standard 404-3 (2016)

	m.u.	2022 <sup>154</sup>					
		Men		Women		Total	
		No.	%	No.	%	No.	%
Senior managers	No. / %	MBO	MBO	MBO	MBO	<b>MBO</b>	<b>MBO</b>
Middle managers		55	100%	22	100%	<b>77</b>	<b>100%</b>
Clerical workers		499	100%	337	100%	<b>836</b>	<b>100%</b>
Workers		295	81%	1	2%	<b>296</b>	<b>70%</b>
Apprentices		-	-	-	-	<b>-</b>	<b>-</b>
<b>Total employees who underwent performance reviews</b>			<b>849</b>	<b>90%</b>	<b>360</b>	<b>84%</b>	<b>1,209</b>

<sup>154</sup> The data refers to 2022, the first year of application of the new method for assigning and evaluating objectives.

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### Energy consumption within the organisation<sup>155</sup>

#### GRI Standard 302-1 (2016)

	m.u.	2020	2021	2022
<b>Fuels from non-renewable sources</b>	GJ	<b>106,932</b>	<b>114,353</b>	<b>113,369</b>
Natural gas		99,809 <sup>156</sup>	105,172	103,758
Gasoline		2,346	2,696	2,812
Diesel		3,824	5,709	6,056
Pellets		953	776	743
<b>Electricity purchased</b>		<b>532,403</b>	<b>521,822</b>	<b>506,000</b>
<i>of which certified from renewable sources</i>	%	100%	100%	100%
<b>Total energy consumption</b>	GJ	<b>639,335</b>	<b>636,175</b>	<b>619,369</b>

### Total emissions

#### GRI Standard 305-1 | 305-2 (2016)

	m.u.	2020	2021	2022
<b>Direct (Scope 1) emissions<sup>157</sup></b>	t CO <sub>2e</sub>	<b>6,236</b>	<b>6,724</b>	<b>6,524</b>
Natural gas		5,774	6,096	5,865
Gasoline		174	199	207
Diesel		284	425	450
Pellets		4	3	2
<b>Indirect (Scope 2) emissions<sup>158</sup></b>	t CO <sub>2e</sub>			
Electricity - Market based		-	-	-
Electricity - Location based		43,849	40,296	36,719

### Laboratory analyses concerning the water supply system (drinking water)

	m.u.	2020	2021	2022
Number of samples	No.	3,095	3,701	3,659
Number of parameters		175,083	211,838	159,659
Conformity percentage <sup>159</sup>	%	<b>99.52%</b>	<b>99.99%</b>	<b>99.99%</b>

### Network losses<sup>160</sup>

	m.u.	2020	2021	2022
Percentage water losses <sup>161</sup>	%	14.40	15.47	14.02
Linear water losses <sup>162</sup>	mc/km/gg	30.62	33.10	29.65

<sup>155</sup> For 2022, the following updated conversion factors were used: Gasoline 1 L = 0.03191 GJ; Diesel 1 L = 0.03599 GJ; Natural gas 1 Sm<sup>3</sup> = 0.03534 GJ; Electricity 1 kWh = 0.0036 GJ (ISPRA 2022); Pellets 1 t = 17.28 GJ (DEFRA 2022).

<sup>156</sup> There is a residual consumption of natural gas deriving from three boilers (one of which is being decommissioned) serving three company sites. While such consumption is not significant (<0.04% of the total), MM applies consumption reduction and conscientious resource management energy policies on this residual consumption as well.

<sup>157</sup> For 2022, the following updated emission factors were used for Scope 1 emissions: Natural gas – 1.99749 kgCO<sub>2e</sub>/Sm<sup>3</sup>; Gasoline – 3,174.298 kgCO<sub>2e</sub>/t; Diesel – 3,181.2610 kgCO<sub>2e</sub>/t (ISPRA 2022); Pellets – 50.55459 kgCO<sub>2e</sub>/t (DEFRA 2022).

<sup>158</sup> For 2022, the updated emission factor of 261 gCO<sub>2e</sub>/kWh (ISPRA 2022) was used for the calculation of Scope 2 emissions with a “Location-based” approach. For the “Market-based” approach, the emission factors that were used were those defined on a contractual basis with the electricity supplier. It is of particular note that as in 2021, certified green energy with a guarantee of origin also accounted for 100% of the total electricity purchased in 2022.

<sup>159</sup> The negligible exceedances recorded were found following microbiological contamination at the point of withdrawal, which, following the detection of any non-conformity, is invariably disinfected and subjected to subsequent immediate counter-analysis, with the final results always returning 100% microbiological conformity.

<sup>160</sup> The data on network losses refers to the City of Milan. The data referring to 2022 is awaiting approval by the Board of Directors of the Area Office of the Metropolitan City of Milan, pursuant to the technical quality regulations.

<sup>161</sup> The data refers to the macro-indicator M1b “Percentage water losses”, defined as the ratio of the volume of total water losses to the overall volume of water introduced into the system in the year considered.

<sup>162</sup> The data refers to the macro-indicator M1a “Linear water losses”, defined as the ratio of the volume of total water losses to the length of the water system in the year considered (mc/km/gg).

**Water withdrawal<sup>163</sup>****GRI Standard 303-3 (2018)**

	m.u.	2020	2021	2022
Groundwater, of which	ML	246,040	245,648	243,516
from wells for drinking use		209,027	211,165	209,198
from first aquifer <sup>164</sup>		37,013	34,483	34,318
<b>Total</b>		<b>246,040</b>	<b>245,648</b>	<b>243,516</b>

**Water introduced into the system and billed**

	m.u.	2020	2021	2022
Water introduced into the system	ML	207,790	209,594	208,488
Water billed		178,224	177,784	179,144

**Water discharges<sup>165</sup>****GRI Standard 303-4 (2018)**

	m.u.	2020	2021	2022
Surface water	ML	171,531	158,557	123,055
Other destination: irrigation reuse in agriculture		54,614	61,625	74,088
<b>Total</b>		<b>226,145</b>	<b>220,183</b>	<b>197,143</b>

**Water discharge by destination**

	m.u.	2020	2021	2022
Milan Nosedo	ML	130,544	132,692	120,400
Milan San Rocco		95,601	87,491	76,743
<b>Total</b>		<b>226,145</b>	<b>220,183</b>	<b>197,143</b>

**Recycled water for irrigation use**

	m.u.	2020	2021	2022
Flow rate for irrigation reuse	ML	54,614	61,625	74,088
Recycled water for irrigation reuse as a proportion of total water treated	%	24.1%	28.0%	37.6%

**Water discharge by quality of water at discharge**

	m.u.	Discharge limit	2020	2021	2022
BOD5	mg/l	10	<5	<5	<5
COD		60	12	13	13
TDS		10	<5	<5	<5
Total phosphorus		1	<1	<1	<1
Total nitrogen		10	5.1	4.4	5.1

**Laboratory analyses concerning treatment (water released into the environment)**

	m.u.	2020	2021	2022
Number of samples	No.	6,400	6,700	6,850
Number of parameters		38,200	39,200	37,800
Conformity percentage	%	<b>100%</b>	<b>100%</b>	<b>100%</b>

<sup>163</sup> MM does not withdraw water from water-stressed areas as Milan is not in such areas, according to the World Resource Institute ([Aqueduct Water Risk Atlas](#)). All water withdrawals refer to freshwater ( $\leq 1,000$  mg/l total dissolved solids) and groundwater (the following source types are therefore not applicable: surface water, seawater, produced water, third-party water resources).

<sup>164</sup> Water withdrawn from the first aquifer is not intended for the IWS and human consumption.

<sup>165</sup> Data on water discharges has been restated in line with the requirements of the new GRI Standard 303-4: Effluents (2018). MM does not discharge water into water-stressed areas as Milan is not in such areas, according to the World Resource Institute ([Aqueduct Water Risk Atlas](#)). All water discharges refer to freshwater ( $\leq 1,000$  mg/l total dissolved solids) and surface water (the following source types are therefore not applicable: groundwater, seawater, third-party water resources).

**Waste generated<sup>166</sup>****GRI Standard 306-3 (2020)**

	m.u.	2020	2021	2022
<b>Hazardous waste</b>	t	<b>10.9</b>	<b>18.0</b>	<b>8.4</b>
of which diverted from disposal		7.3	15.3	5.5
of which directed to disposal		3.6	2.8	2.9
<b>Non-hazardous waste</b>		<b>64,931.0</b>	<b>61,899.8</b>	<b>69,459.2</b>
of which diverted from disposal		64,715.7	61,519.1	69,007.6
of which directed to disposal		215.4	380.6	451.6
<b>Total</b>		<b>64,942.0</b>	<b>61,917.8</b>	<b>69,467.6</b>

**Waste diverted from disposal<sup>167</sup>****GRI Standard 306-4 (2020)**

Waste diverted from disposal	m.u.	2021	2022
<b>Hazardous waste</b>	t	<b>15.3</b>	<b>5.5</b>
Preparation for re-use		-	-
Recycling		-	-
Other recovery operations		15.3	5.5
<b>Non-hazardous waste</b>		<b>61,519.1</b>	<b>69,007.6</b>
Preparation for re-use		-	-
Recycling	2,448.1	-	
Other recovery operations	59,071	69,007.6	
<b>Total</b>		<b>61,534.4</b>	<b>69,013.1</b>

**Waste directed to disposal<sup>168</sup>****GRI Standard 306-5 (2020)**

Waste directed to disposal	m.u.	2021	2022
<b>Hazardous waste</b>	t	<b>2.8</b>	<b>2.9</b>
Incineration (with energy recovery)		-	-
Incineration (without energy recovery)		-	-
Landfill disposal		0.9	-
Other disposal operations		1.9	2.9
<b>Non-hazardous waste</b>		<b>380.6</b>	<b>451.6</b>
Incineration (with energy recovery)	-	-	
Incineration (without energy recovery)	103.8	105.3	
Landfill disposal	-	-	
Other disposal operations	276.8	346.3	
<b>Total</b>		<b>383.4</b>	<b>454.5</b>

**Production of sewage sludge by type<sup>169</sup>**

Sludge "as is"	m.u.	2020	2021	2022
Dehydrated sludge	t	52,106	48,592	57,036
Dried sludge		8,795	8,805	7,568
<b>Total</b>		<b>60,901</b>	<b>57,397</b>	<b>64,604</b>

<sup>166</sup> The reported amounts refer exclusively to waste generated by MM.

<sup>167</sup> The reported amounts refer exclusively to waste generated by MM. The table has been updated to the new GRI 306 standard: 2020 waste and the relative data were compared with the values for the previous year.

<sup>168</sup> The reported amounts refer exclusively to waste generated by MM. The table has been updated to the new GRI 306 standard: 2020 waste and the relative data were compared with the values for the previous year.

<sup>169</sup> The amounts refer to the overall sewage sludge generated by the two plants in Milan San Rocco and Nosedo.

Sludge generated in terms of Total Dry Substance (TDS) content	m.u.	2020	2021	2022
Dehydrated sludge	t	12,078	11,077	12,448
Dried sludge		7,861	7,919	6,754
<b>Total</b>		<b>19,939</b>	<b>18,996</b>	<b>19,202</b>

#### Destination of sewage sludge by type

Sludge "as is"	m.u.	2020	2021	2022
Sludge for agricultural use	t	48,069	42,101	57,036
Sludge to be used as energy carrier		12,832	15,296	7,568
<b>Total</b>		<b>60,901</b>	<b>57,397</b>	<b>64,604</b>

Sludge generated in terms of Total Dry Substance (TDS) content	m.u.	2020	2021	2022
Sludge for agricultural use	t	11,126	9,581	12,448
Sludge to be used as energy carrier		8,813	9,415	6,754
<b>Total</b>		<b>19,939</b>	<b>18,996</b>	<b>19,202</b>



## Reconciliation table with Legislative Decree 254/2016 and GRI Standards

Topics pursuant to Legislative Decree 254/2016	Material topic	Scope		Topic GRI Standards reconciliation
		Parties impacted	Type of impact	
Environmental	<b>Circular economy</b>	IWS Business Unit, Contractors (suppliers)	Caused by the Company and directly connected to its activities	Water and effluents Waste
	<b>Air quality and pollution</b>	MM, Contractors (suppliers)	Caused by the Company and directly connected to its activities	N/A
	<b>Fight against climate change</b>	MM, Contractors (suppliers)	Caused by the Company and directly connected to its activities	Emissions Energy
	<b>Sustainability and quality of the integrated water cycle</b>	IWS Business Unit, Contractors (suppliers)	Caused by the Company and directly connected to its activities	Water and effluents
Staff-related	<b>Inclusion and corporate well-being</b>	MM	Caused by the Company	Employment Diversity and equal opportunity
	<b>People's skills and professional expertise</b>	MM	Caused by the Company	Training and education
	<b>Industrial relations</b>	MM	Caused by the Company	N/A
	<b>Occupational health and safety<sup>170</sup></b>	MM's employees	Caused by the Company	Occupational health and safety
Social	<b>Community engagement</b>	Housing Business Unit, Engineering Business Unit	Caused by the Company and directly connected to its activities	N/A
	<b>Partnerships with Entities and Institutions to enable development</b>	MM	Caused by the Company	N/A
	<b>Innovation and digitalisation</b>	MM, Contractors (suppliers), Universities and scientific community	Caused by the Company and directly connected to its activities	N/A
	<b>Relations with customers</b>	IWS Business Unit, Housing Business Unit	Caused by the Company and directly connected to its activities	N/A
	<b>Quality and continuity of service</b>	IWS Business Unit, Housing Business Unit	Caused by the Company and directly connected to its activities	N/A
	<b>Supply chain management</b>	MM, Contractors (suppliers)	Caused by the Company	Supplier socio-environmental assessment
<b>Fight against active and</b>	<b>Business ethics and integrity</b>	MM, Contractors (suppliers)	Caused by the Company and directly connected to its activities	Anti-corruption Customer privacy

<sup>170</sup> Since these topics are important at a general level, MM will consider extending this analysis to non-employee staff. In this case, it would be necessary to gather information from external staff employers and suppliers operating at the Company's sites and/or under the Company's control. However, MM could not directly control the quality and precision of such data.

<i>passive corruption</i>				
<b>Business management model</b>	<b>Creating value for stakeholders</b>	MM	Caused by the Company and directly connected to its activities	Economic performance Taxes
	<b>Integrated risk management</b>	MM	Caused by the Company	N/A
<b>N/A</b>	<b>Caring for the city and its citizens</b>	MM	Caused by the Company and directly connected to its activities	N/A

## Prioritised list of material topics with description

In line with the requirements of the GRI Standards 2021, the prioritised list of material topics for MM is shown below, with a description of the main positive and negative impacts, current and potential, generated by MM on the economy, environment and people, including those on human rights, assessed as significant following the materiality analysis process.

RESPONSIBLE BUSINESS	ENVIRONMENTAL TRANSITION	EMPOWERING PEOPLE	COMMUNITIES AND LOCAL AREAS
Material Topics 2022	Description		
<b>Sustainability and quality of the integrated water cycle</b>	<p>Manage the Integrated Water Service effectively and efficiently, contributing to positive impacts such as the conservation, restoration and sustainable management of the water resource, the supply of quality water resources accessible to all, the reuse of high quality purified water for irrigation, and maintaining the safety of water networks. Prevent negative impacts related to inadequate quality of the water supplied, waste of water (water leaks), possible contamination caused by inadequate controls on water discharges, service inefficiencies and environmental damage caused by malfunctions in the management of the network, drains and underpasses, water purification processes, land use for water treatment plants and networks, impacts of road construction sites related to network works, and high energy needs for water treatment and pumping.</p>		
<b>Circular economy</b>	<p>Promote circular business models that combine technological innovation, environmental sustainability and energy efficiency, achieving positive impacts such as the recovery of nutrients, matter, energy and heat from sewage sludge, the recovery and reuse of heat from sewerage, groundwater and wastewater, the use of less invasive technologies for the redevelopment of networks (e.g. no-dig), and awareness-raising in relation to employees and the community on the sustainable management of resources (e.g. water, waste). Prevent the negative impacts on the environment associated with the production and disposal of waste (especially hazardous waste) and sewage sludge, as well as the emerging impacts associated with the processes of transforming waste into new products as part of circular economy projects (energy consumption, use of chemicals, etc.).</p>		
<b>Caring for the city and its citizens</b>	<p>Promote the concept of caring for the city and its citizens by generating positive impacts such as the enhancement and development of the local area thanks to infrastructural interventions, urban redevelopment and expansion of the networks, planning attentive to the protection of the territory and the needs of citizens, the promotion of sustainable mobility and buildings, and optimised water management. Prevent the negative impacts caused by the production of dust, waste, spills and pollution in the performance of business activities and by the prolongation of service inefficiencies for citizens due to infrastructural interventions that are not timely/able to resolve the underlying problem or that do not pay much attention to the local area and to reducing disruptions and inconvenience for citizens.</p>		
<b>Fight against climate change</b>	<p>Develop policies aimed at reducing the risks associated with climate change and supporting the ecological transition of the local area by contributing to the positive impacts associated with the development of resilient infrastructure, in particular thanks to the promotion of energy efficiency initiatives aimed at reducing consumption, the use of energy from renewable sources through the purchase and/or solutions for self-production, the use of low-emission technologies, the redevelopment of offices and plants and the use of waste water for the production of green hydrogen and oxygen for purification processes, as well as education, training and awareness-raising initiatives for the community and employees on the fight against climate change. Prevent the negative impacts deriving from the management</p>		

	<p><i>of highly energy-intensive activities not subject to efficiency measures and from the use of non-renewable energy sources or technologies with a low energy efficiency.</i></p>
<p><b>Creating value for stakeholders</b></p>	<p><i>Guarantee the satisfaction of the long-term interests of subjects linked to MM, ensuring positive impacts on the territory thanks to the sharing of the value created through business activities and investments, and reducing the negative impacts linked to the partial or the lack of sharing of this value (both if it was created and if the expected economic-financial results were not achieved).</i></p>
<p><b>Quality and continuity of service</b></p>	<p><i>Guarantee quality services to citizens, contributing to positive impacts thanks to customer satisfaction with respect to the offer of efficient, continuous and usable services, the balance between quality and cost of the service, compliance with the intervention timeframes and resolution of service inefficiencies, and the increase in services for citizens. Reduce the negative impacts related to interruptions, failures and inconveniences caused by inadequate management and maintenance of infrastructure, and inadequate communication of information on MM activities and services.</i></p>
<p><b>People's skills and professional expertise</b></p>	<p><i>Promote training, professional growth and performance assessment paths that allow for the achievement of positive impacts such as the strengthening of skills and recognising the value of resources. Prevent and reduce negative impacts related to limited/lack of updating of skills due to inadequate or unplanned training, career paths that are not shared or do not meet the expectations of employees, and their lack of accountability also due to ineffective performance evaluation systems.</i></p>
<p><b>Business ethics and integrity</b></p>	<p><i>Guarantee the ethical and transparent management of the business through governance and internal control systems, management-organisation models, internal policies and procedures, reporting and training mechanisms aimed at disseminating the principles of transparency and lawfulness. Contribute to positive impacts related to the dissemination of ethical practices along the value chain, the adoption of a structured system of internal controls aimed at preventing crimes and unethical behaviour, and the protection of stakeholder personal data thanks to the implementation of corporate privacy policies. Counteract and prevent negative impacts from the failure to comply with sector regulations (also by third parties), from conduct contrary to internal corporate regulations, and from the loss/destruction/disclosure of stakeholder personal data.</i></p>
<p><b>Occupational health and safety</b></p>	<p><i>Develop policies, practices and management systems aimed at guaranteeing the health and safety – physical and mental – of employees, contributing to positive impacts thanks to the strengthening of culture and knowledge on the subject through training, prevention and awareness-raising initiatives. Prevent negative impacts related to the occurrence of accidents and/or occupational diseases due to unhealthy, unsafe and uncomfortable workplaces, inadequate management of pandemic events and the incorrect evaluation of psychosocial risks concerning work-related stress.</i></p>
<p><b>Innovation and digitalisation</b></p>	<p><i>Promote the technological innovation of services and processes, contributing to positive impacts such as strengthening the digital skills of employees through training activities (including in the cybersecurity sphere), renewing and enhancing their IT devices with social and environmental benefits, greater accessibility and digitisation of services for the benefit of the community, and less use of paper thanks to the dematerialisation of archives and digitisation of micro-processes. Prevent the negative impacts caused by disruptions related to the unavailability of digital services, the insufficient strengthening of employees' digital skills, and the increase in energy consumption caused by digital infrastructure.</i></p>

<b>Relations with customers</b>	<p>Provide adequate tools for dialogue, communication and information with customers, contributing to positive impacts such as integrated and efficient management of customer service, the rapid resolution of service inefficiencies, the commitment to strengthening user protection and transparency, the diffusion of responsible behaviour for the use of water resources, and the adoption of management procedures aimed at containing cases of overdue payments. Prevent negative impacts related to customer dissatisfaction due to the inadequacy of dialogue channels, the failure to adopt procedures aimed at discouraging overdue payments and safeguarding “weak” users, failure to comply with deadlines and minimum service levels provided for by legislation in the sector.</p>
<b>Air quality and pollution</b>	<p>Responsibly manage the various types of polluting emissions caused by business activities, with positive impacts on the environment and human health linked to the reduction of pollution levels (e.g. emissions into the atmosphere, odours, dust, vibro-acoustic pollution) and from use of residual heat from wastewater to replace fossil fuels. Prevent and mitigate the negative impacts caused by the production of polluting emissions, odours or dust, vibro-acoustic pollution during business activities (e.g. construction sites, purifiers, company fleet, etc.).</p>
<b>Community engagement</b>	<p>Promote community involvement initiatives with positive impacts such as the contribution to its social, economic and cultural development, the creation of participatory paths in which citizens collaborate in the transformation of the city, the sharing of the cultural and environmental heritage of the local area, and transparency in the relationship with the media. Prevent the negative impacts caused by communication and engagement activities that do not respond to the needs of the community and/or are not proactive, by ineffective narration to citizens of projects aimed at the local area, by the limited contribution to the social, economic and cultural development of communities, and by the inadequate involvement of citizens in maximising the value of the local heritage.</p>
<b>Supply chain management</b>	<p>Promote transparent and responsible management of the supply chain, contributing to positive impacts linked to the creation of a supply chain that is attentive to social and environmental aspects and to strengthening relations with suppliers who adopt sustainable practices, in compliance with the regulatory provisions on Public Contracts. Prevent negative impacts from social and environmental damage caused by activities along the supply chain, by MM’s limited contribution to improving the social and environmental performance of suppliers (also in light of the constraints imposed by the Procurement Code), and by the failure of compliance with the commitments made to contractors (salaries, contractual conditions, etc.)</p>
<b>Inclusion and corporate well-being</b>	<p>Promote resource involvement and care initiatives aimed at generating positive impacts thanks to the creation of employment, welfare, well-being and benefit services offered, the promotion of a work-life balance and the creation of a sense of belonging to the corporate values and develop programmes and initiatives aimed at ensuring equal opportunities in the company, thanks to the creation and dissemination of an inclusive corporate culture. Prevent and reduce the negative impacts caused by employee dissatisfaction and meet their expectations in terms of well-being, while protecting their human rights.</p>
<b>Integrated risk management</b>	<p>Manage the business in an integrated manner, contributing to positive impacts through the integration of non-financial risks (ESG) into the internal system in order to more comprehensively identify, manage and mitigate risks. Prevent negative impacts related to the limited or ineffective integration of non-financial risks (ESG) in the internal risk identification, management and mitigation system.</p>

<b>Partnerships to enable development</b>	<p><i>Promote collaboration with organisations and institutions to contribute to the positive impacts linked to the transfer and sharing of skills and best practices in order to increase the polytechnic culture, improve the quality of the services offered, disseminate the culture of sustainability, encourage the exchange of technical skills for the optimal management of services, and promote a constructive dialogue with institutions and decision-makers on social and environmental topics. Prevent negative impacts such as limited sharing of expertise and best practices and limited collaboration for the development of increasingly more efficient services.</i></p>
<b>Industrial relations</b>	<p><i>Promote dialogue and discussion initiatives with worker representatives in order to generate positive impacts tied to the signing of supplementary union agreements (e.g. welfare) thanks to constructive dialogue with union representatives. Prevent the negative impacts related to the impossibility of reaching supplementary union agreements as a result of conflicting labour relations.</i></p>

## GRI Content Index

MM S.p.A.'s Sustainability Report (Individual non-financial statement) is prepared in accordance with the GRI Standards 2021: in accordance with. The following table shows the information relating to the company, based on the GRI Standards 2021, published by the Global Reporting Initiative, in an updated version, regarding the materiality analysis of MM S.p.A. for the years 2020, 2021 and 2022.

Declaration of use	MM reports "in accordance with GRI Standards" for the period from 1 January 2022 to 31 December 2022
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI Sector Standards	N/A: the GRI Sector Standards for MM's business sectors have not yet been published

GRI Standard	Disclosure	Section / Notes / Omission
<b>GENERAL DISCLOSURES</b>		
<b>GRI 2: General Disclosures (2021)</b>		
2-1	Organizational details	1. About MM 1.1 Our history 1.2 Where we are in Italy and the World 1.3 Business areas 1.4 Governance
2-2	Entities included in the organization's sustainability reporting	Methodological Note
2-3	Reporting period, frequency and contact point	Methodological Note
2-4	Restatements of information	Methodological Note
2-5	External assurance	Independent Auditor's Report
2-6	Activities, value chain and other business relationships	1. About MM 1.1 Our history 1.2 Where we are in Italy and the World 1.3 Business areas 1.4 Governance 3.2 Creating value for stakeholders 3.4 Supply chain management 4. We value MM's people Methodological Note
2-7	Employees	4.1 Who are MM's people? Detail tables
2-8	Workers who are not employees	4.1 Who are MM's people? Detail tables
2-9	Governance structure and composition	1.4 Governance
2-10	Nomination and selection of the highest governance body	1.4 Governance
2-11	Chair of the highest governance body	1.4 Governance
2-12	Role of the highest governance body in overseeing the management of impacts	1.4 Governance 2. Sustainability at MM 2.2 Materiality analysis and material topics for MM 2.3 Integrated risk management 2.3.1 Mapping sustainability-related risks
2-13	Delegation of responsibility for managing impacts	1.4 Governance
2-14	Role of the highest governance body in sustainability reporting	1.4 Governance 2. Sustainability at MM 2.2 Materiality analysis and material topics for MM

2-15	Conflicts of interest	1.4 Governance
2-16	Communication of critical concerns	1.4 Governance
2-17	Collective knowledge of the highest governance body	1.4 Governance
2-18	Evaluation of the performance of the highest governance body	1.4 Governance
2-19	Remuneration policies	1.4 Governance
2-20	Process to determine remuneration	1.4 Governance
2-21	Annual total compensation ratio	Detail tables
2-22	Statement on sustainable development strategy	Letter to Stakeholders
2-23	Policy commitments	The external context and sector megatrends 1. About MM 2.3 Integrated risk management 2.3.1 Mapping sustainability-related risks 3. We believe in responsible business 3.1 Business ethics and integrity
2-24	Embedding policy commitments	2.3 Integrated risk management 2.3.1 Mapping sustainability-related risks 2.4 Management systems and certifications 3. We believe in responsible business 3.1 Business ethics and integrity
2-25	Processes to remediate negative impacts	2.4 Management systems and certifications 3. We believe in responsible business 3.1 Business ethics and integrity Mapping sustainability-related risks
2-26	Mechanisms for seeking advice and raising concerns	3.1 Business ethics and integrity
2-27	Compliance with laws and regulations	In 2022 there were no significant incidents of non-compliance with laws and regulations.
2-28	Membership associations	5.3 Sustainability and quality of the integrated water cycle 6.4 Collaborations with the world of associations
2-29	Approach to stakeholder engagement	2.1 Our stakeholders and dialogue tools
2-30	Collective bargaining agreements	4.6 Relations between MM and trade union organisations

## MATERIAL TOPICS

### GRI 3: Material Topics (2021)

3-1	Process to determine material topics	2.2 Materiality analysis and material topics for MM
3-2	List of material topics	2.2 Materiality analysis and material topics for MM Prioritised list of material topics with description

### Creating value for stakeholders

### GRI 3: Material Topics (2021)

3-3	Management of material topics	2.2 Materiality analysis and material topics for MM 3. We believe in responsible business 3.2 Creating value for stakeholders Reconciliation table with Legislative Decree 254/2016 and GRI Standards Prioritised list of material topics with description
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### GRI 201: Economic performance (2016)

201-1	Direct economic value generated and distributed	3.2 Creating value for stakeholders Detail tables
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### GRI 207: Tax (2019)

207-1	Approach to tax	3.2 Creating value for stakeholders
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207-2	Tax governance, control, and risk management	3.2 Creating value for stakeholders
207-3	Stakeholder engagement and management of concerns related to tax	3.2 Creating value for stakeholders
<b>Business ethics and integrity</b>		
<b>GRI 3: Material Topics (2021)</b>		
3-3	Management of material topics	2.2 Materiality analysis and material topics for MM 3 We believe in responsible business 3.1 Business ethics and integrity Reconciliation table with Legislative Decree 254/2016 and GRI Standards Prioritised list of material topics with description
<b>GRI 205: Anti-corruption (2016)</b>		
205-3	Confirmed incidents of corruption and actions taken	In 2022, there were no incidents of corruption.
<b>GRI 418: Customer privacy (2016)</b>		
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	In 2022 there were no substantiated complaints concerning breaches of customer privacy and losses of customer data.
<b>Fight against climate change</b>		
<b>GRI 3: Material Topics (2021)</b>		
3-3	Management of material topics	2.2 Materiality analysis and material topics for MM 2.4 Management systems and certifications 5. We support environmental transition 5.1 Fight against climate change Reconciliation table with Legislative Decree 254/2016 and GRI Standards Mapping sustainability-related risks Prioritised list of material topics with description
<b>GRI 302: Energy (2016)</b>		
302-1	Energy consumption within the organization	5.1 Fight against climate change Detail tables
<b>GRI 305: Emissions (2016)</b>		
305-1	Direct (Scope 1) GHG emissions	5.1 Fight against climate change Detail tables
305-2	Energy indirect (Scope 2) GHG emissions	5.1 Fight against climate change Detail tables
<b>Sustainability and quality of the integrated water cycle</b>		
<b>GRI 3: Material Topics (2021)</b>		
3-3	Management of material topics	2.2 Materiality analysis and material topics for MM 5.3 Sustainability and quality of the integrated water cycle Reconciliation table with Legislative Decree 254/2016 and GRI Standards Prioritised list of material topics with description
<b>GRI 303: Water and effluents (2018)</b>		
303-1	Interactions with water as a shared resource	1.3 Business areas 5.3 Sustainability and quality of the integrated water cycle 5.3.1 Withdrawal, quality and safety of water distributed to citizens
303-2	Management of water discharge-related impacts	5.3 Sustainability and quality of the integrated water cycle 5.3.2 Treatment system and quality of water discharges

303-3	Water withdrawal	5.3.1 Withdrawal, quality and safety of water distributed to citizens Detail tables
<b>Circular economy</b>		
<b>GRI 3: Material Topics (2021)</b>		
3-3	Management of material topics	2.2 Materiality analysis and material topics for MM 5. We support environmental transition 5.4 Circular economy projects and interventions 5.4.1 Waste and biological sludge management Reconciliation table with Legislative Decree 254/2016 and GRI Standards Prioritised list of material topics with description
<b>GRI 303: Water and effluents (2018)</b>		
303-4	Water discharge	5.2.3 Treatment system and quality of water discharges Detail tables
<b>GRI 306: Waste (2020)</b>		
306-1	Waste generation and significant waste-related impacts	5.4 Circular economy projects and interventions 5.4.1 Waste and biological sludge management
306-2	Management of significant waste-related impacts	5.4 Circular economy projects and interventions 5.4.1 Waste and biological sludge management
306-3	Waste generated	5.4.1 Waste and biological sludge management Detail tables
306-4	Waste diverted from disposal	5.4.1 Waste and biological sludge management Detail tables
306-5	Waste directed to disposal	5.4.1 Waste and biological sludge management Detail tables
<b>Supply chain management</b>		
<b>GRI 3: Material Topics (2021)</b>		
3-3	Management of material topics	2.2 Materiality analysis and material topics for MM 3. We believe in responsible business 3.4 Supply chain management Reconciliation table with Legislative Decree 254/2016 and GRI Standards Prioritised list of material topics with description
<b>GRI 308: Supplier environmental assessment (2016)</b>		
308-1	New suppliers that were screened using environmental criteria	3.4 Supply chain management Detail tables
<b>GRI 414: Supplier social assessment (2016)</b>		
414-1	New suppliers that were screened using social criteria	3.4 Supply chain management Detail tables
<b>Inclusion and corporate well-being</b>		
<b>GRI 3: Material Topics (2021)</b>		
3-3	Management of material topics	2.2 Materiality analysis and material topics for MM 4. We value MM's people 4.1 Who are MM's people? 4.4 Inclusion and corporate well-being Reconciliation table with Legislative Decree 254/2016 and GRI Standards Prioritised list of material topics with description
<b>GRI 401: Employment (2016)</b>		
401-1	New employee hires and employee turnover	4. We value MM's people 4.1 Who are MM's people? Detail tables
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employee	4.4 Inclusion and corporate well-being 4.5 Occupational health and safety

**GRI 405: Diversity and equal opportunity (2016)**

405-1	Diversity of governance bodies and employees	1.4 Governance 4.1 Who are MM's people? 4.4 Inclusion and corporate well-being Detail tables
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**People's skills and professional expertise**
**GRI 3: Material Topics (2021)**

3-3	Management of material topics	2.2 Materiality analysis and material topics for MM 4. We value MM's people 4.2 Training as a strategic lever for professional development 4.3 Evaluation of skills and performance Reconciliation table with Legislative Decree 254/2016 and GRI Standards Prioritised list of material topics with description
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**GRI 404: Training and education (2016)**

404-1	Average hours of training per year per employee	4.2 Training as a strategic lever for professional development Detail tables
404-3	Percentage of employees receiving regular performance and career development reviews	4.3 Evaluation of skills and performance Detail tables

**Occupational health and safety**
**GRI 3: Material Topics (2021)**

3-3	Management of material topics	2.2 Materiality analysis and material topics for MM 2.4 Management systems and certifications 4. We value MM's people 4.5 Occupational health and safety Reconciliation table with Legislative Decree 254/2016 and GRI Standards Prioritised list of material topics with description
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**GRI 403: Occupational health and safety (2018)**

403-1	Occupational health and safety management system	4.5 Occupational health and safety
403-2	Hazard identification, risk assessment, and incident investigation	4.5 Occupational health and safety
403-3	Occupational health services	4.4 Inclusion and corporate well-being 4.5 Occupational health and safety
403-4	Worker participation, consultation, and communication on occupational health and safety	4.5 Occupational health and safety
403-5	Worker training on occupational health and safety	4.5 Occupational health and safety
403-6	Promotion of worker health	4.4 Inclusion and corporate well-being 4.5 Occupational health and safety
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	2.3.1 Mapping sustainability-related risks 4.5 Occupational health and safety
403-8	Workers covered by an occupational health and safety management system	4.5 Occupational health and safety Detail tables
403-9	Work-related injuries	4.5 Occupational health and safety Detail tables
403-10	Work-related ill health	4.5 Occupational health and safety Detail tables

<b>Industrial relations</b>		
<b>GRI 3: Material Topics (2021)</b>		
3-3	Management of material topics	<p>2.2 Materiality analysis and material topics for MM</p> <p>4.6 Relations between MM and trade union organisations</p> <p>Reconciliation table with Legislative Decree 254/2016 and GRI Standards</p> <p>Prioritised list of material topics with description</p>
<b>Caring for the city and its citizens</b>		
<b>GRI 3: Material Topics (2021)</b>		
3-3	Management of material topics	<p>2.2 Materiality analysis and material topics for MM</p> <p>1.4 The areas of intervention</p> <p>6. We care for the city and its citizens</p> <p>6.1 Care of the public heritage and its infrastructures</p> <p>6.1.1 Facility management activities</p> <p>6.2.3 Social interventions in the Public Housing context</p> <p>Reconciliation table with Legislative Decree 254/2016 and GRI Standards</p> <p>Prioritised list of material topics with description</p>
<b>Community engagement</b>		
<b>GRI 3: Material Topics (2021)</b>		
3-3	Management of material topics	<p>2.2 Materiality analysis and material topics for MM</p> <p>6.3 Relations with the territory</p> <p>6.3.1 Milan's Centrale dell'Acqua</p> <p>6.3.2 Activities with schools and families</p> <p>6.3.3 Building site communication: the experience of the M4 Line</p> <p>Reconciliation table with Legislative Decree 254/2016 and GRI Standards</p> <p>Prioritised list of material topics with description</p>
<b>Partnerships to enable development</b>		
<b>GRI 3: Material Topics (2021)</b>		
3-3	Management of material topics	<p>2.2 Materiality analysis and material topics for MM</p> <p>5.3 Sustainability and quality of the integrated water cycle</p> <p>6.4 Collaborations with the world of associations</p> <p>6.5 MM and international cooperation</p> <p>Reconciliation table with Legislative Decree 254/2016 and GRI Standards</p> <p>Prioritised list of material topics with description</p>
<b>Relations with customers</b>		
<b>GRI 3: Material Topics (2021)</b>		
3-3	Management of material topics	<p>2.2 Materiality analysis and material topics for MM</p> <p>6.2 Care in customer relations</p> <p>6.2.1 Services for IWS customers</p> <p>6.2.2 Services for Public Housing customers</p> <p>Reconciliation table with Legislative Decree 254/2016 and GRI Standards</p> <p>Prioritised list of material topics with description</p>
<b>Quality and continuity of service</b>		
<b>GRI 3: Material Topics (2021)</b>		
3-3	Management of material topics	<p>2.2 Materiality analysis and material topics for MM</p> <p>2.4 Management systems and certifications</p> <p>6.2 Care in customer relations</p> <p>6.2.1 Services for IWS customers</p>

		<p>6.2.2 Services for Public Housing customers  Reconciliation table with Legislative Decree 254/2016 and GRI Standards  Prioritised list of material topics with description</p>
<b>Air quality and pollution</b> <b>GRI 3: Material Topics (2021)</b>		
3-3	Management of material topics	<p>2.2 Materiality analysis and material topics for MM  5.2 Air quality and containment of pollution  Prioritised list of material topics with description</p>
<b>Innovation and digitalisation</b> <b>GRI 3: Material Topics (2021)</b>		
3-3	Management of material topics	<p>2.2 Materiality analysis and material topics for MM  3.3 Innovation and digital transformation  5.3 Sustainability and quality of the integrated water cycle  Prioritised list of material topics with description</p>
<b>Integrated risk management</b> <b>GRI 3: Material Topics (2021)</b>		
3-3	Management of material topics	<p>2.2 Materiality analysis and material topics for MM  2.3 MM's integrated risk management  2.3.1 Mapping sustainability-related risks  Mapping sustainability-related risks  Prioritised list of material topics with description</p>



**MM SPA**

**INDEPENDENT AUDITOR'S REPORT ON THE INDIVIDUAL  
NON-FINANCIAL STATEMENT PURSUANT TO ARTICLE 3,  
PARAGRAPH 10, OF LEGISLATIVE DECREE NO. 254/2016 AND  
ARTICLE 5 OF CONSOB REGULATION NO. 20267 OF JANUARY  
2018**

**YEAR ENDED 31 DECEMBER 2022**



## ***Independent auditor's report on the individual non-financial statement***

*pursuant to article 3, paragraph 10, of Legislative Decree No. 254/2016 and article 5 of CONSOB Regulation No. 20267 of January 2018*

To the Board of Directors of MM SpA

Pursuant to article 3, paragraph 10, of Legislative Decree No. 254 of 30 December 2016 (the "Decree") and article 5 of CONSOB Regulation No. 20267/2018, we have undertaken a limited assurance engagement on the individual non-financial statement of MM SpA (also the "Company") for the year ended 31 December 2022 prepared in accordance with article 3 of the Decree, and approved by the Board of Directors on 18 April 2023 (the "NFS").

Our review does not extend to the information set out in the paragraphs of the NFS titled "The European Taxonomy on Sustainable Investment" and "The European Taxonomy: Supporting Information", required by article 8 of European Regulation 2020/852.

### ***Responsibilities of the Directors and the Board of Statutory Auditors for the NFS***

The Directors of MM SpA are responsible for the preparation of the NFS in accordance with article 3 and 4 of the Decree and with the "Global Reporting Initiative Sustainability Reporting Standards" defined in 2016, and updated to 2021, by the GRI – *Global Reporting Initiative* (GRI Standards), identified by them as the reporting standards.

The Directors are also responsible, in the terms prescribed by law, for such internal control as they determine is necessary to enable the preparation of a NFS that is free from material misstatement, whether due to fraud or error.

Moreover, the Directors are responsible for identifying the content of the NFS, within the matters mentioned in article 3, paragraph 1, of the Decree, considering the activities and characteristics of the Company and to the extent necessary to ensure an understanding of the Company's activities, its performance, its results and related impacts.

Finally, the Directors are responsible for defining the business and organisational model of the Company and, with reference to the matters identified and reported in the NFS, for the policies adopted by the Company and for the identification and management of risks generated and/or faced by the Company.

The board of statutory auditors is responsible for overseeing, in the terms prescribed by law, compliance with the Decree.

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### ***PricewaterhouseCoopers SpA***

Sede legale: **Milano** 20145 Piazza Tre Torri 2 Tel. 02 77851 Fax 02 7785240 Capitale Sociale Euro 6.890.000,00 i.v. C.F. e P.IVA e Reg. Imprese Milano Monza Brianza Lodi 12979880155 Iscritta al n° 119644 del Registro dei Revisori Legali - Altri Uffici: **Ancona** 60131 Via Sandro Totti 1 Tel. 071 2132311 - **Bari** 70122 Via Abate Gimma 72 Tel. 080 5640211 - **Bergamo** 24121 Largo Belotti 5 Tel. 035 229691 - **Bologna** 40126 Via Angelo Finelli 8 Tel. 051 6186211 - **Brescia** 25121 Viale Duca d'Aosta 28 Tel. 030 3697501 - **Catania** 95129 Corso Italia 302 Tel. 095 7532311 - **Firenze** 50121 Viale Gramsci 15 Tel. 055 2482811 - **Genova** 16121 Piazza Piccapietra 9 Tel. 010 29041 - **Napoli** 80121 Via dei Mille 16 Tel. 081 36181 - **Padova** 35138 Via Vicenza 4 Tel. 049 873481 - **Palermo** 90141 Via Marchese Ugo 60 Tel. 091 349737 - **Parma** 43121 Viale Tanara 20/A Tel. 0521 275911 - **Pescara** 65127 Piazza Ettore Troilo 8 Tel. 085 4545711 - **Roma** 00154 Largo Fochetti 29 Tel. 06 570251 - **Torino** 10122 Corso Palestro 10 Tel. 011 556771 - **Trento** 38122 Viale della Costituzione 33 Tel. 0461 237004 - **Treviso** 31100 Viale Felissent 90 Tel. 0422 696911 - **Trieste** 34125 Via Cesare Battisti 18 Tel. 040 3480781 - **Udine** 33100 Via Poscolle 43 Tel. 0432 25789 - **Varese** 21100 Via Albuzzi 43 Tel. 0332 285039 - **Verona** 37135 Via Francia 21/C Tel. 045 8263001 - **Vicenza** 36100 Piazza Pontelandolfo 9 Tel. 0444 393311

### ***Auditor's Independence and Quality Control***

We are independent in accordance with the principles of ethics and independence set out in the *Code of Ethics for Professional Accountants* published by the *International Ethics Standards Board for Accountants*, which are based on the fundamental principles of integrity, objectivity, competence and professional diligence, confidentiality and professional behaviour. Our audit firm adopts *International Standard on Quality Control 1 (ISQC Italia 1)* and, accordingly, maintains an overall quality control system which includes processes and procedures for compliance with ethical and professional principles and with applicable laws and regulations.

### ***Auditor's responsibilities***

We are responsible for expressing a conclusion, on the basis of the work performed, regarding the compliance of the NFS with the Decree and with the GRI Standards. We conducted our work in accordance with *International Standard on Assurance Engagements 3000 (Revised) – Assurance Engagements Other than Audits or Reviews of Historical Financial Information (“ISAE 3000 Revised”)*, issued by the *International Auditing and Assurance Standards Board (IAASB)* for limited assurance engagements. The standard requires that we plan and apply procedures in order to obtain limited assurance that the NFS is free of material misstatement. The procedures performed in a limited assurance engagement are less in scope than those performed in a reasonable assurance engagement in accordance with ISAE 3000 Revised, and, therefore, do not provide us with a sufficient level of assurance that we have become aware of all significant facts and circumstances that might be identified in a reasonable assurance engagement.

The procedures performed on the NFS were based on our professional judgement and consisted in interviews, primarily of company personnel responsible for the preparation of the information presented in the NFS, analyses of documents, recalculations and other procedures designed to obtain evidence considered useful.

In detail, we performed the following procedures:

1. Analysis of the relevant matters reported in the NFS relating to the activities and characteristics of the Company, in order to assess the reasonableness of the selection process used, in accordance with article 3 of the Decree and with the reporting standard adopted;
2. Comparison of the financial information reported in the NFS with the information reported in the Company's financial statements;
3. Understanding of the following matters:
  - a. Business and organisational model of the Company with reference to the management of the matters specified by article 3 of the Decree;
  - b. Policies adopted by the Company with reference to the matters specified in article 3 of the Decree, actual results and related key performance indicators;
  - c. Key risks generated and/or faced by the Company with reference to the matters specified in article 3 of the Decree.

With reference to those matters, we compared the information obtained with the information presented in the NFS and carried out the procedures described under point 4 a) below;



4. Understanding of the processes underlying the preparation, collection and management of the significant qualitative and quantitative information included in the NFS.

In detail, we held meetings and interviews with the management of the Company and we performed limited analyses of documentary evidence, to gather information about the processes and procedures for the collection, consolidation, processing and submission of the non-financial information to the function responsible for the preparation of the NFS.

Moreover, for material information, considering the activities and characteristics of the Company:

- a) with reference to the qualitative information included in the NFS, and in particular to the business model, the policies adopted and the main risks, we carried out interviews and acquired supporting documentation to verify its consistency with available evidence;
  - b) with reference to quantitative information, we performed analytical procedures as well as limited tests, in order to assess, on a sample basis, the accuracy of consolidation of the information.
- For the division “Servizio Idrico Integrato”, the division “Ingegneria”, the division “Casa” and the division “Manutenzione Ordinaria Impianti e Infrastrutture”, which we selected on the basis of their activity, their contribution and performance indicators and their location, we carried out interviews during which we met the managers and acquired documentary evidence regarding the correct application of the procedures and calculation methods used for the indicators.

### **Conclusion**

Based on the work performed, nothing has come to our attention that causes us to believe that the NFS of MM SpA for the year ended 31 December 2022 is not prepared, in all material respects, in accordance with article 3 and 4 of the Decree and with the GRI Standards.

Our conclusion on the NFS of MM SpA does not extend to the information set out in the paragraphs of the NSF titled “The European Taxonomy on Sustainable Investment” and “The European Taxonomy: Supporting Information”, required by article 8 of European Regulation 2020/852.

Milan, 11 May 2023

PricewaterhouseCoopers SpA

*Signed by*

Andrea Crespi  
(Partner)

*This report has been translated from the Italian original solely for the convenience of international readers. We have not performed any controls on the translation of the 2022 NFS.*